

SOUTHEAST ASIA

Australia

I. Summary

Australia is a committed partner in international efforts to combat illicit drugs. Australia accords high priority to drug-related issues, both internationally and domestically. Australia manages the diverse legal, health, social and economic consequences of drug use through comprehensive and consistent policies of demand reduction, supply reduction, and harm reduction in certain Australian states. Australia is party to all three UN drug conventions, including the 1988 UN Drug Convention.

II. Status of Country

Australia is a consumer country for illicit drugs. There is no evidence of narcotics destined for the U.S. transiting Australia. U.S. and Australian law enforcement agencies have excellent cooperation on narcotics matters. Cannabis (marijuana) and ecstasy (MDMA) continue to be the most abused drugs in Australia. The use of methamphetamine, crystal methamphetamine, and other amphetamine type substances has risen dramatically in the past few years. Heroin, however, remains at the forefront of concern for the law enforcement, social services, and healthcare communities in Australia.

III. Country Action Against Drugs in 2003

Policy Initiatives. The Federal Government continues to vigorously pursue policies that attempt to both prevent and treat illegal drug use. Launched in 1997, Prime Minister Howard's National Illicit Drug Strategy "Tough on Drugs" outlines a program to address drug issues. Australia has committed more than \$740 million to the Strategy. (NOTE: Throughout this report, figures are in U.S. dollars, calculated at an exchange rate of U.S. \$1 = \$1.27 Australian). The Federal Government has recently committed an additional \$187.4 million to the "Tough on Drugs" Strategy to reduce the supply of, and demand for, illicit drugs. In 2001, the Prime Minister committed an additional U.S. \$76.25 million over four years to fund comprehensive national law enforcement initiatives. In 2002, the Federal Government brought together state and federal officials at a Leaders' Summit on Transnational Crime and Terrorism. The Summit resulted in the creation of the Australian Crime Commission and increased the cooperation between state and federal investigators in responding to serious crimes such as drug trafficking and ensuring prosecution at the appropriate state or federal level.

Accomplishments. The Australian Government continues to implement extensive programs to combat drug trafficking and use, as well as target the drug trade at all levels of production, distribution and consumption. In late 2002 and throughout 2003, Australian law enforcement officials seized record amounts of ecstasy (MDMA) originating in Western Europe and crystal methamphetamine from Southeast Asia. These seizures were consistent with the reported increase in use of these drugs throughout the country. In April and May 2003, Australian law enforcement officials seized 125 kilograms of heroin from the MV Pong Su, a North Korean cargo vessel. State police agencies have reported an increase in the number of clandestine methamphetamine laboratories seized throughout the country and the seizure of several large-scale MDMA production labs. These laboratory seizures, coupled with the seizures of 750 kilograms of the precursor pseudoephedrine indicate that criminal organizations are attempting to move their production facilities into Australia.

Law Enforcement Efforts. Law enforcement agencies continued their aggressive counternarcotics law enforcement activities in 2003. Responsibility for these efforts is divided among the federal government—primarily the Australian Federal Police (AFP), the Australian Customs Service (ACS), and the Australian Crime Commission (ACC)—and the respective state police services. The AFP

maintains overseas liaison posts to assist in narcotics-related investigations. Liaison officers, particularly those in the Pacific Island nations, also assist local law enforcement agencies in training and institution-building. The AFP, both in Australia and overseas, has a close working relationship with U.S. agencies, including the DEA and the FBI. Recently, the AFP doubled its overseas presence to 58 agents in 30 locations, which has allowed it to focus more on transnational drug trafficking as well as counterterrorism investigations. Australia has also budgeted \$11 million to develop a South Pacific Regional Police Initiative in Fiji. This center aims to enhance the level of law enforcement in the Pacific Region.

Corruption. The Australian Government is vigilant in its efforts to prevent narcotics-related corruption. There is no indication of any senior official of the government facilitating the production or distribution of illicit drugs or aiding in the laundering of proceeds from such activities. Although some individual police officers have been investigated for drug-related corruption, corruption is not common or widespread.

Agreements and Treaties. The U.S. and Australia cooperate extensively in law enforcement matters, including drug prevention and prosecution, under a bilateral mutual legal assistance treaty and an extradition treaty. Australia is a party to all three UN drug conventions. The USG has a Customs Mutual Assistance Agreement (CMAA) with Australia. Australia signed the UN Convention Against Transnational Organized Crime in December 2000.

Cultivation/Production. Cannabis is the only significant illicit drug cultivated in Australia. There is no evidence that illicit Australian marijuana reaches the U.S. in quantities sufficient to have a significant effect. Australia has a significant licit opium crop (12,853 hectares) on the island of Tasmania. Controls against diversion of that crop are excellent. The majority of amphetamines and methamphetamines consumed in Australia are produced domestically in small, often mobile, laboratories.

Drug Flow/Transit. Australia has been and continues to be a target for Southeast Asian heroin trafficking organizations and South American cocaine traffickers. Laos, Burma, and Thailand continued to be the principal sources of heroin trafficked into Australia. Law enforcement authorities estimate that eighty percent of imported heroin comes from Burma. Improved travel links between Australia and South America have facilitated a record number of border cocaine seizures of one kilogram or more. South Africa is increasingly being used as a transit point for drugs (mostly cocaine) transported from South America to Australia. There has been an increase in detected amounts of amphetamine-type substances (ATS, a category which includes ecstasy and methamphetamines) imported from Asia. Ecstasy is mainly imported from Europe. To date there has been no evidence suggesting that drugs are transiting Australia to the United States.

Domestic Programs. The Federal Government has continued to pursue an aggressive policy to prevent and treat drug use. The Prime Minister's National Illicit Drug Campaign committed the equivalent of \$3.9 million to drug prevention programs in schools and \$40.1 million for compulsory education and treatment system of drug offenders. Under Australian law, the Federal Government has responsibility for national health and crime issues, while the States and Territories have responsibility for the delivery of health and welfare services. The Ministerial Council on Drug Strategy brings together Federal, State and Territory Ministers responsible for health and law enforcement to determine national policies and programs to reduce the impact of drugs in Australia.

Although the Federal Government opposes supervised injecting rooms, the legal authority to provide injecting rooms rests with the health and law enforcement agencies in the States and Territories. In May 2001, the State of New South Wales passed legislation to permit the licensing and operation of an injecting center for a trial period of 18 months. This trial period has been since extended to October 2007. The center, which is now in operation, provides for medically supervised heroin injections. The Australian Capital Territory has passed similar legislation, but has not opened an injection center.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. counternarcotics activities in Australia feature strong ongoing US-Australian collaboration in investigating, disrupting, and dismantling international illicit drug trafficking organizations. In mid-2002, the U.S. and Australia signed a Memorandum of Understanding to codify these objectives.

The Road Ahead. Australia shows no sign of lessening its commitment to the international fight against drug trafficking, particularly in Southeast Asia. The U.S. can expect excellent ongoing bilateral relations with Australia on the counternarcotics front, and the two countries should continue to work well together in the UN Drugs and Crime Program and other multilateral forums.

Burma

I. Summary

Burma is the world's second largest producer of illicit opium and the second largest cultivator of opium poppy. The gap between Burma and the number one producer of illicit opium and number one cultivator of poppy, Afghanistan, increased considerably in 2003. Burma remains the primary source of amphetamine-type stimulants (ATS) in Asia, producing hundreds of millions of tablets annually. Although still a major producer of illicit opium, Burma's overall production in 2003 declined substantially for the seventh straight year. According to the joint U.S./Burma opium yield survey, opium production in Burma totaled no more than 484 metric tons in 2003, down more than 23 percent from a year earlier, and a fraction of the 2,560 metric tons produced in Burma in 1996. Burma's opium is grown predominantly in Shan State, in areas controlled by former insurgent groups. Since the mid-1990s, however, the government has elicited "opium-free" pledges from each cease-fire group and, as these pledges have come due, has stepped up law enforcement activities in areas controlled by these groups. The ethnic Wa group in northeastern Shan State has pledged to end opium production and trafficking at the end of the 2005 poppy harvest, but the government has been unable to curb the Wa's current cultivation and production activities. Wa cultivators now account for approximately 52 percent of Burma's total poppy crop. Major Wa traffickers continue to operate with apparent impunity, and United Wa State Army (UWSA) involvement in methamphetamine production and trafficking remains a serious concern. During the 2003 drug certification process, the USG determined that Burma had "failed demonstrably" to meet its international counternarcotics obligations.

Over the past several years, the Burmese government has extended significantly its counternarcotics cooperation with other countries. In 2001, it signed counternarcotics Memoranda of Understanding (MOUs) with both China and Thailand, and has joined with China in annual joint operations in the northern and eastern Shan State, which resulted in the destruction of several major drug trafficking rings, including a group that the Chinese called one of the largest "armed drug smuggling groups in the Golden Triangle area." Cooperation with Thailand increased considerably in 2003 as the Thai government pursued an aggressive domestic "drug-free" policy. The Thai Prime Minister and other cabinet-level officials visited Burma in 2003 to discuss counternarcotics cooperation with senior leaders of the Burmese military government. Burma is a party to the 1961 UN Single Convention, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention.

II. Status of Country

Burma is the world's second largest producer of illicit opium. However, eradication efforts, enforcement of poppy-free zones, alternative development, and a sharp shift towards synthetic drugs in consumer countries have combined to depress cultivation levels for the past three years. 2003 was the first year that weather was not a major factor in the declining poppy cultivation trend. According to the joint U.S./Burma opium yield survey, the total land area under poppy cultivation in Burma was 47,130 hectares in 2003, a 39 percent decrease from the 77,700 hectares under cultivation in 2002. Estimated opium production in Burma totaled approximately 484 metric tons in 2003, a 23 percent decrease from 630 metric tons in 2002, and less than one fifth of the 2,560 metric tons produced in Burma in 1996 (an 81 percent decline in seven years). Although climate was not a factor in declining cultivation in 2003, improved weather conditions during critical growth periods did improve yields for the region's poppy farmers. In 2003, yields rose to 10.3 kilograms/hectare, a substantial increase from the previous year (estimated at 8.1 kilograms/hectare) and a return to the robust yields of the early and mid-1990s, though still below the peak level recorded in 1996.

Burma plays a leading role in the regional traffic in ATS. Drug gangs based in the Burma/China and Burma/Thailand border areas annually produce several hundred million methamphetamine tablets for markets in Thailand, China, and India on the basis of precursors imported from neighboring states. Burma itself does not have a chemical industry and does not produce any of the precursors for methamphetamine or other artificial drugs. In 2003 there were troubling signs that a nascent domestic market for ATS began to emerge in Burma, although deteriorating economic conditions will likely stifle significant growth in consumption. During the first ten months of 2003, ATS seizures totaled fewer than 4 million tablets, a decline from previous modest levels of approximately 10 million tablets seized per year. Aside from these seizures, the government did not take significant steps to stop ATS production and trafficking.

Opium, heroin, and ATS are produced predominantly in Shan State, in areas controlled by former insurgent groups. Starting in 1989, the Burmese government negotiated a series of individual cease-fire agreements, allowing each group limited autonomy and a measure of development assistance in return for peace. Initially, these agreements permitted the former insurgents to continue their narcotics production and trafficking activities in relative freedom, reflecting, in many cases, the Burmese government's lack any other option in the short run. Since the mid-1990s, however, the Burmese government has elicited "opium-free" pledges from each cease-fire group and, as these pledges have come due, has stepped up law-enforcement activities against opium/heroin in the respective cease-fire territories. Although virtually the entire opium crop is cultivated in the eastern Shan State, there is also minor and widely scattered cultivation in the States of Chin, Kachin, and Kayah and in Sagaing Division. This cease-fire process has not had an impact on Burma's status as the major regional producer of ATS tablets, the current drug of abuse of choice in most regional markets.

In 2003, the Burmese government continued its counternarcotics activities, primarily poppy crop eradication, in the Kokang region of northeastern Shan State controlled by Peng Jiasheng's Myanmar National Democratic Alliance Army (MNDAA). The MNDAA had pledged to be opium-free by 2000. The government applied only modest pressure on the Wa in 2003, claiming it cannot crack down faster because the Wa's opium-free pledge does not come due until the end of the 2005 poppy harvest. Premature action against the Wa, the government claims, would jeopardize Burma's national security, as the UWSA is a formidable military force. Under the terms of the cease-fire agreements, the Wa and other groups involved in the drug trade are largely immune from government action. Burmese troops cannot enter Wa territory without permission from the UWSA and the GOB is unwilling to risk confronting the Wa, a potent organization with a well-manned and well-trained military force. However, the government continued a more aggressive stance on the travel of officials in Wa territory, merely informing UWSA officials of such visits rather than seeking advance permission. Nevertheless, the government has yet to put significant pressure on the Wa to stop illicit drug production or trafficking, and the Wa are the major manufacturers and traffickers of ATS pills.

UNODC and joint USG/GOB 2003 opium poppy survey results demonstrated partially effective enforcement of poppy-free zones, but may also indicate a shift toward synthetic drugs. Substitute crops and alternative development projects that seek to provide farmers economically viable alternatives to poppy cultivation have not, on their own, truly "replaced" opium production and its profitability, as a source of income for growers.

A domestic market for the consumption of ATS also emerged in Burma, a disturbing trend that, although less significant than other societal woes, could prove to be a destabilizing factor in the long-term. The UNODC estimated that in 2003 there were at least 15,000 regular ATS users in Burma. No ATS labs were reported destroyed in 2003.

Burma has a small, but growing drug abuse problem. While the government maintains that there are only about 70,000 registered addicts in Burma, surveys conducted by UNODC, among others, suggest that the addict population could be as high as 300,000 (i.e., still less than 1 percent of the population),

with opium the major source of addiction (135,000 regular users of heroin, including up to 30,000 intravenous drug users). Recreational use of illicit drugs, including ATS, is on the rise. There is also a growing HIV/AIDS epidemic, linked in part to intravenous drug use. According to surveys, 57 percent of all intravenous drug users in Burma have tested positive for the HIV/AIDS virus. Infection rates are highest in Burma's ethnic regions, and specifically among mining communities in those areas, where opium, heroin, and ATS are readily available.

Money laundering is also an area of concern. In November 2003 the Financial Action Task Force (FATF) called upon member countries to impose countermeasures against Burma for its failure to pass a mutual legal assistance law and its failure to issue regulations to accompany the "Control of Money Laundering Law" passed in 2002. Burma responded by releasing new money laundering regulations on December 5, 2003, but has yet to address the mutual legal assistance law issue.

III. Country Actions Against Drugs in 2003

Policy Initiatives. Burma's official 15-year counternarcotics plan calls for the eradication of all narcotics production and trafficking by 2014, one year ahead of an ASEAN-wide plan of action that calls for the region to be drug-free by 2015. The plan is to proceed by stages, with eradication efforts coupled to alternative development programs in individual townships, predominantly in Shan State. Altogether, the GOB identified 54 townships for the programs and targeted 25 of them during the first five years of the program.

The government has received limited international assistance in support of these efforts. The most significant multilateral effort is the UNODC's Wa Alternative Development Project (WADP), which is financed by the United States, Japan, and Germany. A five-year, \$12.1 million program, this supply-reduction project encourages alternative development in a small portion of the territory controlled by the United Wa State Army. UNODC extended the project from 2003 until 2005 and expanded the number of villages targeted for community development work from 4 to 16. Also in 2003, the UNODC and the Japanese government announced plans to establish an intervention in the Wa and Kokang areas (dubbed "KOWI"), aimed at supporting the humanitarian needs of farmers who have abandoned poppy cultivation. A joint humanitarian assessment team, consisting of UN agencies and NGOs, traveled to the Kokang and Wa areas earlier in the year and concluded that farmers who had abandoned poppy cultivation had lost up to 70 percent of their income and were increasingly susceptible to disease, internal displacement, and food insecurity. Several international NGOs have partnered with the UNODC to develop an assistance response to this problem; Japan and Italy were early donors.

Bilateral counternarcotics projects include a small, U.S.-financed project in northern Shan State (Project Old Soldier) and a substantial Japanese effort to establish buckwheat as a cash crop in the Kokang and Mong Ko regions of northeastern Shan State. No U.S. counternarcotics funding directly benefits or passes through the GOB. The Thai government has since 2001 extended its own alternative development projects across the border into the Wa-controlled Southern Military Region of Shan State. Burma, India, China, Laos, and Thailand agreed on cross-border cooperation targeted on the flow of narcotics precursor chemicals among the countries of the Mekong river sub-region.

The GOB supported a UNODC effort in 2001 to form a "Civil Society Initiative" (CSI) to conduct awareness activities and programs regarding the dangers of drug abuse and HIV/AIDS. The CSI, which partnered with NGOs and local celebrities, held a successful counternarcotics concert and marathon in 2002. However, to avoid large concentrations of young people at a single event the GOB failed to support a two-day counternarcotics music festival in 2003, which was subsequently canceled.

Law Enforcement Measures. The Central Committee for Drug Abuse Control (CCDAC)—which is comprised of personnel from various security services, including the police, customs, military

intelligence, and the army—leads drug-enforcement efforts in Burma. CCDAC now has 18 drug-enforcement task forces around the country, with most located in major cities and along key transit routes near Burma's borders with China, India, and Thailand. As is the case with most Burmese government entities, CCDAC suffers badly from a lack of adequate resources to support its law-enforcement mission.

Narcotics Seizures. Summary statistics provided by Burmese drug officials indicate that during the first ten months of 2003 Burmese police, army, and the Customs Service together seized approximately 1,247 kilograms of raw opium, 488 kilograms of heroin, 78 kilograms of marijuana, 102 kilograms of methamphetamine powder, 156 kilograms of morphine, and 4.5 million methamphetamine pills. Opiates seized during 2003 represent less than 2 percent of this year's opium harvest. This compares with seizures during all of 2002 of 1,631 kilograms of raw opium, 285 kilograms of heroin, and 8.8 million methamphetamine pills. Heroin seizures, almost double the previous year's seizures, were at the highest levels since 1997. Seizures of ATS in 2003 continued a downward trend and may be related to adjustments in trafficking patterns or to Thailand's aggressive 2003 “drug free” policy, which greatly reduced the market for Burma-produced ATS, at least in the short-term. The relatively tiny amount of ATS seized (less than 4 million tablets) had no effect on the scope of the growing problem.

The Ministry of Health identifies 25 substances as precursor chemicals and prohibits their import, sale, or use in Burma. Seizures of precursor chemicals declined substantially during the first ten months of 2003 and included 266 kilos of ephedrine, 2,540 liters of acetic anhydride, and 37,557 liters of other precursor chemicals. There has been a substantial decline in ephedrine seizures. In 2001, the first year the GOB issued a notification identifying illegal precursor chemicals, the totals were substantially higher: 1.723 metric tons, compared with .266 metric tons for 2003.

Arrests and Prosecutions. In 2003, Burma arrested 3,336 suspects on drug related charges, according to official statistics. In addition, the GOB arrested nine United Wa State Army (UWSA) officers in 2003.

Refineries. The government dismantled 7 heroin labs through the first ten months of 2003, compared to 17 from the entire previous year, although slow reports from remote areas of the country might account for the magnitude of the change. To date, the GOB has not reported the destruction of any meth labs in 2003, although 6 were destroyed in 2002.

Eradication. The government eradicated more than 21,000 hectares (51,892 acres) of opium poppy over the past three crop years. However, only 683 hectares were destroyed during the 2002/03 crop year, a mere fraction of the 10,466 hectares (25,862 acres) destroyed during the 2001/02 crop year and the 10,568 hectares (26,113 acres) destroyed during the 2000/01 crop year. Nonetheless, overall eradication accounts for almost one-third of the reduction in area under poppy cultivation since 2001. In addition, during the first ten months of 2003 the government burned 164,000 kilos of poppy seeds capable of seeding more than 40,570 hectares (100,250 acres). The destruction of those seeds, together with law enforcement actions, reduced the area under opium cultivation by more than one third in 2003.

In 2002, the government, having established a police and military intelligence presence in the ethnic Wa territories, demanded that the Wa, the Kokang Chinese, and other cease-fire groups issue new counternarcotics decrees. Those decrees outlawed participation in any aspect of the narcotics trade. The GOB also demanded and received cooperation from the UWSA in bringing to heel several major fugitives wanted by China. In addition, it has closed down the liaison offices of armed groups like the UWSA, and of companies associated with those groups in Tachileik, Myawaddy, and other towns on the Thai/Burmese border. In December 2003, the GOB announced an investigation of two private banks associated with the Wa (Asia Wealth and Myanmar Mayflower), identified by the United States as entities of “primary money laundering concern.”

The GOB continued efforts to hold cease-fire groups to their pledges to end opium production in their territories. U Sai Lin's Special Region No. 4 around Mong La has been opium-free since 1997 and the Wa claim they are maintaining their pledge to eliminate opium by the end of the 2005 harvest. However, according to the 2003 joint U.S./Burma opium yield survey, poppy cultivation increased in the Wa Special Region by over 5,500 hectares and the area now accounts for 52 percent of Burma's total poppy crop. The Kokang Chinese missed their opium-free target (scheduled for the year 2000), and extended their deadline to 2003 resulting in increased attention from both the Burmese and the Chinese police. Several of the ethnic trafficking armies, especially the Wa, also control amphetamine production labs and extensive trafficking operations, raising questions whether their gradual departure from opium cultivation is not just a business decision to concentrate on ATS. These ATS operations remain largely intact and are a major factor in amphetamine trafficking in Southeast Asia and beyond.

The government continued its crackdown begun in 2001 on the array of militias (some government-sponsored village defense forces, and others the remnants of former insurgent bands) that the government had previously allowed to cultivate opium in the Kutkai-Lashio region of northern Shan State. According to military intelligence officials, with peace now prevailing in most of the countryside and the government no longer in need of the local security services these groups provided, steps are now being taken to slowly scale back their privileges, including the right to grow and traffic in opium.

Corruption. There is no reliable evidence that senior officials in the Burmese Government are directly involved in the drug trade. However, lower level officials, particularly army and police personnel posted in outlying areas, are widely believed to be involved in facilitating the drug trade; and some officials have been prosecuted for drug abuse and/or narcotics-related corruption. According to the Burmese government, over 200 police officials and 48 Burmese Army personnel were punished for narcotics-related corruption or drug abuse between 1995 and 2003. Of the 200 police officers, 130 were imprisoned, 16 were dismissed from the service, 7 were forced to retire, and 47 were demoted. No Burma Army officer over the rank of full colonel has ever been prosecuted for drug offenses in Burma.

Agreements and Treaties. Burma is a party to the 1961 UN Single Convention, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. In September 2003 the 1971 UN Protocol on Psychotropic Substances took effect in Burma. In addition, Burma is also one of six nations (Burma, Cambodia, China, Laos, Thailand, Vietnam) that are parties to UNODC's sub-regional action plan for controlling precursor chemicals and reducing illicit narcotics production and trafficking in the highlands of Southeast Asia.

In 2003, the Chinese and Thai governments stepped up bilateral counternarcotics cooperation efforts with Burma and, with the GOB, established joint Border Liaison Offices (BLO) along their respective borders to facilitate the sharing of intelligence. Cooperation with Thailand in particular increased considerably in 2003 as the Thai government pursued an aggressive domestic "drug-free" policy. Thai cabinet-level officials visited Burma several times during the year to discuss counternarcotics cooperation with senior leaders of the Burmese military government. Burma's 2001 MOU with Thailand commits both countries to closer police cooperation in narcotics control and they subsequently established joint "narcotics suppression coordination stations" in the Chiang Rai/Tachileik, Mae Sot/Myawaddy, and Ranong/Kawthoung border areas. In addition, Thailand implemented a 20 million baht (about \$440,000) new alternative development program in the Southern Military Region of Shan State, which is now occupied by the United Wa State Army. While not formally funding alternative development programs, the Chinese government has encouraged investment in many projects in the Wa area, particularly in commercial enterprises such as tea plantations and pig farms and has assisted in marketing those products in China through relaxation of duty taxes.

Cultivation and Production. According to the 2003 U.S./Burma Joint Opium Yield Survey, opium production declined in Burma for the seventh straight year. The survey found that the maximum potential yield for opium in Burma in 2003 totaled 484 metric tons, down 146 metric tons (or approximately 23 percent) from 2002. Over the past seven years, opium production in Burma has declined by more than 81 percent, from an estimated 2,560 metric tons in the peak year of 1996 to 484 metric tons in 2003. The area under cultivation has dropped by almost two-thirds, from 163,100 hectares in 1996 to approximately 47,130 hectares in 2003. Yields have also declined from an estimated 17 kilograms per hectare in 1996 to about 10.3 kilograms per hectare in 2003. However, the 2003 opium/hectare yield rate increased by about 18 percent from the previous year, reflecting favorable weather and more intense cultivation in Wa areas.

Results from a UNODC-sponsored census survey throughout Shan State in 2003 largely corroborated the results of the U.S./Burma Joint Opium Yield Survey. According to UNODC, the area under poppy cultivation in 2003 declined by 23 percent from the previous year and by 62 percent since 1996.

Drug Flow/Transit. Most ATS and heroin in Burma is produced in small, mobile labs located in the Burma/China and Burma/Thailand border areas, primarily in territories controlled by active or former insurgent groups. A growing amount of methamphetamine is reportedly produced in labs co-located with heroin refineries in areas controlled by the United Wa State Army (UWSA), the Kokang Chinese, and the Shan State Army-South (SSA-S). Heroin and methamphetamine produced by these groups are trafficked primarily through China, Thailand, India, and, to a lesser extent, Laos, Bangladesh, and Burma itself.

Precursors for refining these narcotic drugs are primarily produced in India, China, and Thailand. Burma does not have a chemical industry and does not produce ephedrine, acetic anhydride, or any of the other chemicals required for the narcotics trade. Similarly, the major markets for all of these narcotic drugs lie in neighboring states. However, there were signs in 2003 that Burma's small domestic market for drug consumption grew, especially the consumption of ATS.

Demand Reduction. The overall level of drug abuse is low in Burma compared with neighboring countries, in part because many Burmese are too poor to afford a drug habit. According to the GOB, there are only about 70,000 "officially registered" drug abusers in Burma. This is undoubtedly an underestimate, and even the UNODC estimates that there may be no more than 300,000 people who abuse drugs in Burma. Most, particularly among the older generation, use opium, but use of heroin and synthetic drugs is rising, particularly in urban and mining areas. NGOs and community leaders reported growing numbers of disaffected youth using heroin and ATS, particularly in ethnic minority areas.

Burmese demand reduction programs are in part coercive and in part voluntary. Addicts are required to register with the GOB and can be prosecuted if they fail to register and accept treatment. Altogether, more than 21,000 addicts were prosecuted for failing to register between 1994 and 2002. The GOB has not provided 2003 data. Demand reduction programs and facilities are strictly limited, however. There are six major drug treatment centers under the Ministry of Health, 49 other smaller detox centers, and eight rehabilitation centers which, together, have reportedly provided treatment to about 55,000 addicts over the past ten years. There are also a variety of narcotics awareness programs conducted through the public school system. According to UNODC, approximately 1,200 high school teachers participated in seminars, training programs, and workshops connected with these programs in 2001. In addition, the government has established demand reduction programs in cooperation with NGOs. These include programs with CARE Myanmar, World Concern, and Population Services International (PSI), all of which focus on injecting drug use as a factor in the spread of HIV/AIDS.

IV. U.S. Policy Initiatives and Programs

Policy and Programs. The USG suspended direct counternarcotics assistance to Burma in 1988, when the Burmese military began its suppression of the pro-democracy movement. The USG now engages the Burmese government in regard to narcotics control only on a very limited level. DEA, through the U.S. Embassy in Rangoon, shares drug-related intelligence with the GOB and conducts joint drug-enforcement investigations with Burmese counternarcotics authorities. The U.S. also conducted opium yield surveys in the mountainous regions of the Shan State in 1993 and 1995 and annually from 1997 through 2003 with essential assistance provided by Burmese counterparts. These surveys give both governments an accurate understanding of the scope, magnitude, and changing geographic distribution of Burma's opium crop.

The Road Ahead. The Burmese government has in recent years made significant gains in reducing opium poppy cultivation and opium production. The GOB has cooperated with major regional allies (particularly China and Thailand) in this fight, and has built up the capacity to take action against drug traffickers and major trafficking organizations, even within the context of very limited resources. Based on experience in dealing with significant narcotics-trafficking problems elsewhere in the world, the USG recognizes that large-scale and long-term international aid—including development assistance and law-enforcement aid—is necessary to help curb drug production and trafficking in Burma. However, ongoing political repression has limited international support of all kinds to Burma, including support for Burma's law enforcement efforts.

For regions to become truly drug free, the government must make a considerable commitment beyond simple crop replacement, assisted where possible by the international community. A true opium replacement strategy must undertake an extensive range of counternarcotics actions, including crop eradication, effective law enforcement, and alternative development. The government must either foster cooperation between itself and the ethnic groups involved in drug production and trafficking, especially the Wa, and/or forcefully enforce counternarcotics laws to eliminate poppy cultivation and opium production.

The USG believes that the Government of Burma should continue to reduce opium cultivation and production, combat corruption, enforce its narcotics and money-laundering legislation, and deal with drug abuse. Its efforts to date have produced measurable results. The USG strongly urges the GOB to sustain and intensify those efforts so that its counternarcotics efforts are commensurate with the scope of the problem. The GOB must also address the explosion of ATS that has flooded Thailand and is trafficked to other countries in the region. The GOB must make a firm commitment and a concerted effort to stop production of ATS by gaining support and cooperation from the ethnic groups, especially the Wa, involved in manufacturing and distributing ATS, as well as through closing production labs and preventing the diversion of precursor chemicals needed to produce synthetic drugs. The USG also urges the GOB to stem the growth of a domestic market for the consumption of ATS before this problem becomes more significant. Burma should expand its law-enforcement campaign to the most prominent trafficking groups and their leaders. In addition, the USG encourages the GOB to continue its expanded efforts to cooperate with other countries in the region. Continuing and intensifying these efforts could lead to a sustained reduction in all forms of narcotics production and trafficking from an area that has been one of the world's major drug trafficking centers.

*Burma Statistics**(1994–2003)*

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Opium										
Potential Harvest (ha)	100,257	78,000	105,000	108,700	89,500	130,300	155,150	163,100	154,070	146,600
Eradication (ha)	683	25,862	9,317	0	9,800	16,194	10,501	0	0	3,345
Cultivation (ha)	47,1300	103,862	114,317	108,700	99,300	146,494	165,651	163,100	154,070	149,945
Potential Yield (mt)	484	630	865	1,085	1,090	1,750	2,365	2,560	2,340	2,030
Seizures										
Opium (mt)	1.481	1.863	1.629	1.528	1.445	5.200	7.884	1.300	1.060	2.265
Heroin (mt)	0.568	0.334	0.097	0.171	0.273	0.386	1.401	0.505	0.070	0.347
Marijuana (mt)	0.085	0.282	0.284	—	0.274	0.160	0.288	0.259	0.239	0.290
Ephedrine (mt)	0.307	3.9220	1.723	2.671	6.485	3.819	—	—	—	—
Acetic Anhydride (gal)	2,534	12,318	2,953	3,945	1,620	424	2,137	5,082	1,159	1,191
Other Precursor Chemicals (ltr)	37,557	174,191								
Other Data										
Heroin Labs Destroyed	7	17	14	—	23	32	33	11	3	4
Meth Labs Destroyed	—	6	3	—	6	—	—	—	—	—
Narcotics Arrests	3,336	4,148	—	4,881	6,413	4,845	4,522	4,522	5,541	7,134
Arrests	4,848	—	4,811	6,413	4,456	—	—	—	—	—

Cambodia

I. Summary

The number of drug-related investigations, arrests and seizures in Cambodia increased in 2003. However, it is unclear whether this reflects increased effectiveness of law enforcement or simply an escalation in drug activity. The government is concerned at the increasing use of amphetamine-type stimulants (ATS) among middle-class youth. The government's principal counternarcotics body, the National Authority for Combating Drugs (NACD), cooperates closely with DEA, regional counterparts, and the United Nations Office on Drugs and Crime (UNODC). Cambodia is not a party to any of the major UN drug conventions but is studying all of them preparatory to becoming a party.

II. Status of Country

Cambodia has experienced a significant increase in recent years in the amount of amphetamine-type stimulants (ATS) transiting from the Golden Triangle. The UNODC estimates that 100,000 methamphetamine tablets enter Cambodia each day, some 75 percent of which are thought to be exported to Thailand. In addition, Cambodian authorities believe that foreign crime syndicates, working in concert with Cambodian nationals, have set up mobile laboratories within Cambodia that produce ATS for local distribution and export to Thailand. There is some evidence that precursor chemicals imported from Vietnam and Thailand for industrial use in Cambodia—including methanol, sulfuric acid, toluene, and ephedrine—are being diverted for illicit drug production.

Cambodia is not a producer of opiates or coca-based drugs; however, it serves as a transit route for heroin from Burma and Laos to international drug markets. The UNODC estimates that 10 to 20 kilograms of heroin are trafficked through Cambodia daily. The amount of heroin seized in the United States in recent years that is traceable to Cambodia is small.

There are no reliable figures available from either the Cambodian government or the UNODC on the current amount of marijuana produced in Cambodia, although some estimates place total production at more than 1,000 tons annually, most of which is cultivated for export. Much of the production occurs in Cambodia's northwest provinces and is reputed to be “contract cultivation” with Cambodians operating under the control or influence of foreign criminal syndicates. Analysis of seizures in recent years indicates that Europe is the major destination for Cambodian cannabis, with other destinations including the United States, Australia and Africa. Quantities coming to the United States are not sufficient to have a significant impact on the United States.

III. Country Actions Against Drugs in 2003

Policy Initiatives. Cambodian law enforcement agencies suffer from limited resources, lack of training, and poor coordination. The National Authority for Combating Drugs (NADC), which was reorganized in 1999, has the potential to become an effective policy and coordination unit for the government. With the backing of the Cambodian government, the UNODC launched in April 2001 a four-year \$3.2 million project (revised in mid-2003 to \$2 million) entitled “Strengthening the Secretariat of the National Authority for Combating Drugs (NADC) and the National Drug Control Program for Cambodia”. This project seeks, inter alia, to establish the NACD as a functional government body able to undertake drug control planning, coordination, and operations.

In 2003, the NACD received a drug-testing laboratory, drug testing kits, vehicles, computers for data collection, and office equipment from the UN and other donors. In addition, the Royal Canadian Mounted Police (RCMP) donated 4 computers to establish a computer-based law enforcement training

center in Battambang that became operational in September 2003. The German Agency for Technical Cooperation (GTZ) provided a technical assistant to work within the NACD for at least two years to help increase the organization's capacity and to develop demand reduction and treatment programs.

Accomplishments. In May 2003, the NACD held its first National Workshop on Drugs which focused on the need to increase drug awareness, counseling and treatment; the dangers of drug use, and the associated risk of HIV/AIDS transmission. The workshop resulted in 26 planned activities that have been incorporated into a 5-year master plan (2004-2008) focused on demand reduction, supply reduction, drug law enforcement, and expansion of international cooperation. A draft of the master plan is awaiting review by the National Assembly. During 2003, the Government of Cambodia (RGC) prepared the 1961, 1971 and 1988 UN Drug Conventions for review. It is expected that the three conventions will be ratified in the coming year.

Law Enforcement Efforts. In the first 11 months of 2003, 305 people were arrested for various drug-related offenses, compared with 240 arrests in 2002. Among those arrested in 2003 were 243 Cambodians, 44 Vietnamese, and 18 other nationals. Police arrested 22 people in heroin-related cases in 2003 and seized more than 46 kilograms of heroin, a considerable increase over 2002 seizures, which totaled just 1.9 kilograms. One particularly significant case occurred in October 2003 when police arrested seven people, including two high level military officers, and confiscated 35 kilograms of heroin, some precursor chemicals and drug-making equipment. Police arrested 297 people in methamphetamine-related cases in 2003 and seized over 210,000 methamphetamine pills. This is a significant increase over 2002 seizures, which totaled 130,000 pills. The NACD has drafted an amendment to the drug law that would stiffen sentences for drug traffickers.

Corruption. Corruption remains pervasive in Cambodia, making Cambodia highly vulnerable to penetration by drug traffickers and foreign crime syndicates. Senior Cambodian government officials assert that they want to combat trafficking and production; however, corruption, abysmally low salaries for civil servants, and an acute shortage of trained personnel severely limit sustained advances in effective law enforcement. The judicial system is weak, and there have been numerous cases of defendants in important criminal cases having charges against them dropped after paying relatively small fines.

Agreements and Treaties. Cambodia has signed but not ratified the 1961 UN Convention on Narcotic Drugs. It has not signed the 1971 UN Convention on Psychotropic Substances or the 1988 UN Drug Convention. However, the RGC has prepared all three UN Drug Conventions for National Assembly review and it is expected that the conventions will be ratified in the coming year.

Cambodia has no extradition or mutual legal assistance treaty with the United States, but the Cambodian government has cooperated with U.S. law enforcement agencies regularly in the past by rendering or deporting persons wanted in the United States for crimes upon request and presentation of an appropriate warrant. The U.S. Embassy in Phnom Penh has been assured that such cooperation will continue. The Cambodian government concluded an extradition treaty with Thailand in 1998.

Cultivation/Production. During 2003, over six hectares of cannabis plantations were destroyed and 66 growers were instructed not to plant marijuana.

Drug Flow/Transit. Cambodia shares porous borders with Thailand, Laos, and Vietnam and lies near the major trafficking routes for Southeast Asian heroin. The UNODC has reported that drugs enter Cambodia via the northern border. Some heroin and marijuana are believed to enter and exit Cambodia via locations along the gulf—including the deep water port of Sihanoukville—as well as the river port of Phnom Penh. The country's main international airport, Pochentong International Airport in Phnom Penh, and the regional airport in Siem Riep suffer from lax customs and immigration controls. Some illegal narcotics are believed to transit these airports en route to foreign destinations.

Domestic Programs (Demand Reduction). With the assistance of the UNODC, the World Health Organization (WHO), the Japanese International Cooperation Agency (JICA), and NGOs, the NACD is attempting to boost awareness about drug abuse among the populace—especially Cambodian youth—through the use of pamphlets, posters, and public service announcements. The NACD and the National Aids Authority are establishing a working group to focus on harm reduction strategies.

The government has sought outside assistance for programs on drug treatment and rehabilitation centers for drug addicts and vocational training centers for severe addicts. Several national and international NGOs operate in Cambodia with mandates that directly or indirectly relate to drug control issues, including harm reduction and demand reduction. A Japanese-funded treatment and rehabilitation project is being developed to establish centers in Phnom Penh, Battambang and Poipet to provide services to addicts and to help develop the capacity of health and human services to deal effectively with drug treatment issues. The project will link Cambodia with international treatment groups, including the National Institute for Drug Abuse (NIDA).

IV. U.S. Policy Initiatives and Programs

Cambodia is a fragile, flawed democracy. For the first time in over three decades, there has been relative political stability since the formation of a democratically-elected coalition government and National Assembly in 1998, which were followed in 2003 by national elections that were relatively free of violence. However, Cambodia is plagued by many of the institutional weaknesses that are common to the world's most vulnerable developing countries. The challenges for Cambodia include: nurturing the growth of democratic institutions and the protection of human rights; providing humanitarian assistance and promoting sound economic growth policies to alleviate the debilitating poverty that engenders corruption; and building human and institutional capacity in law enforcement sectors to enable the government to deal more effectively with narcotics traffickers.

Bilateral Cooperation. U.S.-Cambodia bilateral counternarcotics cooperation is hampered by restrictions on official U.S. assistance to the central government of Cambodia that have remained in place since the political disturbances of 1997. Cambodia regularly hosts visits from DEA personnel based in Bangkok, and Cambodian authorities cooperate actively with DEA. U.S. officials raise narcotics-related issues regularly with Cambodian counterparts at all levels, up to and including the Prime Minister.

The Road Ahead. Cambodia is making progress toward more effective institutional law enforcement against illegal narcotics trafficking; however, its capacity to implement an effective, systematic approach to counternarcotics operations remains low. Efforts to develop effective counternarcotics strategies are further limited by the lack of comprehensive data on the extent and nature of illicit drug use in Cambodia. The UNODC has proposed a survey to collect such data.

Instruction for mid-level Cambodia law enforcement officers at the International Law Enforcement Academy in Bangkok (ILEA) has partially addressed Cambodia's dire training needs. The ILEA training has produced a small, but growing cadre of Cambodian officials who are becoming familiar with modern police techniques including drug identification, coordination of operations and intelligence gathering. However, after training they return to an environment of scarce resources and pervasive corruption. This situation will require a long period of sustained investment to change the culture.

China

I. Summary

The People's Republic of China (PRC) remains a major drug-transit country. In addition to its continuing domestic heroin problem, China has seen a surge in the consumption of synthetic drugs, particularly Ecstasy (MDMA) and crystal methamphetamine, known locally as “ice.” PRC authorities clearly understand the threat posed by drug trafficking within the PRC and in the region, and they continue vigorous law-enforcement activities to stem the production, abuse, and trafficking of narcotics within the PRC, as well as efforts to integrate the PRC into regional and global counternarcotics initiatives. The PRC is a party to the 1988 UN Drug Convention.

Cooperation with United States counternarcotics officials has strengthened over the past year. A joint U.S.-PRC investigation culminated in May 2003 with the breakup of a major heroin trafficking operation in Fujian Province. In 2003, the Chinese government also continued to provide U.S. counternarcotics officials with samples of drugs seized, including drugs destined for the United States.

II. Status of Country

China is situated adjacent to the major narcotics producing areas in Asia, the “Golden Triangle” and the “Golden Crescent.” While the availability of illicit narcotics produced in the “Golden Triangle” has been a long-standing problem, Chinese officials report that the amount of illicit drugs from the “Golden Crescent” trafficked into western China, particularly Xinjiang Province, is steadily growing. According to the Chinese Government, drug abuse in China continues to rise. As of June 2003, China had one million registered drug addicts, an 11 percent increase from 2001, the majority of which are heroin users. Youths made up 74 percent of the registered drug addicts. Illegal drug use was recorded in 2,148 cities, counties, and districts across China.

As China's economy has expanded in recent years, many Chinese youths have found themselves with increased levels of discretionary income. As a result, China's major metropolitan areas have begun to develop a “rave” culture similar to several Western countries, and young Chinese are increasingly using recreational drugs, such as Ecstasy and amphetamine-type stimulants (ATS), at local nightclubs. Chinese authorities have attempted to combat this trend by placing increased scrutiny on entertainment venues, but results have been limited.

With a large and developed chemical industry, China is a major producer of precursor chemicals, including acetic anhydride, potassium permanganate, piperonylmethylketone (PMK), and ephedrine. China monitors all 22 of the chemicals on the 1988 UN Drug Convention watch list, and, according to statistics released in June 2003, Chinese authorities seized over 300 tons of precursor chemicals diverted into illegal markets. China continues to be a strong partner of the United States and other concerned countries in implementing a system of pre-export notification of dual-use precursor chemicals. Despite these efforts, China is an important source of precursor chemicals, especially ephedrine, used in heroin and ATS production in the region.

III. Country Actions Against Drugs in 2003

Policy Initiatives. In June 2000, the PRC issued a “White Paper” on drugs, which set out China's strategy for combating drug use and trafficking and addresses all the major goals of the UN Convention. It emphasizes education, rehabilitation, eradication, precursor chemical control, and interdiction. In 2003, the PRC continued to follow this strategy. The national budget for counternarcotics efforts has steadily increased. Whereas the MPS's National Narcotics Control

Commission (NNCC), China's counternarcotics coordinating body, had an annual budget of less than \$1 million in the mid-1990's, by 1998 this amount had increased to approximately \$4.5 million and to about \$17.5 million in 2003. The total national counternarcotics budget, however, is significantly higher, since each province establishes and administers its own counternarcotics budget.

Accomplishments. The May 2003 dismantlement of a major heroin trafficking ring in Fujian Province is illustrative of strengthened bilateral cooperation with U.S. law enforcement agencies (see below under law enforcement cooperation). China also continued to cooperate with regional and international partners to stem drug trafficking. China has eradicated opium poppy cultivation, and PRC authorities continue efforts to destroy illicit ATS laboratories within China's borders.

Law Enforcement Efforts. The Chinese Government has continued its aggressive counternarcotics campaign. The relationship between China's Beijing-based counternarcotics efforts and those at the provincial level has grown substantially with increased training and exchange programs. In June 2003, the Guangdong Public Security Bureau arrested ten suspects involved in a large-scale methamphetamine distribution organization and reportedly seized four tons of methamphetamine.

In order to increase its effectiveness in law enforcement, the NNCC reorganized its enforcement operations, establishing separate heroin and ATS enforcement groups at both the ministerial and provincial level. Prior to 2003, enforcement was handled by one organization and focused primarily on heroin. The reorganization enables the NNCC to specifically address ATS enforcement. The NNCC is also conducting a program in which officers from different parts of the PRC are seconded to major counternarcotics offices in China. This experience allows officers to deal more quickly and effectively with fast-breaking developments in drug investigations involving their home jurisdictions.

In 2003, PRC authorities advanced and strengthened cooperation with U.S. law enforcement entities. As an example, MPS and the U.S. Drug Enforcement Administration (DEA) conducted a joint investigation that resulted in May 2003 in the dismantling of a major heroin ring in Fujian Province that was involved in smuggling drugs to the United States. This case, known as the "125 case," involved unprecedented cooperation between MPS and DEA. MPS also continues to provide strategic and operational information to its DEA counterparts to actively target drug trafficking rings. In addition, the MPS routinely facilitates travel of U.S. law enforcement personnel based at the U.S. Embassy in Beijing.

The Chinese government has also conducted drug operations with neighboring countries. In April 2003, cooperation with Burma led to closure of a drug processing plant in Burma. The joint operation netted 466 kilograms of drugs and resulted in the confiscation of weapons, ammunition, and the materials for preparing and processing drugs, as well as the apprehension of 37 trafficking suspects.

The MPS reported that China uncovered 93,990 drug-related cases, seizing 9,535 kilograms of heroin, 905 kilograms of opium and 5,827 kilograms of crystal methamphetamine or "ice". Police arrested 63,000 suspects in connection with these drug offenses, and also seized 225,000 Ecstasy tablets, through June 2003.

Corruption. Official corruption in China is a serious problem. Anti-corruption campaigns have led to arrests of many lower-level government personnel and some more senior-level officials. Most corruption cases in the PRC, however, involve abuse of power, embezzlement, and misappropriation of funds. While narcotics-related official corruption exists in China, it is seldom reported in the press. MPS takes allegations of drug-related corruption seriously and, if warranted, will launch investigations. Most drug-related cases appear to involve lower-level district and county officials. There is no evidence indicating senior-level or central government officials are involved in or supportive of drug trafficking. Nevertheless, the quantity of drugs trafficked within the PRC raise suspicions that official corruption is a factor in trafficking in certain provinces bordering drug producing regions, such as Yunnan, and in Guangdong and Fujian, where narcotics trafficking and

other forms of transnational crimes are prevalent. Official corruption can not be discounted among the factors enabling organized criminal networks to operate in certain regions of China, despite the best efforts of authorities at the central government level. As a matter of government policy or practice, China does not encourage or facilitate the laundering of proceeds from official drug transactions, nor have any senior PRC officials been known to engage in laundering the proceeds from illegal drug transactions. Narcotics-related corruption does not appear to have had an adverse impact on law enforcement investigations or prosecutions.

Agreements and Treaties. China actively cooperates with a number of countries to combat illicit drug production and trafficking. In 2000, China and the United States signed a Mutual Legal Assistance Agreement (MLAA), which entered into force March 8, 2001. China is a party to the 1988 UN Drug Convention, as well as to the 1961 UN Single Convention and its 1972 Protocol, and the 1971 Convention on Psychotropic Substances. In January 2003, China and the United States reached agreement on the Customs Mutual Assistance Agreement (CMAA). As of September 2003, China has signed over 30 mutual legal assistance agreements with 24 countries. China has signed, but has not yet ratified, the UN Convention Against Transnational Organized Crime.

Cultivation/Production. The PRC has effectively eradicated cultivation of drug-related crops within China. The government continues to target small-scale opium poppy cultivation in remote areas of the country's northwest regions. The PRC is, however, an important source for natural ephedra, which is used in the production of methamphetamine, as well as one of the world's largest producers of synthetic ephedra. ATS is produced in China, and the government has made locating and closing illicit drug laboratories a top priority. In Guangdong and Fujian provinces, MPS seized eleven laboratories during the course of 2002.

Drug Flow/Transit. China continues to be used as a transit route for drugs produced in the "Golden Triangle" and distributed to the international market. Drug trafficking within and through Yunnan and Guangdong provinces has been especially pervasive. While China's southern and southwestern provinces constitute the PRC's major drug transit areas, Chinese authorities report that western China is experiencing significant problems as well. Drugs such as heroin, methamphetamine, and ketamine (a pain reliever for animals) are being smuggled into Xinjiang Province and then distributed throughout China.

Domestic Programs (Demand Reduction). According to the MPS, China had 1.053 million illegal drug users registered by law enforcement departments including 220,000 involved in compulsory rehabilitation. A total of 60,000 drug abusers were sent to reform-through-labor facilities for narcotics rehabilitation last year. Education and rehabilitation play a significant role in China's counternarcotics efforts. The majority of registered drug abusers are addicted to heroin. The Ministry of Education (MOE) has expanded drug education and prevention programs, its goal being to prevent children from ages 12 to 18 from getting involved in drugs. The MOE also uses public service announcements to discourage drug abuse. Chinese officials distributed over 1.16 million drug education posters and 580,000 leaflets in 2002, reaching out to an estimated 300 million people. Reflecting the seriousness of the Chinese government's commitment to drug prevention, in November 2003, a song praising opium sung by a major pop star was forced off the singer's latest album. China's counternarcotics community worked with the Ministry of Health (MOH) to warn of the health risks attributed both to drug use and to the impact drug abuse has on a person's health, for example, intensifying SARS (Severe Acute Respiratory Syndrome). China has also focused new attention on controlling the spread of HIV/AIDS. The MPS also stepped up publicity campaigns targeting young people in its fight against banned narcotics, and created more drug-free residence communities and villages for reforming addicts.

IV. U.S. Policy Initiatives and Programs

Counternarcotics cooperation between China and the United States is making excellent progress and is yielding significant results, including several successful joint operations against drug-smuggling rings. Chinese authorities also share drug samples with U.S. colleagues when cases have a link with the U.S.

The Road Ahead. The most significant problem in bilateral counternarcotics cooperation remains the lack of progress toward concluding a bilateral Letter of Agreement (LOA) enabling the U.S. to extend counternarcotics assistance. Reaching agreement on the LOA is a major U.S. goal, one that, if successful, will greatly enhance counternarcotics cooperation between the two countries. While China has on occasion provided DEA with samples of drugs seized in the PRC intended for U.S. markets, the U.S. would welcome routinely receiving samples of all drugs seized by Chinese authorities. Despite these issues, bilateral cooperation remains on track and should steadily improve over the coming years.

Fiji and Tonga

I. Summary

Neither Fiji nor Tonga is a major producer or a significant consumer of narcotics. There are some indications that drug syndicates are using both Fiji and Tonga as transshipment points for drugs bound for Australia, Canada, and New Zealand. Police suspect that Fiji has also been used to transship drugs to the United States. Both Fiji and Tonga are parties to the 1988 UN Drug Convention.

II. Status of Country

The greatest impediments to effective narcotics enforcement in Fiji and Tonga are their outdated laws and inexperienced and under-trained police. For example, Fiji law requires the approval of the President of Fiji in order to conduct a wiretap. Fiji law also requires that before customs officers can open a suspicious package or container the owner must be informed and must be present. Even when laws provide for modern investigative techniques, the police are often unable to manage such techniques. The maximum possible sentence for narcotics offenses in Fiji is eight years. While both Fiji and Tonga have passed money-laundering legislation that deals specifically with proceeds from narcotics-related crimes (Fiji in 1997 and Tonga in 2000), neither country has made an arrest nor secured a conviction under their respective laws.

Both Fiji and Tonga have laws permitting controlled deliveries of drugs for investigative purposes, although the ability of both local police forces to conduct such operations is limited. They do not have the training, personnel, or equipment to conduct the surveillance that would be part of a controlled delivery. Fiji police have conducted one controlled delivery with personnel and technical assistance from the Australian federal police. The use of controlled deliveries by the police is also limited because Fiji and Tonga laws require the police to prosecute only based on the amount allowed to remain in the controlled delivery and not the original amount of drugs.

Fiji's Attorney General submitted a bill to Parliament in April 2003 that would stiffen penalties for the possession and sale of illegal narcotics. The Illicit Drug Bill was designed to replace the Dangerous Drugs Act, which dealt with both medicinal narcotics and illegal substances. The bill is still under consideration.

Fiji does have a law providing for the confiscation of the proceeds earned from the commission of serious offenses. The Fiji police have never used this authority. Nor have they ever used the provision of the law for identifying criminal proceeds; evidentiary requirements under the law might well exceed the capacity of local investigative officials.

III. Country Actions Against Drugs in 2003

Policy Initiatives. Both Fiji and Tonga are taking steps to try to modernize their narcotics laws and criminal investigative procedures. Fiji and Tonga established Combined Law Agency Groups (CLAGs) in 2002, and they remained active in 2003. CLAGs consist of law enforcement and other agencies and are designed to provide for the timely exchange of information, enhance cooperation efforts, and develop joint target strategies between the two countries counternarcotics officials.

Cultivation/Production. Fiji has a growing internal problem from the cultivation and sale of cannabis. Other than cannabis, neither Fiji nor Tonga produces any drugs. Neither plays any role in the procurement of precursor chemicals. As the agricultural sector of the economy continues to experience difficulties, an increasing number of farmers are switching to cannabis. There are no known incidents

of exports of cannabis from Fiji. Cannabis is the illicit drug of choice, primarily for economic reasons. The average income level in Fiji does not allow for the purchase or use of more expensive drugs. Cannabis seizures increased in 2003 from 2002's extremely low level of 1.15 kilograms to at least 30 kilograms. However, record-keeping is complicated by the Government's practice of recording both grams of cannabis seized (in ready-to-sell form) and whole plants seized. For example, the number of whole plants seized increased from 2,010 in 2002 to at least 4,000 in 2003.

Agreements and Treaties. Both Fiji and Tonga are parties to the 1988 UN Drug Convention and both are trying to meet the goals and objectives of the Convention. Fiji and Tonga are also parties to the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances.

The 1931 U.S.-UK Extradition Treaty remains in force between the United States and Tonga through a 1977 exchange of notes. Similarly, the 1931 U.S.-UK Extradition Treaty remains in force between the United States and Fiji through an exchange of notes that entered into force in 1973.

Corruption. Both the political instability caused by the coup d'etat in 2000 and poverty make Fiji highly vulnerable to corruption, and poverty also contributes to corruption in Tonga. Of particular concern in Fiji are the low salaries and status enjoyed by customs and immigration officials. The presence of increasing numbers of illegal migrants in Fiji has been connected with increased vulnerability to alien smuggling, narcotics trafficking, and, potentially, transiting terrorists. However, as a matter of government policy and practice, Fiji and Tonga do not encourage or facilitate the illicit production or distribution of drugs or the laundering of proceeds from illegal drug transactions.

Law Enforcement Efforts. According to Tongan officials, Tonga faces an increased threat from the large number of criminal deportees sent from the United States. Officials note that an average of more than 20 criminals have been deported from the U.S. to Tonga every year since 2000. Many of these deportees had been convicted for drug-related crimes and other serious offenses, such as armed assault, armed robbery, and sexual assault. In 2001, for example, Tongan police identified at least three deportees who were members of the "Tonnage Crip Gang" while they were in the United States. Tongan authorities say that they are now faced with sophisticated criminals whose skills and knowledge exceed those of the local authorities. Authorities in Tonga have stated that crime is increasing 40 percent each year in Tonga. Tongan police do not have the training or equipment to deal with the increase in either the number of crimes or the sophistication of criminals.

Police in Fiji mounted a major offensive against marijuana cultivation and sale in 2003. Expecting an increase in production to coincide with the South Pacific Games in July 2003, the acting Police Commissioner organized sweeps of known cultivation areas on both of Fiji's main islands, and set up interception teams at choke-points leading to major urban markets. The result was a 100 percent increase in whole plants seized, and eradication results that were 25 times higher than in 2002. There were consequences, however. Villagers in the northern island of Vanua Levu who cooperated with the police in pinpointing cultivation areas received death threats from growers, according to media reports.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. Government counternarcotics initiatives in Fiji and Tonga have concentrated on helping both countries secure their borders from the multiple and related threats of people smuggling, narcotics smuggling, and possible transit by international terrorists. In 2003, the U.S. Government helped fund seminars in Fiji by the Pacific Islands Forum Secretariat on drug interdiction, and by the UN Development Program on narcotics—risk assessment, profiling and search methodologies. These seminars were open to police and customs officials from the region, including Tonga and Fiji. Further cooperation in the fields of airport and port security is planned with both Fiji and Tonga.

Hong Kong

I: Summary

Hong Kong is not a major transit/transshipment point for illicit drugs because of its efficient law enforcement efforts, the availability of alternate transport routes, and the development of port facilities elsewhere in southern China. Some traffickers continue to operate out of Hong Kong to arrange shipments from nearby drug-producing countries via Hong Kong to the international market, including to the United States. The government of the Hong Kong Special Administrative Region (HKSARG) actively combats drug trafficking and abuse through legislation and law-enforcement, treatment and rehabilitation, preventive education, and international cooperation. The 1988 UN Drug Convention, to which the People's Republic of China (PRC) is a party, applies to Hong Kong.

II: Status of Hong Kong:

Hong Kong's position as a key port city in close proximity to the Golden Triangle historically has made it a natural transit/transshipment point for drugs moving from Southeast Asia to the international market, including to the United States. Hong Kong's role as a transit/transshipment point has diminished due to law-enforcement efforts and the availability of alternate routes in Southern China. Despite this diminished role, some drugs continue to transit Hong Kong to the United States and the international market. Some drug-traffickers continue to use Hong Kong as their base of operation.

Hong Kong law enforcement officials continue to maintain an excellent cooperative liaison relationship with their U.S. law-enforcement counterparts in the fight against drugs. According to Hong Kong authorities, Hong Kong is not a producer of illicit drugs and drugs seized in Hong Kong are smuggled in mostly for local consumption and to a lesser extent for further distribution in the international market.

Hong Kong experienced an overall decrease in drug abuse in 2003. According to the Hong Kong Central Registry of Drug Abuse (CRDA), drug abuse in the first half of 2003 (January-June 2003) decreased by 15.9 percent compared to the same period in 2002. For young persons under 21, there was a 37.9 percent decrease in drug abuse in the first half of 2003. Overall use of psychotropic substances, such as ketamine, ecstasy and cannabis also decreased in 2003.

III. Actions Against Drugs in 2003:

Policy Initiatives. A new regulation strengthening the Places of Public Entertainment Ordinance was enacted in 2002 and went into effect in January 2003. The new regulation enabled the HKSARG to control more strictly the issuance of party permits for unlicensed entertainment venues where psychotropic substances abuse is prevalent. To enhance the efficiency and effectiveness of existing legislative provisions on restraint and confiscation of drug proceeds, the Drug Trafficking and Organized Crimes Ordinance was strengthened in January 2003. The amendment lowers the threshold for initiating restraining and confiscation orders against persons or properties suspected of drug trafficking. The Hong Kong government will soon complete a review of the Dangerous Drugs Ordinance to strengthen efforts against psychotropic substance abuse.

Law Enforcement Efforts. Hong Kong's law-enforcement agencies, the Hong Kong police and Hong Kong Customs and Excise Department (HKCED), place high priority on meeting the objectives of the 1988 UN Drug Convention. Their counternarcotics efforts focus on the suppression of drug trafficking and the control of precursor chemicals. The Hong Kong police have adopted a three-level approach to combat narcotics distribution. At the headquarters level, the focus is on high-level traffickers and

international trafficking. The regional police force focuses on trafficking across police district boundaries. Responsibility for eradicating street-level distribution lies with the district-level police force. HKCED's chemical control group, in cooperation with the U.S. DEA office in Hong Kong, closely monitors the usage of precursor chemicals and tracks the export of suspicious precursor chemical shipments to worldwide destinations.

In May 2003 officials from the U.S. Department of Homeland Security began assisting HKCED to screen U.S.-bound cargoes from Hong Kong as part of the Container Security Initiative (CSI). While CSI primarily screens for weapons of mass destruction, it is expected to have the residual benefits of identifying narcotics and reducing traffickers' use of containerized cargo to transport drugs. HKCED installed additional fixed x-ray vehicle inspection systems at the Lok Ma Chau control point in 2003. The narcotics canine unit of HKCED has 34 officers and 27 detector dogs for deployment at the airport and land and sea boundary points.

Corruption. There is no known narcotics-related corruption among senior government or law enforcement officials. Nor are there any known senior government officials engaging in, encouraging, or facilitating the illicit production or distribution of such drugs or substances, or laundering money related to illegal drug transactions. Hong Kong has a comprehensive anticorruption ordinance that is effectively enforced by the Independent Commission Against Corruption (ICAC), which reports directly to the Chief Executive.

Agreements and Treaties. As of October 2003, Hong Kong had mutual legal assistance agreements with the U.S., France, Australia, the United Kingdom, New Zealand, Italy, South Korea, Switzerland, Canada, the Philippines, Portugal, Ireland, the Netherlands, Ukraine, and Singapore. Agreements were concluded with Ukraine and Singapore in 2003. The 1988 UN Drug Convention, to which the PRC is a party, was made applicable to Hong Kong. The U.S. and Hong Kong cooperate in extradition matters under a surrender of fugitive offenders agreement.

Drug Flow/Transit. Some drugs continue to flow through Hong Kong for the overseas market, including the United States. Traffickers use land routes through Mainland China to smuggle heroin into Hong Kong for transit to the overseas market. There were several seizures of drugs in 2003 transiting Hong Kong to the United States. Most notable were seizures of Guam-bound couriers and parcels on direct flights from Hong Kong. Ethnic Chinese drug trafficking organizations used Hong Kong as a transit point to move methamphetamine from Southern China to Guam and Saipan to take advantage of the lucrative market in these areas.

In an effort to eradicate Hong Kong's role as a transit/transshipment point for illicit drugs, the HKSARG maintains a database of information on all cargoes, cross-border vehicles, and shipping. The Air Cargo Clearance System, the Land Border System, and the Customs Control System are all capable of quickly processing information on all import and export cargoes, cross-border vehicles, and vessels.

Domestic Programs. The Hong Kong government's primary preventive education efforts continue to focus on youth and young adults. In cooperation with three non-governmental organizations, counternarcotics talks were delivered to over 100,000 students during the 2002/2003 school year. The Narcotics Division of the Hong Kong Security Bureau provides funds to community organizations, schools, and district organizations under the "Beat Drugs Fund" and the "Community Against Drugs" program for counternarcotics projects, some of which target psychotropic substance abusers and high-risk youth. The government also launched a publicity campaign through the media, including the Internet, to better educate youth on dangers of drug use.

Phase II of the Drug InfoCenter—comprising a library, multi-purpose room, and a volunteers room—will be commissioned in early 2004. The Drug InfoCenter will serve as a focal point for drug

education and community counternarcotics programs in Hong Kong. Phase I of the InfoCenter opened in 2000.

Cultivation and Production. Hong Kong is not a producer of illicit drugs.

IV: U.S. Policy Initiatives and Programs.

The U.S. government and the HKSARG continue to promote sharing of proceeds from joint counternarcotics investigations. In May 2003, Hong Kong began participating in the U.S. Container Security Initiative (CSI), which should also help curb the usage of containerized cargo by drug traffickers. In 2003, Hong Kong sent seven law-enforcement officials to the International Law Enforcement Academy (ILEA) in Bangkok, Thailand. These officials participated in “Supervisory Criminal Investigator Course,” “Airport Programs and Controlled Deliveries Course,” and “Narcotics Unit Commander Course.”

The Road Ahead. The Hong Kong government has proven to be a reliable and competent partner in the fight against drug trafficking and abuse. Hong Kong’s law-enforcement agencies, arguably among the most effective in the region, continue to cooperate with their U.S. counterparts. The U.S. government will encourage Hong Kong to maintain its active role in counternarcotics efforts.

Indonesia

I. Summary

Although by international standards not a major drug producing, consuming, or drug transit country, Indonesia has a growing narcotics problem in all three areas. The Indonesian National Police (INP) have participated in several international donor-initiated training programs and sought to commit increased resources to counternarcotics efforts. The INP has received equipment, including vehicles, computers, safety and tactical equipment to support its efforts against crime and drugs. INP efforts are firmly based on counternarcotics legislation and international agreements. The INP relies heavily on assistance from major international donors, primarily the U.S. Indonesia is a party to the 1988 UN Drug Convention.

II. Status of Country

Synthetic drugs (ATS) remain available in all major cities, including in schools, karaoke lounges, bars, cafes, discotheques, and nightclubs. Certain neighborhoods and villages are known for tolerating drug trafficking, notably of methamphetamine, in its crystalline (“shabu-shabu” or “ice”) and tablet (“yaba”) forms; Ecstasy (MDMA); heroin; cocaine; and marijuana. In 2002, the INP narcotics enforcement section, Narkoba, was reorganized, and now operates as the Narcotics and Organized Crime Directorate, which also addresses criminal syndicates, as well as money laundering. Additionally in 2003, two specialized counternarcotics task forces were created. An airport task force now operates at Jakarta Sukarno Hatta International Airport consisting of 40 officers working in teams of 14-15 officers on one-month shift rotations. Another task force of 61 officers from across Indonesia is designed to improve the capability of the Narcotics and Organized Crime Directorate's enforcement operations.

In response to the threat of terrorism in Indonesia, the Narcotics and Organized Crime Directorate received collateral counter terrorism duties during 2002, and is expected to continue with them until the deployment of an counterterrorist directorate. The counterterrorism duties of INP's narcotics detectives have impacted their ability to conduct complex drug investigations. The dominant role of U.S. trained INP narcotics investigators in counterterrorism duties highlights both the effectiveness of U.S. law enforcement training programs and the limited number of well-trained criminal investigators trained thus far.

The coordinator of the National Anti Narcotics Movement (Granat), the most prominent drug prevention NGO in Indonesia, notes that marijuana use has increased, particularly in Jakarta. Not surprisingly, arrests for distribution and possession of marijuana also have increased. Marijuana is harvested in North Sumatra, especially in Aceh province. The INP alleges that the Free Aceh Movement (GAM), a separatist group, traffics marijuana to support its operations. The INP, however, has produced no convincing evidence to support this charge.

The INP reports that the majority of heroin seized in Indonesia comes from southwest Asia. INP and DEA identify Indonesia as a transit country for West African and Nepalese traffickers, who often use Indonesian and Thai female drug couriers.

While the INP sees a growing problem in domestically produced MDMA and methamphetamine, international trafficking still represents the largest source of narcotics. The Golden Triangle serves as the main source of methamphetamine, in tablet and crystalline form, entering Indonesia via entry points throughout its 17,000-island archipelago. None of these entry points, including Jakarta, has adequate detection or enforcement mechanisms. Europe remains the primary source of Ecstasy.

The INP reports a 38 percent increase in seizures of cocaine during 2003. DEA reports that local arrest, rehabilitation and hospital statistics indicate that cocaine has not yet become a drug of choice among Indonesian drug users. It seems therefore likely that much, if not most, cocaine in Indonesia is transshipped, principally to Australia.

III. Country Actions Against Drugs in 2003

Policy Initiatives. Although Indonesia has not passed any counternarcotics legislation since 1997, its counternarcotics code is sufficiently inclusive to enable police, prosecutors and judiciary to arrest, prosecute and adjudicate narcotics cases. The lack of modern detection, enforcement and investigative methodologies and technology, as well as the presence of pervasive corruption, are the greatest roadblocks to successful interdiction.

Accomplishments/Law Enforcement Efforts. In 2003, INP formed a precursor chemical task force, comprised of officers from BNN, the Ministry of Trade, the Ministry of Health, Customs and INP, to address chemical diversion. INP's Narcotics and Organized Crime Directorate, utilizes dedicated BNN operational funding to sustain its counter narcotics efforts.

The USG has assisted Indonesian drug interdiction efforts at airports, provided safety training to investigators when investigating Clandestine Laboratories, and provided training in Basic Criminal Investigation skills. The U.S. plans to provide additional training in the coming months. U.S. programs focus on management; logistical and tactical considerations; detection; contemporary techniques and equipment to interdict narcotics; promotion of officer safety; and investigations. The Indonesian Navy continues to police Indonesian waters. Efforts to further refine the respective roles of the Navy and the INP's Air and Sea Police to avoid duplicative enforcement initiatives continue as well.

Indonesia increased the number of narcotics investigations by 4.9 percent in 2003 to a total of 3,729. These are broken down by principal drug involved, as follows: 39 percent marijuana/hashish investigations; 27 percent methamphetamine investigations; 19 percent Ecstasy investigations; 14 percent heroin investigations; and less than one percent cocaine investigations.

Under Indonesian Laws No. 22/1997 on narcotics and 5/1997 on psychotropic substances, the Indonesian District Court which handles drug cases has sentenced at least 21 drug traffickers to death since January 2000. None of the condemned has been executed yet.

Agreements and Treaties. Indonesia is a party to the 1988 UN Drug Convention and has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime.

Corruption. Indonesia has laws against official corruption. Likewise, hospitals, health centers, drugstores and physicians who distribute or traffic drugs illegally can face not less than ten years in prison. Directors of scientific institutes who grow, buy, store or possess narcotic plants can be prosecuted. Indonesian law also penalizes anyone who seeks to hamper the investigation or prosecution of a narcotics crime with five years in prison and a fine of Rupiahs 150,000,000 (approximately \$18,000). Despite these laws, corruption in Indonesia is endemic, and seriously limits the effectiveness of all law enforcement, including narcotics law enforcement. As a matter of government policy and practice, the GOI does not encourage or facilitate the illicit production or distribution of drugs or the laundering of proceeds from illegal drug transactions.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Indonesia and the United States maintain excellent law enforcement cooperation on narcotics cases. In 2003, the U.S. sent hundreds of INP officers to training on a mixture of transnational crime topics in the U.S., to the International Law Enforcement Academy (ILEA) in Bangkok, and to ICITAP and DEA-sponsored training in Indonesia. The INP continues to

work closely with the DEA regional office in Singapore in narcotic investigations. DEA Singapore also conducted several training classes in Jakarta covering safety concerns when investigating clandestine laboratories, basic agent training, precursor chemical school and airport interdiction training.

The Road Ahead. The U.S. and Indonesia will continue to cooperate closely on narcotics control.

Japan

I. Summary

Although Japan is not a major producer of drugs, it is one of the largest methamphetamine markets in Asia, with approximately 600,000 addicts and 2.18 million casual users nationwide. During 2003, Japanese authorities seized 447 kilograms of methamphetamine and over 341,360 tablets of MDMA (Ecstasy), an increase of nearly 100 percent over 2002 figures.

II. Status of Country

Japan is not a significant producer of narcotics. Very modest scale licit cultivation of opium poppies, coca plants, and cannabis for research is strictly monitored and controlled by the Ministry of Health, Labor and Welfare. Methamphetamine is Japan's most widely abused drug. Approximately 90 percent of all drug arrests in Japan involve this substance. In spite of this significant methamphetamine abuse problem, there is no evidence of clandestine manufacturing in Japan. Ephedrine, the primary precursor for the manufacture of methamphetamine in Asia, is strictly controlled under Japanese law.

Authorities continue to estimate methamphetamine trafficking into Japan to be between 10-20 metric tons per year. (Based on 2.18 million users consuming 11 grams per person annually.) Through October 2003, law enforcement officials seized 447 kilograms of methamphetamine. Authorities believe the majority of the methamphetamine smuggled into Japan is refined and/or produced in the People's Republic of China (PRC), Taiwan, the Philippines, and North Korea.

Methamphetamine trafficking remains a significant source of income for Japanese organized crime. The illegal immigrant population in Japan also participates actively in drug trafficking. Importation of heroin from Southeast Asia through Japan decreased significantly in 2003, though seizures of marijuana and hashish increased nearly 100 percent and 75 percent respectively. Heroin, marijuana and hashish use remains significantly lower than use of other illegal drugs in the country.

III. Country Actions Against Drugs in 2003

Policy Initiatives. DEA Tokyo worked closely throughout the year with Japanese officials to add several synthetic drugs of abuse to the list of prohibited drugs in Japan. In addition, DEA-Japanese cooperation also succeeded in closing a loophole in Japanese law, which had permitted the legal sale in Japan of other controlled substances, including a hallucinogen present in certain species of mushrooms.

Accomplishments. On August 5, 2003, U.S. Attorney General John Ashcroft and Japan's Justice Minister Mayumi Moriyama signed the U.S.-Japan Mutual Legal Assistance Treaty (MLAT) in Washington D.C. Ratification of the MLAT is now before the U.S. Senate and the Japanese Diet. The MLAT will pave the way for Japan's Justice Ministry and National Police Agency to directly ask the U.S. Justice Department for cooperation and information and vice versa. Presently, Japanese law stipulates that the Foreign Ministry serves as the intermediary to seek Japanese assistance in investigating criminal cases.

Law Enforcement Efforts. Japanese authorities seized 447 kilograms of methamphetamine in the first eleven months of 2003. Police counternarcotics efforts tend to focus on Japanese organized crime groups, the main smugglers and distributors of drugs. Police and prosecutors are hesitant to pursue cases in which the likelihood of a conviction is uncertain. In addition to smuggling and distribution

activities, law enforcement officials are starting to pay increased attention to drug-related financial crimes. The Financial Services Agency received 13,725 reports of suspicious transactions in 2002.

Between 1992, when the Asset Seizure Law took effect, and 1999, the NPA has seized a total of about \$7.23 million in drug proceeds in 82 investigations. However, the NPA and Customs advise that financial seizure statistics are no longer maintained. Japanese authorities seize money primarily as trial evidence. After conviction, judges may levy fines, impose tax penalties, or order the outright confiscation of narcotics related proceeds, but statistics on these actions are not maintained.

Corruption. There were no reported cases of drug-related corruption in Japan in 2003.

Agreements and Treaties. Japan is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. An extradition treaty and a customs mutual assistance agreement are in force between the United States and Japan. As noted above, in 2003 the United States and Japan concluded a mutual legal assistance treaty.

Cultivation/Production. Although Japan is not a significant cultivator or manufacturer of controlled substances, it is a major producer of 60 types of dual-use precursor chemicals. For example, Japan is one of only a handful of countries that produce ephedrine, a chemical used to treat nasal/breathing problems. Ephedrine is also an essential ingredient in methamphetamine. Japan is a member of the Chemical Action Task Force (CATF) and controls 28 chemicals. The DEA Country Attache in Japan, working closely with his Japanese counterparts, closely monitors end users of precursors.

Drug Flow/Transit. With all-but-insignificant exceptions, all drugs illicitly trafficked in island-nation Japan are smuggled from overseas. According to the National Police Agency, the PRC, the Philippines, Taiwan and North Korea are principle sources. 58.2 percent of this year's methamphetamine seizures are thought to have come from China; 33.7 percent from Hong Kong, and 8 percent from unknown sources. Illicit methamphetamine supplies in Japan appear to be down, as prices have increased sharply (25 percent) from the last quarter of 2003, and purity of street methamphetamine is also down sharply, according to Japanese National Police.

Domestic Programs (Demand Reduction). Domestic programs focus primarily on interdiction. Drug treatment programs are small and are generally run by private organizations. The Japanese Government provides narcotics-related counseling designed to prevent drug use and support the rehabilitation of addicts at prefectural health centers and mental health and welfare Centers. Prefectural governments also employ part-time narcotics counselors. The Japanese Government continued to support a number of drug awareness campaigns, including a five-year campaign drawn up in 1998 by the Headquarters for the Promotion of Measures to Prevent Drug Abuse, an office headed by the Prime Minister. This program is designed to inform the public about the growing use of stimulants in Japan, especially among junior and senior high school students. Under this plan, the Ministry of Health and Welfare, along with prefectural governments and a variety of private organizations, continued to administer national publicity campaigns using ads that run on television, radio and electronic scoreboards used at major sporting events. The plan also promotes drug education programs at the community level, including a program that organizes talks between students and former narcotics officers and another poster campaign that targets students attending high school baseball games.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. goals and objectives include:

- Strengthening enforcement cooperation, including participation in controlled deliveries and drug-related money-laundering investigations;

- Encouraging more demand reduction programs;
- Encouraging effective use of anticrime legislation and government agencies responsible for financial transaction oversight

The Road Ahead. The United States and Japan will continue to explore new cooperative counternarcotics initiatives.

Laos

I. Summary

The Government of Laos (GOL) continued to make some counternarcotics progress in 2003, primarily in its efforts to reduce opium poppy cultivation. Specific actions included: A sustained campaign to eradicate illicit opium poppy; better enforcement efforts against drug traffickers, increased counternarcotics cooperation with the U.S. by the GOL's Customs Department; continued counternarcotics cooperation with the United Nations Office of Drugs and Crime (UNODC) and several non-governmental organizations (NGO); continued cooperation and progress with the U.S.-Laos bilateral assistance program; an increased tempo of counternarcotics public awareness activities; and cooperation on HIV/AIDS, an issue related to drug use. In addition, the GOL decided to allocate for the first time a modest budget (\$200,000) to the Lao National Commission for Drug Control and Supervision (LCDC), the GOL agency tasked with coordinating the fight against drugs.

The Ministry of Public Security's (MPS) cooperation with the DEA Vientiane Country Office was for all practical purposes nonexistent, and overall law enforcement cooperation remained unsatisfactory. However, the GOL's Department of Customs did cooperate with DEA on a fugitive case. Corruption remains a severe problem; GOL law enforcement authorities failed to arrest any major drug traffickers; and provincial counternarcotics units (CNU) have shown limited results after several years of USG support. Mainly due to extreme poverty, the GOL devoted few of its own modest resources to fighting drugs, relying overwhelmingly on the donor community. Laos is not yet a party to the 1988 UN Drug Convention; its stated goal is ratification of the Convention in the near future.

II. Status of Country

Laos is landlocked and about 80 percent mountainous. The country borders Burma, Thailand, the People's Republic of China (PRC), Vietnam, and Cambodia. It is among the least developed countries in Asia, with a per capita income of only about \$340 per year. The population is approximately five million and includes 49 distinct ethno-linguistic groups.

In all of the Golden Triangle, including Laos, opium is grown traditionally by these tribal people. These tribes, many living at basic subsistence levels, live in isolated villages, and consume some of the opium they grow as a kind of "medicine."

Over the years, ethnic Chinese and Wa criminals have taken advantage of traditional opium cultivation as a source of raw product for heroin refineries they build in remote trafficking regions in all of the States of the Golden Triangle. The heroin produced in these frequently mobile refineries is then trafficked to regional, and even world markets by these same sophisticated, organized criminal traffickers. Some share of Lao opium production finds its way as heroin in this fashion to regional and world markets.

This trafficked heroin is the reason for international concern about the opium/heroin situation in Laos. The extent of this trafficking is uncertain due to shifting patterns of refining and trafficking in remote, often inaccessible areas of the country. Of late, the same trafficking groups moving heroin have branched out to methamphetamine production—a growing threat throughout East Asia. Increasing pressure from neighboring states threatened by the spread of heroin and methamphetamine from Laos has helped spur the GOL to begin taking successful steps on opium crop eradication.

Nevertheless, while illicit opium cultivation is declining, Laos still ranks as the third largest grower, although cultivation and production of opium lag well behind Burma and Afghanistan. Opium poppy cultivation estimates vary widely, ranging from about 19,000 hectares (USG estimate) to a recent

Government of Laos (GOL) estimate of just over 7,000 hectares. UNODC estimates about 12,000 hectares of cultivation.

III. Country Actions Against Drugs in 2003

Policy Initiatives. The GOL manages its narcotics policy through a high-level committee called the Lao National Commission for Drug Control and Supervision (LCDC). The Minister to the President's Office and Chairman of LCDC is currently Soubanh Srithirath. Individual provinces have a Provincial Committee for Drug Control that reports to LCDC. The USG bilateral program provides administrative support to all these offices, as well as 10 provincial counternarcotics units, which serve as the primary counternarcotics law enforcement arm in Vientiane and the provinces. While there were no new major policy initiatives during 2003, the GOL leadership regularly emphasized the importance of fighting drugs in a variety of fora.

The 2001 Seventh Party Congress had an important impact on national drug policy. During that congress, the Party decreed that Laos would be "opium free" by 2005. Since 2001, this decree has shifted GOL policy implementation towards eradication and put additional pressure on national and provincial officials to meet this goal. Some international organizations and NGOs view eradication without programs to replace growers' income as both unachievable and cruel. During 2003, the GOL, with assistance from UNODC, moved ahead on developing a national program for demand reduction. UNODC officials expect to see results from this new program by the first quarter of 2004.

In 2003 the GOL, for the first time, took steps on counternarcotics cooperation with assistance from the World Bank. According to a Vientiane-based World Bank official, the heads of UNODC and the World Bank have decided their two organizations should collaborate on counternarcotics assistance to Laos. In addition, the GOL has made a formal request for a \$10 million loan for drug activities. The World Bank is reviewing this request and, if granted, will use UNODC to implement projects with World Bank funding.

Multilaterally, Laos continued to work closely with UNODC, especially in alternative development and opium detoxification. The USG contributes some resources to these activities. In October, Laos and Thailand signed an agreement for joint patrols on the Mekong River. These patrols will take place once a week with two boats, one on either side of the river. Each boat will contain officials from both sides. They promise to be the first serious joint enforcement effort against drug trafficking and smuggling on the Mekong.

Throughout 2003, the Lao Security Ministry (MPS) cooperation with the DEA Vientiane Country Office was for all practical purposes nonexistent. In contrast, Lao Customs cooperated directly with DEA in an active investigation that led to the arrest of a U.S. fugitive after the GOL authorities expelled the fugitive to Thailand.

Accomplishments. Over the past few years, the GOL has shown a more open and sincere interest in dealing with drug problems. The GOL is also increasingly concerned over the domestic implications of drugs, especially ATS (Amphetamine-Type Stimulants) abuse.

In 2003, the GOL and UNODC (with USG support) undertook an opium yield survey. This work was under-funded and did not have access to the best technology available. Discussions are currently underway to improve this opium yield survey, hopefully closing the large gap that exists now between estimates of opium production in Laos between a U.S. study (18,900 hectares and the Lao/UNODC study (12,000 hectares). Recognizing the growing problem of ATS addiction among youth, and in an effort to gain an understanding of the scope of the problem, the GOL, with USG support, has implemented a series of urinalysis tests among high school youth around the country. Also in the law enforcement sector, the U.S. supported the purchase and installation of X-ray machines for detecting drugs and other contraband at the main post office and Vientiane's airport. DEA reports that at the

main postal facility in Oakland, CA, which handles all inbound packages from Laos, there have been almost no drug seizures from packages originating in Laos since the X-ray machines were installed.

The GOL eradication campaign marks a significant new step in counternarcotics efforts. Using questionable figures, LCDC claimed that the GOL had eradicated over 4,000 hectares—or more than a third of the total crop according to GOL figures—through non-coercive eradication. LCDC's Soubanh further claimed that the eradication campaign resulted in six districts being declared “opium free.” In November, USG experts on opium cultivation visited Vientiane and confirmed the GOL's claim regarding those six districts, but estimated a much larger amount of continuing opium cultivation than the GOL was prepared to acknowledge. The GOL is committed to continued eradication efforts in accordance with the 2001 Seventh Party Congress resolution.

The GOL's campaign towards total opium poppy elimination by 2005, while clearly a demonstration that the government takes the drug problem seriously, is not without controversy: some have argued that GOL crop destruction occurs without sufficient arrangements to replace the incomes of the affected hill tribe families, and that this could lead to devastating humanitarian consequences, including deaths. There is also some evidence that the quick pace of eradication is leading to a type of “professional grower,” i.e., farmers contracted by traffickers to specifically grow poppy in the more remote areas. Nevertheless, the USG supports well-planned and well-executed crop destruction as an important tactic to reduce narcotics trafficking.

Along with the eradication campaign, the GOL has also undertaken action to detoxify opium addicts “on an urgent basis.” The GOL is implementing a detoxification campaign in several northern provinces aimed at detoxifying about 4,300 addicts over a 12-month period. Concerning ATS, in 2002, the GOL, with assistance from UNODC and Japan, opened the first drug treatment center in Vientiane. In 2003, the Royal Thai Government agreed to support a similar center in Champassak province and the USG will support a similar facility in Savannakhet province.

Law Enforcement Efforts. Heroin seizures have almost doubled (from almost 20 kilograms in 2002 to 39 kilograms in 2003). Seizures of cannabis collapsed in 2003 (from 3,008 kilograms to 155 kilograms in 2002). While the GOL and foreign observers agree on the growing methamphetamine problem, the seizure rate appears to have declined between 2002 and 2003. In 2002, law enforcement authorities seized about 1.5 million tablets, but in 2003, they seized only about 1.2 million, a 24 percent drop. Seizures of opium increased, from 124 kilograms in 2002 to 209 kilograms in 2003 (up about 68 percent). Seizures of opium should decline over the next year, as more of the crop is either eradicated or not planted at all. Concerning arrests, GOL figures suggest a significant decline compared to 2002. In 2002, there were 258 drug cases resulting in 516 persons arrested; in 2003, there were 226 cases resulting in 445 persons arrested. A senior law enforcement official said that a possible reason for the 2003 decline (as of October) is that provincial reporting is “incomplete.” As a general rule, Lao figures are subject to revision each year, as information from isolated provinces finds its way to officials in Vientiane.

In late October, Lao law enforcement authorities in Champassak Province (southern Laos) seized seven kilograms of heroin in a “buy-bust” operation. Two Laotian citizens were arrested and one car and one truck were seized. The Drug Control Department in Champassak province, in collaboration with the Counternarcotics Unit based in Pakse (the provincial capital), carried out the operation. Since only about 17 kilograms of heroin were seized in all of 2002, this seizure is significant.

Laos' main drug law is Article 135, adopted in 1990. This article prohibits drug trafficking, as well as the manufacture of heroin and other narcotics. In 1996, the GOL modified Article 135 to make opium production illegal. In 2001, penalties under Article 135 became more drastic, including the death penalty for production, trafficking, and the distribution of heroin (more than 500 grams), or amphetamines (more than three kilograms). Other penalties include up to five years imprisonment for possession of less than two grams of heroin. On September 25, “Nhan Dan” newspaper, the newspaper

of the Communist Party of Vietnam, reported that, during the first eight months of 2003, nine drug traffickers had been sentenced to death in Laos. Since then, the Lao press has reported six other death sentences in Luang Namtha and Oudemxai provinces.

Resource constraints within the GOL continued to be a major problem in 2003. While it appears that for the first time, LCDC will receive a modest budget (possibly \$200,000), this will still leave Lao counternarcotics efforts seriously under-funded. While the USG program pays the administrative expenses for 10 Counter Narcotics Units (CNU), Embassy end-use monitoring visits have revealed that much of these units' equipment is outdated and/or inoperable. Most officers have received little training, although some commanders and/or deputy commanders have attended International Law Enforcement Academy (ILEA) courses. Enforcement units are unable to finance any repairs themselves and must wait for USG assistance.

Corruption. The GOL does not encourage or facilitate illegal production of drugs or other substances as a matter of national policy, but corruption is a significant problem. Very low salaries paid to law enforcement officials tempt them to profit from drug trafficking. The GOL is working with international assistance to develop appropriate anticorruption measures. In at least one instance, the GOL demonstrated a willingness in 2003 to take action on narcotics-related corruption. The Bokeo provincial governor was sacked, apparently for his connections to drug trafficking. While firm evidence regarding narcotics related corruption is hard to come by, most foreign observers believe that GOL and military officials facilitate drug trafficking to some extent.

Agreements and Treaties. The USG and GOL have signed a Memorandum of Understanding (MOU) on counternarcotics cooperation in crop control every year since 1990. Bilateral law enforcement project agreements have been signed annually since 1992. A new MOU for demand reduction was implemented in 2002. Both countries have expressed their intention to continue this cooperation. Although the GOL does not have a mutual legal assistance or extradition treaty with the U.S., it has in the past cooperated in rendering drug traffickers to the United States, generally via Thailand.

Laos is a party to the 1971 UN Convention on Psychotropic Substances and the 1961 UN Single Convention. Although Laos is not yet a party to the 1988 UN Drug Convention, the GOL strives to meet the goals and objectives of that Convention. The GOL is committed to becoming a party to the Convention in the near future, and is working with UNODC to pass legislation, such as chemical control and money laundering regulations, necessary to bring it into compliance with the Convention.

Cultivation/Production. During 2003, opium cultivation and production continued to be a complex and controversial subject. USG and GOL production statistics are far apart. The USG 2003 estimate for poppy cultivation is 18,900 hectares, with a 90 percent confidence level. About 85 percent of the crop is concentrated in Phongsaly, Houaphan, Luang Prabang, and Oudomxai provinces in northern Laos. The GOL admits to only about 7,800 hectares of opium cultivation. The GOL bases this figure on the UNODC/GOL estimate, minus eradication since the survey. As noted elsewhere, the U.S. believes the methodology applied during the UN estimate can be improved, and is working with the UN to do so in the next estimate in 2004.

Potential opium production is also a controversial subject. According to USG figures, 2003 potential production is about 200 metric tons, an increase of about 11 percent over 2002, despite a 19 percent drop in cultivation. According to USG experts, this increase is attributed to a higher yield per hectare brought about by better weather and/or fewer, but better tended fields. The GOL estimates that opium gum production potential fell to 78 metric tons, as of October, while the UNODC survey estimated 120 metric tons of opium gum produced. The GOL is in the midst of an aggressive eradication campaign. While the USG and GOL disagree on the amount of poppy cultivation that still exists, there is no disagreement that there has been a significant decline in opium planted and harvested in each of the past two years.

Drug flow/Transit. While DEA, UNODC, and the GOL agree that significant amounts of drugs are transiting Laos, DEA does not believe that heroin transiting Laos is a significant factor in the U.S. There has been some limited smuggling of opium via the mail between Hmong in Laos and the U.S., but not in great quantities, and new technology which the U.S. has made available to the Lao Postal Service seems to be deterring smuggling by this channel. A major problem faced by the GOL is the inability to control its long borders with Thailand and the PRC, as well as its shorter borders with Burma and Cambodia. The Mekong River is a major conduit for trafficking, and it is only patrolled in a few areas. Lack of human and material resources are problems and will likely continue to be for the foreseeable future, but the formidable isolation of traditional production areas also is important. Many key drug areas, especially in the north, are virtually inaccessible to GOL officials. Ironically, as the country's highway system continues to improve, this also facilitates illegal trafficking of drugs, people, logs, and other contraband, since traffickers can move drugs out to improved highways, but the GOL can reach no further than the highways permit.

Domestic Programs/Demand Reduction. While opium is still generally the drug of abuse of choice in Laos, ATS use is spreading rapidly. During 2003, ATS appeared to get more attention among GOL officials; reportedly, ATS addicts include the children of some prominent party and government officials. While in the recent past, most ATS use appeared confined to the larger urban centers and the more affluent, there is evidence that abuse is spreading into remote areas.

The GOL views demand reduction as an important component of the fight against drugs, as well as an integral part of its effort to fully comply with the 1988 UN Drug Convention. The Ministry of Education maintains a drug unit which implements school-based awareness programs, such as distributing counternarcotics literature in the schools. In October, LCDC, with assistance from the USG, began a nation-wide ATS urinalysis program designed to detect addiction among high school youth. The HIV infection rate in Laos is relatively low compared to its neighbors. The GOL reports 1102 HIV-positive individuals, according to figures published in the state-controlled media in November 2003. In addition, 39 people died from AIDS during the first six months of 2003 and 461 have died from AIDS since the GOL began keeping track. The GOL concedes that the number of cases is under-reported. The GOL has worked with an NGO, Population Services International, to distribute over 13 million condoms to individuals and establishments around the country. UNODC officials believe that the main reason Laos has been spared the higher rates of HIV infection common elsewhere in Southeast Asia is because there is much less intravenous drug use than in Thailand and Vietnam.

IV. U.S. Policy Initiatives and Programs

Since 1989, the United States Government has provided approximately \$38,000,000 in funds to support the Government of Laos' narcotics control program. The USG focuses on helping the GOL achieve three primary counternarcotics objectives: elimination of opium poppy cultivation, suppression of illicit drug and precursor chemical trafficking, and drug education and treatment programs. The USG has addressed the first goal through bilateral crop control projects. The USG works closely with the UNODC and other donors to ensure that counternarcotics objectives are included in all rural development programs in northern Laos. Suppression of trafficking is pursued through support of special counternarcotics police units and the Lao customs service.

The U.S. Narcotics Crop Control project is designed to support crop substitution and alternative development within Laos, primarily to the Lao-American projects in Phongsaly and Luang Prabang provinces. The Drug Demand Reduction project supports the establishment of additional amphetamine type stimulant (ATS) clinics and maintains a training/treatment program under the aegis of UNODC. The U.S. Law Enforcement Program project is designed to enhance the GOL's capability to eliminate drug trafficking within its borders. This project provides GOL law enforcement entities with

equipment and training that will enhance Lao capabilities to detect, arrest and prosecute narcotics traffickers. GOL officials continued to be enthusiastic participants in USG-sponsored training at the Bangkok ILEA. Almost 400 GOL officials have participated in ILEA training since 1999, including more than 60 in 2003.

The Road Ahead. The GOL is acutely aware of the threat of drugs and of Laos' growing domestic drug problem, especially regarding ATS. However, there is still reluctance and some suspicion, especially within MPS, in cooperating on a bilateral basis with DEA. On a more positive note, cooperation with the GOL's Customs Department should continue to expand. During 2003 the GOL made progress in opium poppy eradication, and also in enforcement, with an important buy-bust seizure in Champassak. However, it is clear that in order to make significant progress in arresting major traffickers and seizing large quantities of drugs, the GOL will have to upgrade its law enforcement capacity. The USG-GOL bilateral program will continue to focus on crop control and development assistance to northern Laos. However, with the rising ATS issue, the USG would also like to be helpful in that sector. How much progress the GOL makes in battling drugs and drug traffickers is likely to depend on how much the GOL is able to improve its public sector performance. In a country with as few financial resources as Laos, this will continue to present the GOL a major challenge.

Laos Statistics

(1994–2003)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Opium¹										
Potential Harvest (ha)	18,900	23,200	22,000	23,150	21,800	26,100	28,150	25,250	19,650	18,520
Cultivation (ha)	18,900	—	—	—	—	—	28,150	25,250	19,650	18,520
Potential Yield (mt)	200	180	200	210	140	140	210	200	180	85
Eradication (ha)	4,000	—	—	—	—	—	—	—	—	—
Seizures										
Opium (mt)	0.209	0.260	.478	0.078	0.226	0.442	0.200	0.216	0.194	0.054
Cannabis (mt)	0.155	3.08	1.96	1.86	2.19	0.41	4.16	1.18	0.64	6.14
Heroin (mt)	0.039	0.019	0.052	0.020	0.015	0.080	0.072	0.016	0.043	0.062
Arrests	445	—	—	—	—	—	—	—	—	—

¹ Narcotics and law enforcement statistics have not been kept in the past by the Government of Laos. Although the Counternarcotics Committee is now charged with the responsibility, most of the statistics available have been gleaned from the Lao press.

Malaysia

I. Summary

Malaysia does not produce a significant amount of illegal drugs. Heroin and other drugs from other Southeast Asian countries transit Malaysia, but there is little evidence that significant amounts of illegal drugs reach the U.S. market through Malaysia. Domestic drug abuse, especially of synthetic drugs, continues to grow. Malaysia's competent counternarcotics officials and police officers have the full support of senior government officials. While arrests of drug users and seizures of opium, Ecstasy (MDMA), and codeine rose dramatically, trafficking-related arrests declined slightly and heroin seizures were down. Increased pressure by the Thai government against narcotics trafficking has likely contributed to the drop in heroin seizures. Cooperation with the U.S. on combating drug trafficking is excellent. Malaysia is a party to the 1988 UN Drug Convention.

II. Status of Country

Malaysia does not produce a significant amount of illicit drugs. Some heroin and opium from the nearby Golden Triangle area transits Malaysia, but there is little evidence that a significant amount of the heroin reaches the U.S. market. Other drugs, primarily amphetamine type stimulants (ATS), including crystal methamphetamine and Ecstasy, also transit Malaysia. Between January and August 2003, 22,512 cases of drug addiction were detected by the authorities, an increase of 2.3 percent compared to the same period in 2002. Anecdotal reports indicate that abuse of Ecstasy is growing rapidly. Ketamine, a psychedelic anesthetic of growing popularity, was outlawed in 2003. According to the Ministry of Health, there were no known cases of precursor chemical diversion this year. In December 2000 the Ministry of Health's Pharmaceutical Services Division tightened controls on all previously unregulated chemicals cited in the UN Drug Convention. The Ministry of Health and the Attorney-General's office are drafting amendments to the Poisons Act to increase penalties relating to the diversion of precursor chemicals. These amendments are expected to be introduced in the 2004 legislative session.

III. Country Actions Against Drugs in 2003

Policy Initiatives. The National Drugs Agency (NDA) is the policy arm of Malaysia's counternarcotics strategy. The NDA budget was raised 9 percent in 2003 as part of the Government's campaign of "Total War Against Drugs." The NDA coordinates demand reduction efforts with various cabinet ministries to target vulnerable populations, including teenage students, long-haul truckers, impoverished fishing communities and residents of federal land grant settlements in provincial areas. The NDA has expanded its efforts to engage parent-teacher associations and religious institutions. Its workplace programs, once confined to private industry, have been expanded to include government agencies.

Accomplishments. A solid institutional and policy foundation supports Malaysian counternarcotics efforts. Malaysia has improved international cooperation, including interdiction, enforcement and intelligence sharing, with the United States, Australia, and regional states such as Thailand, Singapore, and Brunei. Former Prime Minister Mahathir declared 2003 a "Year of Total War Against Drugs"—the launch of a long-term effort to drive down drug use to negligible levels by 2015. Other senior Malaysian officials, including the new Prime Minister, Abdullah Badawi, frequently speak out strongly against drug use. The Malaysian parliament in 2002 passed legislation establishing a framework for mutual legal assistance.

Law Enforcement Efforts. Malaysian police have continued to investigate and prosecute narcotics crimes vigorously, identifying abusers and traffickers, and limiting the distribution, sale, and financing of illicit drugs in Malaysia. The Royal Malaysian Police (RMP) Narcotics Division benefits from strong leadership. Trends in narcotics arrests and seizures for the first eight months of 2003 were mixed in comparison with 2002. Heroin and psychotropic seizures were down sharply, while opium, Ecstasy and codeine seizures rose dramatically. Marijuana seizures rose 13.7 percent. Between January and August 2003 law enforcement officers seized 127.46 kilograms of heroin, compared to 398.6 kilograms in the first ten months of 2002. Seizures of psychotropics fell sharply from 1,584,360 pills in January-October 2002 to 98,087 pills between January and August 2003. Ecstasy seizures rose from 169,306 pills between January-October 2002 to 203,050 pills between January-August 2003 and opium seizures rose from 0.3 kilogram, to 129.19 kilograms. Drug trafficking-related arrests through August 2003 totaled 17,093 persons, a drop of 1.2 percent from the same period last year, while numbers of drug users arrested rose 52 percent from 61,101 to 93,988. The decline in heroin and psychotropic seizures is likely attributable to the success of the Thai government in combating trafficking. Existing Malaysian law provides for the seizure of assets from the proceeds of narcotics crimes. Malaysian prosecutors successfully used video evidence from a joint DEA-RMP investigation in a trial for the first time in 2003.

Corruption. Malaysia has an anticorruption agency with no power to prosecute, but with the power to investigate independently and make arrests. No senior officials were arrested for drug-related corruption in 2003 and there was no evidence that the government tolerates or facilitates the production, distribution, or sale of illegal drugs.

Agreements and Treaties. An extradition treaty is in force between Malaysia and the U.S. Malaysia is a party to the 1988 UN Drug Convention. It has also signed, but has not yet ratified, the UN Convention against Transnational Organized Crime.

Drug Flow/Transit. Malaysia's geographic proximity to the heroin production areas and methamphetamine labs of the Golden Triangle leads to smuggling across Malaysian borders, primarily destined for Australia. Ecstasy is brought in by air from Amsterdam into Kuala Lumpur International Airport (KLIA) for domestic use and distribution to Thailand, Singapore, and Australia. While heroin and methamphetamines transiting Malaysia do not appear to make a significant impact on the U.S. market, there are indications that third country nationals are using Malaysia as a transit point for modest shipments of U.S.-bound heroin and methamphetamine.

Domestic Programs (Demand Reduction). Demand reduction programs in public schools and a drug-free workplace prevention program initiated in 1999 continued in 2003. The NDA has expanded the scope of its anti-Ecstasy demand reduction drive to include all types of ATS. Government statistics indicate that 11,116 persons were undergoing treatment at Malaysia's 28 public rehabilitation facilities as of August 2003.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. goals and objectives in the coming year are to: urge the government to enact anticonspiracy laws to strengthen Malaysia's counternarcotics efforts; encourage improved coordination of law enforcement entities at Kuala Lumpur International Airport (KLIA).

Bilateral Cooperation. U.S. counternarcotics training continued in 2003 via the International Law Enforcement Academy (ILEA) in Bangkok and the "Baker-Mint" counternarcotics training program sponsored by the U.S. Department of Defense. The Baker-Mint program aims to raise the operational skill level of local counternarcotics law enforcement officers. ILEA Bangkok training addressed a full range of counternarcotics topics. DEA and DOJ conducted a money laundering training seminar for

investigatory officials in August. The United States funded treatment training for local professionals and sponsored a Colombo Plan seminar on family support for recovering addicts.

The Road Ahead. U.S. law enforcement agencies will take advantage of enhanced cooperation with Malaysian authorities to interdict drugs transiting Malaysia, and to follow regional and global leads. U.S.-funded counternarcotics training for local law enforcement will continue. The United States will seek to conclude a bilateral letter of agreement (LOA) with the Malaysian government to make possible additional U.S. resources in fighting illegal drugs in Malaysia.

Micronesia

The Federated States of Micronesia (FSM) is a sovereign state in free association with the United States. The FSM has drug-abuse problems, but of a sort not typically seen in the West. In Pohnpei State, many people consume large quantities of “sakau”—a form of kava squeezed from roots of a tropical pepper plant. The FSM Congress, in its October 2003 session, ratified the 1988 UN Drug Convention, but FSM is still not a party because the instruments of ratification have yet to be deposited with the United Nations. Of the Western drugs, marijuana is reportedly cultivated and used in parts of the FSM. It is not exported in any meaningful quantities. The FSM and State Governments make occasional arrests for marijuana cultivation and usage. If the problem were bigger, the government response would be more intense.

North Korea

I. Summary

For decades North Koreans have been apprehended for trafficking in narcotics and engaging in other forms of criminal behavior, including passing counterfeit U.S. currency. During 2003, there was one major heroin trafficking incident linked to North Korea. The “Pong Su,” a vessel owned by a North Korean enterprise, was seized by Australian Federal Police (AFP) and other Australian security forces in mid-April 2003 after apparently delivering 125 kilograms of heroin to criminals at an isolated beach near Lorne, Australia. Another incident with a connection to North Korea occurred in June in Pusan, South Korea, where customs authorities seized 50 kilograms of methamphetamine from a Chinese vessel that had stopped at the port of Najin, North Korea, before arriving in Pusan. There were no methamphetamine seizures linked to North Korea in Japan in 2003. The “Pong Su” seizure and numerous drug smuggling incidents linked to North Korea over the past several decades, reflect official involvement in the trafficking of illicit narcotics for profit, and make it highly likely, but not certain, that P'yongyang is trading narcotic drugs for profit as state policy.

II. Status of Country

Developments During 2003. Defectors and informants report that large-scale opium poppy cultivation and production of heroin and methamphetamine occurs in the DPRK. A defector identified as a former North Korean high-level government official testified in May 2003 before the U.S. Senate that poppy cultivation and heroin and methamphetamine production were conducted in North Korea by order of the regime. The government then engaged in drug trafficking to earn large sums of foreign currency unavailable to the regime through legal transactions. The testimony and other reports have not been conclusively verified by independent sources. Defector statements; however, are consistent over years, and occur in the context of regular narcotics seizures linked to North Korea. As discussed below, there was one major heroin seizure in 2003 linked to North Korea, and two shipments of methamphetamine were seized in South Korea that had some connection to the DPRK. There is still no evidence that illicit drugs trafficked from the DPRK has had an impact on the United States, directly or indirectly.

Drug Seizures with a DPRK Connection. In April of 2003, the “Pong Su,” a North Korean merchant vessel of about 4000 tons displacement, flying a flag of convenience, was seized by Australian military Special Forces, who boarded the vessel by rope descent from a helicopter after a four-day chase in heavy seas. The vessel, its North Korean master, and its crew were brought into Sydney harbor where all aboard were charged with involvement in narcotics trafficking. In addition to the regular crew of the vessel, those charged included a North Korean identified as a “Political Secretary” of the ruling Communist Workers’ Party in North Korea.

Australian Federal Police had also taken three other individuals into custody, two of whom were found in possession of 50 kilograms of very pure heroin. Investigations revealed that these individuals were part of a shore party that apparently rendezvoused with the “Pong Su” at an isolated surfing beach near Lorne, Australia, to receive the narcotic shipment. The narcotics were apparently dispatched from the “Pong Su” in a dinghy. High seas, not seen for three years in this surfing area, caused the dinghy to capsize, dumping its cargo and the two crew members into the surf. Only one of them made it alive to shore; the other was discovered buried in a crude grave. The survivor was taken into custody by Australian Federal Police and charged with heroin trafficking.

A total of 125 kilograms of pure heroin was eventually seized in connection with the “Pong Su” incident. The vessel remains in Australian custody, and all involved in the incident—the shore party;

the crew, captain, and North Korean “Party Secretary” on board the “Pong Su”—are on trial in Australia.

The “Pong Su” itself is owned by a North Korean trading company of the same name, but was flying a flag of convenience at the time of its seizure. The vessel is known to have serviced a number of ports in Northeast and Southeast Asia before arriving off the coast of Australia. Inspection after its seizure in Australia revealed that the boat had been crudely modified, possibly to conceal its cargo of narcotics. The vessel carried no cargo, and no cargo awaited it in Australia. It did not comply with normal commercial procedures, such as announcing its presence in Australian waters to Australian Customs. And, when challenged repeatedly by police and customs officials to come into port, it refused and led police on a desultory four-day chase in high seas. In the wake of the “Pong Su” incident, several countries in East Asia, notably Japan, where North Korean-linked methamphetamine shipments have been seized regularly since the mid-1990s, increased their scrutiny of North Korean shipping.

In early June, 50 kilograms of methamphetamine concealed in a cargo container were seized by customs officials in Pusan, South Korea. The container had apparently been packed in China, shipped by rail to the North Korean port of Najin, and loaded there aboard the Chinese freighter “ChuXing” before it arrived in Pusan and was seized by South Korean Customs. Initially, the drugs were said to be North Korean in origin. The same vessel involved in this seizure, the “ChuXing,” had carried a container from Najin to Pusan in November 2001 that was found to have 91 kilograms of methamphetamine concealed in noodle packages originating from China. Although the source of the methamphetamine carried by the “ChuXing” in both instances is unclear, the incidents suggest collusion between Chinese drug traffickers and elements in North Korea and indicate that North Korea is a transshipment point for illicit narcotics intended for distribution in the region.

Japan is one of the largest markets for methamphetamine in Asia, with an estimated annual import of 10-20 metric tons. Traffickers from the DPRK have targeted the Japanese market in the past, and there have been regular, large seizures of DPRK methamphetamine in Japan since the mid-1990s. This year Japanese law enforcement seized 447 kilograms of methamphetamine through November of 2003, but none of it can be linked to North Korea. In the past, Japanese authorities expressed the belief that roughly 30 percent of methamphetamine seized in Japan is connected to the DPRK.

North Korea Claims Interest in UN Drug Treaties. North Korean authorities have expressed interest in bringing their domestic narcotics-control legislation into compliance with international norms and eventually becoming a party to the major international narcotics control treaties, especially the 1988 UN Drug Convention. The North Koreans are seeking advice from UN agencies, including the UN Office on Drugs and Crime, on redrafting their narcotics-control legislation. Some UN-member governments have expressed skepticism about the DPRK’s motives, suggesting that the DPRK’s request for advice and expressed interest in international counternarcotics cooperation are designed to divert attention from allegations of DPRK state trading of narcotics.

DPRK Likely State Trading Narcotics. State trading of narcotics is a conspiracy between officials at the highest levels of the ruling party/government and their subordinates to cultivate, manufacture, and/or traffic narcotics with impunity through the use of, but not limited to, state-owned assets. Law enforcement cases over the years have not only clearly established that North Korean diplomats, military officers, and other party/government officials have been involved in the smuggling of narcotics, but also that state-owned assets, particularly ships, have been used to facilitate and support international drug trafficking ventures.

The “Pong Su” narcotics seizure occurred within the context of a range of criminal activities perpetrated by North Korean officials. Those activities include the September 2002 admission by DPRK officials of involvement by state security in the kidnapping of a group of Japanese nationals held captive in North Korea for several decades. North Korean officials have been apprehended for

drug trafficking and other offenses in countries around the world and have used diplomatic pouches to conceal transport of illicit narcotics. Numerous North Korean defectors have publicly stated that opium was grown in North Korea and refined into heroin, which then was trafficked under the direction of an office of the ruling Communist Party of North Korea. Information developed by law enforcement in Japan, on Taiwan, and elsewhere has repeatedly pointed to the involvement of DPRK officials and DPRK state-owned assets in narcotics trafficking. Specific examples of involvement of officials and state assets include calls at North Korean ports by traffickers' boats to pick up drugs, travel by traffickers to North Korea to discuss aspects of the trafficking operation, and suspected drug trafficking by North Korean patrol vessels, which were thought to engage only in espionage.

DPRK-linked drug trafficking has evolved over the years from individual DPRK officials apprehended for trafficking in narcotics in the 1970s and 1980s to the apparent direct involvement of military officials and vessels providing drugs within North Korean territory to trafficking organizations for wider distribution in East Asia. The “Pong Su” incident seemingly signals a further shift in North Korean involvement in drug trafficking. It is the first indication that North Korean enterprises and assets are actively transporting significant quantities of illicit narcotics to a designated destination outside the protection of DPRK territorial boundaries. Information has also been acquired indicating that North Koreans, employed by state-owned enterprises located in various Asian countries, have attempted to arrange large-scale drug transactions with undercover narcotics officers. Informants have reported traveling to North Korea as guests of the government to meet with military officials to arrange drug deals. Although some of the information gathered is incomplete or unverified, the quantity of information and quality of many reports give credence to allegations of state sponsorship of drug production and trafficking that can not be ignored. It appears doubtful that large quantities of illicit narcotics could be produced in and/or trafficked through North Korea without high-level party and/or government involvement, if not state support.

DPRK spokespersons deny any state involvement in criminality, ascribe that criminality to individuals, and threaten punishment under DPRK laws. However, year-after-year, incidents pointing towards increasingly large scale trafficking in narcotics, and other forms of criminality linked to the DPRK, accumulate.

The cumulative impact of these incidents over years, in the context of other publicly acknowledged behavior by the North Korean such as the Japanese kidnappings mentioned above points to the likelihood, not the certainty, of state-directed trafficking by the leadership of North Korea. What we know about North Korean drug trafficking has come largely from investigation of trafficking operations like that of the “Pong Su”, which have gone wrong, and thus come to the attention of authorities. We know much less about the way North Korea is led and administered, thus the continuing uncertainty.

There is also strong reason to believe that methamphetamine and heroin are manufactured in North Korea as a result of the same state directed conspiracy behind trafficking, but we lack reliable information on the scale of such manufacturing. The United States will continue to monitor developments in North Korea to test the validity of the judgment that drugs are probably being trafficked under the guidance of the state, and to see if evidence emerges confirming manufacture of heroin and methamphetamine.

Palau

I. Summary

Palau is not a major drug trafficking or producing country or a source of precursor chemicals for production of narcotic drugs, although the possibility for drug transit exists. To curtail drug use, Palau has ongoing counternarcotics campaigns as well as drug treatment and counseling programs. Palau is not a party to the 1988 UN Drug Convention, but it is a party to the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances.

II. Status of Country

The Republic of Palau is an island nation of approximately 19,000 with a constitutional government, whose structure is comparable to that of the United States. Palau is a former trust territory of the United States that became independent on October 1, 1994. There is some crime in Palau, but it is not a major drug trafficking or producing country, nor a source of precursor chemicals for production of narcotic drugs.

Palau is an attractive tourist destination, especially for divers. The island has good air connections to many regional destinations. The possibility for drug transit exists. Authorities are aware of this danger and take steps to counter it through attentive enforcement. The USG has no evidence that any high-level official in Palau facilitates drug trafficking for personal gain. Small-scale corruption that might facilitate trafficking is a possibility, but Palau authorities, focused on maintaining Palau as an attractive tourist destination, are attentive to corruption and punish it when it comes to their attention.

III. Country Actions Against Drugs in 2003

In 2002, Felix Maidesil and Frankie Borja, both former police officers, were sentenced to 50 years imprisonment and a US\$100,000 fine, and 30 years imprisonment and a US\$50,000 fine, respectively. In the same year, a Hong Kong citizen, Liu Man Cheun, a.k.a. Eddie Liu, was sentenced to 50 years imprisonment and US\$150,000 fine. Mr. Liu was considered to be the biggest importer of illegal drugs, including methamphetamine, from Asia. On January 6, 2003 he escaped from the local jail.

The Ministry also conducted cannabis drug busts in 2002. Over 50 cannabis farms were raided and plants with estimated value of US\$3.5 million, street value, were seized.

IV. U.S. Policy Initiatives and Programs

DEA works closely with Palau authorities on cases of mutual interest. No other direct U.S. narcotics assistance is planned.

The Road Ahead. The U.S. will continue to cooperate with the authorities of Palau on specific narcotics cases of mutual interest.

Papua New Guinea, Solomon Islands, and Vanuatu

I. Summary

Drug trafficking does not occur on a significant or commercial scale in Papua New Guinea (PNG), Solomon Islands, or Vanuatu. However, Australian law enforcement authorities have identified the Highlands Provinces of PPNG as a small-volume source of cannabis that makes its way into Australia via the Western Province and over the Torres Strait. In the three countries, drug abuse among urban youth is a growing concern, with cannabis usage and glue or solvent sniffing the most popular drugs of abuse in PNG and the Solomon Islands, especially by poor, and usually unemployed, urban youth. Vanuatu authorities have in recent years made infrequent and small seizures of amphetamine and some synthetics (such as Ecstasy—MDMA), which they assert were imported from Asia and were intended for the country's affluent youth.

There are no reliable quantitative measures of either trafficking or abuse in these three countries. Beyond the regular activities of their poorly-resourced and poorly-managed law enforcement agencies, none of the countries has a centrally-directed narcotics control strategy. Though PNG passed legislation creating a Narcotics Control Board in 1992, it has yet to be established or staffed. PNG is a party to the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The Solomon Islands is a party to the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol. None of the three countries is a party to the 1988 UN Drug Convention. Money laundering is not reported to occur in PNG or the Solomon Islands, and no incidents have been reported or prosecuted in Vanuatu, though legislation and enforcement in all three countries could be improved. Better efforts and training for counterterrorism is being supported and promoted in the region primarily by Australia.

II. Status of Country

There is no evidence of significant levels of illicit drug production or transit in PNG, the Solomon Islands, or Vanuatu. Cases of potential narcotics transshipment occasionally come to light in PNG, but there is no persistent pattern. There is evidence of small-scale PNG cannabis cultivation and export, primarily to Australia. This activity may also be related to smuggling of small arms into Australia. None of these countries is a source of precursor chemicals. In one case in 2000, a local PNG firm allegedly made arrangements to import pseudo-ephedrine in quantities far in excess of legitimate domestic requirements. Government authorities revoked the import authorization when they discovered irregularities in its issuance. The potential involvement of organized drug-traffickers in the case was investigated by PNG law enforcement agencies though the findings were never made public.

III. Country Actions Against Drugs in 2003

Due to the very limited extent of drug trafficking and abuse in Papua New Guinea, Solomon Islands, and Vanuatu, law enforcement agencies have not established separate initiatives for countering cultivation, production, and distribution of illegal drugs. Similarly, asset seizure, extradition, and mutual legal assistance in narcotics cases occur too infrequently to form the basis for an assessment of the governments' performance in these areas. In general, however, the law enforcement agencies of all three countries have shown themselves to be willing to cooperate with other countries on narcotics

enforcement as needed, given resource constraints. There is no evidence of narcotics-related corruption in these countries.

The Philippines

I. Summary

Philippine law enforcement agencies demonstrated continued progress in the war against drugs in 2003. The Philippine government continues to develop a dedicated counternarcotics capability in the newly established Philippine Drug Enforcement Agency (PDEA). However, based on the quantity of seizures in 2003, authorities assess that the Philippines has developed into a major producer of crystal methamphetamine. Evidence suggests links between terrorist organizations and drug trafficking activities. The Philippines is a party to the 1988 UN Drug Convention.

II. Status of Country

Domestic production of methamphetamine, also called “shabu”, exceeds demand, with most of the precursor chemicals smuggled into the Philippines from surrounding countries, primarily from the People's Republic of China (PRC). Authorities estimate that the wholesale price of methamphetamine ranges from 800,000 to 1,000,000 pesos per kilogram (\$14, 500 to \$18,000). The same methamphetamine sells on the street for twice that amount. The Philippines also serves as a transshipment point for further export of methamphetamine of foreign manufacture to Japan, Australia, Korea, the U.S., Guam, and Saipan.

The Philippines also produces, consumes and exports marijuana. Authorities continue to encounter difficulties stemming production. Marijuana is generally cultivated in areas inaccessible by vehicles and/or controlled by insurgent groups. Corruption and inefficiency among government officials also complicate eradication efforts. Most of the marijuana produced in the Philippines is consumed locally, with the remainder smuggled out to Australia, Japan, Malaysia, Taiwan and Europe. The wholesale price of marijuana is estimated around 11,160 pesos per kilogram (\$203). Street price varies according to the quality of the product.

MDMA, commonly known as ecstasy, is rapidly becoming a popular recreational drug in the Philippines. Philippine government authorities report a surge in ecstasy use among young, prosperous adults, particularly in bars and clubs. The street price for an ecstasy/MDMA tablet is estimated to be 1,500 pesos (\$27).

III. Country Actions Against Drugs in 2003

Policy Initiatives. In her July 2003 State of the Nation Address, President Gloria Macapagal-Arroyo called illegal drugs “the greatest menace facing the country today.” President Arroyo exhorted her administration to intensify what the Government of the Republic of the Philippines (GRP) has labeled an “all-out war against drugs.” After the passage of wide-ranging counternarcotics legislation in 2002, the Arroyo Administration has concentrated on the full and sustained implementation of the law and institution building of PDEA as the lead counternarcotics agency.

On an administrative level, President Arroyo has personally removed bureaucratic obstacles slowing the establishment of a Philippine Drug Enforcement Agency Academy to ensure that the PDEA Academy will begin classes in 2004. PDEA is beginning to conduct investigations and develop a training program for its planned academy. In the interim, President Arroyo named Philippine National Police (PNP) Deputy Director Edgar Aglipay to head a new Philippine Anti-Illegal Drugs Task Force (PAIDTF). The PIADTF mission is to maintain law enforcement pressure on narcotics traffickers while PDEA builds institutional capacity.

Accomplishments. GRP law enforcement agencies receive and act upon drug shipment intelligence from regional partners. They are less efficient in developing and transmitting intelligence on outbound shipments. While the GRP has chemical controls laws, enforcement of them is uneven. This is due to a perceived unwillingness of prosecutors to pursue cases where only precursor chemicals and no drugs are seized and of judges to accept the seized chemicals as evidence.

Law Enforcement Efforts. Diversion of precursor chemicals from legitimate sources, compounded by the ease of illicit travel and communication, has allowed transnational crime organizations to increase methamphetamine production for both domestic and export shabu markets. Throughout 2003, Philippine authorities drew clear linkages between drug trafficking activities and terrorist organizations. The Abu Sayyaf Group (ASG), a U.S.-designated Foreign Terrorist Organization operating in the extreme southwest of the Philippines, collects money from drug smugglers by acting as protectors for foreign trafficking syndicates. The ASG also controls a thriving marijuana production site in Basilan.

In Moro Islamic Liberation Front-controlled areas in Central and Western Mindanao, mounting evidence indicates the presence of several clandestine methamphetamine laboratories. The drugs produced by these labs are distributed within the Philippines and possibly exported to other countries. According to the Philippine government and press reports, the Communist New People's Army (NPA), another U.S.-designated Foreign Terrorist Organization operating countrywide, receives money for providing safe haven and security for many of the marijuana growers in the northern Philippines and collects "revolutionary taxes" on the sale of drugs.

Major evidentiary and procedural obstacles exist in the Philippines in building effective narcotics cases. Restrictions on the gathering of evidence hinder narcotics investigations and prosecutions. Philippine laws regarding electronic surveillance and bank secrecy regulations constrain prosecutors' ability to build narcotics cases.

Philippine law prohibits wiretapping and non-consensual monitoring of conversations and use of such information as evidence. There are also no provisions to seal court records to protect confidential sources and methods. Pervasive generic problems in the law enforcement and criminal justice systems (i.e., low morale, inadequate salaries, recruitment and retention difficulties, and lack of cooperation between police and prosecutors) hamper narcotics investigations and prosecutions. The slow pace of justice and perennial backlogs in the judicial system impede further the already slow pace of proceedings in narcotics cases. New tough narcotics sentencing laws that do not allow for sentence reductions in exchange for testimony will only increase the backlog.

Philippine authorities dismantled a record number of 11 clandestine methamphetamine laboratories in 2003, up from 4 in 2002. In one day in November, police raided 2 labs, seizing drugs, chemicals, and equipment with a value of 2.1 billion pesos (\$38 million) while arresting several Chinese nationals. GRP law enforcement officials contend that three factors are behind this explosion in domestic labs: 1) the simplicity of processing ephedrine into methamphetamine on a nearly one-to-one conversion ratio; 2) the crackdown on drug production facilities and processed methamphetamine in other methamphetamine-producing countries; 3) the lesser danger in trafficking in methamphetamine precursors (ephedrine) compared to the finished product.

The GRP arrested a total of 33,150 people for drug related offenses, an increase of 8,074 individuals from the previous year. GRP authorities filed 22,069 drug cases. Authorities seized a total of 3,122 kilograms of methamphetamine, with an estimated street value of 13.61 billion pesos (\$247 million). Authorities also seized 6,417 kilograms of ephedrine, an essential chemical in the production of methamphetamine. Law enforcement agencies dismantled ten of the thirteen identified international drug rings targeted by the GRP. Chinese and Taiwanese traffickers remain the most influential foreign groups operating in the Philippines. According to PDEA officials, Philippine authorities neutralized and cleared 127 out of 295 local drug rings and syndicates.

Corruption. Corruption among the police, judiciary, and elected officials continues to be a significant impediment to Philippine law enforcement efforts. However, the GRP does not encourage, or facilitate the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug actions.

Agreements and Treaties. The Philippines is a party to the 1988 UN Drug Convention. In addition, the Philippines is a party to the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. The Philippines has ratified the UN Convention against Transnational Organized Crime and its related Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants. The 1996 U.S.-GRP Extradition and Mutual Legal Assistance treaties also are in force.

Cultivation/Production. There are 98 identified marijuana cultivation sites spread throughout nine different regions of the Philippines. The mountainous areas of northern Luzon, central Visayas, and central, southern and western Mindanao account for the largest areas of cultivation.

In 2003, law enforcement agencies again joined with units from the Armed Forces of the Philippines (AFP) to launch marijuana eradication operations. Some of the eradication campaigns took place in territory controlled by armed insurgent movements. Using manual techniques to eradicate marijuana, government forces successfully uprooted and destroyed 4,690,000 plants and seedlings. They confiscated 5.09 kilograms of seeds and 860,334 kilograms of dried leaves. The total value of the destroyed marijuana crop is valued at 697.35 million pesos (\$12.68 million).

Drug Flow/Transit. The Philippines is a major source and transshipment country. Illegal drugs enter the country through seaports, economic zones, and airports. With over 36,200 kilometers of coastline and 7,000 islands, the Philippines is a drug smuggler's paradise. Vast stretches of the Philippine coast are unpatrolled and uninhabited. Capitalizing on this phenomenon, drug traffickers use shipping containers, fishing boats, and cargo vessels, which off-load to smaller boats, to transport multiple hundred-kg quantities of methamphetamine and precursor chemicals. Marine interdiction efforts are hamstrung by limited equipment, training, and intelligence coordination between the armed forces and law enforcement.

The country is also a transshipment point for further export of crystal methamphetamine to Japan, Australia, Korea, the U.S., Guam, and Saipan. Commercial air couriers and express mail services remain the primary means of shipment to Guam and to the mainland U.S., with a typical shipment size of one to four kilograms.

Demand Reduction. The Comprehensive Dangerous Drugs Act of 2002 also includes provisions mandating drug abuse education in schools, the establishment of provincial drug education centers, drug-free workplace programs, and other demand-reduction clauses. Abusers who voluntarily enroll in treatment and rehabilitation centers are exempt from prosecution for illegal drug use. While preliminary 2003 figures are not yet available, residential and outpatient rehabilitation centers reported a total of 5,965 admission cases in 2002. Statistics from rehabilitation centers highlight the following: 1) the majority of patients are in the 20-29 age group, 2) the mean age of drug users is 27 years old, 3) methamphetamine and/or marijuana are the drugs of choice, 4) the ratio of male to female users is 11:1. Although the Dangerous Drugs Board (DDB) estimates that the total number of regular drug users in the Philippines is approximately 1.8 million (about 2.2 percent of the population), DDB continues to study the issue to determine the number of addicts or abusers involved in each drug category.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The main goals of the U.S. counternarcotics policy in the Philippines are to: 1) work with local counterparts to provide an effective response to counter the burgeoning clandestine production of methamphetamine and MDMA; 2) work with local authorities to prevent the Philippines from being used as a transit point by trafficking organizations affecting the U.S.; 3) promote the development of PDEA and other criminal justice institutions, including law enforcement, judicial and prosecutorial bodies for effective counternarcotics enforcement efforts in the Philippines.

Bilateral Cooperation. On November 21, 2003, PAIDTF officials served warrants at a number of locations in Metro Manila, leading to the seizure of a huge methamphetamine (ice) lab in Antipolo. The lab and storage sites contained over one metric ton of crystal methamphetamine (ice) and chemicals sufficient to produce six or seven tons more. Officials estimated production capacity at about 500 kilograms/week. This was the biggest shabu seizure in Philippine history, and one of the larger methamphetamine lab seizures in Asia. The leader of the group, Jao Ho, is a DEA International Priority Target whose brother U.S. authorities arrested in August in Los Angeles in the largest ice seizure in U.S. history.

In October and November, the GRP cooperated with U.S. law enforcement agencies to apprehend a U.S. citizen of Philippine birth who was a fugitive from weapons and drug indictments filed in the U.S. A multi-agency task force assisted in the capture and deportation of the American to face charges of trafficking in drugs and weapons from terrorist areas of the Sulu archipelago.

Joint Interagency Task Force-(JIATF)-West, a U.S. military command, has agreed in principle to construct a group of Maritime Intelligence Fusion Centers (MIFCs) in the Philippines. Discussion over the details and staffing of the centers continues between the two countries.

The Road Ahead. 2004 will see the implementation of new resources and strategies in the Philippines' war on drugs. The GRP must sustain PDEA's funding and staffing requirements. The USG plans to continue work with the GRP to promote law enforcement institution building and encourage anticorruption mechanisms via our new JIATF-West presence. Strengthening the counternarcotics bilateral relationship serves the national interests of both nations.

Singapore

I. Summary

The Government of Singapore (GOS) effectively enforces its stringent counternarcotics policies through strict laws (including the death penalty), vigorous law enforcement, and active prevention programs. Singapore is not a producer of precursor chemicals or narcotics, but as a major regional financial and transportation center, it is an attractive target for money launderers and drug transshipment. Corruption cases involving Singapore's counternarcotics and law enforcement agencies are rare, and their officers regularly attend U.S.-sponsored training programs (as well as regional fora on drug control). Singapore is experiencing a slight increase in drug-related crime. In 2002, more traffickers were arrested, but authorities made fewer arrests for abuse and possession than in 2001. 2002 saw a decrease in heroin and MDMA seizures but a substantial increase in seizures of cannabis and methamphetamine. Ketamine related offenses still constitute a small portion of overall drug offenses; however, documented ketamine abuse is on the rise. Singapore is a party to the 1988 UN Drug Convention.

II. Status of Country

In 2003, there was no known production of illicit narcotics or precursor chemicals in Singapore. The Central Narcotics Bureau (CNB) works with the DEA to closely track the import of modest amounts of precursor chemicals for legitimate processing and use in Singapore. CNB's precursor unit monitors and investigates any suspected diversion of precursors for illicit use. The CNB also monitors precursor chemicals that are transshipped through Singapore to other regional countries, however, neither Singapore Customs nor the Immigration and Checkpoints Authority (ICA) keeps data on in-transit or transshipped cargo unless there is a Singapore consignee involved in the shipment. Singapore notifies the country of final destination before exporting transshipped precursor chemicals. Abuse of heroin, methamphetamine, and ketamine is on the rise, but the number of arrests during the first half of 2003 for the abuse of heroin, ecstasy, and methamphetamine is less than the corresponding figure for the first half of 2002.

III. Country Actions Against Drugs in 2003

Policy Initiatives. Singapore has continued to pursue a strategy of demand and supply reduction for drugs. This plan has meant that, in addition to arresting drug traffickers, Singapore has also focused on arresting and detaining drug abusers for treatment and rehabilitation. The Misuse of Drugs Act (MDA) gives the CNB the authority to commit all drug abusers to drug rehabilitation centers for mandatory treatment and rehabilitation.

Law Enforcement Efforts. According to the latest statistics available, in 2002, arrests for drug-related offenses rose 0.3 percent compared to 2001. The number of persons detained for trafficking offenses rose, while arrests for abuse and possession declined. Arrests of first-time drug abusers rose 16 percent. In 2002, authorities executed 30 major operations during which they made 165 arrests. Seizures of MDMA declined by 34 percent between 2001 and 2002. In 2002, authorities seized nearly 16,000 MDMA tablets, a 34 percent reduction compared to 2001 when they seized approximately 24,000 tablets and 0.26 kilograms of powdered MDMA. CNB operations led to several large seizures, including 12.9 kilograms of heroin and 19.5 kilograms of cannabis (Singapore's largest seizure of cannabis in five years). The following statistics reflect seizures in 2002 of specific drugs and the corresponding percentage increase or decrease as compared to 2001 seizures: 63.3 kilograms heroin (-41 percent), 15,826 MDMA ecstasy tablets (-34 percent), 34.1 kilograms cannabis (+288 percent), 2.1

kilograms “ice” (-5 percent), 67,840 methamphetamine tablets (+240 percent), 8.4 kilograms ketamine (-6 percent), and 38,818 tablets of nimetazepan (-30 percent).

In 2002, authorities also seized approximately 51,000 Thai methamphetamine tablets known as “yaba,” mainly from Thai trafficking organizations operating in Singapore. This is more than twice the number of tablets seized in 2001. “Yaba” is usually smuggled into the country at ports of entry. Anyone caught with more than 250 grams of this form of methamphetamine is subject to the death penalty. Those convicted of possessing more than 25 grams will face charges of drug trafficking, which carries a minimum of five years imprisonment and five strokes of the cane.

Corruption. The CNB is charged with the enforcement of Singapore's counternarcotics laws. The CNB and other elements of the government are effective and there are few cases of corruption. In June 2003, one former junior narcotics officer was found guilty of criminal breach of trust for pocketing approximately \$45,125 (79,000 Singapore Dollars) in cash and other seized assets in 2001. He will serve a 20-month sentence.

Agreements and Treaties. Singapore is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Singapore and the United States continue to cooperate in extradition matters under the 1931 US-UK extradition treaty. On November 3, 2000, Singapore and the United States signed a Drug Designation Agreement (DDA), strengthening existing cooperation between the two countries on drug cases. In the past, the lack of such a bilateral agreement had been an occasional handicap. The agreement provides for cooperation in asset forfeiture and sharing of proceeds in narcotics cases; in 2002, one joint case resulted in a \$1.9 million seizure of assets in Singaporean bank accounts.

The DDA has also facilitated the exchange of banking and corporate information on drug money laundering suspects and targets. This includes access to bank records, testimony of witnesses, and service of process. The DDA is the first such agreement Singapore has undertaken with another government. Singapore and Hong Kong have signed a mutual legal assistance agreement and expect to ratify it soon. Singapore signed the UN Convention against Transnational Organized Crime in December 2000.

Cultivation/Production. There was no known cultivation or production of narcotics in Singapore in 2002 or 2003.

Drug Flow/Transit. Singapore has the busiest (in tonnage) seaport in the world, and approximately 80-90 percent of the goods handled by its port are in transit. Due to the extraordinary volume of cargo that is shipped through the port, it is likely that some of that cargo could contain illicit materials.

Singapore does not require shipping lines to submit data on the declared contents of transshipment cargo, unless there is a Singapore consignee to the transaction. The lack of such information makes enforcement a challenge. Absent specific information about a drug shipment, GOS officials have been reluctant to impose tighter reporting or inspection requirements at the port out of concern that this would interfere with the free flow of goods and thus jeopardize Singapore's position as the region's primary transshipment port. However, scrutiny of goods at ports has increased. In January 2003, Singapore's new export control law went into effect; while the law seeks to prevent the flow of WMD-related goods, the controls introduce scrutiny of some transshipped cargo. In March, Singapore became the first Asian port to commence operations under the U.S. Container Security Initiative (CSI), under which U.S. Customs personnel prescreen U.S.-bound cargo. While this initiative is aimed at preventing weapons of mass destruction from entering the U.S., the increased information and scrutiny could also aid drug interdiction efforts.

Domestic Programs (Demand Reduction). Singapore uses a combination of punishment and rehabilitation against first-time drug offenders. Many first-time offenders are given rehabilitation

instead of jail time, although the rehabilitation regime is rigorous. The government may detain addicts for rehabilitation for up to three years. In an effort to discourage drug use during travel abroad, CNB officers may now require urinalysis tests for Singapore citizens and permanent residents returning from outside the country. Those who test positive are treated as if they consumed the illegal drug in Singapore.

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

IV. U.S. Policy Initiatives and Programs

Singapore and the United States continue to enjoy good law enforcement cooperation. In FY03, 24 GOS law enforcement officials (including 17 from the CNB) attended training courses at the International Law Enforcement Academy (ILEA) in Bangkok on a variety of transnational crime topics.

The GOS has cooperated extensively, with the U.S. and other countries, in drug money laundering cases, including some sharing of recovered assets.

The Road Ahead. The United States will continue to work closely with Singapore authorities on all narcotics trafficking and related matters. Increased customs cooperation under the Container Security Initiative and other initiatives and the prospect of a broad MLAT agreement will help further bolster law enforcement cooperation.

South Korea

I. Summary

Narcotics trafficking or production is not a major problem in South Korea. In 2003 Methamphetamine seizures decreased by 51 percent. Usage of illicit drugs has also decreased by approximately 30 percent (based upon totals from January through October figures in 2003). Ecstasy (MDMA) is abused, especially in metropolitan areas. Because of concern at the spread of SARS (Severe Acute Respiratory Symptoms), border security increased and the number of travelers decreased. This appears to have affected the flow of narcotics. The Republic of Korea (ROK) is a party to the 1988 UN Drug Convention.

II. Status of Country

In the past, the ROK has had a relatively moderate drug problem in comparison to other countries of similar population and landmass. But this situation is perhaps changing. Various club drugs, especially MDMA, Yaba (Thai methamphetamine) and LSD are on the rise. MDMA seizures alone grew 600 percent during the first ten months of 2003. Importation of heroin and cocaine for local consumption seems to have decreased, based on seizures. The overall drug user population (identified by arrests for usage) in Korea is reportedly stable from last year's levels. With 47 million people, Korea reported slightly over 10,000 drug arrests for 2002. But drug arrests for January through October of 2003 have only reached a little more than 7,000.

III. Country Actions Against Drugs in 2003

Policy Initiatives. During 2001 the Supreme Prosecutors Office, in an agreement with the Korea Customs Service, created Korea's very first national narcotics task force, the Joint Narcotics Intelligence Task Force (JNITF). Originally an intelligence-gathering unit, the JNITF is now an operational enforcement unit capable of conducting its own follow-up investigations using the intelligence that it gathers and is recognized as a more long-term, advanced narcotic investigation unit. The Korea Customs Service also continues its own initiatives towards combating narcotics, not only in support of the aforementioned JNITF, but also through its airport and seaport narcotics units.

Law Enforcement Efforts. The Korean National Police Administration has upgraded its narcotic enforcement efforts by the creation of 68 drug investigation units. In 2003, these units were restructured and the number of police officers increased from 221 to 500. The total amount of drugs seized upon entry at Korea's largest international airport has decreased, but these results may have been affected by SARS, as border security increased and the number of travelers decreased. A total of 110 kilograms of drugs were seized, 58.6 kilograms of which were methamphetamine. Seizures of MDMA increased sharply within Korea with 2,575 tablets seized during 2003, up 600 percent over 2002. Use of Yaba, also an Amphetamine Type Stimulant (ATS), is on the increase with 387 tablets seized in 2003 as compared with none in 2002. LSD shows a similar pattern with 900 tablets seized in 2003 with again none seized in 2002.

Corruption. Although isolated reports of official corruption appear in the ROK's press, there is no evidence that official corruption influenced narcotics law enforcement in Korea. As a matter of policy and practice, the ROK does not encourage or facilitate the illicit production or distribution of drugs or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. In February 2003, the ROK signed a mutual legal assistance treaty (MLAT) and an extradition treaty with Uzbekistan. Both documents are pending ratification. In

September the ROK government signed both an MLAT and an extradition treaty with Vietnam; again, both documents are pending ratification. Additionally, MLATs were signed with the Philippines (June 2003) and Thailand (August 2003). An extradition treaty and MLAT with the U.S. is also in force. Korea is a party to the 1988 UN Drug Convention. Korea also has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime.

Illicit Cultivation and Production. While methamphetamine was previously produced in the ROK, evidence suggests no significant current production. In 2003, the Korean National Anti-Drug Program targeted domestically produced marijuana and poppy. Between January and October, 55,311 poppy plants (almost a 300 percent increase) and 5,599 marijuana plants were seized (a marked decrease by 62 percent). Marijuana is cultivated legally as hemp in Korea, and is used for fabrics and fertilizer. It is grown in the northeast and southwest regions of the ROK and a portion is diverted for illegal use.

Drug Flow/Transit. Methamphetamine, mostly from China, but also reportedly from the Philippines, North Korea, and Thailand, is used in the ROK and also transits the country. Cocaine and heroin are also used in very small amounts in Korea and have been known to transit to other areas. Transiting methamphetamine is often destined for Japan, Australia and the U.S. Southeast and Southwest Asian heroin have been seized in Korea, but heroin abuse remains a minor problem and tends to be associated with foreigners living in the ROK. Cocaine seems to be used as a kind of club drug in Korea to substitute for methamphetamine. Yaba has also been discovered entering the country. While locally grown marijuana is available, South African marijuana continues to dominate the domestic market and is found transiting the ROK bound for Japan.

Domestic Programs (Demand Reduction). The Supreme Prosecutors Office, as well as a few non-government organizations, have focused on the issue of drug use, reduction and rehabilitation. The Supreme Prosecutors Office continues to actively support a train-the-trainer program to reduce drug demand. The office sends knowledgeable representatives to instruct educators and teachers on the perils of drug usage, how to identify drugs, and how to recognize and counsel students suspected of using drugs. Teachers then instruct students about drugs. Additionally, more local communities are becoming active with regional DRUG FREE committees enhancing the work of the Prosecutors Office and that of the National Anti-Drug Association, a civilian foundation, which is continuing a counternarcotics campaign through television and newspaper ads.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. DEA and USCS continue to work very closely with all Korean narcotic law enforcement authorities. Both agencies have given support to Korean investigations through exchange of intelligence and hands-on-guidance in actual cases.

Bilateral Cooperation. Trafficking information and trends are freely provided to the USG, while investigations, which could always be enhanced through bilateral cooperation, are still for the most part done unilaterally. Competition to maintain on-going investigations (and not have them taken over by a competing agency), along with the unwillingness to share credit for a successful case often leads to investigations which are not as effective as could be achieved through cooperation.

The Road Ahead. U.S. agencies plan to work closely with all Korean narcotics law enforcement and intelligence officials in an effort to offer hands-on training, as well as investigative assistance with precursor chemical and narcotic related investigations.

Taiwan

I. Summary

There continues to be little evidence and limited intelligence that Taiwan is a transit/transshipment point for quantities of drugs that have a significant effect on the United States. Taiwan authorities in 2003 received a budgetary increase in their law enforcement efforts to combat local drug use. This in turn enhanced efforts to intercept heroin and methamphetamine being smuggled from the PRC, North Korea, Hong Kong, and Thailand. The impetus still remains the bilateral law enforcement cooperation with United States Drug Enforcement Administration (DEA). The framework for this cooperation remains the Mutual Legal Assistance Agreement (MLAA) between the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office in the United States (TECRO). TECRO has signaled its interest in concluding a memorandum of understanding on counternarcotics cooperation with AIT, and the authorities on Taiwan are seeking necessary legislative permission to permit police to perform undercover operations and utilize confidential sources in narcotics cases. Although Taiwan is not a UN member and cannot be a party to the 1988 UN Drug Convention, the authorities on Taiwan have amended and passed new laws consistent with the goals and objectives of the Convention.

II. Status of Taiwan

The PRC and North Korea continue to be the primary sources of drugs smuggled into Taiwan, with mainly heroin and methamphetamine being the drugs of choice. Approximately 95 percent of methamphetamine and 80 percent of heroin, the origin of which could be identified, entered Taiwan from the PRC and North Korea. Stringent law enforcement procedures, enhanced coast guard and customs inspection, and surveillance methods have substantially reduced serious flows of heroin from Taiwan to the U.S., however, several Taiwan-based criminal organizations have a direct impact on the United States, including smuggling drugs to the United States (Los Angeles, Hawaii, and Guam) and Canada.

III. Actions Against Drugs in 2003

Policy Initiatives. In May of 2003, the Legislative Yuan amended and passed statutes associated with narcotics enforcement. The amended statutes contain enhanced punishment, stricter prosecutorial guidelines, and the addition of Schedule Four drugs to comply with the UN Drug Convention. The amendments will be implemented January 2004.

Accomplishments. AIT and TECRO signed an MOU on counternarcotics cooperation, which would permit undercover operations and use of confidential sources in narcotics cases. The draft legislation is currently with the Legislative Yuan. At the same time, a provision permitting samples of seized narcotics to be shared with other law enforcement authorities, including for DEA's "drug signature program" (drug origin), is now in effect.

Law Enforcement Efforts. The Ministry of Justice continues to lead Taiwan's drug enforcement efforts with respect to manpower, budget, and legislative responsibilities. The Ministry of Justice Investigation Bureau (MJIB), the National Police Administration's (NPA) Criminal Investigation Bureau (CIB), Foreign Affairs Police Bureau and Aviation Police Bureau, Military Police Command, Coast Guard, and Customs contribute to the counternarcotics efforts on Taiwan. In 2003, Taiwan authorities received a budgetary increase in their law enforcement efforts to combat local drug use.

In 2003, Taiwan authorities seized 201.104 kilograms of heroin, 17.22 kilograms of marijuana, 22.99 kilograms of MDMA, 1.32 kilograms of poppy seed, 18.55.25 kilograms of methamphetamine (finished product), 47.95 kilograms of semi-finished methamphetamine, 77.664 kilograms of ketamine, 478 grams of Tramado, and 10 methamphetamine labs.

Corruption. There were no reported cases of official involvement in narcotics trafficking on Taiwan. The Taiwan administration continues to identify political, economic, and judicial corruption as one of its highest priorities. There is no indication that either the Taiwan authorities, as a matter of policy, or senior officials on Taiwan encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, to include the laundering of proceeds from illegal drug transactions.

Agreements. In 1992, AIT (which represents the United States in dealings with Taiwan) and its Taiwan counterpart, TECRO, signed a Memorandum of Understanding on Counternarcotics Cooperation in Criminal Prosecutions, and in 2001, AIT and TECRO signed a Customs Mutual Legal Assistance Agreement. In March 2002, the AIT-TECRO Mutual Legal Assistance Agreement (MLAA) entered into force and remains the primary avenue for cooperation.

Drug Flow/Transit. The PRC, North Korea, and Thailand remain the principal sources for heroin and methamphetamine entering Taiwan. The Taiwan island chains of Kinmen, Matsu, and Penghu have been identified as major transshipment points for drug shipments from the PRC. Fishing boats and cargo containers are still the primary means of smuggling these types of drugs into Taiwan from the PRC. North Korea continues to be a source of heroin for Taiwan. There has been a marked increase in the number of drug couriers transiting Taiwan's international airports. Taiwan has witnessed an increase in 2003 of methamphetamine labs and manufacturing plants, and it reported the seizures of 10 such labs. This increase is attributed to the crackdown on such facilities in the PRC and a relocation of manufacturers to Taiwan.

Domestic Programs. The Ministry of Education and National Health Administration provide training for teachers on how to discourage drug use. They are also working with civic and religious groups to spread the same message. Recognizing the vulnerability of teenagers to drug abuse, the Ministry of Justice has organized an educational campaign specifically targeted at this demographic group.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The United States' main counternarcotics policy goal, in cooperation with Taiwan, continues to be a coordinated effort to keep Taiwan from becoming a major transit/transshipment point for U.S.-bound narcotics.

The counternarcotics authorities on Taiwan continue to regularly share intelligence and investigative leads with the DEA and, in turn, enjoy a close working relationship with DEA's Hong Kong country office and AIT's Regional Security Office. In 2003, MJIB, Coast Guard, and NPA police units participated in joint investigations in cooperation with DEA.

The Road Ahead. AIT and TECRO will work on the proposed MOU on counternarcotics cooperation, covering undercover operations, controlled deliveries, maritime search and seizure, and the provision of samples of seized narcotics for the DEA's signature program. DEA plans to conduct additional training with counternarcotics agencies on Taiwan, to continue to enhance its relationship with these authorities, fully share intelligence in a timely manner, and increase joint investigations and operations in furtherance of agreed upon policy initiatives.

Thailand

I. Summary

Thailand has ceased to be a major source country for heroin, and the U.S. Government did not include Thailand in its annual survey of opium poppy cultivation and heroin production in Southeast Asia for 2003. Thailand is a major importer and consumer of amphetamine-type stimulants (ATS), which are largely manufactured in Burma. The ATS abuse problem in Thailand is the worst in the world. It is recognized by the Thai government and people as a major national security problem, and an important threat to the safety and health of the Thai people. The Thai government has had successes in implementing its comprehensive national strategy to combat illicit drug abuse, trafficking and production by controlling drug demand through prevention and treatment, and reducing drug supply by drug law enforcement, interdiction and drug crop elimination. During 2003, Thai authorities carried out an intensified national campaign to suppress illegal drug sales, which many observers claim led to complicity by some provincial police in killing of suspected drug traffickers. Drugs smuggled into Thailand also transit to other countries including the U.S. No quantified information on the extent of such transit is available. The U.S. as a matter of policy encourages Thailand to continue to implement its national drug control strategy, and to maintain and enhance its regional leadership role and growing status as a donor of drug control assistance to other countries. Thailand is a party to the 1988 UN Drug Convention.

II. Status of Country

Thailand does not produce heroin, ecstasy, ketamine, or cocaine, although all of these drugs were trafficked into Thailand to a greater or lesser extent in 2003. There is limited cultivation of cannabis, and some methamphetamine is reportedly manufactured in Thailand, although such production is considered statistically insignificant when compared to the volumes of methamphetamine smuggled from Burma.

The most commonly abused drugs in Thailand in 2003 were ATS and cannabis. ATS is most frequently encountered in the form of pills or tablets whose purity averages about 25 percent methamphetamine (locally called “yaaba”). Most ATS consumed in Thailand is produced and smuggled from Burma (or, to a lesser extent, from Laos). Many traditional heroin trafficking organizations in Burma, especially the United Wa State Army (UWSA), dominate ATS manufacturing and smuggling. ATS abuse remains prevalent among all age and socio-economic groups and regions throughout Thailand, despite some reductions following a substantially enhanced effort by the Royal Thai Government (RTG) against ATS trafficking and abuse during 2003. The RTG, and Thai society, properly perceive ATS trafficking and abuse as a major national security problem, and an important threat to the safety and health of the Thai people.

Although still limited relative to ATS, the availability and use of ecstasy, ketamine and cocaine has continued to grow. Ecstasy remains an expensive party drug with a largely upper-class or foreign clientele, although its retail price is declining. Most ecstasy is smuggled from Europe, often via intermediate countries, although there is evidence of some ecstasy production in the region. Seizures of ecstasy typically occur at airports while entering Thailand, or at resort areas after successfully passing through the airports. Ketamine is also encountered as a limited “club drug”, most of which appears to originate in Pakistan. There were again a significant number of cocaine seizures in 2003, although the quantities involved in each individual seizure remained modest. West African trafficking organizations, dominated by Nigerians, control the bulk of the cocaine market.

Thailand has ceased to be a source of heroin. Its harvestable opium poppy crop has been below the U.S. statutory definition of a major producer (1000 hectares) every year since 1999. In 2003, the U.S. Government did not include Thailand in its annual opium poppy crop survey for Southeast Asia. No heroin production laboratories have been found in Thailand for years. Heroin seizures have diminished in number and size. As of early November, 422.73 kilograms of heroin had been seized in 2003. Most seizures were modest amounts of less than 30 kilograms. There was one seizure of 86 units (just over 60 kilograms) and another of 86 kilograms. The domestic population of heroin addicts, estimated by ONCB, the Thai Narcotics Control Coordinating Agency, at fewer than 100,000, is dependent on heroin smuggled from abroad. The UN Office on Drugs and Crime (UNODC) considers that most of the diminishing quantity of heroin produced in Burma and Laos now reaches other markets through southern China.

III. Country Actions Against Drugs in 2003

Policy Initiatives. In his birthday address to the nation in early December 2002, His Majesty the King expressed his concern at the extent and damaging effects of illegal drug abuse among the Thai people. In response to this initiative, in January 2003 Prime Minister Thaksin announced that the RTG would undertake a greatly intensified national campaign against smuggling, trafficking, sale and abuse of illegal drugs, with the objective of making Thailand “drug free” by the King's next birthday in 2003. The initial three months of this campaign in February-April were directed primarily against retail dealers of illegal drugs, followed by efforts to identify and eliminate the “dark influences” of major organized crime figures and associated corrupt public officials. There were also efforts to enhance national public awareness and drug prevention measures, and to identify drug addicts and abusers, and bring them into treatment programs. The implementation of this initiative and its results are discussed in greater detail below. In his birthday address in December 2003, the King expressed satisfaction at successes against illegal drug trafficking and abuse during the year, but said he was concerned at the reported number of drug-related murders that remained unsolved, and asked that the government further investigate these cases. This prompted a renewed series of calls in the Thai media by human rights activists for further investigation of unsolved deaths. The government announced a re-examination of unsolved cases, which was not complete as this report was prepared.

Internationally, Thailand continued to expand its role as a donor, as well as a recipient, of drug control assistance. Despite occasional border tensions, Thailand continued efforts to enhance drug control cooperation with Burma, including implementing a Thai-funded alternative development project to reduce poppy cultivation at the Yaung Kha site along Thailand's border with Burma. The RTG announced that it will fund the construction and operation of a drug abuse treatment clinic near the border in south-central Laos, at a cost of approximately \$600,000. Thailand engaged India in discussion of drug control measures with the participants in existing regional initiatives, including China, Burma, Laos and Cambodia; a joint declaration with India addressed the importance of control of precursor chemicals used in methamphetamine production in Burma, of which India is a major source. The RTG hosted several visits by Afghan officials to observe Thai programs and activities that have essentially eliminated illicit opium poppy cultivation in Thailand. During 2003, Thailand has continued to promote the ASEAN and China Cooperative Operations Against Dangerous Drugs (ACCORD) initiative, which is supported by the ASEAN secretariat and the UNODC Regional Office in Bangkok.

Accomplishments. During 2003, ONCB began to employ new legal authorities established late in 2002 that authorize use of wiretap evidence in drug investigations and allow reduction of sentences for convicted drug offenders who cooperate with prosecutors. Parliament continued to consider a more general law on plea bargaining in criminal cases, controlled deliveries, establishment of a witness protection program and other improvements in substantive and procedural criminal law.

Under Thai law, the death penalty may be imposed for drug trafficking in cases that involve relatively small quantities of illegal drugs (e.g. 100 grams of heroin). Since before World War II, executions in Thailand have been carried out by firing squad. In October 2003, the RTG announced that firing squad executions would be ended, and opened a new facility for execution by lethal injection at the central Bangkok prison. To date, the first execution by this means has not yet been announced.

Since its establishment in 1998, the International Law Enforcement Academy (ILEA) in Bangkok, which is operated by Thailand and the United States, has provided training to more than 3,000 criminal justice sector officials from the member countries of ASEAN (except Burma) and China (including Hong Kong and Macao). During 2003, the ILEA curriculum included drug and other law enforcement training, with many courses now addressing law enforcement measures relating to terrorism. On June 29, 2003, the U.S. Ambassador and the Foreign Minister of Thailand jointly presided at a groundbreaking ceremony for the permanent ILEA instructional/office building on land made available by the Thai government. Completion of the new facility is estimated in April 2004.

Law Enforcement. The enhanced law enforcement measures to suppress illicit drug trafficking and retail sales, particularly during February-April 2003, led to the arrest (through July 31) of 73,231 suspects and seizure of over 23 million methamphetamine pills. In an October letter to the Secretary of State, the Foreign Minister stated that during the February-April period, 2,593 homicide cases were recorded (roughly double the normal level of about 400 per month). About half of these deaths were considered by the Royal Thai Police (RTP) to have been probably drug-related. In a small number of cases (55, of which 45 were drug-related), police acknowledged use of firearms that resulted in deaths of suspects or other persons. The RTP Inspector General stated that some of the latter cases have led to disciplinary action or prosecution of the police involved; in others, the police use of force was found to have been justified. Six months after this phase of the campaign ended, a far larger share of other drug-related deaths remained unsolved than was the case for non-drug related murders. RTG officials claimed that these deaths were “cut-out killing” by drug traffickers to silence potential informants. Some commentators, non-governmental organizations and human rights groups contended that most of the unsolved murders were actually perpetrated by, or were committed with the complicity of, RTP members assigned to provincial police. At the end of 2003, the majority of these drug-related murders remained unsolved, and there was little, if any, public progress in their investigations. None of these murder cases involved leading figures in major trafficking organizations who were the targets of investigations in which DEA is cooperating with selected officials of the RTP and ONCB.

Following the intensified enforcement campaign, and simultaneous efforts by Border Patrol Police and the armed forces to enhance interdiction of drug smuggling in border areas, retail prices for ATS reportedly increased substantially in many areas, and there were local reports of limited availability. After the end of this direct campaign against drug sales, there were reports that illegal drug availability was recovering, at least in some areas. Despite a December announcement of great success in the enhanced counternarcotics campaign by the Prime Minister, the intensified enforcement effort from February through the end of 2003 clearly could not make Thailand “drug free”, and he did not make such a claim. However, many drug abusers were forced to resort for lesser or greater periods to alternative substances. Many remain afraid to try to illegally buy methamphetamine tablets. Street-level methamphetamine dealers appear generally more cautious about open retail sale of drugs. Trafficking of methamphetamine continues, seizures of 500,000 to 1.5 million tablets still occur, and Thai officials charge that traffickers have hidden millions of tablets on the Burma side of the border, waiting for Thai drug enforcement efforts to subside. Burma-based major trafficking organizations reportedly blame Prime Minister Thaksin for having considerably disrupted their business this year.

During 2003 (February-November), ONCB reported a total of 89,768 suspects arrested for drug trafficking offenses. Reported seizures include 422.73 kilograms of heroin, 10,098.0 kilograms of opium, 39,461,950 tablets of methamphetamine or other ATS drugs, 10,618 kilograms of cannabis, 28.0 kilograms (112,041 tablets) of ecstasy, and 457 kilograms of inhalants.

Corruption. Public corruption is a serious problem in Thailand, and is recognized as such. Historical and cultural attitudes of deference to individuals of wealth, high social standing or official position have contributed to public acquiescence toward corruption. Low public sector salaries create the same incentives for corruption in Thailand as they do in many other countries. Many government officials live well above their identifiable means. Efforts by transnational and organized crime to facilitate or protect illegal activities, including drug trafficking, trafficking in persons, fraudulent document production, migrant smuggling, money laundering and other crime, contribute to corruption in law enforcement and judicial institutions.

As a matter of government policy, the RTG does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal transactions. There is no evidence that senior officials of the RTG engage in, encourage or facilitate the illegal production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions.

Following the February-April enforcement effort against retail drug sales, Prime Minister Thaksin announced a new phase of the effort, to act against the “dark influences” of the leaders or influential protectors of major criminal organizations, and corrupt public officials associated with them. Some significant suspects have been arrested, and substantial assets were seized. In December 2003, the RTG announced that 1,257 public officials were arrested for drug offenses or drug-related corruption. In July 2003, a well-known operator of a chain of upscale massage parlors in Bangkok unleashed a barrage of accusations of widespread bribe-taking among Bangkok police, an activity which he alleged extended to senior national-level RTP officials. Senior government and RTP officials reacted angrily to the accusations, but announced that all charges would be investigated, and several senior officers were placed on administrative leave or dismissed.

One non-drug related case originated by the National Counter- Corruption Commission (an autonomous institution established by the 1997 Constitution) demonstrated that political prominence is no longer necessarily a guarantee of impunity. The Supreme Court's special political corruption chamber convicted a politically prominent man, who served at various times in five ministerial positions, of accepting bribes in connection with procurement of hospital supplies while he was Minister of Health in 1998-9. The ex-minister jumped bail and is now a fugitive from a 15-year prison sentence. This is the first time that a former minister has been convicted on such a corruption charge.

Over years, the ONCB and the RTP Narcotics Suppression Bureau have exhibited a high degree of professionalism and honesty. Since the formation of Special Investigative Units in Thailand in 1998, the DEA office in Thailand has relied heavily on those units in investigations of major drug trafficking organizations. Security of these complex investigations against major drug traffickers, including in past years those sought for extradition to the U.S., has been maintained.

Corruption is certainly the most difficult and durable problem faced by Thailand's entire law enforcement and criminal justice system. However, the Thai government has displayed its willingness, backed by growing popular support, to implement effective measures to prevent, or to investigate and punish, such public corruption.

Agreements and Treaties. Thailand is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs and the 1971 UN Convention on Psychotropic Substances. Thailand signed, but has not yet ratified, the UN Convention Against Transnational Organized Crime, and in December 2003, Thailand signed the new UN Convention Against Corruption.

On September 22, 2003, the U.S. Ambassador and the Ministry of Foreign Affairs' Director General for Technical and Economic Cooperation signed a bilateral agreement on narcotics control and law enforcement assistance, with initial funding for U.S. Fiscal Year 2003. Thailand has bilateral treaties with the United States on extradition, mutual legal assistance and exchange of penal sentences. During

2003, the U.S. extradited one fugitive requested by Thailand. There were no extraditions from Thailand to the U.S.; extradition was ordered by a Thai court of one U.S. fugitive for a charge of murder for hire, but the case is awaiting decision on appeal. A number of pending requests include incidents of murder, escape from prison, arms trafficking and other crimes. Thailand routinely responds to requests from the United States for assistance under the mutual legal assistance treaty, and repatriates qualified American prisoners under the prisoner transfer treaty.

During 2003, Thailand concluded bilateral agreements with a number of other countries for cooperation in drug law enforcement or related matters, including efforts to relieve the prison system of foreigners by treaties for exchange of penal sentences. In 2003, Thailand concluded such a treaty with Nigeria, and in March, a group of 339 convicted Nigerian offenders, most of them on drug charges, were repatriated in a single group on an aircraft sent by the Nigerian government to complete their sentences in Nigeria.

Cultivation/Production. Through one of the most successful drug crop control programs in the world, Thailand has ceased to be a source of heroin or of significant quantities of opium. In the 2002-03 season, Thai authorities reported that they identified 842 hectares of attempted poppy cultivation, 33 percent less than in 2001-02. Royal Thai Army (RTA) and RTP eradication teams destroyed 767 hectares of this cultivation. ONCB estimated that the remaining 75 hectares could have produced at most less than two metric tons of opium. ONCB believed that most or all of any harvested opium was probably consumed in unprocessed form by the individuals or tribes that grew it.

The RTG continues to maintain programs under the Royal Projects, which began in the early 1960's, to offer farmers in areas where poppy can be grown legal alternative crops or livelihoods. During the 2003-04 poppy growing season, the RTA and ONCB plan to seek systematically to identify and apprehend "business men" who traditionally promote poppy cultivation and buy harvested product from growers. Eradication workers will, as always, take no measures against individual growers, but will seek to elicit their cooperation to reach the lowest-level representatives of heroin trafficking organizations.

Some cultivation of cannabis occurs on both sides of the Mekong River in Thailand and Laos. ONCB reported that RTG officials found and eradicated just over 22 hectares of cannabis during 2001. ONCB believes most cannabis consumed in Thailand is smuggled over the borders from Laos and Cambodia.

Production in Thailand of refined opiates ceased with elimination of large-scale poppy cultivation. Years ago, several heroin processing laboratories were found and destroyed annually. None have been found in Thailand for several years. There have been reports of some small-scale "kitchen" methamphetamine laboratories, but ONCB considers that the vast bulk of ATS drugs sold in Thailand are produced in Burma. There is no known production of other illicit drugs or controlled substances in Thailand.

Drug Flow/Transit. Methamphetamine, cannabis, opiates and other illegal drugs smuggled into Thailand are largely destined for sale and consumption by Thailand's large and well-documented population of illegal drug users. There is also transit of illegal drugs through Thailand to other countries, although its exact extent cannot be quantified.

Methamphetamine produced in Burma enters Thailand largely across the northern, northwestern and western land borders. Methamphetamine is also smuggled through Laos and Cambodia to destinations in Thailand. Drugs are generally carried across uncontrolled parts of the borders (or carried across the Mekong border by small boat) by individuals or groups of couriers, often associated with organizations such as the UWSA. Armed clashes between drug couriers and the Border Patrol Police or RTA have become common; one or more occurred nearly every month during 2003. A number of police and RTA personnel, and even more couriers, have been killed or wounded. Once within Thailand, drugs are consolidated and smuggled, generally by road, to Bangkok or other metropolitan

markets. Several cases are discovered each year of smuggling of Burmese-origin ATS pills to destinations in the U.S. or other countries, generally by international mail or parcel service. However, ATS used in Thailand is mostly in pill form, while the most common form for abuse of this drug in the U.S. and most other countries is the crystalline form known as “ice”.

Heroin that is sold to Thailand's domestic population of heroin addicts (estimated variously between about 35,000 and 100,000) is generally smuggled by the same routes, and the same groups, as methamphetamine. Beyond traditional overland and maritime smuggling routes from Burma and Laos, since 2001 an additional heroin flow pattern has developed into Thailand involving couriers from Southwest Asia. Individual couriers are often Pakistani, Nepalese or West African, but have included other nationalities. They generally carry small quantities of heroin, either ingested or concealed in luggage. At least one Pakistani courier who arrived on a flight from Pakistan died due to an overdose when ingested heroin packets failed while he was in Thai custody in 2003. In one case, ONCB reports that a Thai female was recruited to travel to Pakistan to carry heroin from there to South Africa. This traffic has reportedly developed due to lower acquisition costs for heroin in Southwest Asia, relative to the cost in Burma. While some Southwest Asian heroin may be destined for sale in Thailand, this flow has mainly included identified instances of continuation of shipments to destinations in the United States. Investigations have been developed by DEA in Thailand of Pakistani, West African and Nepalese trafficking organizations engaged in smuggling heroin to the U.S. Investigations being conducted by DEA Thailand include organizations with links to Los Angeles, the Pacific Northwest, Chicago, New York and the Washington, D.C. area.

Neither Thai nor other law enforcement authorities possess quantifiable information on the volume or destination of heroin, cannabis or other drugs that may transit Thailand destined for markets in other countries. In response to inquiry, the ONDB Deputy Secretary General responsible for law enforcement said that given the long-term decline in poppy cultivation and heroin production in Burma, increase in drug transit through China and through other regional commercial and transportation centers such as Malaysia and Singapore, and the diminution of transit through Thailand, he considered that transit through Thailand is now not much, if at all, more significant than is the case in other comparable countries in this region. DEA considers that while drug transit through Malaysia and Singapore is increasing, transit through Thailand is still more significant. Heroin seizures during 2003 (January-November) in Thailand totaled 422 kilograms. Most seizures were modest amounts of less than 30 kilograms; the largest single seizure was 86 kilograms. ONCB is aware of heroin that transited Thailand in 2003 en route to Indonesia, and believes there is such transit to Australia. One or two drug seizures have involved heroin destined for recipients in Malaysia. There is known transit of cannabis through Thailand to other countries in the region such as Malaysia; seizures of hundreds of kilograms in single lots occur several times annually.

In September 2003, the United Kingdom closed the Drugs Liaison Office previously operated by HM Customs Service at the British Embassy in Bangkok. The Embassy said British authorities concluded that transit of drugs, primarily heroin, through Thailand whose ultimate destination was the UK had diminished to a point where Thailand was no longer a substantial enough priority, relative to other source and transit areas, to justify maintaining the office. The U.S. Government annual survey of opium poppy cultivation in Southeast Asia for 2003 indicates that potential opium production in the region was about one-quarter the production estimated in 1993. Ten years ago, Thailand was the primary transit route for Burmese-origin heroin. UNODC now estimates that sixty percent or more of the steadily diminishing amount of heroin produced in Burma and Laos now reaches world markets through China. Smuggling of heroin by maritime routes that do not involve transit of Thailand has also increased.

Ecstasy, ketamine and cocaine are normally smuggled into Thailand by individual couriers traveling by commercial airlines. In one 2003 case, cocaine smuggled into Thailand transited the U.S. In another, an Indian courier carried cocaine on a flight from Amsterdam. Party drugs are often found on

individual couriers, cocaine is usually carried by individuals of many nationalities working for West African or Nepalese organizations. U.S. and other foreign immigration officials assigned to embassies in Bangkok operate a full-time Immigration Control Experts office at the Bangkok International Airport to assist Thai authorities to identify mala fide international travelers, including drug couriers.

Domestic Programs/Demand Reduction. The enhanced campaign against drug trafficking and sale during 2003 has been accompanied by an intensification of RTG efforts to disseminate public awareness and prevention messages, and to expand substance abuse treatment availability to addicts or abusers who need it.

In 2001-2002, ONCB led and funded a collaboration by seven major Thai universities in all parts of the country to conduct a full-scale national household survey of drug and substance abuse. Based on survey responses, it was estimated that over five and a half million Thais have used at least one illegal drug or substance of abuse at some time in their lives. Nearly three and a half million were estimated as having used some ATS drug, of whom nearly 500,000 had done so within the past 30 days. The survey found that ATS abuse is prevalent in virtually all age groups, socio-economic groups and geographic areas throughout the country.

ONCB and the Ministry of Public Health are responsible for coordinating prevention and treatment programs, with participation by other agencies, and by NGO's through a national NGO's Anti-Narcotics Coordinating Committee. The Ministry of Education has incorporated drug awareness and prevention messages in school curricula at all levels. A permanent epidemiological network supports design of prevention strategies with timely information about use patterns and motivations among affected sub-populations. Thailand is active in the international network of public/private sector drug prevention organizations. This network mobilizes public opinion against the illegal drug trade, and promotes national efforts against abuse, trafficking and production of illegal drugs.

The Ministry of Public Health further expanded ATS treatment programs abuse, particularly those based on the Matrix model developed at UCLA. Community-based outpatient treatment centers for ATS abuse now exist throughout the country, and are being further expanded as health care providers receive appropriate training. The RTG has expanded drug abuse treatment in the correctional system, in collaboration with the U.S. NGO Daytop International. The Department of Corrections has implemented therapeutic community programs in juvenile corrections and intake centers. The RTG continued and expanded use of camps operated by the three armed forces, which provide three months of rehabilitation for drug-dependent prisoners within six months of their release date. Thailand continued sentencing drug-dependent first offenders charged with possession of small quantities of drugs to mandatory substance abuse treatment as an alternative to incarceration.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. drug control policy goals expressed to the RTG in 2003 are to encourage the RTG to:

Maintain all elements of its successful opium poppy crop reduction program, and extend that expertise also to other countries such as Burma, Laos and Afghanistan; Develop and implement more effective criminal investigation and prosecutorial laws, procedures and methods; Strengthen enforcement against money laundering; Cooperate with Burma and other countries in measures against cross-border smuggling and trafficking in methamphetamines and precursor chemicals; Investigate killings associated with the February-April 2003 campaign to suppress drug trafficking, and ensure that officials implicated in using unjustified measures are brought to justice; Continue as a leader in regional activities under the "ACCORD" Plan of Action, continue and expand Thailand's leadership in regional and international drug and crime control; Enhance measures against corruption and promote integrity in public institutions.

The International Narcotics Control and Law Enforcement (INCLE) assistance program in Thailand is one of the oldest in the world, and has provided over \$85 million since its inception in the 1970's. Beginning with FY 2001, this program has included increasing assistance to improve the institutional capabilities of the criminal justice system in general, including but not specifically limited to drug crime, and to improve capabilities against non-drug crimes that are also international policy concerns of the U.S. In 2003, the Embassy was informed, and informed concerned RTG authorities, that while the latter aspect of the INCLE program (including support for ILEA/Bangkok) would continue, longstanding INCLE projects for support of drug law enforcement and opium poppy crop control will be substantially reduced in FY 2004. The President's budget request for FY 2005 has not yet been submitted, but the Embassy has been advised that these projects may be terminated in that year. The United States will therefore encourage the RTG to employ its own resources, as it has increasingly done in recent years, to support interdiction and drug law enforcement, opium poppy crop control, and other aspects of its national strategy against the abuse, trafficking and production of illicit drugs.

The U.S. Mission in Thailand includes offices of the Drug Enforcement Administration, the Federal Bureau of Investigation, the U.S. Secret Service, the Department of Homeland Security (Immigration and Customs Enforcement), and the Diplomatic Security Service. Agents of these agencies cooperate closely with Thai authorities in investigations of drug trafficking organizations and related offenses, as well as non-drug crimes. In March, an investigation by DEA in cooperation with the RTP/ONCB Special Investigative Unit (SIU) developed sufficient cause under Thai conspiracy laws to execute 26 search warrants on residences of members of a trafficking organization operating out of the Khlong Toey slum section of Bangkok. The head of the organization was arrested. Search of one condominium yielded several M-16's, ammunition and explosives, as well as 18,000 methamphetamine tablets. Cash, bank accounts, jewelry, gold and other assets were seized, whose total value was about \$25.6-million. The largest single heroin seizure in 2003 (noted above), approximately 86 kilograms packaged in 218 individually wrapped blocks, occurred in March in the northern border area, as a result of a joint and very complex investigation involving the DEA Chiang Mai Resident Office, Border Patrol Police and the Royal Thai Army. In addition to the heroin, approximately 133 kilograms of methamphetamine tablets were seized (some bearing logos not previously encountered), and two ethnic Wa suspects were arrested. The source of the drug supply was identified as the Wa National Army. In November, a case developed by the DEA Resident Offices in Udorn and Songkhla, and the ONCB offices in Khon Kaen and Songkhla, resulted in seizure of a total of 570 kilograms of marijuana that had been moved from the Laos border for delivery in Hat Yai on the southern border. The case resulted in arrest of five suspects who moved the drugs by vehicle. ONCB believed most of the marijuana was destined for delivery in Malaysia.

The Road Ahead. Despite prospective reduction of U.S. financial assistance, RTG agencies concerned with drug law enforcement, opium poppy crop control, and drug abuse prevention and treatment, will continue with their own resources to effectively and successfully implement all aspects of Thailand's comprehensive national strategy against abuse, trafficking and production of illicit drugs. Thailand will further expand its role as a regional leader in drug control and efforts against related forms of transnational crime, will continue to cooperate closely with the international community on these issues, and will continue to increase its participation as a provider of expertise and donor of assistance in these areas.

Close cooperation between Thailand and the U.S. will continue on drug and other crime control issues. Extradition and mutual legal assistance relationships, and investigative cooperation between law enforcement authorities, will remain strong. Regional cooperation against transnational crime will be further promoted through continued effective operation of ILEA/Bangkok.

Action to prevent, control, disclose and punish public corruption will remain the most difficult long-term challenge to the RTG. Over the next several years, the RTG should begin to develop improved public ethics regimes, internal oversight mechanisms, and mechanisms to more effectively enlist

public participation and support in measures against official corruption. Thailand should move as promptly as possible to implement the UN Convention Against Transnational Organized Crime and the UN Convention Against Corruption, and should give special attention to designing and implementing specific measures to promote public integrity and prevent official corruption, such as those identified in the UN Convention.

Thailand Statistics

(1994–2003)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Opium										
Potential Harvest (ha)	75	750	820	890	835	1,350	1,650	2,170	1,750	2,110
Eradication (ha)	767	507	832	757	808	715	1,050	880	580	0
Cultivation (ha)	842	1,257	1,652	1,647	1,643	2,065	2,700	3,050	2,330	2,110
Potential Yield ¹ (mt)	2	9	6	6	6	16	25	30	25	17
Seizures										
Opium (mt)	10.098	—	2.053	0.630	0.440	1.500	0.720	0.620	0.920	0.600
Heroin (mt)	0.423	0.525	0.417	0.290	0.310	0.530	0.320	0.390	0.690	1.100
Cannabis (mt)	10.618	—	8.08	6.50	45.25	6.00	9.00	44.00	46.00	71.00

¹ Figure based on December 1991-February 1992 Opium Yield Study. Average yield hectare is 11.5 kilograms. Opium in Thailand is generally cultivated, harvested and eradicated from October to February each year. To make the data consistent with seizure and processing data, opium seasons are identified by the calendar year in which they end. For example, the October 1999 to February 2000 opium season is referred to as the 2000 calendar year season. Data on opium cultivation, eradication, and production are based on USG estimates. RTG estimates are often lower on cultivation and higher on eradication. Data on opium cultivation, eradication, and production are based on RTG and USG estimates. RTG estimates are lower on cultivation.

Vietnam

I. Summary

The Government of Vietnam (GVN) continued to make progress in its counternarcotics efforts during 2003. Specific actions included sustained law enforcement efforts to pursue drug traffickers, increased attention to interagency coordination, continued cooperation with the United Nations Office of Drugs and Crime (UNODC), increased attention to drug treatment and harm reduction, a more aggressive public awareness campaign, and additional bilateral/multilateral cooperation on HIV/AIDS, an issue closely related to intravenous drug use in Vietnam. In December 2003 the GVN and the U.S. government (USG) signed a long-delayed Letter of Agreement (LOA), but cooperation with the Drug Enforcement Administration (DEA) Country Office in Hanoi was minimal. Vietnam is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances.

II. Status of Country

Vietnam meets the U.S. legislative criteria (at least 1,000 hectares of opium poppy cultivation) to be designated a “major drug-producing” country. Based on an imagery-based survey conducted in 2000, the USG estimates that 2,300 hectares of poppy are cultivated in the remote mountain areas of the northern and western provinces of Lai Chau, Son La, and Nghe An. The GVN claims that only about 94 hectares are devoted to opium poppy cultivation. Cultivation in Vietnam probably accounts for about one percent of cultivation in Southeast Asia, according to a law enforcement estimate. There appear to be small amounts of cannabis grown in remote regions of southern Vietnam. Anecdotal evidence also suggests that there may be larger commercial crops of hemp in remote regions in the south.

Vietnam is a transit country for heroin produced in the Golden Triangle. Heroin is trafficked into Vietnam from neighboring countries for wider distribution within the region. Heroin seizures in Taiwan, Hong Kong, Japan, and, increasingly, Australia have been traced to Vietnam. DEA has not yet tied any drug seizures in the U.S. directly to Vietnam, but reports that heroin transiting Vietnam may be entering the U.S. via Canada.

Vietnam has also seen an increase in the availability of amphetamine-type stimulants (ATS), some of which enter the country from Cambodia. GVN authorities are particularly concerned about ATS use among urban youth and, during 2003, increased the tempo of enforcement and awareness programs that they hope will avoid a youth epidemic similar to what has occurred in Thailand. According to the Standing Office of Drug Control (SODC), ATS and ecstasy (MDMA) are increasingly popular among the youth addict population, in addition to the ever-rising demand for heroin.

III. Country Actions Against Drugs in 2003

Policy Initiatives. The GVN's counternarcotics efforts are led by the National Committee on AIDS, Drugs, and Prostitution Control (NCADP), chaired by Deputy Prime Minister Pham Gia Khiem. The committee's high-level membership drawn from government ministries and mass organizations gives the drug issue impressive bureaucratic clout. In December 2000, the National Assembly (NA) passed a national basic law on drug suppression and prevention. The law went into effect June 1, 2001. UNODC is assisting the GVN to develop implementing regulations for the new law, which will allow law enforcement authorities to use techniques such as controlled deliveries, informants, and undercover officers. In the meantime, the GVN has issued eight decrees relating to the law. According

to an UNODC analysis, the decrees are inadequate for law enforcement purposes, since implementation of the law requires legal instruments permitting use of sophisticated investigative techniques, international cooperation, extradition, controlled delivery, and maritime cooperation.

The GVN continued working with UNODC to develop its ten-year counternarcotics master plan, supported by assistance from several foreign donors, including the U.S. The current 2001-2005 plan of action includes the following 13 projects: building the national master plan for drug control through 2010; strengthening the capacity of the national coordinating counternarcotics agency; implementing crop substitution programs in Ky Son District, Nghe An Province; strengthening the capacity to collect and use drug information; strengthening the capacity to prevent and arrest drug criminals; building and completing a counternarcotics legal system; educating students on drug awareness and prevention; strengthening drug prevention activities in Vietnam; preventing drug abuse among workers; strengthening the capacity to treat and rehabilitate addicts; preventing drug use among street children; reducing the demand among ethnic people; and, preventing the spread of HIV/AIDS among addicts through demand reduction intervention.

According to SODC officials, the GVN at the national level expended approximately \$6 million for counternarcotics activities in 2003. Provincial and district governments have separate budgets, so the overall investment is higher. Despite increased expenditures at all levels, observers agree that lack of resources continues to be a major constraint on the effectiveness of Vietnam's counternarcotics activities.

In 2003, Vietnam continued to advance regional and multilateral law enforcement coordination. In September 2003, Vietnam hosted the Senior Officials Committee and Ministerial Meeting of the Signatory Countries to the 1993 UNODC Six Country Memorandum of Understanding Conference on Drug Control. As a result of the three-day meeting, the six countries (Burma, Cambodia, China, Laos, Thailand, and Vietnam) agreed to expand the Border Liaison Offices program. Because of procedures established by the program, in April 2003 Vietnamese officers handed over a Chinese drug dealer to Chinese authorities at the Mong Cai border crossing. Vietnam also cooperated with INTERPOL to assist authorities from Canada, Germany, and Australia to investigate drug trafficking cases involving overseas Vietnamese and criminal organizations located in Vietnam.

Cooperation between Vietnamese law enforcement agencies and DEA was limited. DEA agents have not been permitted to work with Vietnamese counternarcotics investigators in an official capacity, and the counternarcotics police have declined to share information with DEA or cooperate operationally. GVN officials claim they are unable to cooperate more fully with DEA because drug information is classified and subject to national security regulations. The scope of investigations undertaken by Vietnamese drug enforcement agencies and officers' ability to exercise initiative remain narrow, limiting the impact of enforcement on the drug trade in Vietnam. Officers target mostly low-level drug distributors who remain within the narrow scope of their authority and investigative capability.

Accomplishments. During 2003, the GVN issued Decree 58 controlling the import, export, and transit of drug substances, precursors, addictive drugs, and psychotropic substances. According to the decree, only businesses authorized by the Ministries of Health, Industry, and Public Security can import/export drug substances, precursors, addictive drugs, and psychotropic substances for specific, licit purposes. The GVN and UNODC signed on December 1, 2003 a project document titled "Interdiction and Seizure Capacity Building with Special Emphasis on ATS and Precursors," which will create counternarcotics task forces in five provinces. The project, supported with U.S. funding, builds on a Vietnamese pilot project begun earlier.

Law Enforcement Efforts. According to the GVN 2003 seizure statistics (January 1 to September 30), heroin seizures increased by about 350 percent; marijuana seizures were up by over 40 percent; and, the amount of land devoted to opium poppy cultivation declined from about 315 hectares to 94 hectares. The total number of registered addicts rose from 131,000 to 152,900, an increase of about 17

percent. According to SODC, the actual number of addicts in the country (including non-registered addicts) is certainly “many times higher.” Seizures of ATS also increased since last year. During the first nine months of 2003, there were 10,000 drug cases with 16,000 suspects arrested. If projected over the entire year, there would be a decline of 8.7 percent in the number of cases and decrease of 9 percent in the number of suspects arrested. Most arrests involve relatively low-level street dealers.

Drug laws are very tough and punishments severe in Vietnam. The death penalty may be imposed for possession of relatively small quantities of heroin, opium, or cannabis. Those convicted of possessing or trafficking 600 grams (1.32 lbs.) or more of heroin receive a mandatory sentence of death by a seven-man firing squad. Despite the tough laws, drug trafficking continues to rise.

Most drug trafficking in Vietnam is conducted by relatively small groups of five-to-fifteen individuals, usually relatives or family members. As Vietnam becomes a more attractive transit country, however, larger trafficking groups could become more prominent, particularly if law enforcement capacity is not improved. Examples of some important recent cases follow:

In Quang Tri province, a drug ring was exposed in June after Quang Tri provincial counternarcotics police seized 40 kilograms of heroin on a truck entering Vietnam from Laos via Lao Bao border gate. In another major case, Ho Chi Minh City counternarcotics police arrested eight people on charges of smuggling a record 462 kilograms of heroin from Laos through Nghe An to southern provinces over the course of the year. Police suspect the eight traffickers, one of whom was the chief of a district counternarcotics police office, had links to other organized criminal syndicates in Asia.

Corruption. GVN officials regularly issue policy statements condemning corruption and threatening severe punishment, including the dismissal and prosecution of corrupt officials. The criminal prosecution of “Mafia” chief “Nam Cam” and 154 other defendants in Ho Chi Minh City included charges of corruption, in addition to crimes such as murder, assault, and gambling. Two defendants, an MPS Vice Minister and a Deputy Supreme Prosecutor, were expelled from the Communist Party of Vietnam's Central Committee in 2002. The 154 defendants, including numerous police officials, were found guilty and six received death sentences. Corruption is endemic in Vietnam, and narcotics trafficking and abuse continue to grow in a society where every small urban neighborhood and every rural village has both government and party officials charged with security duties. The very pervasiveness of the “state” in Vietnam underlies the suspicion that narcotics trafficking is facilitated by corruption among government and Communist Party officials.

Agreements and Treaties. Vietnam is a party to the 1961 UN Single Convention on Narcotic Drugs, the 1971 Convention on Psychotropic Substances, and the 1988 UN Drug Convention. The USG has no extradition, mutual legal assistance, or precursor chemical agreements with Vietnam. In December 2003 Vietnam concluded a bilateral Letter of Agreement on Counternarcotics Cooperation with the U.S. The agreement was signed in Los Angeles during the visit of Deputy Prime Minister Vu Khoan and will provide U.S. training and technical assistance.

Vietnam has counternarcotics agreements and MOUs with seven other countries: Burma (March 1995), Thailand (November 1998), Russia (October 1998), Hungary (June 1998), Cambodia (June 1998), Laos (July 1998), and China (July 2001). Vietnam is currently precluded by statute from extraditing Vietnamese nationals, but the GVN is contemplating legislative changes, according to an MFA official.

Cultivation/Production. The GVN and UNODC confirm that opium is grown in hard-to-reach upland and mountainous regions of some northwestern provinces, especially Son La, Lai Chau, and Nghe An Provinces. According to USG sources, the total number of hectares under opium poppy cultivation has been reduced sharply from an estimated 12,900 hectares in 1993, when the GVN began opium poppy eradication, to 2,300 hectares in 2003. UNODC and law enforcement sources do not view either cultivation or drug production as significant problems in Vietnam, but there were a few cases

involving domestic drug production. One individual was sentenced to death in Ho Chi Minh City on April 18, 2003, for involvement with a Taiwan-led drug ring that produced hundreds of kilograms of methamphetamine in a clandestine laboratory in Hoc Mon District, a suburb of Ho Chi Minh City. There have been other reports of ATS production, as well as some seizures of equipment (i.e., pill presses). There appears to be small, but persistent cannabis cultivation in Dong Nai, An Giang, Binh Thuan, and Dong Thap provinces in southern Vietnam. Anecdotal evidence also suggests that there may continue to be commercial crops of hemp in remote regions in the south.

The GVN continued to eradicate poppy when found and to introduce alternative crops to replace opium poppy cultivation. Complete eradication is probably unrealistic, given the remoteness of mountainous areas in the northwest and extreme poverty among ethnic minority populations who sometimes still use opium for traditional medicinal purposes. There is a major ongoing UNODC alternative development/crop substitution project (with significant USG support) ongoing in the Ky Son district of Nghe An province, one of the drug “hotspots” in northern Vietnam. To avoid indirectly encouraging poppy cultivation through subsidies for eradication, the GVN has placed all crop substitution subsidies under national programs to alleviate poverty in poor, mountainous regions.

Drug Flow/Transit. Most drugs, especially heroin and opium, enter Vietnam from the Golden Triangle, making their way to Hanoi or especially to Ho Chi Minh City, where they are transhipped by air, sea, courier, and through the mail to the Philippines, Hong Kong, Taiwan, Japan, and Australia. As an example of trafficking activity, seventeen drug “mules” from Vietnam were arrested in Japan recently. In another case, Ho Chi Minh City Customs Service at Tan Son Nhat Airport discovered nearly 700 grams of heroin hidden under the soles of a pair of sport shoes worn by a Vietnamese female courier, who carried heroin to Taiwan monthly throughout 2003. Her arrest enabled Vietnamese and Taiwan police to apprehend the entire drug ring.

UNODC and DEA also believe that significant amounts of heroin and ATS enter Vietnam from China’s Yunnan province. The GVN has reported ATS shipments entering the country via Malaysia, Hong Kong, Laos, and Cambodia. Australian Federal Police (AFP) reported increased amounts of heroin and methamphetamine arriving in Australia from Vietnam via couriers. An AFP official in Hanoi reported that 18 narcotic drug shipments from Vietnam to Australia were discovered and 30 drug traffickers were arrested in 2003. Two Vietnamese-Australians Nguyen Manh Cuong and Mai Cong Thanh were arrested on June 17 in Ho Chi Minh City for possessing over 2 kilograms of heroin. The heroin was hidden in 76 loudspeakers found at a factory raid in Tan Binh district, packed and ready to be shipped to Australia. Police said Cuong admitted to sending heroin to Australia successfully on many occasions. His latest shipment was carried out in May, when he sent 110 loudspeakers packed with heroin to the U.S. via Australia.

According to the Vietnamese newspaper, *Phap Luat* (Law), ketamine emerged in 2003 in Hanoi and other major cities as a significant drug of abuse. Law enforcement agencies issued warnings of the spreading use of ketamine in nightclubs and discotheques and called for stricter control of diversion from legal sources. According to SODC, the government issued a separate decree in November to include ketamine and other newly emerging drugs in the list of prohibited substances.

Domestic Programs/Demand Reduction. The GVN views demand reduction as a key component of the fight against drugs. The Ministry of Education and Training (MOET) carries out awareness activities in schools. Counternarcotics material is available in all schools, and MOET sponsors workshops and campaigns at all school levels. In November, NCADP announced that authorities had received over 25 million entries for a nationwide contest on “knowing the drug law.” Visiting U.S. embassy officers are told by local citizens that they are aware of drug issues through media campaigns and also of the connection between intravenous drug use and HIV/AIDS. They have also observed counternarcotics billboards in virtually every town visited.

According to UNAIDS and the GVN, just under 70 percent of cumulative HIV/AIDS cases in Vietnam are related to intravenous drug use. Nationwide, 30 percent of injection drug users are HIV-infected; the percentage is much higher (60-80 percent) in Ho Chi Minh City and the northeastern provinces. The GVN in 2003 continued a public information campaign recognizing the close link between intravenous drug use and HIV/AIDS. Vietnamese television and radio have increased the pace and volume of counternarcotics and HIV/AIDS warnings through a continuing series of advertisements featuring popular singers and actors. As of the end of 2003, the GVN estimated that there were 80,000 people infected with HIV; 11,000 cases of full-blown AIDS; and 6,065 deaths from AIDS-related diseases. Because HIV testing in Vietnam is still limited, current numbers of HIV infected persons are greatly underestimated.

Vietnam has a network of drug treatment centers. There are now 74 centers at the provincial level and 7,100 treatment facilities at lower levels. The provincial centers have a capacity of between 100 to 3,000 addicts each. Haiphong and Son La are building centers. In the southern province of Ba Ria Vung Tau, the People's Committee is investing VND 97 billion (\$6.3 million) in a new treatment center, where 2,000 drug addicts, prostitutes, and HIV/AIDS patients will receive vocational training. The center will also house about 478 family members. The treatment center in Haiphong has a total area of 103 hectares with a maximum capacity of 1,000 drug addicts. Initial investment is VND 72.48 billion (\$4.7 million). There are now 12,536 drug addicts in Hanoi, of whom 1,500 are in jails, 3,500 are in treatment centers, and 7,500 are receiving "community treatment."

Over the past two years, Ho Chi Minh City has allocated VND 500 billion (\$32.3 million) for its "Three Reductions" campaign against drug abuse and trafficking, prostitution, and crime. Much of the fund was used to build, repair, and/or upgrade 18 centers for 28,000 drug addicts and sex workers. Another 23,000 drug addicts received treatment at home under the supervision of local authorities. According to Tuoi Tre (Youth) newspaper, Ho Chi Minh City in 2003 had 37,423 addicts, an increase of 7,423 over 2002. Out of that number, 33,577 are in treatment facilities. Drug center conditions range from good (in Ho Chi Minh City) to basic in some rural areas. Community-based drug treatment outside of centers is spotty; counselors are expected to make visits to addicts being treated at home and provide advice and some medicines, if needed, but services are inconsistent. The goal of treatment is to try to reduce the relapse rate (generally estimated at about 80 percent for all categories of drugs, similar to western countries) by providing recovering addicts with more skills that would enable them to assume productive lives after treatment.

According to MOLISA, the nation's rehabilitation center system has undertaken detoxification and rehabilitation for 54,760 drug addicts. Ho Chi Minh City has the largest number of participants, with 8,500, followed by Hanoi with 3,500. Only 46,723 cases were treated last year, accounting for 32.9 percent of registered drug users nationwide. The biggest obstacle for rehabilitation is job creation and post-rehabilitation monitoring. In the last 9 months, only 68 out of 9,068 post-rehab addicts obtained employment. Vocational training in the centers remains uneven, ranging from fairly good to nonexistent.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. In 2003, Vietnam and the U.S. completed and signed a bilateral counternarcotics Letter of Agreement, which included counternarcotics and law enforcement assistance projects totaling \$333,390. The U.S. supports Vietnamese participation in training courses conducted at the International Law Enforcement Academy (ILEA) in Bangkok. During calendar year 2003, 49 Vietnamese participated in ILEA training. The USG also contributes to UNODC programs in Vietnam. During 2003, the USG made contributions to two projects: "Measures to Prevent and Combat Trafficking in Persons in Vietnam," and "Interdiction and Seizure Capacity Building with Special Emphasis on ATS and Precursors."

The Road Ahead. The GVN is acutely aware of the threat of drugs and Vietnam's increasing domestic drug problem. However, there appears to be continued suspicion of foreign law enforcement assistance and/or intervention, especially from the U.S., in the counternarcotics arena. This suspicion is one of the factors impeding progress in counternarcotics law enforcement cooperation and, ultimately, in development of better investigative skills among Vietnamese enforcement officials. During 2003, as in previous years, the GVN made progress with ongoing and new initiatives aimed at the law enforcement and social problems that stem from the illegal drug trade. Notwithstanding a lack of meaningful cooperation with DEA, the GVN continued to show a willingness to take unilateral action against drugs and drug trafficking. Vietnam still faces many internal problems that make fighting drugs a challenge. The signing of the U.S.-Vietnam LOA should lead to enhanced bilateral counternarcotics cooperation.

