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DRUG CONTROL

U.S. Heroin Program Encounters Many Obstacles in Southeast Asia





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The Honorable William F. Clinger, Jr.
Chairman, Committee on Government
Reform and Oversight
House of Representatives

The Honorable Benjamin A. Gilman
Chairman, Committee on International Relations
House of Representatives

The Honorable William H. Zeff, Jr.
Chairman, Subcommittee on National Security,
International Affairs, and Criminal Justice
Committee on Government Reform and Oversight
House of Representatives

In response to your requests, this report discusses (1) the extent of the heroin threat to the United States, (2) the primary impediments to successful heroin control efforts in Southeast Asia, and (3) the effectiveness of the United Nations Drug Control Program (UNDCP) in Burma. Appendix I addresses the feasibility of stemming opium production in Burma through direct U.S. assistance to Burma's Wa people, the ethnic minority group responsible for most of the opium poppy cultivation in Southeast Asia.

Background

Like cocaine, heroin is produced outside the United States and is smuggled into the country illegally. Trafficking in both drugs has spawned several criminal industries, including money laundering, organized crime syndicates, and associated smuggling operations. Opium poppies, from which heroin is derived, are grown primarily in three regions of the world—Southeast Asia, Southwest Asia, and Latin America. Heroin is produced in a variety of geographic regions and trafficking routes are more geographically dispersed than cocaine. Unlike most South American cocaine organizations, heroin trafficking organizations are not vertically integrated¹ and heroin shipments rarely remain under the control of a single individual or organization as they move from the overseas refinery to the streets of the United States. The principal source of heroin

¹Cocaine trafficking organizations control the production, financing, brokering, exporting, importing, and final distribution of their product from the beginning of the process to the end. In heroin trafficking organizations, separate groups operating in concert are responsible for each of these phases.

consumed in the United States is Southeast Asia, most of which originates in one country—Burma. According to the Office of National Drug Control Policy (ONDCP), in fiscal year 1993, the United States spent an estimated \$52.3 million, or about 10 percent of the international narcotics control budget, on international heroin control activities. In fiscal year 1994, ONDCP estimated the United States spent \$47.6 million on international heroin control activities or about 14 percent of the international narcotics control budget.

U.S. heroin control programs have the following general objectives: (1) assisting source countries in attacking opium production and heroin refining, trafficking, and use; (2) gaining greater access to opium-producing regions through bilateral and multilateral initiatives; (3) pooling U.S. intelligence resources to assist U.S. and foreign law enforcement agencies in targeting and arresting key leaders of major heroin trafficking organizations; and (4) reducing the flow of heroin into the United States. Current efforts focus on Southeast Asia because it is the primary source of heroin smuggled into the United States.

Results in Brief

While heroin is not the primary illegal narcotic in use in the United States, heroin production, trafficking, and consumption are growing threats. Since the late 1980s, worldwide production of opium has nearly doubled, and U.S. emergency room episodes resulting from heroin overdoses have increased by 50 percent. Although U.S. heroin control programs in Southeast Asian countries other than Burma have had some limited success, U.S. efforts have not reduced the flow of heroin from the region because producers and traffickers shift transportation routes and growing areas into countries with inadequate law enforcement capability or political will. In 1994, Burma accounted for about 87 percent of the opium cultivated in Southeast Asia and approximately 94 percent of the opium production in the region. Thus, a key to stopping the flow of heroin from Southeast Asia is addressing opium production in Burma. However, there are several reasons why achieving this objective will be difficult.

- Since 1988, the U.S. government has not provided eradication assistance to the Burmese government because it violently suppressed a pro-democracy movement, began establishing a record of human rights abuses, and refused to recognize the results of national elections in 1990 that removed the military government from power. More importantly, because of the complex Burmese political environment, U.S. assistance is unlikely to be effective until the Burmese government demonstrates improvement in its

democracy and human rights policies and proves its legitimacy to ethnic minority groups in opium-producing areas.

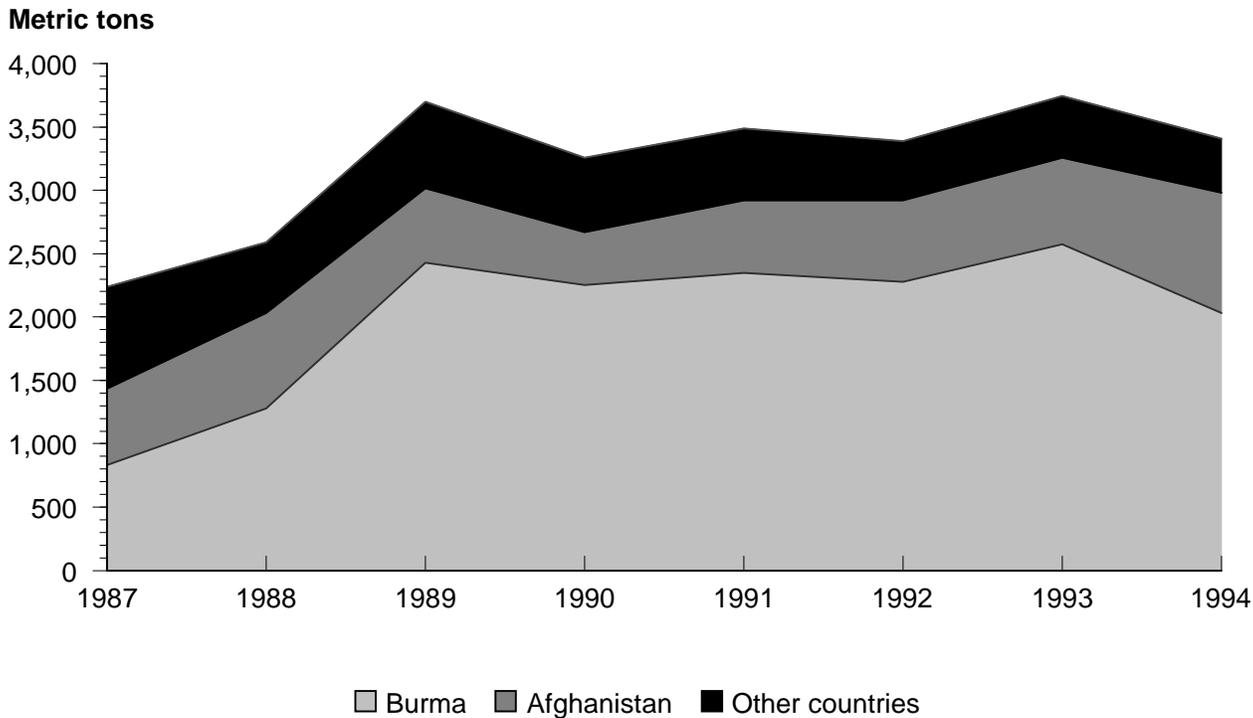
- The Burmese government is unable or unwilling to make a serious commitment to ending the lucrative drug trade and is unlikely to gain the required political support to control most of the opium cultivation and heroin-trafficking areas within Burma.
- While heroin control efforts in Thailand and Hong Kong have achieved some positive results, there has been little counternarcotics cooperation with China, where important regional drug-trafficking routes have recently emerged.
- UNDCP's crop control, alternative development, and demand reduction projects in Burma are too small in scale to significantly affect opium poppy cultivation and opium production levels.

Heroin Poses a Serious Drug Threat to the United States

ONDCP views heroin as a serious danger to the United States, a threat second only to cocaine. ONDCP reports that Americans consume an estimated 10 to 15 metric tons of heroin annually, an increase from the estimated 5 tons consumed each year in the mid-1980s. Heroin abuse has increased due to the wider availability of high-quality heroin at low retail or street prices.

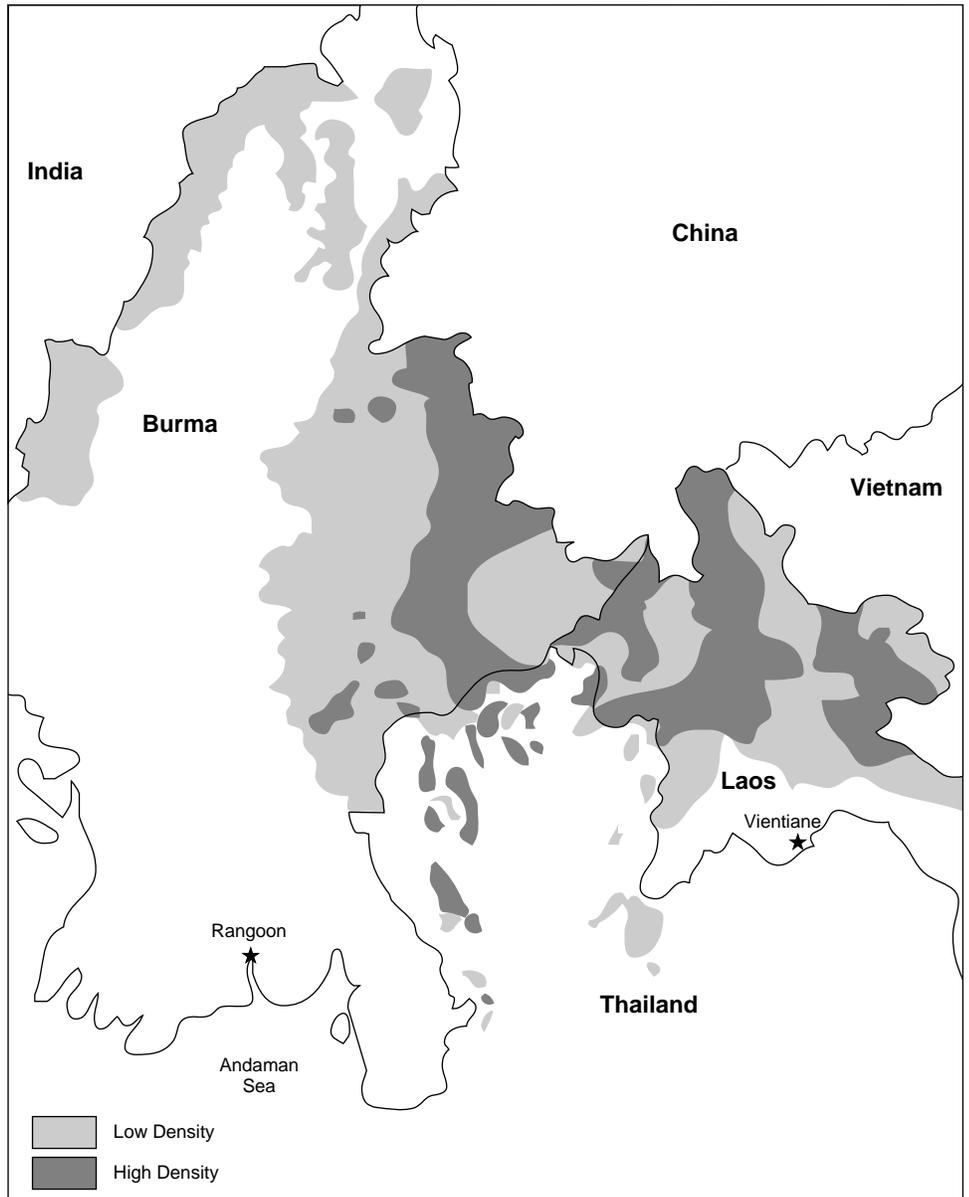
From 1987 to 1994, the estimated worldwide production of opium grew from 2,242 metric tons to 3,409 metric tons. The two leading source countries, Burma and Afghanistan, are responsible for much of this increase. For example, in 1994, Burma produced about 2,030 metric tons of opium, or about 60 percent of worldwide production. The Department of State estimates that this amount of opium could be refined into approximately 169 metric tons of heroin, enough to meet U.S. demand many times over. Although Burma's 1994 production was limited by adverse weather conditions, a recent survey in Burma indicates a resurgence in production during the 1995 growing season that will approach record levels. Figure 1 shows recent worldwide trends in opium production in the primary source countries; figure 2 shows the primary opium poppy cultivation areas in Southeast Asia.

Figure 1: Worldwide Opium Production by Country, 1987-94 (in metric tons)



Source: Department of State.

Figure 2: Southeast Asian Opium Cultivation Areas



Source: National Narcotics Intelligence Consumers Committee Report, 1994.

Southeast Asia supplies the majority of the heroin coming into the United States. The Drug Enforcement Administration's (DEA) analysis of heroin seized by law enforcement agencies in the United States during 1994 shows that 57 percent of the heroin originated from Southeast Asia—virtually all of which was from Burma.² While Latin American heroin is produced in smaller quantities compared to Southeast Asia, DEA reports that the availability of South American heroin in the United States has increased in recent years. U.S. counternarcotics officials are concerned that Colombian drug-trafficking organizations are ready to further augment their share of the U.S. market. While Southwest Asian countries produce more opium than those in Latin America, the primary market for Southwest Asian heroin is Western Europe.

High-Quality Product Is Now Available for a Cheaper Price

In recent years, the purity of heroin available on U.S. streets has risen significantly, while prices have fallen. This combination is a key indicator of the increasing availability of heroin in the United States. In its August 1995 annual report, the National Narcotics Intelligence Consumers Committee stated that the nationwide average purity for retail heroin was 40 percent in 1994, a dramatic increase from the single-digit purity levels of the mid-1980s and much higher than the 26.6-percent purity level reported in 1991. In New York City, the largest importation and distribution center in the United States for Southeast Asian heroin, average purity levels have risen from 34 percent in 1988 to 63 percent in mid-1994. This rise in overall purity levels has been attributed to the increased availability of high-quality Southeast Asian and South American heroin. While purity levels have risen, heroin prices have fallen to their lowest levels ever, according to ONDCP. For example, DEA reports that heroin prices in New York City dropped from \$1.81 per milligram in 1988 to \$0.37 by mid-1994.

U.S. counternarcotics officials believe heroin's greater availability is allowing increased experimentation with a highly addictive drug. Moreover, the higher purity levels permit users to ingest heroin through nasal inhalation versus injection with hypodermic syringes. Users find inhalation attractive because it is easier than injection, and they can avoid contracting the diseases associated with using needles.

²The results of 1994 seizure data show that 32 percent of the remaining heroin seized was from South America, 6 percent from Southwest Asia, and 5 percent from Mexico.

Heroin User Population May Be Increasing

The U.S. heroin user population may be increasing in response to the increased availability of heroin. ONDCP estimates there are up to 600,000 hardcore heroin addicts in the United States. While there is no evidence suggesting there is an epidemic of new users, reports indicate that the heroin user population may be gradually increasing. Much of this increase is among drug users whose prime drug of abuse is not heroin. ONDCP reports that this link is especially strong for long-term users of “crack” cocaine, who use heroin to counter the depressive effects of withdrawal from cocaine use. Furthermore, data on heroin-related emergency room visits show that the problems associated with long-term heroin use are also on the rise. For example, the annual number of emergency room episodes involving heroin increased from 42,000 in 1989 to almost 63,000 in 1993, a 50-percent increase. According to the Substance Abuse and Mental Health Services Administration, emergency room admissions for heroin abuse in Baltimore alone increased 364 percent from 1989 to 1993.

Regional Approach Required for an Effective Heroin Control Effort

The U.S. international heroin strategy, signed by the President on November 21, 1995, calls for a regional approach focused on Southeast Asia and the need to reduce opium production in Burma to stop the flow of heroin into the United States. The objectives of the new strategy remain similar to the earlier objectives. The implementation of the Burma portion of the strategy relies on the development of counternarcotics dialogue with Burmese authorities, exchange of counternarcotics information, in-country counternarcotics training, and continued support for UNDCP efforts. Implementation guidelines for the new strategy are currently under review and it is not clear at this point to what extent resources will be dedicated to support the strategy.

As noted in the strategy, Burma remains the key to successful regional heroin control efforts, due to its status as the world’s leading heroin producer. However, the United States does not provide significant counternarcotics assistance to Burma because of its record of human rights abuses and the Burmese military dictatorship is not equipped to address ethnic disputes that impact on development of an effective regional program. Moreover, difficulties in tracking and interdicting heroin-trafficking organizations have limited the effectiveness of international law enforcement efforts against the criminal organizations responsible for moving the drug from Southeast Asia into the United States. In addition, poor law enforcement cooperation between the United States and China demonstrates the difficulties in interdicting key

heroin-trafficking routes. Despite these obstacles, U.S. efforts have achieved some positive results in countries or territories with sufficient will to implement counternarcotics activities, such as Thailand and Hong Kong.

**Burma Is the Key to
Implementing an Effective
Southeast Asian Heroin
Strategy**

The key to effective U.S. heroin control efforts in Southeast Asia is stopping the flow of Burmese heroin into the United States. In 1994, Burma accounted for about 87 percent of the opium cultivated in Southeast Asia and approximately 94 percent of the opium production in the region. Most of the heroin smuggled into the United States originates in Burma's eastern Shan State. Unless the United States addresses opium poppy cultivation and production in Burma, U.S. regional heroin control efforts will have only a marginal impact. However, several factors create substantial difficulties in establishing effective programs in Burma. U.S. policy toward Burma prohibits providing significant levels of counternarcotics assistance until the Burmese government improves its human rights stance and recognizes the democratic process. In addition, the Burmese government does not control the majority of opium cultivation areas within its borders and has not seriously pursued opium reduction efforts on its own. Moreover, ethnic insurgent armies that control most of the opium cultivation and heroin-trafficking areas are reliant on proceeds from the drug trade and are unlikely to relinquish this source of income under the current Burmese government.

**U.S. Policy Prohibits
Counternarcotics
Assistance to Burma**

In response to Burmese government human rights abuses and unwillingness to restore democratic government, the United States has terminated almost all counternarcotics assistance. In 1988, the Burmese military violently suppressed antigovernment demonstrations for economic and political reform and began establishing a record of human rights abuses, including politically motivated arrests, torture, and forced labor and relocations. In 1990, the Burmese people voted to replace the government in national elections, but the military regime refused to recognize the results and remained in power. Further, for decades, the Burmese government has engaged in fighting with insurgent armies representing ethnic minority groups who want autonomous control of territory they occupy within Burma's borders. Some of these groups, particularly the Wa people of Burma's eastern Shan State, control major opium production and heroin trafficking areas and have fought successfully to maintain their independence from the central government.

Over the past 8 years, the military regime has consolidated its control and virtually eliminated any threat to its power in Rangoon.

In 1988, the United States discontinued foreign aid to Burma in response to concerns over human rights abuses by the Burmese government. U.S. assistance had supported the Burmese government's opium poppy eradication program during fiscal years 1974 through 1988. In response to the Burmese government's insufficient efforts to address increasing opium production and heroin-trafficking within its borders, the President has denied certification for counternarcotics cooperation since 1989.³

While the United States does not provide direct counternarcotics funding support, limited U.S. assistance has continued through low-level counternarcotics cooperation between Burmese law enforcement authorities and DEA. For example, DEA shares drug intelligence with the Burmese police on a case-by-case basis and conducted a basic drug enforcement training seminar in December 1994. In August 1995, a training course was offered to Burmese law enforcement officials on customs screening and interdiction techniques. These activities are closely monitored by the U.S. embassy in Rangoon to ensure the Burmese government does not interpret the cooperation as a sign that the United States is deemphasizing its policy priorities of furthering human rights and democratization.

Although law enforcement cooperation is needed to upgrade a poorly equipped and trained Burmese police force and establish information sharing, U.S. counternarcotics officials believe that the key to stopping the flow of Burmese heroin into the United States is through crop eradication and alternative development support. More importantly, because of the complex Burmese political environment, U.S. assistance is unlikely to be effective until the Burmese government demonstrates improvement in its democracy and human rights policies and proves its legitimacy to ethnic minority groups in opium producing areas. In October 1995, the Assistant Secretary of State for International Narcotics and Law Enforcement Affairs stated that in the long run, an accountable Burmese government

³Section 490 of the Foreign Assistance Act of 1961, as amended, sets out requirements for withholding of bilateral foreign assistance and opposition to multilateral assistance to major illicit drug-producing countries and major drug transit countries. These provisions will not apply in cases in which, under section 490(b), the President determines and certifies to Congress that either (1) the country has cooperated fully during the previous year with the United States or has taken adequate steps on its own to achieve compliance with the goals and objectives established by the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances or (2) vital national interests of the United States require support for such assistance.

that enjoys legitimacy in opium-growing areas will be more willing and able to crack down on the drug trade.

Burmese Government Has Not Demonstrated a Serious Commitment to Drug Control Efforts

In furthering its consolidation of power, the Burmese government has also furthered opium production and heroin-trafficking activities through cease-fire agreements it has signed with some ethnic insurgent armies. According to the Department of State, in 1989, the Burmese government reached a cease-fire agreement with the United Wa State Army (UWSA), which controls 80 percent of the opium cultivation areas in Burma. In the cease-fire, UWSA agreed to stop its armed insurgency against the government in exchange for government acquiescence to Wa control of Wa territory. According to the Department of State, the agreement also stipulated that the Wa would give up their participation in the drug trade and that the Burmese government would provide developmental support to assist the Wa in raising their standard of living. Other minority groups in opium poppy cultivation areas, such as the Kokang, have reached similar accommodations with the Burmese government.

The Burmese government and UWSA have done little to pursue counternarcotics initiatives. For example, the government discontinued its aerial eradication program with the cutoff of U.S. assistance in 1988 and has only conducted limited eradication efforts in areas under its control since that time. In September 1994, the government proposed an 11-year plan for developmental assistance that also included crop eradication in cultivation areas. However, according to the Department of State, the plan does not provide details on how eradication will occur, and the government lacks adequate resources to support its proposal.

Since 1988, opium production has nearly doubled in Burma, and UWSA has become one of the world's leading heroin-trafficking organizations. With a force of 15,000 troops, it provides security for Wa territory while controlling up to 80 percent of Burma's opium crop. UWSA relies on the proceeds from its extensive involvement in the drug trade to fund procurement of munitions and equipment. UWSA is involved in heroin refining and maintains contact with an extensive international drug-trafficking infrastructure to move its heroin out of Burma and into foreign markets.

While elements of the Wa political leadership have recently proposed relinquishing participation in opium poppy cultivation and heroin trafficking in exchange for direct developmental assistance from the

United States and other potential donors, it is questionable whether UWSA leadership would seriously consider doing so. Such a decision would mean giving up the major funding source that allows it to maintain its army and protect the Wa people from potential renewed aggression from the Burmese government. To equip and maintain its military force, UWSA depends on funds generated from taxes on opium that Wa farmers cultivate and produce.

Without these tax revenues, UWSA would have serious funding problems. UWSA has no incentive to reduce its size or end its involvement in opium trafficking until (1) alternative sources of income are found to replace opium-generated revenues or (2) the threat of Burmese government aggression is diminished or removed. Neither of these possibilities appears likely to happen.

The Burmese government has been in armed conflict with another major heroin-trafficking organization operating within its borders—the Shan United Army (SUA) located in the Shan State on Burma’s border with Thailand. SUA has a force of about 10,000 soldiers to defend extensive heroin-refining facilities and drug-trafficking routes into Thailand, Laos, and Cambodia. While SUA claims to be fighting for Shan State independence, until recently, the Burmese government has chosen not to accommodate this group as it has done with other ethnic minority groups. Instead, the government increased military efforts against SUA in late 1993. The conflict has caused significant casualties on both sides and disrupted SUA drug-trafficking and -refining operations. Despite these successes, the operations have had limited impact on the flow of drugs out of Burma. According to Department of State officials, in January 1996, the Burmese army and SUA ended their armed conflict in accordance with a recent cease-fire agreement. The cease-fire will cause temporary disruptions in SUA’s narcotics trafficking operations, but it is difficult to determine the long-term effects of the agreement on the flow of Burmese heroin.

**Southeast Asian
Heroin-Trafficking Routes
Pose Significant Law
Enforcement Challenges**

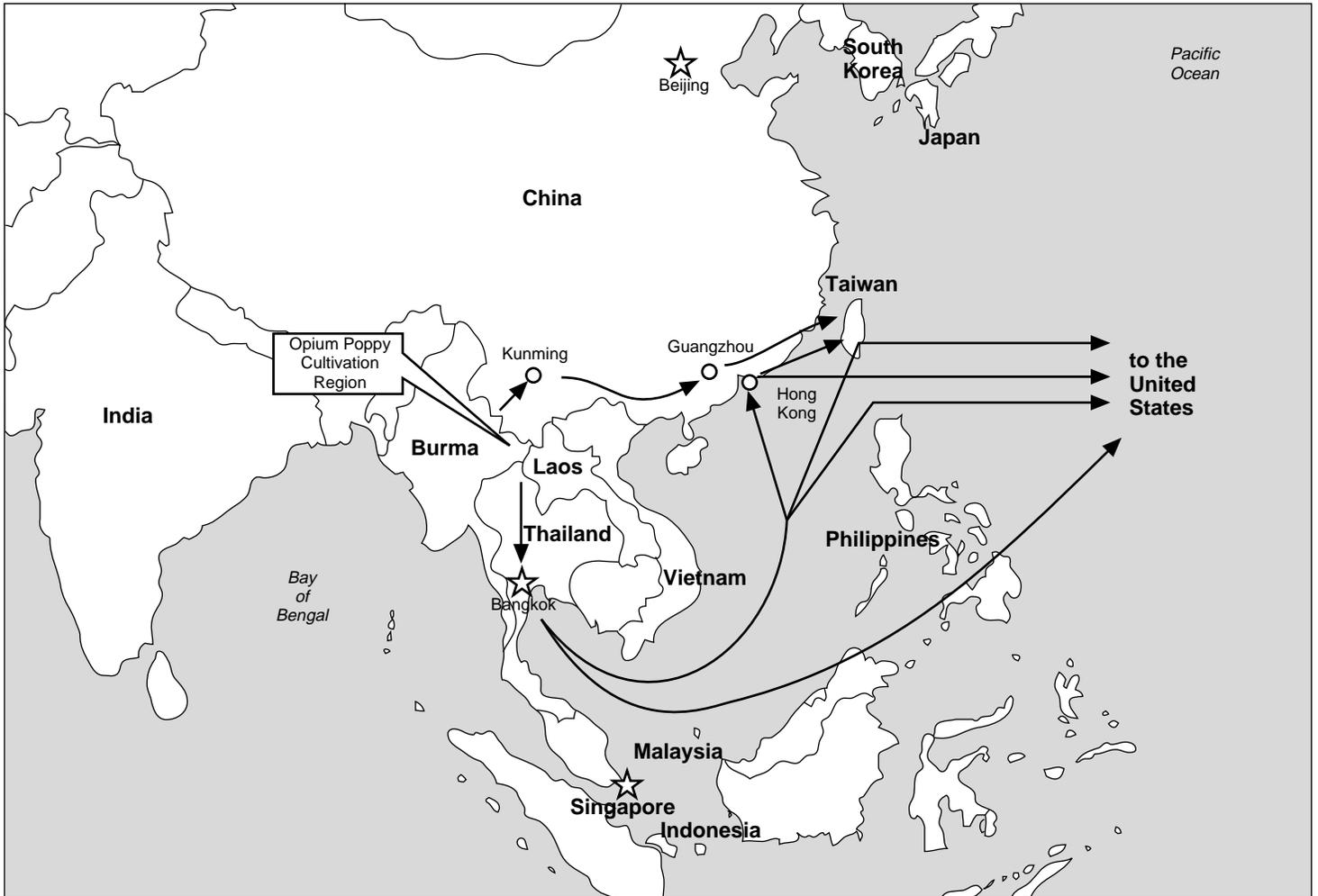
According to DEA, each heroin producing region has separate and distinct distribution methods that are highly dependent on ethnic groups, transportation modes, and surrounding transit countries. These factors combine to make the detection, monitoring, and interdiction of heroin extremely difficult. Heroin-trafficking organizations are not vertically integrated, and heroin shipments rarely remain under the control of a single individual or organization as they move from the overseas refinery to the streets of the United States. These organizations consist of separate

producers and a number of independent intermediaries such as financiers, brokers, exporters, importers, and distributors. Since responsibility and ownership of a particular drug shipment shifts each time the product changes hands, direct evidence of the relationship between producer, transporter, and wholesale distributor is extremely difficult to obtain.

From Southeast Asia, heroin is transported to the United States primarily by ethnic Chinese and West African drug-trafficking groups. According to DEA, the ethnic Chinese groups are capable of moving multi-hundred kilogram shipments, while the West African groups usually smuggle heroin in smaller quantities. Generally, the shipment size determines the smuggling method. The larger shipments, ranging from 50 to multi-hundred kilogram quantities, are secreted in containerized freight aboard commercial maritime vessels and air freight cargo. Smaller shipments are concealed in the luggage of airline passengers, strapped to the body, or swallowed.

The impact of U.S. efforts to interdict regional drug-trafficking routes has been limited by the ability of traffickers to shift their routes into countries with inadequate law enforcement capability. For example, Thailand's well-developed transportation system formerly made it the traditional transit route for about 80 percent of the heroin moving out of Southeast Asia. However, in response to increased Thai counternarcotics capability and stricter border controls, this amount has declined to 50 percent in recent years as new drug-trafficking routes have emerged through the southern provinces of China to Taiwan and Hong Kong or through Laos, Cambodia, and Vietnam (see fig. 3). Similarly, cooperation between U.S. and Hong Kong law enforcement authorities has helped reduce the use of Hong Kong as a transshipment point for Southeast Asian heroin, but law enforcement weaknesses in China and Taiwan have encouraged drug traffickers to shift supply routes into these countries. Until law enforcement efforts aimed at heroin-trafficking organizations and drug-trafficking routes can be coordinated regionally, the flow of Southeast Asian heroin to the United States will likely continue unabated.

Figure 3: Primary Southeast Asian Heroin-Trafficking Routes



Source: DEA.

Limited Chinese Counternarcotics Cooperation Impedes U.S. Heroin Control Efforts

Inadequate Chinese cooperation with U.S. law enforcement also limits the impact of regional U.S. heroin control efforts. DEA has identified a substantial increase in the use of drug-trafficking routes for Burmese heroin through China and believes that closer interaction with Chinese law enforcement authorities is essential. DEA has attempted to increase drug intelligence sharing with Chinese authorities and has conducted a number of law enforcement training seminars to (1) develop better information

about trafficking methods and routes, (2) augment the number of arrests and seizures, and (3) enhance Chinese police capabilities. However, according to DEA officials, Chinese cooperation has been reluctant and limited. For example, the Chinese government requires that DEA funnel all communications through a single point of contact at the Ministry of Public Security in Beijing before dissemination to local provincial police units for action. The resulting delay slows dispersal of counternarcotics intelligence, thus making it difficult to undertake joint investigations and make timely arrests and seizures in China. Further, DEA has had difficulty measuring the usefulness of the information it provides to Chinese authorities because the Chinese do not provide feedback on whether it has proven accurate. This lack of responsiveness may be attributed, at the local level, to insufficient manpower and to the lack of sophisticated computer and communications equipment. Despite the lack of communication, DEA officials believe Chinese authorities have made some arrests and seizures based on DEA-provided information. Finally, the Ministry of Public Security has not shared information about its independent interdiction efforts, arrests, and prosecutions, or any counternarcotics intelligence it has developed that could possibly assist DEA investigations.

Furthermore, it is possible that the 1997 transition of Hong Kong from British to Chinese control will complicate U.S. counternarcotics activities in the region. The four-person DEA office in Hong Kong is currently responsible for covering counternarcotics activity in Hong Kong, China, Taiwan, and Macau. However, after the 1997 transition, DEA will be required to cover China from an office at the U.S. embassy in Beijing. While the State Department has approved the opening of a two-person DEA office at the embassy (one special agent and one administrative assistant), it is still unclear when the positions will be filled and the degree of movement that will be afforded DEA personnel within China. Also, the Chinese government is unlikely to approve continued regional coverage of Taiwan from Hong Kong or the office in Beijing. As a result, DEA's ability to assist other countries in the region in interdicting heroin-trafficking routes opened through southern China and Taiwan may be constrained greatly.⁴

⁴According to DEA, an increasing share of Southeast Asian heroin is imported to the United States through southern China and Taiwan. Large-scale heroin shipments, mostly from Burma, move across southern Chinese provinces to ports on China's eastern and southern coasts. From there, the heroin is often shipped to Taiwan by Chinese fishing trawlers and transferred to Taiwanese vessels for movement to the United States. Taiwan also serves as a transshipment point for heroin brought by fishing trawlers from Thailand, usually by way of ports in southeastern China.

U.S. Efforts Have Achieved Positive Results in Thailand and Hong Kong

While the impact of U.S. heroin control efforts on a regional level in Southeast Asia has been limited, some U.S. counternarcotics assistance programs in countries that possess the political will and capability to engage in counternarcotics activities have achieved positive results. In Thailand, for example, we found that sustained U.S. support since the early 1970s and good relations with the Thai government have contributed to abatement of opium production and heroin trafficking. Examples of effective U.S. counternarcotics activities in Thailand include the following:

- Through \$16.5 million in Department of State supported efforts since 1978, the Thai government has reduced opium production levels from an estimated 150 to 200 metric tons in the 1970s to 17 metric tons in 1994. As a result, Thai traffickers no longer produce significant amounts of heroin for export.
- Successful law enforcement training programs funded by the Department of State, and support for Thai counternarcotics institutions provided primarily by DEA, have enhanced Thailand's drug law enforcement capability. For example, using U.S. assistance, the Thai police captured 10 key members of Burma's SUA heroin-trafficking organization in November 1994. The United States also has provided support for the establishment of a task force in northern Thailand that should foster intelligence analysis and information sharing among Thai counternarcotics police organizations.
- According to U.S. embassy officials, U.S. assistance has helped Thailand assume a leadership role in regional heroin control efforts. For example, in 1994, the Thai government implemented tighter controls at checkpoints on the Burma border. This ongoing effort has restricted heroin-trafficking routes into northern Thailand that SUA uses. The Thai police also have sponsored drug law enforcement training for other countries in the region.

In Hong Kong, the professionalism of the Hong Kong police and the absence of drug cultivation limit the need for U.S. counternarcotics assistance, which, to date, has focused on law enforcement support from DEA. The sharing of DEA intelligence with Hong Kong law enforcement authorities has resulted in the seizure of heroin shipments destined for the United States and the capture of major drug traffickers. The U.S. and Hong Kong governments also have worked closely to arrange extraditions of drug traffickers to the United States for trial.

Moreover, according to DEA, Hong Kong has enacted legislation that has enhanced counternarcotics cooperation with the United States. For example, a 1989 law allows the Hong Kong police, pursuant to confiscation

orders, to seize assets of convicted drug offenders. A bilateral agreement also permits seized assets to be shared between Hong Kong and the United States. As of August 1995, Hong Kong had frozen or confiscated approximately \$54 million⁵ in drug traffickers' assets under this agreement. Of this amount, the seizure of at least \$26 million in assets was based on information that U.S. law enforcement agencies provided.

UNDCP Project in Burma Has Not Significantly Reduced Drug Flow

A key element of U.S. heroin control efforts is the increasing reliance the United States places on international organizations, such as the United Nations, in countries where the United States faces significant obstacles in providing traditional bilateral counternarcotics assistance. In Burma, the United States has been a major donor for UNDCP drug control projects, providing about \$2.5 million dollars from fiscal years 1992 through 1994. However, we found that the projects have not significantly reduced opium production because (1) the scope of the projects has been too small to have a substantive impact on opium production, (2) the Burmese government has not provided sufficient support to ensure project success, and (3) inadequate planning has reduced project effectiveness.

UNDCP's project in Burma to reduce opium production created small "opium-free zones" in certain areas of Wa territory. According to U.S. government and other officials, the opium-free zones are merely demonstration projects; they will have no substantive impact on opium production. The zones are located typically along roadways where it is easy to verify that opium is not being cultivated. However, the officials told us that the farmers simply move their planting sites to other areas, usually ones that are in more remote areas. Further, UNDCP projects have not significantly reduced opium production because of a lack of significant voluntary or forcible eradication.

UNDCP has also experienced difficulties in obtaining sufficient Burmese government support for its projects in the Wa territory, which has reduced their effectiveness. As part of the project agreements, the Burmese government stated it would provide in-kind resources to support UNDCP activities. However, UNDCP officials told us that the Burmese government did not furnish the necessary civil engineering personnel or basic commodities, such as fuel, that it had committed to supply. As a result, UNDCP had to hire outside people at additional cost. In addition, the Burmese government has not always cooperated in granting UNDCP worker access to the project areas.

⁵Figures are in U.S. dollars.

Additionally, inadequate planning has reduced project effectiveness. For example, according to UNDCP officials, aerial surveys of areas designated for opium poppy crop reduction were not conducted until March 1995, 18 months after the projects began. As a result, it will not be possible to evaluate accurately the effectiveness of the supply reduction projects because UNDCP did not establish any baseline data at the outset. Further, the projects lacked measurable benchmarks, such as timetables for eliminating opium poppy fields, and plans were not developed to follow up on eradication efforts to ensure that opium poppy cultivation had not resumed in areas where opium poppy plants were destroyed.

Despite these problems, U.S. counternarcotics officials believe that UNDCP projects offer the only alternatives to U.S.-funded opium poppy crop eradication and alternative development programs in Burma at the present time. Further, the projects are allowing UNDCP access to the Wa. This access could prove useful if the political environment within Burma changes and creates new opportunities for implementing drug control efforts. In fact, UNDCP is expanding its current efforts, with a 5-year, \$22 million project that will include a supply reduction component. U.S. and UNDCP officials told us that the supply reduction component will provide for aerial surveys to determine cultivation levels and establish a baseline to measure progress during the life of the project. Further, these officials believe that the project should include measurable benchmarks for reduction of opium poppy cultivation in designated areas to ensure that successful eradication is taking place as well as provisions to ensure that UNDCP workers have easy access to project areas. According to a Department of State official, the United States plans to provide additional funding over a 5-year period to increase UNDCP efforts in the region, but the exact amount is still under consideration. However, it is doubtful, for reasons already stated, that these projects will significantly reduce opium production.

Agency Comments and Our Evaluation

ONDCP stated that the report provided an excellent analysis as to why heroin control is a major foreign policy objective of the United States and presents an accurate portrayal of the current worldwide heroin-trafficking situation. (See app.II for ONDCP comments.) ONDCP stated that heroin control is a vital national security interest and that the U.S. government has to work with undemocratic governments such as Burma, Afghanistan, China, and Syria in furtherance of international narcotics control. The Department of State stated that ethnic insurgent armies are unlikely to relinquish drug income under any Burmese government absent strong and

effective law enforcement efforts and these efforts may require large-scale sustained military operations. (See app. III for Department of State comments.) Both the Department of State and ONDCP noted that congressional pressure has constrained the U.S. counternarcotics effort and recently passed legislation further restricts what the United States could do in Burma.⁶ ONDCP, the Department of State, and DEA (see app. IV for DEA comments) provided updated information on an agreement between the SUA and the Burmese authorities that is, according to the Department of State, likely to allow SUA to continue its narcotics-related activities.

We recognize that the U.S government may at times have to deal with undemocratic governments. However, in our review, the issue in heroin drug trafficking is how effective alternative development, law enforcement training, and intelligence-sharing activities can be with the current Burmese government. As noted in our report, the current Burmese government does not control most of the opium poppy growing regions, is unlikely to obtain international support for either large-scale alternative development or sustained military campaigns against ethnic armies, and has entered into truce agreements with ethnic groups allowing them to continue narcotics-related activities.

With regard to congressional pressure and recently passed legislation, it should be noted that both the Clinton and Bush administrations made policy decisions not to provide additional assistance to the Burmese government in response to its anti-democratic policies and human rights abuses. It is unclear what can be accomplished with assistance to a government that is either unwilling or unable to take effective action against those ethnic groups responsible for opium poppy cultivation and heroin production. We have attached more detailed comments in appendixes II through IV.

We conducted our review from February 1995 through January 1996 in accordance with generally accepted government auditing standards. The scope and methodology for our review is discussed in appendix V.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we

⁶The Foreign Operations, Export Financing, and Related Appropriations Act, as referred to in title III of P.L. 104-99 (the appropriation act for fiscal year 1996 pertaining to a balanced budget), contains language that would prohibit funds “from being used for international narcotics control or crop substitution assistance for the government of Burma.”

will send copies to the Secretaries of State and Defense; the Administrator, Drug Enforcement Administration; the Director, Office of National Drug Control Policy; and other interested congressional committees. Copies will also be made available to other interested parties upon request.

If you or your staff have any questions concerning this report, I can be reached on (202) 512-4268. The major contributors to this report are listed in appendix VI.

A handwritten signature in black ink that reads "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J" and a distinct "T" and "F".

Jess T. Ford
Associate Director,
International Relations and Trade Issues

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Abbreviations

CPB	Communist Party of Burma
DEA	Drug Enforcement Administration
ONDCP	Office of National Drug Control Policy
SLORC	State Law and Order Restoration Council
SUA	Shan United Army
UNDCP	United Nations Drug Control Program
UWSA	United Wa State Army

Obstacles Limiting the Feasibility of Direct Assistance to Burma's Wa People

In 1993, Burma's ethnic Wa people proposed to the international community that the Wa people would cease opium production if they were to receive direct assistance during a transitional period in which they would attempt to move away from using opium production as their primary source of income. We examined the proposal and found that the feasibility of providing direct assistance to the Wa people is limited. Numerous obstacles would hinder the implementation and monitoring of assistance programs. These obstacles include (1) U.S. legislation and policy that restrict U.S. government involvement in Burma; (2) opposition by the government of Burma; and (3) opposition by the United Wa State Army (UWSA), which controls the territory occupied by the Wa people. Moreover, the ability to overcome these obstacles will be limited until the government of Burma has access to all areas, including those that ethnic insurgents control.

In addition, the United States is currently funding counternarcotics efforts of the United Nations International Drug Control Program (UNDCP) in Burma. However, according to numerous officials, UNDCP's efforts in Burma are merely showpieces. They have not had, and will not have, a substantive impact on reducing opium poppy cultivation and heroin production because (1) they are small programs relative to the large size of the problem, (2) the government of Burma does not have access to many areas in which opium is cultivated, and, (3) UWSA would not allow UNDCP to reduce opium production substantially.

Background

The Wa people are an ethnic minority group of about 1 million poor subsistence farmers living in an isolated, mountainous area of eastern Burma—a Southeast Asian nation of about 35 million people that is slightly smaller than the state of Texas. The current regime, known as the State Law and Order Restoration Council (SLORC), is comprised mostly of ethnic Burmans and has been largely unsuccessful in its efforts to overcome the Wa insurgency. SLORC has had no control over Wa territory since 1989, when it abdicated its governance after years of fighting and signed a cease-fire agreement with Wa leaders. This enabled the Wa people to openly cultivate opium poppies with no government interference.

Many Wa farmers cultivate opium poppies and sell their harvest to drug traffickers. In recent years, opium grown in Wa territory has increased dramatically to the point that, currently, the Wa opium crop is the largest in the world. The Wa people have cultivated opium poppies for generations. Since the signing of the cease-fire with SLORC, however, the

Wa have substantially augmented opium production. Specifically, in 1995, over 85 percent of opium poppy cultivation in Southeast Asia occurred in Burma, and cultivation in Wa territory accounted for over 80 percent of Burma's cultivation. Despite the increase, however, Wa farmers have experienced little, if any, change in their economic status because Wa leaders strongly encourage them to grow opium poppies, levy taxes on their harvest, and use the tax revenues to support UWSA. Little, if any, tax revenue has been used for badly needed development.

Elements of UWSA are comprised of many of the fighting forces of the former Communist Party of Burma (CPB). For many years, Communist China supported CPB, including providing (1) food, mainly rice, that enabled the Wa people to maintain a subsistence existence with little dependence on cash generated from opium cultivation and (2) military equipment that had enabled the Wa people to successfully defend Wa territory against SLORC. However, following the collapse of communism worldwide and the subsequent withdrawal of support for the CPB by Communist China, UWSA was formed. UWSA relies on funds derived from opium trafficking to buy arms and support its forces. The withdrawal of support from Communist China, combined with the SLORC's unfulfilled promises of development assistance, has resulted in hardships for many of the Wa's subsistence farmers.

U.S. Legislation and Policy Restrict U.S. Government Involvement in Burma

U.S. legislation and policy restrict the level of assistance to the government of Burma. The restrictions are based largely on the SLORC's (1) insufficient progress in stopping opium cultivation and heroin trafficking within its borders, (2) record of human rights violations, and (3) refusal to install a democratically elected government. Before SLORC took over the government of Burma, the United States was supporting counternarcotics activities in Burma. However, we reported in September 1989 that, "eradication and enforcement efforts are unlikely to significantly reduce Burma's opium production unless they are combined with economic development in the growing regions and the political settlement of Burma's ethnic insurgencies."¹ Regardless of the U.S. position, SLORC is nonetheless the recognized government of Burma, and Wa territory is considered to be part of Burma. As such, bilateral U.S. assistance to the Wa people would require the SLORC's knowledge and consent. However, according to U.S. government officials, SLORC would strongly oppose direct U.S. assistance to the Wa people. The officials stated that SLORC would react with anger and regard such direct assistance

¹Drug Control: Enforcement Efforts in Burma Are Not Effective (GAO/NSIAD-89-197, Sept. 11, 1989).

as a violation of their sovereignty. Furthermore, because of U.S. policy, which strongly criticizes Burma's human rights violations and SLORC's refusal to install a democratically elected government, U.S. counternarcotics assistance efforts in Burma are nearly nonexistent.

Because of the common border between Burma and China, U.S. assistance to the Wa people could be provided directly into Wa territory through a cross-border program from China's Yunnan Province, which borders Wa territory. The provision of assistance through China would require the approval of the government of China. However, according to U.S. government officials, the Chinese would strongly disapprove of such involvement for several reasons. One of these reasons is that the United States has not returned a Chinese drug trafficker witness to China after the Chinese government released him to U.S. law enforcement officials for testimony in a U.S. domestic drug case. U.S. officials want to return him but cannot until his appeal for asylum in a U.S. court is resolved. In addition, U.S. government officials stated that it is unlikely that China would allow the U.S. government or nongovernmental organizations' officials to implement programs from a base of operations in China.

Wa territory shares no common border with Thailand, and any attempt to assist the Wa people through Thailand would involve operating in the southern Shan State area of Burma, which is not under SLORC control. However, U.S. government officials told us that the government of Thailand would not be willing to risk its sensitive relations with SLORC by permitting cross-border counternarcotics assistance to the Wa people through Thailand.

UWSA Would Oppose U.S. Direct Assistance to the Wa People

In 1993, the Wa people proposed to the international community that they would cease opium production in exchange for receiving economic and development assistance while the Wa people transitioned from an opium-based economy to one based on other sources of income. According to U.S. officials, however, the proposal is not a genuine offer because UWSA, a drug-trafficking army, which has almost complete authority and control over the people within Wa territory, would not agree to participate in stopping opium cultivation and production from taking place. Without UWSA consent, the proposal could not be implemented. As such, the proposal has not been acted upon.

For decades, there was considerable fighting between Burmese government military forces and CPB, many of whose members were Wa. In

Appendix I
Obstacles Limiting the Feasibility of Direct
Assistance to Burma's Wa People

1989, the two parties agreed to a 10-year cease-fire. The autonomy provided in the agreement has had the effect of allowing the Wa people to cultivate and process opium without SLORC interference. The agreement also includes a SLORC commitment to provide development assistance in Wa territory. In exchange, the Wa people agreed to halt their active insurgency against SLORC. However, because of the long-standing dislike and distrust between SLORC and Wa, both parties have undertaken a large-scale and costly arms buildup. In order to equip and maintain its military force, UWSA depends on funds generated from taxes on opium that is produced by Wa farmers and from taxes on heroin refining. Without these tax revenues, UWSA would have serious funding problems. Since 1989, opium production in Wa territory has more than doubled at the encouragement of UWSA in order to support UWSA forces. UWSA has no incentive to reduce its size or end its involvement in heroin trafficking until alternative sources of income are found to replace drug-generated revenues or the threat of SLORC aggression is diminished or removed. Neither of these possibilities appears likely at the present time.

Comments From the Office of National Drug Control Policy

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

January 25, 1996

Jess T. Ford
Associate Director
International Relations and Trade Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Ford:

Thank you for the opportunity to comment on the draft report: *Drug Control: U.S. Heroin Program Encounters Many Obstacles in Southeast Asia* (Code #711160).

Overall, the report provides an excellent analysis as to why heroin control is a major foreign policy objective of the United States, and presents an accurate portrayal of the current worldwide heroin trafficking situation. However, as has been discussed with your staff, ONDCP has several areas of concern. The report fails to portray accurately the current interaction of U.S. policy towards Burma and Congressional legislation on Burma, as well as the political and economic situation in Rangoon.

Policy and Legislation

There is no question that the Burmese military regime poses fundamental challenges for U.S. foreign policy interests. It is an anti-democratic dictatorship, commits serious human rights abuses, and has not allowed an elected government to take office. The international heroin strategy signed by President Clinton on November 21, 1995 as a Presidential Decision Directive takes this into account. Accordingly, the departments and agencies involved in developing a United States counternarcotics policy agreed that the U.S. government must:

- address the heroin issue in Burma; and
- take steps that will improve counternarcotics cooperation effort with the Burmese without undermining our desire for progress on human rights and democratic reconciliation.

This policy decision recognizes that heroin control is a vital national security interest and that the U.S. government has to work with undemocratic governments such as Burma, Afghanistan, China, and Syria in furtherance of international narcotics control. This policy suggests a number of steps to be taken to work with the Burmese on alternative development, law enforcement, and intelligence to further our counternarcotics policy.

Notwithstanding the efforts of the Administration, H.R. 1868, the Foreign Operations FY 1996 appropriations legislation (and accompanying H. Rept. 104-295) which has passed the House

See pp. 17-18.

See pp. 17-18.

Appendix II
Comments From the Office of National Drug
Control Policy

Jess T. Ford
General Accounting Office
Page Two

and is stalled in the Senate, would restrict the assistance that can be legally provided to the Burmese Government; thus undermining the President's counternarcotics strategy for Burma and blocking progress in attacking the Southeast Asia heroin problem.

Political

Unfortunately, the timeline for GAO's investigation is such that the report fails to account for the recent settlement between the Burmese regime and the Shan United Army (SUA). The ONDCP Director visited the Thailand/Burma border area in 1993 to view fortifications occupied by Shan troops. These fortifications are now manned by the Burmese Army.

Several other key political facts about Burma have been omitted in the report, as follows:

- The military regime has consolidated its control during the past eight years and has virtually eliminated any threat to its power in Rangoon;
- The surge in Southeast Asian heroin production began in 1988 when the U.S. suspended counternarcotics aid to Burma. Counternarcotics activities became victims of economic and political realities, since the government of Burma had no reason to continue eradication without U.S. assistance and did not have the economic resources to do so;
- Burma is gradually regaining control over the opium producing areas where ethnic insurgents had previously been operating heroin production and processing for their own benefit;
- It will be extremely difficult for Burma to suddenly cut off all means of livelihood in insurgent areas, now under government control, in view of Rangoon's own precarious economic situation; and
- It is difficult to conclude that the Burmese Government has not made a serious commitment to end the drug trade because it has not been in a position to do so. The U.S. government has had little discussion with Burma about ending the drug trade, nor been able to provide the resources to assist this vitally important effort.
- Opposition leader Aung San Suu Kyi has publicly stated that it is "the government's duty to suppress narcotics production and trade in the interest of the people."

See comment 1.

See comment 2.

See comment 3.

See comment 4.

See comment 4.

Jess T. Ford
General Accounting Office
Page Three

Democracy

Departments and agencies of the U.S. government have agreed that the heroin strategy must carefully target those countries and regions that pose the most direct heroin threat to the domestic health and national security of the U.S.: "We believe democratic, market-oriented governments are integral to the overall success of our international counterdrug effort. Nonetheless, we have to recognize that heroin control is a vital national security interest and that we are going to have to deal with countries like Burma."

Democracy, therefore, is not an essential prerequisite for an effective program.

The report assumes, however, that just such a criterion is in fact necessary to pursuing U.S. policy objectives on counternarcotics. This is a policy assumption that is neither based on fact or on current U.S. policy. Such a criterion would severely limit our ability to pursue counter-narcotics programs in countries like Viet Nam and China.

See pp. 17-18.

UNDCP Program in Burma

UNDCP runs a minuscule opium reduction program in Burma. In a country that produces 2,500 metric tons of opium, almost any reduction program is unlikely to make much headway. The report neglects to make note of this critical fact.

See comment 5.

The Wa

The Wa leadership acknowledges that its territory is the poorest in Burma. Members of last year's opium production survey team reported that poppies, not food crops, were being grown on the best bottom land. Opium has become the region's cash crop. The report neglects to discuss the cost of alternative development, speculate as to with whom the U.S. government would work given the split in the current Wa leadership, or discuss why any government in Rangoon, military or democratic, would agree to direct U.S. assistance to the Wa.

See comment 6.

We appreciate the opportunity to comment on the draft report and hope that you find our comments both constructive and beneficial.

Sincerely,



Fred W. Garcia
Acting Director/Deputy Director
for Demand Reduction

The following are GAO's comments on ONDCP's letter dated January 25, 1996.

GAO's Comments

1. We have made appropriate technical changes and the report has been updated to reflect recent developments in Burma.
2. The political realities included the Burmese government's desire to reach accommodation with ethnic minorities. As part of this strategy, the Burmese government entered into a truce agreement with the Wa and other ethnic minority groups that controlled most of the opium poppy cultivation regions in Burma. These factors, as well as the limited resources of the Burmese government are fully discussed in this report.
3. While the Burmese government has recently entered a cease-fire agreement with a prominent armed drug-trafficking group, the Shan United Army (SUA), it is still unclear whether this will significantly affect the heroin trade in Burma or whether other groups like the Wa will assume control of SUA production and trafficking activities. Moreover, the Burmese government does not control Wa territory, the location of 80 percent of opium poppy cultivation in Burma. Furthermore, we agree that unless the Burmese government has the economic capability to foster alternative means of livelihood, it is doubtful that gaining control will, in and of itself, significantly reduce opium poppy cultivation areas.
4. The Burmese government has not made a commitment to end the drug trade and economic factors alone were not responsible for this lack of government commitment. Over the past 8 years, the primary political objective of the Burmese government was to consolidate its power in Rangoon. To accomplish this consolidation, it entered into truce agreements with ethnic minority groups responsible for opium cultivation and production resulting in the doubling of opium production.
5. Even though ONDCP states this, the U.S. government continues to support an expanded UNDCP opium drug reduction program.
6. This report and appendix I provides a detailed discussion on the feasibility of providing direct U.S. assistance to the Wa people.

Comments From the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of State

Chief Financial Officer

Washington, D.C. 20520-7427

JAN 23 1996

Dear Mr. Hinton:

We appreciate the opportunity to provide Department of State comments on your draft report, "DRUG CONTROL: U.S. Heroin Program Encounters Many Obstacles in Southeast Asia," GAO Job Codes 711160/711054.

If you have any questions concerning this response, please call Ms. Stephanie Deaner, INL/RM, at (202) 776-8767.

Sincerely,


Richard L. Greene

Enclosure:
As stated.

cc:
GAO - Mr. Zanardi
State/INL/RM - Ms. Deaner

Mr. Henry L. Hinton, Jr.,
Assistant Comptroller General,
National Security and International Affairs,
U.S. General Accounting Office.

Appendix III
Comments From the Department of State

GAO DRAFT REPORT
"Drug Control: U.S. Heroin Program Encounters
Many Obstacles in Southeast Asia,"
GAO Job Code 711160

The Department has reviewed the draft GAO report and submits the following comments.

Now on p. 2.
See comment 1.

Page 2 states that in FY 93, the U.S. spent an estimated \$52.3 million on international heroin control activities. GAO has not shared the source of this figure; therefore, we cannot determine its accuracy.

Now on p. 8.

Page 10 states that ethnic insurgent armies that control most of the opium cultivation and trafficking are unlikely to relinquish this source of income under the current Burmese government. We believe they are unlikely to relinquish this source of income under any Burmese government absent strong and effective law enforcement efforts. Since these groups are well armed and have been fighting the Burmese for decades or longer, these efforts may well require the use of large scale sustained military operations.

See pp. 17-18.

Now on p. 9.
See comment 2.

Page 12 states that decertification eliminated direct U.S. counternarcotics funding support. This is incorrect. This support was eliminated because of political and human rights concerns. Counternarcotics support is not affected by decertification.

Now on p. 9.
See pp. 17-18.
See comment 3.

Page 12 also states that U.S. assistance is unlikely to be effective until the Burmese government demonstrates improvement in its democracy and human rights policies and proves its legitimacy to ethnic minority groups in opium producing areas. In fact, the issue is much more complex than this statement implies. Improvement in the Burmese government's democracy and human rights policies would not necessarily make U.S. counternarcotics assistance more effective.

Now on p. 11.
See comment 4.

Page 15 talks about incentives for the UWSA to end its involvement in narcotics trafficking. It is not clear what is meant by the "threat of Burmese government aggression" nor is it clear how removing this "threat" would induce the UWSA to end involvement in narcotics trafficking. For the past five years, the Burmese have had a ceasefire agreement with the Wa which has in fact allowed the Wa to increase their involvement in narcotics trafficking.

Appendix III
Comments From the Department of State

-2-

Now on p. 11.
See comment 1.

Page 15 has a paragraph on the Shan United Army. This paragraph is out of date as it does not discuss the recent agreement between the SUA and the Burmese authorities that is likely to allow the SUA to continue its narcotics-related activities.

See comment 5.

The section on poor counternarcotics cooperation with China beginning on page 18 does not mention the stringent and even harsh law enforcement measures taken by the Chinese authorities themselves. While we would like to see improved bilateral and multilateral counternarcotics law enforcement cooperation with China, we should acknowledge the strong efforts they have taken on their own.

Now on p. 16.
See comment 1.

Page 23 lists two reasons why UNDCP projects have not significantly reduced opium production. An additional reason is the lack of significant voluntary or forcible eradication.

Now on pp. 16-17.

Pages 23 and 24 describe some problems associated with UNDCP alternative development projects. One problem not mentioned is Burmese government interference in the selection and conditions of employment for both international and Burmese employees.

See pp. 17-18.

Finally the report does not thoroughly address the issue of the severe constraints on U.S. counternarcotics policy in Burma as a result of human rights and political concerns. It mentions that U.S. policy toward Burma prohibits providing significant levels of counternarcotics assistance until the Burmese government improves its human rights stance and recognizes the democratic process. However, in discussing the heroin PDD and other aspects of the problem, it does not really note that the U.S. counternarcotics efforts in Burma could do much more if not for these constraints imposed largely as a result of Congressional pressure. Nor does the report discuss the pending legislation that would prohibit all counternarcotics assistance to Burma.

The following are GAO's comments on the Department of State's letter dated January 23, 1996.

GAO's Comments

1. We have made appropriate technical changes to the report and updated the section discussing SUA to reflect the recent cease-fire agreement between the SUA and Burmese authorities.
2. The reference to decertification has been deleted from the final report. We have changed the report to note that executive policy emphasizing human rights concerns and the Burmese government's failure to recognize the democratic process were the reasons for eliminating direct U.S. counternarcotics funding.
3. We understand that this issue is very complex and involves the willingness of the United States to provide assistance to the Burmese government and the reaction that various elements of the Wa leadership would have to a central government that improved its human rights practices. Also, the Department of State appears to be modifying the position it took in testimony before Congress in July 1995 when it stated that the United States will be in a stronger position to make real gains at reducing the Southeast Asian heroin threat if there is progress on U.S. human rights and democracy concerns.
4. While the Burmese government and UWSA have reached a cease-fire agreement, the long-standing dislike and distrust between the Burmese government and Wa has resulted in both parties undertaking a large-scale and costly arms build-up. It is doubtful that the current regime will ever be able to convince ethnic minorities that their autonomy will be secure without having their own military capability to deter Burmese government aggression. While a democratically elected government also poses a potential threat to autonomy of ethnic groups, it may stand a better chance to reach a peaceful accommodation with the Wa military, especially if it offers economic incentives supported by the international community.
5. The point of this section is not to describe Chinese counternarcotics law enforcement efforts, but to outline how their lack of cooperation in this area affects U.S. heroin control objectives in the region. Bilateral law enforcement cooperation, including counternarcotics intelligence information sharing, is a key element of U.S. efforts. Without improvements in cooperation, DEA will encounter significant obstacles in interdicting important heroin-trafficking routes in southern China and

assisting the Chinese in improving their counternarcotics law enforcement capability.

Comments From the Drug Enforcement Administration

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



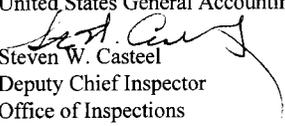
U.S. Department of Justice
Drug Enforcement Administration

Washington, D.C. 20537

MEMORANDUM

JAN 2 1993

TO: Louis Zanardi
Assistant Director
National Security and International Affairs Division
United States General Accounting Office

FROM: 
Steven W. Casteel
Deputy Chief Inspector
Office of Inspections

SUBJECT: Draft Report on Heroin Strategy in Southeast Asia

The Drug Enforcement Administration (DEA) has reviewed the draft report entitled: "DRUG CONTROL: U.S. Heroin Program Encounters Many Obstacles in Southeast Asia". Within DEA, this report has been reviewed separately by the Intelligence Division (NC) and by the Office of International Operations (OF).

In performing its review, NC determined that a number of textual and data corrections are in order. Certain of these corrections are significant, and may require you to alter some of your findings. Rather than attempt to synthesize these in a separate, but redundant, document, I have attached the annotated copy of the draft report as received from NC.

More importantly, both NC and OF determined that you will have to make noteworthy alterations to the draft report based on very recent developments in Burma. To this end, OF has prepared a detailed summary of these critical changes. Again, to synthesize this document would be redundant. Accordingly, a copy of OF's memorandum to the Office of Inspections, which is classified CONFIDENTIAL, is likewise attached.

If you have any questions regarding this response, please contact Acting Audit Liaison Joan Henry at 307-8299.

Attachments

cc: Vickie Sloan
Director
Audit Liaison Office

See comment 1.

See comment 1.

**Appendix IV
Comments From the Drug Enforcement
Administration**

The following is GAO's comment on DEA's letter dated January 24, 1996.

GAO's Comment

1. We have made appropriate technical changes to the report. We have also made changes regarding recent developments in Burma based on discussions with Department of State officials.

Scope and Methodology

To obtain information for this report, we spoke with appropriate officials and obtained documents in Washington, D.C., from ONDCP, DEA, and the Departments of State and Defense. We also discussed counternarcotics issues with officials of several non-governmental organizations and a representative of Burma's Wa people. At the Joint Interagency Task Force-West in Alameda, California, we collected information on Department of Defense support for U.S. counternarcotics efforts in Southeast Asia.

At the U.S. embassy in Bangkok, Thailand, we interviewed the Ambassador; Deputy Chief of Mission; and responsible officials from the Narcotics Affairs, Political, Economic, and Consular Sections; the Defense Attache Office; DEA; the Federal Bureau of Investigation; the Immigration and Naturalization Service; the U.S. Customs Service; the Agency for International Development; and the United States Information Service. To examine and evaluate U.S. heroin control efforts, we reviewed documents prepared by U.S. embassy personnel and supplemented the information in interviews with U.S. officials. We also met with the Consul General and DEA attache at the U.S. consulate in Chiang Mai. To obtain the views of the Thai government, we spoke with officials from Thai counternarcotics agencies, including the Office of the Narcotics Control Board and the Royal Thai Police Narcotics Suppression Bureau. To discuss multilateral drug control efforts in Southeast Asia, we met with officials from the UNDCP's regional office in Bangkok. We also discussed these issues with officials at the Australian and British embassies in Bangkok.

At the U.S. embassy in Rangoon, Burma, we interviewed the Charge d' Affaires, the Deputy Chief of Mission, and responsible officials from the Political Section, the Defense Attache Office, DEA, and the United States Information Service. To examine and evaluate U.S. heroin control efforts, we reviewed documents prepared by U.S. embassy personnel and supplemented the information in interviews with U.S. officials. We also discussed the status of multilateral projects in Burma with appropriate UNDCP officials. Finally, we met with officials at the Australian and Japanese embassies in Rangoon to discuss their counternarcotics programs.

At the U.S. consulate in Hong Kong, we interviewed the Consul General, the Deputy Principal Officer, and responsible officials from the Political and Consular Affairs Sections, the Defense Liaison Office, DEA, the Federal Bureau of Investigation, the Immigration and Naturalization Service, and the U.S. Customs Service. To examine and evaluate U.S. heroin control

efforts, we reviewed documents prepared by U.S. embassy personnel and supplemented the information in interviews with U.S. officials. We also met with officials of the Royal Hong Kong Police and the Hong Kong Customs and Excise Department to discuss their heroin interdiction and anti-money laundering activities.

We provided a draft of this report to officials from the Departments of State and Defense, the Drug Enforcement Administration, and the Office of National Drug Control Policy and discussed it with them. The Department of State, ONDCP, and DEA provided formal written comments. The Department of Defense did not provide written comments but fully concurred with our findings.

Major Contributors to This Report

**National Security and
International Affairs
Division, Washington,
D.C.**

Louis Zanardi
Allen Fleener
Dennis Richards
George A. Taylor
Daniel J. Tikvart
Steven K. Westley

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