

National Narcotics Intelligence Consumers Committee
(NNICC)

The NNICC Report
1985-1986

The Supply of Illicit Drugs
to the United States
from Foreign and Domestic Sources
in 1985 and 1986
(with Near Term Projections)

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Preface

The National Narcotics Intelligence Consumers Committee (NNICC) Report is the product of a cooperative effort involving Federal agencies with drug-related law enforcement, foreign and domestic policy, treatment, research, and intelligence responsibilities. In April 1978, the NNICC was established to coordinate the collection, analysis, dissemination, and evaluation of strategic drug-related intelligence, both foreign and domestic, that is essential to effective policy development, resource deployment, and operational planning. Membership consists of the U.S. Coast Guard, U.S. Customs Service, Department of Defense, Drug Enforcement Administration, Federal Bureau of Investigation, Immigration and Naturalization Service, Internal Revenue Service, National Institute on Drug Abuse, Department of State, Department of the Treasury, White House Drug Abuse Policy Office, and the Central Intelligence Agency. The National Security Agency participates as an observer. The Deputy Assistant Administrator for Intelligence of the Drug Enforcement Administration serves as Chairman.

The NNICC Report for 1985 and 1986 is the ninth estimate prepared by the NNICC. In recent years, the NNICC has reviewed and updated various estimation methodologies. This continuing effort

has resulted in a number of revised estimates for previous years. This document, which is based on the best data currently available and on the combined available expertise of NNICC member agencies, is the most comprehensive assessment prepared for the Federal Government on the worldwide illicit drug situation in 1985 and 1986.

Since production and distribution of controlled substances are, by definition, illegal, there are little reliable data upon which to base estimates of the quantities of drugs involved. Most of those statistics which are available for 1985 and 1986 tend to reflect the results of law enforcement activity (e.g., the numbers of individuals arrested, quantities of drugs and assets seized, and conveyances from which seizures were made). They do not reflect the quantities of drugs which were not interdicted and which consequently were assumed to have entered user populations. Because of gaps in some of the data used in their derivation, these estimates involve a high degree of uncertainty. Part of this uncertainty is due to the fact that separate data bases and methodologies are used to produce separate estimates of drug production and use. It is believed, however, that they are sufficiently accurate so that the general trends portrayed can be considered reliable.

A primary source for production estimates and drug control efforts in foreign countries is the Department of State's International Narcotics Control Strategy Report. This report is prepared annually in accordance with the provisions of Section 481 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2291).

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Executive Summary

Marijuana consumption declined an estimated 4 percent from 1982 to 1985. Due in large part to eradication and interdiction operations, the overall supply declined as well. In 1985 and 1986, Mexico and Colombia were the leading producers of marijuana available in the United States.

In 1985 and 1986, cocaine was readily available throughout the United States. From 1984 to 1985 there was a 24 percent increase in the number of cocaine-related hospital emergencies as reported by the Drug Abuse Warning Network (DAWN), followed by a 43 percent increase from 1985 to 1986. The smoking of cocaine base continued to expand as evidenced by a substantial increase in emergency room admissions from 1984 to 1986. Worldwide cocaine hydrochloride (HCl) production was estimated at 251 to 273 metric tons in 1985 and 306 to 377 metric tons in 1986; Colombia remained the principal HCl producer and distributor.

Indicators of the availability and use of dangerous drugs were mixed in 1985 and 1986. The illicit manufacture and distribution of methamphetamine continued to increase. The use of depressants appeared to decline. Indicators of the availability and use of phencyclidine (PCP) and narcotic analgesic heroin substitutes and

supplements were mixed in 1985 and 1986. Clandestine laboratory removals in the United States rose to an all-time high of 425 in 1985. This figure was surpassed in 1986 when 545 laboratories were seized. Methamphetamine laboratories accounted for over 60 percent of the seizures. Legislation enacted in 47 states placed 'look-alikes' under controls while international cooperative efforts to curtail diversion of legitimate pharmaceuticals continued to result in declines in their availability for illicit sale.

Projected heroin-related hospital emergencies increased to over 11,400 during 1986. The U.S. retail purity in 1985 averaged 5.3 percent; purity was reported at 6.1 percent in 1986. The use of heroin in combination with other drugs remained a serious problem along with the relationship between intravenous heroin use and AIDS (Acquired Immune Deficiency Syndrome). In 1985, opium production increased in Southwest Asia and Mexico while a decrease was reported in the Golden Triangle (Burma, Laos, and Thailand). An increase in the availability of opium was reported in Southwest Asia and in the Golden Triangle in 1986.

Figure 1 compares the approximate quantities of cocaine and marijuana consumed illicitly in the United States during 1982 and 1985, as discussed in more detail in the following chapters.

Figure 1

Estimate of Approximate Quantities of Drugs Consumed Illicitly in the United States, 1982 and 1985*

	<u>1982</u>	<u>1985</u>
Cocaine (metric tons)**	31.0	72.3
Marijuana (metric tons)	4,899.8	4,693.9

* These estimates are provided by the National Institute on Drug Abuse, U.S. Department of Health and Human Services. Data are not available for heroin and dangerous drugs. Data for cocaine and marijuana available only for years shown.

** One metric ton = 2,205 pounds.

Projections

The outlook for the near term indicates that the number of regular users of marijuana will continue to decrease. It is believed that the supply of Colombian marijuana will continue to diminish, especially if eradication efforts continue at 1985 and 1986 levels. Mexican, Colombian, Jamaican, and domestic marijuana, as well as Southeast Asian, will remain available in the United States.

Coca products in the forms of cocaine hydrochloride (HCl) and base will continue to be readily available, and the smoking of cocaine base will continue to be a problem. Coca cultivation in the major producing countries of Peru, Bolivia, and Colombia is expected to continue at high levels in the near term despite some eradication campaigns. This prospect could change if herbicidal spraying is initiated in a broad campaign. Proposed legislation directed towards the establishment of recordkeeping and identification systems is expected to make obtaining precursor and essential chemicals, used to produce cocaine HCl from paste and base, increasingly difficult for traffickers.

Clandestine laboratory seizures in the United States will likely increase as a result of programs to track essential and precursor chemicals. In addition, international cooperative

programs will continue to contribute to the prevention of licit-drug diversion.

Current indications suggest that the increase in heroin-related hospital emergencies experienced in 1985 and 1986 will continue in 1987. The availability of Mexican heroin in the United States is expected to remain at least at 1985/1986 levels, if not increase, unless Mexico increases both opium poppy eradication and heroin laboratory seizures.

CANNABIS

Domestic Availability and Use

Marijuana consumption in the United States decreased 4 percent from 1982 to 1985, to an estimated 4,694.0 metric tons (see Figure 2). According to the National Institute on Drug Abuse (NIDA) Household Survey, past month marijuana use decreased from 11 percent of the population surveyed in 1982 to 10 percent in 1985; this represents a reduction from 20.0 million to 18.2 million users. According to the NIDA Survey of High School Seniors, the proportion of high school seniors who reported using marijuana or hashish during the year dropped steadily from 50.8 percent in 1979 to 38.8 percent in 1986. Daily use by high school seniors has decreased each year -- from 10.7 percent in 1978 to 4.0 percent in 1986.

Figure 2

Marijuana Consumption in the United States, 1982 and 1985*
(metric tons)

<u>1982</u>	<u>1985</u>
4,899.8	4,693.9 (-4%)

* Estimates provided by the National Institute on Drug Abuse, U.S. Department of Health and Human Services. Data available only for years shown.

In approximately 80 percent of all marijuana-related hospital emergencies, reported to DAWN, marijuana was used in combination with other drugs, primarily alcohol, cocaine, and phencyclidine (PCP). Marijuana-related hospital emergencies were relatively stable from 1983 to 1984, but increased by 12 percent in 1985. Projected marijuana-related injuries for 1986 are 13 percent higher than those reported during the previous year (see Figure 3).

Figure 3

Marijuana Abuse Indicator, 1983-1986

	1983	1984	1985	1986
Hospital Emergencies Reported Through the DAWN System*	3,360	3,317	3,710	4,201

* Data represent the DAWN Consistent Panel which includes only those data reported by facilities on a consistent basis, i.e., at 90 percent or more during each year. Data representing the total DAWN system are no longer used because of reporting fluctuations. Although the Consistent Panel numbers are lower because fewer facilities report consistently, they are more accurate indicators of trends. Figure for 1986 is projected from six-month data.

Figure 4

Marijuana Trafficking Indicators, 1983-1986

Marijuana Prices	1983	1984	1985	1986
Commercial Grade				
Wholesale (pound)	\$350-\$600	\$400-\$600	\$300-\$600	\$350-\$700
Retail (ounce)	\$40- \$65	\$45- \$75	\$50-\$100	\$45-\$120
Potency (THC*)	2.94%	3.49%	3.12%	3.67%
Sinsemilla				
Wholesale (pound)	\$1,000-\$2,000	\$1,200-\$2,500	\$1,200-\$2,000	\$ 800-\$2,000
Retail (ounce)	\$100-\$150	\$120-\$180	\$120-\$200	\$100-\$200
Potency (THC)	7.47%	6.73%	7.28%	7.94%

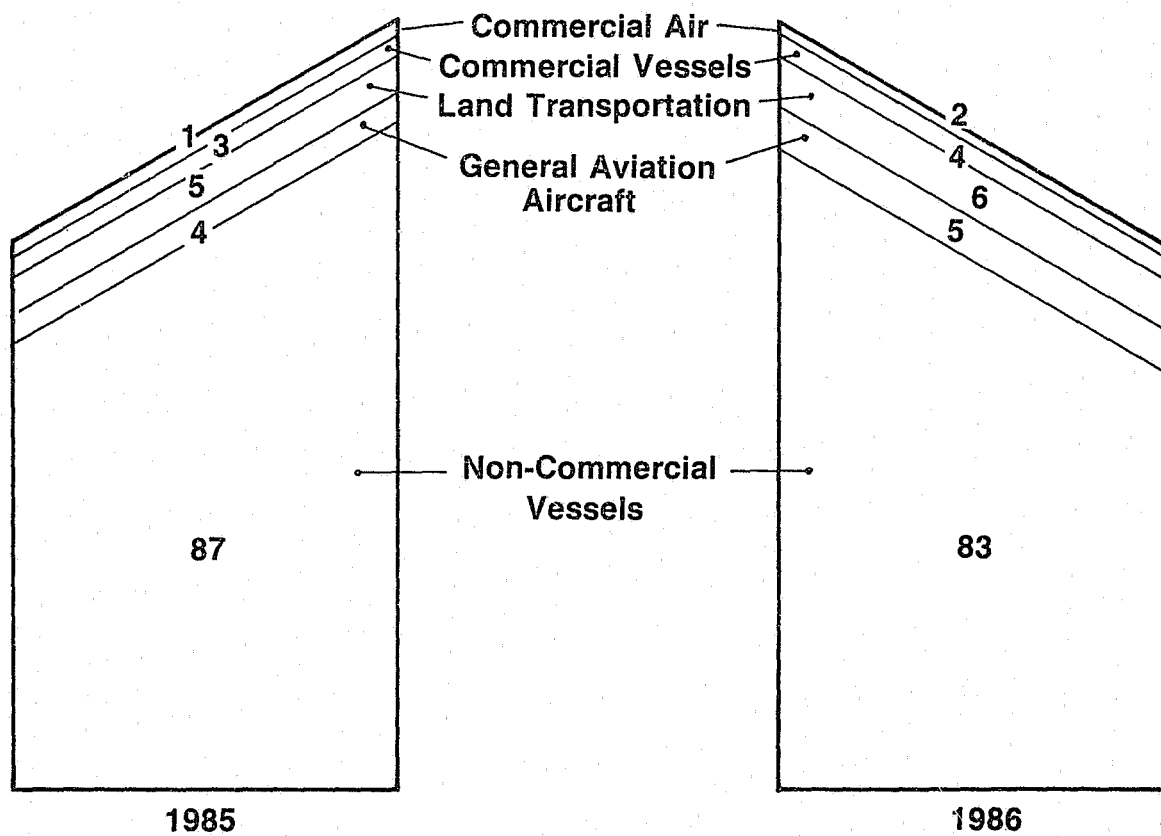
* THC (delta-9 tetrahydrocannabinol) is the principal psychoactive ingredient in cannabis.

The domestic marijuana situation continued to be characterized by the diversity of the supply. A decline in the availability of Colombian marijuana was partially offset by increasing availability of Mexican, Jamaican, and domestically grown supplies. During 1986, however, intensified eradication efforts in all 50 states coupled with lessened quantities of Colombian marijuana and seasonal fluctuations in supply effected an increase in prices at both the wholesale and retail levels for all types of cannabis.

In 1985, 1,455 metric tons of marijuana destined for the United States were seized from ships on the high seas and from all types of conveyances at U.S. ports of entry, compared to 1,760 metric tons in 1984. About 1,050 metric tons of marijuana were seized in 1986. Most seizures were from non-commercial vessels (see Figure 5). Colombia was believed to be the source country for most of the marijuana that was seized; most of it was seized in the area near Florida.

Figure 5
Marijuana Seizures from Various Smuggling Conveyances,
1985 and 1986

(percent of total volume)



Drug Control Efforts

United States: Domestically cultivated marijuana constituted approximately 19 percent of the total U.S. supply in 1985 and 18 percent in 1986. The percentage increase of domestically cultivated marijuana compared to 1984 (see Figure 6) is attributable primarily to the estimated decreases in marijuana production in other source countries, as well as interdiction efforts, rather than any significant increase in the domestic supply. Over one third of the cultivated cannabis eradicated in 1985 and 1986 was sinsemilla marijuana, preferred for its high psychotomimetic properties. The trend toward the use of indoor growing facilities and smaller cultivated plots continued in 1985 and 1986. Local trafficking organizations usually controlled the intrastate and interstate distribution of their marijuana.

During 1985 and 1986, all 50 states actively participated in the Domestic Cannabis Eradication/Suppression Program. As a result, some 3.9 million cultivated cannabis plants and an additional 35 million low potency, fiber-type cannabis plants (ditchweed) were eradicated in 1985. In 1986, 4.7 million cultivated cannabis plants and over 125 million ditchweed plants were eradicated. In both 1985 and 1986, Indiana and Oklahoma led in the destruction

of ditchweed plants, while Hawaii, California, Kentucky, Tennessee, and Missouri accounted for the greatest number of cultivated plants eradicated. Arrests over the years have increased from 4,941 in 1984, to 5,151 in 1985, to 5,537 in 1986. Armed confrontations with growers and their employment of guard dogs and the use of booby trap devices continued to plague domestic eradication efforts.

Mexico: Mexico once again was one of the leading suppliers of marijuana to the United States. Total marijuana available for export increased from 2,500 to 3,000 metric tons in 1984 to 3,000 to 4,000 metric tons in 1985 and 1986*. Mexican cultivators ranged from poor campesinos working on small plots of land to well-organized groups operating on large tracts. Better organized Mexican traffickers utilized highly sophisticated agricultural techniques that included mechanized farming and the use of commercial fertilizer and irrigation systems. They also combined their resources to ensure increased productivity and minimize operational costs. The Government of Mexico (GOM) eradicated 1,738 hectares of cannabis in 1985, a reduction from 3,639 hectares in 1984; the 1986 total increased to 2,970

* Department of State estimate for 1986 is 4,000-6,000 metric tons.

hectares. About 2,400 metric tons of marijuana were seized and destroyed by the GOM in 1984. Almost all of it was seized in November in what has been the largest seizure of marijuana recorded worldwide. The marijuana, in various stages of cultivation and processing, was found in several locations in the State of Chihuahua. In comparison, only 173 metric tons were seized in 1985 and approximately 190 metric tons in 1986.

Ground transportation and general aviation aircraft were the primary methods by which Mexican marijuana was conveyed to the United States. Land seizures along the U.S./Mexico border declined from 91 metric tons in 1984 to 78 metric tons in 1985 to 66 metric tons in 1986.

Colombia: Although the quantity of marijuana available from Colombia decreased in 1985 and 1986, that country remained a significant source of marijuana destined for the United States (see Figure 6). These decreases in the quantity available from Colombia were attributed to: 1) a highly successful Government of Colombia (GOC) initiative to reduce marijuana production and exports by concentrating resources on eradication and seizures and 2) a multi-national Caribbean interdiction effort which

resulted in the seizure of multi-ton marijuana shipments destined for the United States.

Total cannabis cultivation for 1986 was estimated at 13,000 to 15,000 hectares compared to 9,300 to 10,500 hectares in 1985*; approximately 10,000 to 13,000 hectares were cultivated in 1984. The northeastern region of Colombia remained the principal cultivation site for cannabis; however, there were reports of increased cultivation in the Antioquia, Choco and Bolivar Departments in the west and north-central regions of the country.

* Department of State estimated 12,000 to 13,000 hectares in 1986 and 8,000 hectares in 1985.

Figure 6

Estimated Sources and Quantities of Marijuana Available
for Use in the United States, 1984-1986

<u>Country</u>	<u>Quantity*</u> <u>(metric tons)</u>	<u>Percentage</u> <u>of Total</u> <u>Imports**</u>	<u>Percentage</u> <u>of Total</u> <u>Supply**</u>
<u>1984</u>			
Colombia	4,100- 7,500	48	42
Mexico	2,500- 3,000	24	20
Jamaica	1,500- 2,250	16	14
Belize	1,100	8	8
Domestic	1,700	0	12
Other	500	4	4
Gross Marijuana Available:	11,400-16,050	100	100
Less U.S. Seizures, Seizures in Transit, and Losses:***	4,120- 5,290		
Net Marijuana Available	7,280-10,760		
<u>1985</u>			
Mexico	3,000- 4,000	40	32
Colombia	2,600- 4,000	38	31
Jamaica	350- 850	7	6
Belize	550	6	5
Domestic	2,100	0	19
Other	800	9	7
Gross Marijuana Available:	9,400-12,300	100	100
Less U.S. Seizures, Seizures in Transit, and Losses:***	3,000- 4,000		
Net Marijuana Available	6,400- 8,300		

Figure 6 (continued)

1986

Country	Quantity* (metric tons)	Percentage of Total Imports**	Percentage of Total Supply**
Mexico****	3,000- 4,000	37	30
Colombia****	2,200- 3,900	32	27
Jamaica****	1,100- 1,700	15	12
Belize****	500	5	4
Domestic	2,100	0	18
Other	800-1,200	11	8
Gross Marijuana Available:	9,700-13,400	100	100
Less U.S. Seizures, Seizures in Transit, and Losses:***	3,000- 4,000		
Net Marijuana Available	6,700-9,400		

*Quantities indicated are following in-country eradication programs.

**The percentages reflect the midpoints of the quantity ranges.

***U.S. seizures include coastal, border, and internal (not domestic eradicated sites); seizures in transit include those on the high seas, in transit countries, from aircraft, etc. The loss factor includes marijuana lost because of abandoned shipments, undistributed stockpiles, and inefficient handling and transport, etc.

****Department of State estimates for Mexico, Colombia, Jamaica, and Belize are 4,000-6,000, 2,530-3,630, 1,485-2,025, and 550, respectively. The figures were published in the International Narcotics Control Strategy Report, March 1987.

A Government of Colombia aerial eradication campaign, using the herbicide glyphosate, resulted in the destruction of approximately 6,000 hectares of cannabis in 1985 and an estimated 9,700 hectares in 1986. These fields were primarily located in the Sierra Nevada de Santa Marta and Serrania de Perija Mountains in northeastern Colombia, but traffickers began cultivation in new areas where the government had not begun eradication operations. Many fields consisted of growth which had germinated from seed remnants in fields sprayed in 1984 and 1985. Bulk seizures of processed marijuana by Colombian authorities amounted to slightly over 1,000 metric tons in 1985 and over 1,300 metric tons in 1986.

Consumption of marijuana and bazuco* continued in Colombia, but had minimal effect on the amount available for export. Vessels remained the principal conveyances used in shipping Colombian marijuana. Some marijuana seized in 1985 appeared old and of marginal quality, which may have indicated that traffickers were shipping stockpiled marijuana.

* A substance that is smoked and consists of cocaine base or coca paste mixed with marijuana or tobacco.

Jamaica: In January 1985, the Seaga Government sharply increased pressure on the 'ganja' trade by starting an aggressive manual eradication campaign with commendable results. Late in 1986, however, the Government decided to step up the pace and expand the scope of the campaign by making preparations for an herbicidal eradication program to commence in 1987.

Cannabis is cultivated in all of Jamaica's parishes. An estimated 4,000 to 5,000 hectares of cannabis were cultivated in Jamaica in 1986 compared to 1,650 to 2,475 hectares in 1985*. Although there was an increase in the total amount cultivated in 1986, the Government of Jamaica eradicated in excess of 2,000 hectares in 1986 compared to 955 in 1985. In-country seizures of marijuana increased from 80 metric tons in 1985 to 196 metric tons in 1986. It was estimated that approximately 1,100 to 1,700 metric tons of marijuana were available for export from Jamaica in 1986.

Traffickers used vessels to transport multi-ton quantities of Jamaican marijuana to the United States. General aviation aircraft also were used to smuggle much of the marijuana.

* Department of State estimate is 4,400-5,200 hectares in 1986 and 1,880-2,850 in 1985.

Belize: Marijuana available for shipment to the United States declined from 1,100 metric tons in 1984 to 550 metric tons in 1985 to 500 metric tons in 1986. A Government of Belize aerial eradication effort, initiated in October 1985, resulted in the destruction of approximately 500 hectares of cannabis that year. A follow-up spraying in 1986 destroyed approximately 2,400 hectares of cannabis. Vessels were used to ship marijuana to the United States. Marijuana also was transported aboard general aviation aircraft from numerous clandestine airstrips. Favorable climatic conditions make year-round cannabis cultivation possible and underscore the potential for Belize to become a major marijuana producer.

Other Countries: Other countries supplied the remaining 7 to 8 percent of the total marijuana available for export to the United States in 1985 and 1986, respectively. Nigeria continued to export limited quantities of marijuana. While not yet considered major producers, Guatemala, Panama, and Costa Rica continued to make concerted efforts to eliminate marijuana production through eradication and increased law enforcement. Brazil produced

significant quantities of marijuana, primarily for domestic consumption. High wholesale prices, compared to those in Colombia, made Brazilian marijuana less attractive to U.S. buyers.

Thailand remained a significant producer and exporter of marijuana. While complete crop estimates are not available, the Royal Thai Government reports destruction of more than 1,600 metric tons of marijuana in 1986. The Royal Thai Government claims to have eradicated 2,400 hectares in 1985 and over 3,000 hectares in 1986. Seizures in Thailand increased from approximately 39 metric tons in 1984 to an estimated 63 metric tons in 1985, and 106 metric tons in 1986. Despite those increases, U.S. seizures of Thai marijuana were about 13 metric tons in 1984, 43 metric tons in 1985, and 30 metric tons in 1986. Nearly 80 percent of Thai marijuana is still cultivated in the provinces of the northeast, but due to the success of eradication operations there, cultivation has spread to other areas in Thailand and the adjoining provinces in Laos, Kampuchea, and Burma. Thai marijuana, destined for export to the United States, Canada, Europe, and Asia, is noted for its high THC content (averaging 9 percent) and high price.

Hashish Production and Trafficking

Lebanon, Pakistan, and Afghanistan remained the major world producers of hashish in 1985 and 1986 (see Figure 7). Hashish production in Lebanon was estimated at about 720 metric tons in 1985. In 1986, however, the area under cannabis cultivation was reduced by an estimated 4,000 hectares (to approximately 16,000 hectares), cutting 1986 hashish production significantly. Morocco, with an estimated output of between 30 and 60 metric tons in 1985 and 1986, remained a relatively minor producer. The extent of illicit production of hashish in India and Nepal is unknown; however, it is consumed locally as well as exported. Indian, Pakistani, and Afghan nationals are most frequently associated with hashish smuggling out of India. Additionally, large amounts of hashish produced in Afghanistan, Pakistan, and Nepal are smuggled into India for both internal consumption and transshipment to other countries. In 1986, almost 6.5 metric tons of hashish originating in India were seized in the United States and Canada. Hashish oil from Jamaica was smuggled into the United States in small volume via couriers on commercial airplanes; however, most hashish oil seized at U.S. airports was en route to Canada.

Figure 7

Hashish Production in Major Source Countries, 1984-1986
(metric tons)

	1984	1985	1986
Lebanon	350- 400	720	600
Afghanistan	200- 400	200- 400	200-400
Pakistan	200	200	200
Morocco	<u>60- 225</u>	<u>30-60</u>	<u>30-60</u>
Total	810-1225	1150-1380	1030-1260

Figure 8

Probable Sources of Hashish Available in the United States, 1985 and 1986

(percent of total)

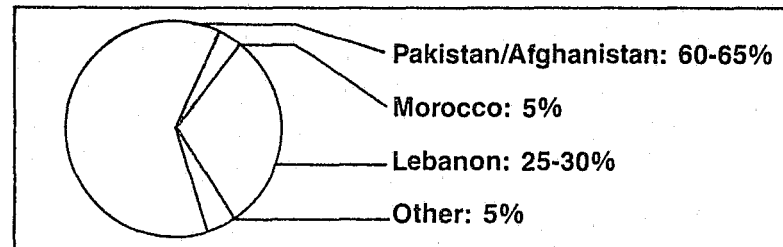
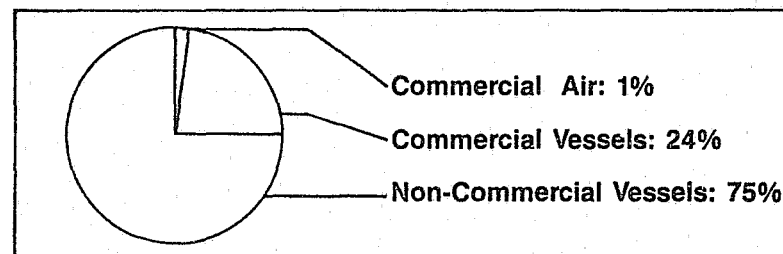


Figure 9

Hashish Seizures from Various Smuggling Conveyances, 1985

(percent of total volume)



Much of the world's hashish is consumed within source countries. As a region, Afghanistan, India, Nepal, and Pakistan used more than was exported to Europe and the Persian Gulf States. Lebanese hashish exports totalled approximately 350 to 400 metric tons per year, with a large share destined for Egypt and lesser quantities shipped to other Middle Eastern countries, Western Europe, and North America, primarily Canada. Morocco consumed some of its hashish locally; the majority of the surplus was smuggled to Europe.

South Asian source country smugglers utilized commercial vessels sailing from Karachi, Bombay, or other ports to ship large quantities of hashish to Europe and North America. Afghan and Pakistani hashish is smuggled overland to Iran and by sea from Pakistan's Makran coast in launches to various destinations in the Persian Gulf. Smaller amounts of South Asian hashish are secreted in commercial air freight shipments.

Lebanon and Morocco were major source countries for hashish. Large amounts of hashish were smuggled from Lebanon by vessel. Cyprus was used as a meeting place for the arrangement of international drug transactions. Cannabis products from Morocco were smuggled via all modes of transportation.

Jamaica remained the only known producer of hashish oil in the Western Hemisphere. Limited amounts were consumed locally; the rest was exported to the United States and Canada.

COCAINE

Domestic Availability and Use

Cocaine remained readily available in virtually all major metropolitan areas of the United States in 1985 and 1986. An estimated 72.3 metric tons of cocaine HCl were consumed in the United States in 1985 (see Figure 10). Past month cocaine use increased from 2 percent of the population surveyed in 1982 to 3 percent in 1985; this was an increase from 4.2 million to 5.8 million users, according to the NIDA Household Survey. The NIDA Survey of High School Seniors indicated that cocaine use among this group did not change much since 1979. The percentage of seniors who have tried cocaine at least once was 16.9 percent in 1986, compared to 15.4 percent in 1979.

Figure 10

Cocaine HCl Consumption in the United States, 1982 and 1985*
(metric tons)

1982

1985

31.0

72.3 (+ 133%)

* Estimates provided by the National Institute on Drug Abuse, U.S. Department of Health and Human Services. Data available only for years shown.

Figure 11

Cocaine Abuse Indicators, 1983-1986

	1983	1984	1985	1986
Hospital Emergencies Reported Through the DAWN System*	5,223	7,865	9,750	13,938
Cocaine-Related Deaths** (Less New York City)	328	628	691	734

* Data represent the DAWN Consistent Panel which includes only those data reported by facilities on a consistent basis, i.e., at 90 percent or more during each year. Data representing the total DAWN system are no longer used because of reporting fluctuations. Although the Consistent Panel numbers are lower because fewer facilities report consistently, they are more accurate indicators of trends. Figure for 1986 is projected based on six-month data.

** Data represent the total DAWN system. The DAWN Consistent Panel data base for medical examiner reports is so small compared to the total DAWN system that it is not a valid trend indicator. DAWN medical examiner data are not subject to the same reporting inconsistencies as DAWN emergency room data. Medical examiner data for New York City are incomplete and not included. Figure for 1986 is projected based on six-month data.

Figure 12

Cocaine Trafficking Indicators, 1983-1986

	1983	1984	1985	1986
Cocaine Retail Purity (%)	35	35	50-60	55-65
Cocaine Prices Wholesale (kg.) (thousands)	\$45- \$55	\$40- \$50	\$30-\$50	\$22-\$45
Retail (gm.)	\$100-\$125	\$100-\$120	\$100	\$80-\$120
Laboratories Seized (U.S.)	11	21	33	23

The number of DAWN cocaine-related hospital emergencies continued to increase nationwide during 1985 and 1986 (see Figure 11). From 1984 to 1985, the number of cocaine-related hospital emergencies rose from 7,865 to 9,750, an increase of 24 percent; from 1985 to 1986, the number rose from 9,750 to 13,938, an increase of 43 percent.

Hospital emergencies involving the use of cocaine in the more dangerous forms of smoking, injection, and combining cocaine with heroin in 'speedballs' continued the rise which had been noted during the last several years. The number of emergency room episodes involving injection rose from 3,973 in 1984 to 5,281 in 1985, an increase of 33 percent. From 1985 to 1986, the number rose from 5,281 to 6,880, an increase of 30 percent. Emergency room admissions involving the use of 'speedballs' rose from 2,653 in 1984 to 2,927 in 1985, an increase of 10 percent. From 1985 to 1986, the number rose from 2,927 to 3,588, an increase of 23 percent.

The upsurge in the smoking of cocaine was reflected in a substantial increase in DAWN emergency room admissions involving smoking from 1984 to 1986. This is evidence of the increasing availability and use of 'crack,' a form of cocaine processed for smoking prior to retail sale. First reported in Los Angeles, San

Diego, and Houston during 1981, 'crack' was available in Atlanta, Boston, Detroit, Kansas City, Miami, New York City, Newark, San Francisco, Seattle, St. Louis, Dallas, Denver, Minneapolis, Phoenix, Washington, D. C., and a number of other cities during 1986. The product, which has an off-white color resembling pieces of soap, is manufactured by converting cocaine HCl back to a base form through the use of water and baking soda or ammonia, which unlike the ether used in the freebase process, are not volatile. 'Crack' generally sells for \$10 to \$50 in quantities ranging from one-tenth to one-half of a gram. 'Crack' is available in small, clear plastic vials from street sales and 'crack' or 'base houses.'

Price/Purity Trends

Nationally, cocaine prices ranged from \$30,000 to \$50,000 per kilogram and \$1,600 to \$2,300 per ounce by end-of-year 1985 and from \$22,000 to \$45,000 per kilogram and \$1,300 to \$2,300 per ounce by end-of-year 1986. This represents a decrease from end-of-year 1984 when cocaine prices ranged from \$40,000 to \$50,000 per kilogram and \$1,800 to \$2,400 per ounce. The price of cocaine at the retail level was approximately \$100 per gram during 1985 and \$80 to \$120 per gram during 1986. Purities for kilogram quantities at the wholesale level continued to range

from 80 to 90 plus percent, while purities for gram quantities at the 'street' level generally ranged from 50 to 60 percent during 1985 and 55 to 65 percent during 1986 (see Figure 12).

Trafficking Trends

Colombian organizations remained in control of illicit cocaine traffic at the wholesale level from conversion and packaging, to transportation and at least through the first level of wholesale distribution in the United States.

Domestic conversion of cocaine base continued to increase for the fifth consecutive year in 1985 as evidenced by the seizure of 33 HCl conversion laboratories. South Florida continued to be the principal area in the United States for cocaine laboratory activity. During 1985, however, five conversion laboratories were seized in New York State, four in California, two in Virginia, and one each in North Carolina and Arizona. Twenty-three HCl conversion laboratories were seized in the United States during 1986. South Florida remained the principal area in the United States for cocaine laboratory activity with 12 seizures. During 1986, however, activity became even more

dispersed with five conversion laboratories seized in New York State, and one each seized in Vermont, Michigan, Texas, California, New Jersey, and Alabama.

Developments in Foreign Countries

Perhaps the most significant activity to occur during 1986 was Operation Stop Prop/Blast Furnace, a major offensive against clandestine coca paste, cocaine base, and HCl laboratories in Bolivia. Peru and Bolivia continued to be the major cultivators of coca, while Colombia, also a significant coca cultivator, still dominated final stage processing and distribution to the United States. The roles of Brazil and Ecuador are minor in comparison to their neighbors. The remote jungles of southern Colombia and northeastern Peru remained the primary regions for cocaine HCl conversion laboratories. Large cocaine seizures in The Bahamas continued to underscore the importance of these islands as major transshipment areas. The use of Mexico, Central America, and the eastern Caribbean islands as transit areas also increased during 1985 and 1986.

Coca Cultivation

Colombian coca cultivation (see Figure 13), primarily found in the southern and eastern departments, has remained static for the past few years. Some small scale cultivation has been detected on Colombia's north coast in the Sierra Nevada de Santa Marta Mountains.

Coca cultivation in Peru continued to be significantly more extensive than elsewhere in South America. Although large amounts are legally farmed, much of the total crop is diverted to the illegal traffic. A comprehensive survey was completed in 1986 and revealed that approximately 95,000 to 120,000 hectares of coca were under cultivation.

A comprehensive survey estimated coca cultivation in Bolivia at 30,000 to 38,000 hectares in 1985 and 32,000 to 38,000 in 1986; an estimated 75 percent of this was found in the Chapare. Other prominent cultivation zones were the Yungas, where approximately 19 percent of the country's cultivation was found, and the Apolo, with approximately 2 percent. In contrast to Peru, all coca cultivation is legal in Bolivia and supplies are diverted from licit production into illicit channels.

Coca cultivation in Ecuador, which is somewhat limited in scale, appears concentrated along portions of the contiguous border with Colombia. Ecuador's estimated coca cultivation was approximately 1,000 to 2,000 hectares in 1986.

Brazilian coca cultivation, which is believed to be concentrated in the northwestern part of the Amazon, remains limited. No major coca concentrations have been located.

Figure 13

Estimated Cocaine HCl Production by Country, 1985 and 1986
(based on coca leaf origin)

	Gross Coca Cultivation (hectares)	Estimated* Coca Leaf Yield (metric tons)	Maximum** Cocaine HCl Capacity (metric tons)
Peru 1985	70,000	70,000	140
1986	95,000- 120,000	95,000- 120,000	190-240
Bolivia 1985	30,000- 38,000	42,000- 53,200	84-106
1986	32,000- 38,000	44,800 53,200	90-106
Colombia 1985	15,500	12,400	25
1986	15,000- 17,000	12,000- 13,600	24-27
Ecuador 1985	1,000	1,000	2
1986	1,000- 2,000	1,000- 2,000	2-4

Maximum Cocaine HCl Production: 1985 251 to 273 metric tons.
1986 306 to 377 metric tons.

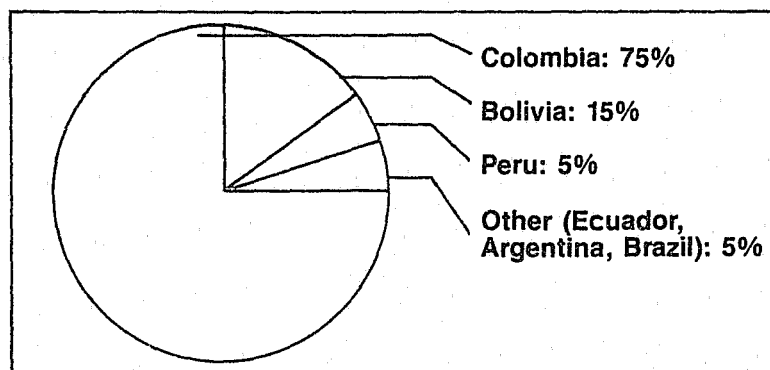
* Annual dry leaf yield per hectare of cultivation:
Peru/Ecuador 1 hectare = 1 metric ton
Colombia 1 hectare = .8 metric ton
Bolivia 1 hectare = 1.4 metric tons

** Based on an average conversion rate of 500 kilograms of dry
leaf = one kilogram of cocaine HCl.

Figure 14

**Probable Sources of Cocaine Available in the
United States, 1985 and 1986**

(percent of total)



Some minor coca cultivation has been found in the Perija Mountains near Venezuela's northwestern border with Colombia. In addition, Panama reportedly has some isolated coca fields along the Panama/Colombia border.

Consumption

Latin America: Domestic use of coca by-products, primarily in the form of bazuco, is a problem in Colombia, and probably accounts for consumption of approximately one-half of the coca leaf cultivated in that country. The use of coca leaves for chewing, tea, medicines, and associated products is both traditional and legal in Bolivia; however, some reports indicate that the abuse of coca paste and cocaine base is expanding rapidly.

The chewing of coca leaf in Peru is both legal and traditionally acceptable. As with other Latin American countries, Peru continues to report the prevalence of coca paste and cocaine base abuse in the form of smoking.

Western Europe: Cocaine availability and use continued to expand in Western Europe. Cocaine seizures in Europe totalled over 1,160 kilograms in 1985 compared to 988 kilograms in 1984.

The largest amounts confiscated in 1985 were in the Federal Republic of Germany (FRG) (165 kilograms), Spain (303 kilograms), and The Netherlands (124 kilograms). Available cocaine seizure statistics for 1986 include: Spain (610 kilograms), The Netherlands (201 kilograms), West Germany (180 kilograms), Italy (127 kilograms), and Belgium (116 kilograms). Cocaine appeared to be widely available in virtually all the major urban areas of the continent at prices higher than those in the United States. The most significant concentrations of users were found in The Netherlands, the FRG, Italy, France, the United Kingdom, and Spain.

Use of cocaine became increasingly evident in several non-traditional areas in 1985. The drug was reportedly available among the young, affluent class in South Africa and other sub-Saharan countries. There also were scattered reports of cocaine consumption in several Middle Eastern countries.

Southeast Asia: Cocaine, once rare in Southeast Asia, was more frequently encountered throughout the region. Bali, Indonesia, remained a haven for low and mid-level traffickers, primarily from Western Europe and Australia. Trafficking of cocaine on Bali has been restricted to the large community of Europeans and Australians. Metropolitan Manila in the Republic of the

Philippines reported an increased availability of cocaine. Use appeared to be confined to the wealthy segments of this city's population. Major Australian cities reported that cocaine from Southeast Asia was readily available. Hong Kong's local press claims that cocaine use in Hong Kong is increasing, particularly by wealthy Chinese, students attending U.S. universities, and expatriates. Police in Hong Kong made their first seizure of 'crack' in August 1986. The Singapore Government, concerned that their own country was becoming a recipient of cocaine, began a campaign to make narcotics enforcement personnel more aware of the threat should cocaine traffickers attempt to expand operations. Cocaine trafficking in Southeast Asia is limited in comparison to other regions; however, indications are that cocaine traffickers are looking to expand their distribution to encompass this part of the world.

Laboratories/Refineries

Colombia continued to dominate final stage processing of cocaine HCl from paste and base supplied primarily by Bolivia and Peru. While large HCl facilities still exist, especially in southeast Colombia, traffickers were apparently less willing to concentrate their resources in a few locations. Conversion laboratories of varying sizes were discovered throughout the country. The

Colombian National Police reported that 725 cocaine HCl and cocaine base laboratories were destroyed in 1985 and 540 in 1986; the number included laboratories capable of producing multi-hundred kilogram quantities as well as those producing one to two kilograms.

Traffickers in Bolivia have been developing a large-scale cocaine HCl conversion capability for at least three years. Laboratories producing 100-kilogram quantities were first noted in 1984 in Bolivia; during 1985, three such laboratories were dismantled plus several smaller facilities. In addition, there reportedly was some expansion of facilities for refining coca into paste and base. During late 1986, law enforcement efforts under Operation Stop Prop/Blast Furnace (see Drug Control Efforts) culminated in the destruction of 22 cocaine HCl laboratories, some of which had a maximum production capability of up to one metric ton of cocaine HCl per week. In addition, 400 cocaine paste laboratories were destroyed along with approximately 6.5 metric tons of coca paste.

A total of eight Brazilian conversion laboratories, six leaf-to-paste and two HCl, were destroyed in 1985. During 1986, six cocaine HCl laboratories and approximately 850 kilograms of cocaine were seized and destroyed. None of these laboratories

was considered a large-scale facility. Brazil's role as an illicit producer of coca by-products is minimal compared to its licit production of ethyl ether and acetone. Tight controls are imposed on ethyl ether and acetone manufacturers and distributors, who are required to advise the Brazilian Federal Police of sales in excess of 100 liters. Although these precursor chemicals are under tight control internally, Brazil exports these precursor chemicals to other South American countries. Ecuador is not yet considered a major processing country, although large quantities of essential chemicals have been traced and stored there.

Drug Smuggling/Trafficking Patterns

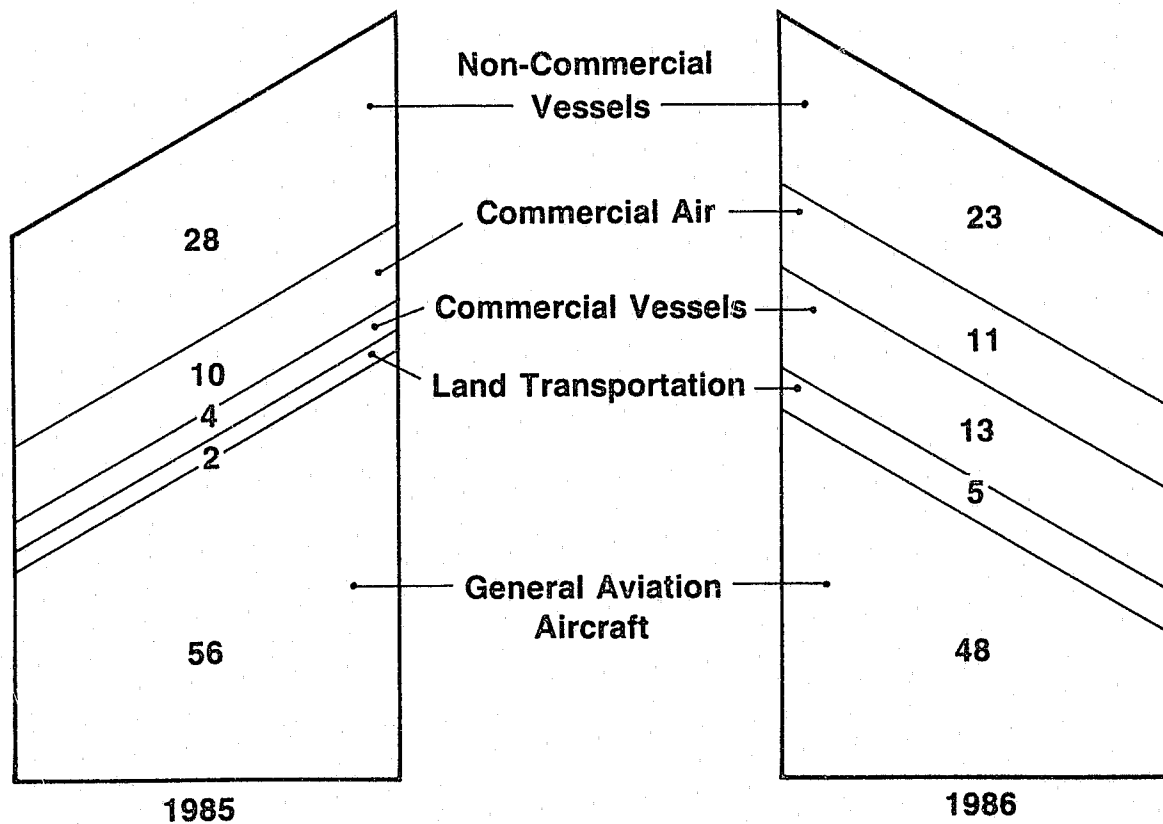
United States: The movement of cocaine from Colombia to Florida via various routes remains the primary smuggling pattern for cocaine entering the United States. Cocaine smuggling has, however, become relatively dispersed with increased activity in the Gulf Coast and southwestern states.

The use of general aviation aircraft was the primary mode of cocaine smuggling in 1985 and 1986. There was a slight decrease overall in the use of this type of transportation in 1985 and an overall 22 percent decrease in 1986. The average shipment of

cocaine seized from general aviation aircraft increased approximately 18 percent to 301 kilograms in 1985, but decreased approximately 17 percent to 250 kilograms in 1986. Cocaine seizures from commercial vessels increased significantly from 1,840 kilograms in 1985 to 5,696 kilograms in 1986, a 210 percent increase (see Figure 15).

Figure 15
Cocaine Seizures from Various Smuggling Conveyances,
1985 and 1986

(percent of total volume)



The transportation of cocaine to the United States from Colombia via Mexico is reportedly increasing. Seven seizures of 100 kilograms or more of cocaine HCl were recorded in Mexico in 1985, totalling more than 2 metric tons of cocaine. In 1984, there was only one seizure (about 320 kilograms) in excess of 100 kilograms. In 1986, the Mexican Government seized over 5 metric tons of cocaine. There were 11 seizures over 100 kilograms each, including one of about 700 kilograms. On the U.S. side of the border, seven seizures of more than 100 kilograms were made in 1985 in three of the four contiguous states forming the common border with Mexico. In 1986, U.S. law enforcement authorities also reported seizures totalling more than 5 metric tons; of this amount, 2.9 metric tons were seized from aircraft. General aviation aircraft were used as the primary mode of transportation for multi-hundred kilogram shipments of cocaine from Colombia to the United States via Mexico.

Cocaine seizures from non-commercial vessels rose from 11 percent of total seizures in 1984 to 28 percent in 1985 and 23 percent in 1986. Many of these seizures involved 'fast boats' that were interdicted while transiting the Straits of Florida from The Bahamas after an offload from aircraft or airdrop in open waters.

Western Europe: Spain was the focus of the initial forays of South American cocaine traffickers into Europe. Madrid's Barajas Airport was a major arrival and transit facility for cocaine traffickers, who then shipped some of the drugs onward by car or rail to other European countries. During 1985, two cocaine refineries were confiscated in Spain.

Latin American cocaine traffickers expanded their smuggling activities into other parts of Europe. Cocaine conversion activity also has been reported in The Netherlands. Couriers to the United Kingdom more commonly traveled on commercial flights directly from South American source countries, rather than via other European countries. In Italy, cocaine activity was centered in Milan, where expatriate South Americans were involved, and in Naples, where members of the Camorra* actively participated in the traffic. Most of the cocaine entering West Germany arrived via air, in particular at Frankfurt International Airport. Four of the seizures there in 1985, totalling approximately 68 kilograms of cocaine HCl and base, were en route to Damascus, Syria. In 1986, various indicators suggested continued cocaine trafficking through Europe to the Middle East.

* Italian organized crime element based in Naples.

Drug Control Efforts

New leaders in Bolivia and Peru began their administrations in 1985 by declaring their intentions to attack the drug production problem. Bolivia adopted a decree in May 1985 setting the legal basis for a coca control program, and at year's end conducted a demonstration eradication project. The new Government's program, however, had no measurable impact on the drug trade in Bolivia until July 1986, when the joint U.S.-Bolivia interdiction effort, Operation Stop Prop/Blast Furnace, was launched. The campaign, utilizing U.S. Army helicopters to transport Bolivian troops in the Beni and a Bolivian helicopter to transport Bolivian troops in the Chapare, had good success in closing cocaine laboratories. Although no major arrests were made and very little cocaine was seized, the campaign succeeded in forcing coca leaf prices well below production costs in the Chapare, one of the two major cultivation areas. During the operation, cocaine production and distribution were brought to a virtual standstill in Bolivia. After the withdrawal of the U.S. military, Bolivia, using loaned U.S. equipment, continued the interdiction campaign in the Beni and Chapare areas. Although the continued effort did not keep the price of coca leaf below the cost of production, the selling price in the Chapare remained below the market price prior to Operation Stop Prop/Blast Furnace, and narcotics seizures and

arrests rose as Bolivian forces gained experience. The joint U.S.-Bolivia operation suggested that farmers would move away from coca growing, if the price was suppressed by a sustained interdiction program. Peru destroyed nearly 5,000 hectares of coca in 1985, despite armed attacks on field workers involved in anti-drug programs and organized resistance by traffickers. Attainment of Peru's 1986 eradication goal proved to be more difficult, as traffickers not only resorted to planting in much less accessible fields further from police staging areas, but also continued their murderous attacks on workers eradicating the coca. Leaders of both Bolivia and Peru appear determined to sustain anti-narcotics programs (see Figure 16), but they face the most formidable challenges in South America; traffickers in both countries wield considerable economic and political influence which could affect decisions made by government leaders.

Figure 16

Estimated Hectares of Coca Eradicated by Country, 1985 and 1986

	<u>1985</u>	<u>1986</u>
Bolivia	30	200
Brazil	490	100
Colombia	2,000	760
Ecuador	465	1,020
Peru	4,825	2,600

Ecuador collaborated with Colombia on a joint coca eradication effort along their common border in 1985 and 1986. Brazil initiated both operations to destroy coca cultivations and important seizure campaigns, while also expanding its efforts to interdict shipments of precursor chemicals used in cocaine refining.

Of considerable importance to the long-term prospects in Latin America is the willingness of governments to participate in regional activities. Colombia collaborated in 1985 with Ecuador on a first-time cross-border coca eradication project, and provided the tactical and logistical support for the first stage of a combined coca interdiction campaign with Peru. In 1986, Colombia aided Bolivia in developing an eradication strategy, while continuing occasional cross-border undertakings with other neighbors.

DANGEROUS DRUGS

The term 'dangerous drugs' refers to broad categories of abusable substances, both licit and illicit, which include the following: stimulants other than cocaine; narcotics/analgesics other than opiates; psychotomimetics/hallucinogens other than cannabis products; and all depressants and sedatives other than alcohol. Each class of substance is generally unlike other classes in its primary action and effect on the user.

In 1985 and 1986, trafficking and availability of stimulants continued at levels above those of previous years (see Figure 17 and 18). The use of depressant substances, including diazepam and methaqualone, appeared to have declined. Phencyclidine (PCP) use, which appeared to have declined in 1985, may have increased again in 1986; hospital emergencies and deaths involving PCP rose during that year. Indicators of the availability and use of narcotic/analgesic heroin substitutes and supplements were mixed in 1985 and 1986.

Figure 17

Selected Dangerous Drugs Trafficking Indicators, 1983-1986

	1983	1984	1985	1986
Prices				
Wholesale				
Amphetamine (d.u.*)	\$1.50	\$1.50	\$1.50	\$1.50
Methamphetamine (oz.)	\$1,000- \$2,000	\$1,100- \$2,000	\$800- \$2,000	\$1,000- \$1,800
Methaqualone (d.u.)	\$2.00- \$2.50	\$1.75- \$2.50	\$0.50- \$2.00	\$0.50 \$2.00
PCP (oz.)	\$900- \$1,200	\$1,200	\$1,200	\$1,000
LSD (d.u.)	\$1.50	\$1.50	\$1.50	\$1.00- \$2.30
Retail				
Amphetamine (d.u.)	\$3.00	\$3.00	\$3.00	\$3.00
Methamphetamine (gm.)	\$60- \$120	\$60- \$100	\$60- \$100	\$60- \$120
Methaqualone (d.u.)	\$5.00- \$8.00	\$4.00- \$15.00	\$3.00- \$10.00	\$3.00- \$10.00
Methaqualone (counterfeit)- (d.u.)	\$3.00- \$5.00	\$3.00- \$5.00	\$3.00- \$10.00	\$3.00- \$10.00
PCP (d.u.)-100 mg. (5% pure)	\$10.00- \$15.00	\$10.00- \$15.00	\$10.00- \$15.00	\$10.00- \$15.00
LSD (d.u.)	\$3.00- \$5.00	\$2.00- \$5.00	\$2.00- \$5.00	\$3.00- \$6.00

*dosage units

Figure 18 Selected Dangerous Drugs Use Indicators, 1983-1986

	1983	1984	1985	1986
Hospital Emergencies (DAWN*)				
Amphetamine	1,537	1,378	1,231	1,280
Methamphetamine	1,371	1,804	1,689	1,649
Methaqualone	1,544	848	384	241
PCP	5,067	4,820	4,259	4,695
LSD	715	666	805	691
Drug-Related Deaths**				
Amphetamine	47	60	79	48
Methamphetamine	65	79	66	98
Methaqualone	49	11	11	2
PCP	238	230	197	206
LSD	4	1	2	2

* Data represent the DAWN Consistent Panel which includes only those data reported by facilities on a consistent basis, i.e., at 90 percent or more during each year. Data representing the total DAWN system are no longer used because of reporting fluctuations. Although the Consistent Panel numbers are lower because fewer facilities report consistently, they are more accurate indicators of trends. Figures for 1986 are projected based on six-month data.

**Data represent the total DAWN system. The DAWN Consistent Panel data base for medical examiner reports is so small compared to the total DAWN system that it is not a valid trend indicator. DAWN medical examiner data are not subject to the same reporting inconsistencies as DAWN emergency room data. Medical examiner data for New York City are incomplete and not included. Figures for 1986 are projected based on six-month data.

Clandestine Laboratories

In 1985 and 1986, clandestine laboratories continued to produce much of the supply of illicit dangerous drugs in the United States. All of the PCP and the majority of the methamphetamine and amphetamine illicitly available in the United States during these years are believed to have been produced in clandestine laboratories. During 1985, a total of 425 clandestine laboratories were reported seized, a 36 percent increase over 1984 seizures. A total of 545 laboratory seizures were reported in 1986 (see Figure 19).

Figure 19

Clandestine Laboratory Seizures in the United States, 1983-1986

	1983	1984	1985	1986
PCP	39	30	20	8
Methamphetamine	119	185	266	412
Amphetamine	25	40	69	63
Methaqualone	10	4	4	4
Cocaine	11	21	33	23
Other Drugs	<u>22</u>	<u>32</u>	<u>33</u>	<u>35</u>
Total	226	312	425	545

Stimulants

Methamphetamine: The illicit manufacture and trafficking of methamphetamine continued to increase during 1985 and 1986. After remaining relatively unchanged during 1982 and 1983, the number of methamphetamine-related emergencies reported to DAWN increased by over 25 percent during 1984 (see Figure 18). Emergencies declined in 1985 and 1986, but remained above the 1983 figure. Domestic clandestine laboratories remained the principal source of methamphetamine in 1985 and 1986. South-eastern Texas, southern and northern California, and the North-western United States, primarily Oregon, constituted the principal areas of illicit methamphetamine production during 1985 and 1986. Increased production activity also was noted in Denver during 1985 and 1986. Outlaw motorcycle gangs were a factor in the manufacture and distribution of methamphetamine during these years.

Amphetamine: The downward trend in the number of amphetamine-related hospital emergencies, which began in 1981, continued through 1985. This decrease could have been due, in part, to lower manufacturing quotas established by the United States Government, which reduced the amount produced and consequently

made theft more difficult. It is expected that emergencies for 1986 will approximate the 1,231 reported in 1985 (see Figure 18).

'Look-alikes': The term 'look-alikes' refers to capsules or tablets containing non-controlled ingredients and manufactured to closely resemble controlled substances. 'Look-alikes' are now limited by Federal regulation to contain only one active ingredient, such as caffeine, rather than a potentially synergistic and dangerous combination of active ingredients.

Legislation enacted in 47 states further requires that 'look-alikes' can no longer physically resemble controlled substances. As a result, manufacturers produce tablets and capsules which often do not resemble controlled substances. These 'act-alikes' are advertised as stimulants, diet aids, sleep aids, and decongestants. They contain the same active ingredients as 'look-alikes.' These substances continue to be sold through the mail to individuals who desire the mild stimulant effect of these caffeine-, ephedrine-, or phenylpropanolamine-containing products. The excessive use of any of these substances, alone or in combination, however, poses the very real danger of severe health consequences to users.

Depressants

Methaqualone: The availability and use of methaqualone (Quaalude) has substantially decreased each year since 1981, and it is expected that this downward trend will continue because of domestic actions and significant international initiatives. The number of reported methaqualone-related emergencies decreased from 1,544 in 1984 (3,641 in 1981) to a projected 241 in 1986 (see Figure 18).

In 1984, the U.S. Government placed methaqualone in Schedule I of the Controlled Substances Act. This action prohibited the legal manufacture, distribution, or possession of methaqualone in the United States and its territories except for research purposes. In addition, the availability of methaqualone continued to decline due to worldwide shortages of bulk methaqualone powder in international commerce, a consequence of controls on its production and distribution which have been adopted by virtually all producing nations. However, some countries (including Austria, Hungary, West Germany, India, and Czechoslovakia) still maintain large inventories of methaqualone powder. In many countries, methaqualone has legitimate medical uses as an anti-anxiety, anti-convulsant, sedative, and hypnotic agent. Therefore, inventories may be used to satisfy medical requirements.

Unsuccessful attempts have been made by traffickers to purchase large quantities of the remaining stockpiles.

Faced with a shortage of bulk methaqualone powder, traffickers have manufactured counterfeit Quaalude and Mandrax using alternative depressant or sedative-hypnotic substances as the active ingredient. In 1985 and 1986, most of the purported Quaaludes available in the United States were counterfeit, and generally contained diazepam, phenobarbital, secobarbital, or diphenhydramine. Diazepam remained the primary active ingredient in counterfeit Quaaludes smuggled into the United States from Canada; Mandrax tablets smuggled from Mexico usually contained secobarbital or diazepam.

Hallucinogens

PCP: The illicit manufacture and distribution of PCP in 1985 and 1986 continued to be dominated by inner-city traffickers reflecting the demographic characteristics of the primary PCP using population. Sources of supply for much of the PCP available throughout the nation are believed to be located in the Los Angeles/southern California area. Clandestine PCP laboratories located in rural Virginia and Maryland also were significant sources of supply. The principal areas of PCP use in the United

States were Los Angeles, New York City, Washington, D.C., Chicago, New Orleans, and San Francisco.

The high level of PCP-related hospital emergencies is sometimes reflective of the methods of using PCP. For example, intravenous PCP use, often in combination with heroin or cocaine, continued. Liquid PCP, which has become the primary form of the drug used to treat marijuana and other vegetable matter for smoking, contains many more impurities (cyanide and piperidine) compared to the powdered or crystal form of PCP which was previously popular. PCP has been sold in powdered form as heroin in Connecticut and as a tablet in Rhode Island. PCP combined with the controlled substance analogue MPPP, which contains the Parkinson syndrome-producing MPTP, also has been encountered.

Drug-screening urinalysis conducted on all criminal defendants in the District of Columbia resulted in an indication of the prevalence of PCP use in that city. During the October 1986 testing period, 41 percent of defendants in the District of Columbia tested positive for PCP.

LSD: LSD-related emergencies have remained relatively stable during the last four years, with the exception of 1985 when emergencies increased slightly (see Figure 18). Prior to 1983,

emergencies were substantially higher. The principal cities in the United States that experienced serious LSD use problems were Los Angeles, San Francisco, Chicago, Philadelphia, and New York.

LSD potency in 1985 and 1986 generally ranged from 20 to 60 micrograms per dosage unit (d.u.) compared to a potency of 100 to 200 micrograms per d.u. available during the late 1960s. Sources of supply for the majority of the LSD available throughout the country are believed to be located in the San Francisco/northern California area.

The most prevalent forms of LSD available in 1985 and 1986 were the low potency 'microdots' and 'blotter paper' which were analyzed at 20 to 60 micrograms per d.u.

Narcotics/Analgesics and Heroin Substitutes/Supplements

Pharmaceutical products containing narcotics remained a significant part of the overall illicit drug trafficking and abuse situation in the United States during 1985 and 1986. These products were used alone or in combination, both as substitutes for and as supplements to heroin, and were primary drugs of choice for a substantial portion of the narcotics addict population of the United States (see Figures 20 and 21).

Figure 20

Narcotics/Analgesics and Heroin Substitutes/Supplements
Use Indicators, 1983-1986

	1983	1984	1985	1986
Drug-Related Deaths*				
Pentazocine	28	14	13	20
Hydromorphone	14	13	8	8
Oxycodone	11	14	21	24

Figure 21

Narcotics/Analgesics and Heroin Substitutes/Supplements
Trafficking Indicators, 1983-1986

	1983	1984	1985	1986
Prices				
Pentazocine/ Tripelethamine ('set')	\$10.00- \$12.00	\$15.00	\$10.00- \$20.00	\$10.00- \$20.00
Codeine/ Glutethimide ('set')	\$6.00- \$12.00	\$7.00- \$14.00	\$7.00- \$14.00	\$ 7.00- \$14.00
Hydromorphone (per 4 mg.) (Dilaudid)	\$40.00	\$40.00	\$50.00	\$30.00- \$65.00

*Data represent the total DAWN system. The DAWN Consistent Panel data base for medical examiner reports is so small compared to the total DAWN system that it is not a valid trend indicator. DAWN medical examiner data are not subject to the same reporting inconsistencies as DAWN emergency room data. Medical examiner data for New York City are incomplete and not included. Figures for 1986 are projected based on six-month data.

Codeine/glutethimide combinations ('Fours and Doors'), hydro-morphine (Dilaudid), and oxycodone (Percodan) continued to be abused in significant quantities. The trafficking and use of pentazocine (Talwin) in combination with the antihistamine tripeleminamine ('T's and Blues') continued to decline apparently as a consequence of the reformulation of Talwin with the narcotic antagonist, naloxone. Users and addicts are reportedly not using Talwin due to the adverse effects brought about by the antagonist. The most notable decreases in Talwin/antihistamine-related injuries occurred in Detroit, Chicago, Cleveland, and New Orleans. The increased demand for and decreased availability of Dilaudid during 1985 and 1986 as compared with 1984 combined to raise the 'street' price of this substance to as high as \$65 per dosage unit, up from \$40 in 1984.

Codeine combinations remained prevalent in northern New Jersey where distribution of these substances was controlled by young inner-city traffickers. Codeine combinations also continued to be popular among narcotic addicts and users in New York City, Philadelphia, and Los Angeles.

Controlled Substance Analogues

The term 'controlled substance analogues' refers to clandestinely produced substances which are chemically and pharmacologically similar to substances listed in the Controlled Substances Act (CSA) but which are not themselves controlled.

In terms of the number of users and extent of distribution, the problem of controlled substance analogues appeared relatively small when compared to that of other abused substances such as heroin, cocaine, and marijuana. Nevertheless, in those areas of the United States where controlled substance analogues were available, substantial numbers of people used them and many suffered severe adverse reactions, including death.

A serious aspect of the current wave of controlled substance analogues is the production of narcotic analogues. These substances consist of variations of the parent compounds fentanyl and meperidine (pethidine). Some of the clandestinely-produced analogues of fentanyl are as much as 1,000 times more potent than morphine; they have been associated with more than 100 overdose deaths.

Four of the most prevalent and dangerous of the controlled substance analogues were temporarily placed into Schedule I of the Controlled Substances Act during 1985, using the newly enacted emergency scheduling provision of the Comprehensive Crime Control Act of 1984. The substances were 3-methylfentanyl, a fentanyl analog associated with many overdose deaths; MDMA (street name - 'Ecstasy'), a neurotoxic analogue of MDA and methamphetamine; and MPPP and PEPAP, meperidine analogues associated with the development of a Parkinson-like syndrome among users. Eight additional analogues of fentanyl also were controlled on an emergency basis in October 1985. In October 1986, controlled substance analogues were brought under the control of the Controlled Substance Analogue Enforcement Act (Title I, Subtitle E of the Anti-Drug Abuse Act of 1986).

International Developments

The diversion of dangerous drugs from licit channels continued to be a major worldwide problem. International diversion of pharmaceutical products is accomplished primarily through the use of falsified importation documents. The United States Government has cooperated with various international organizations such as the United Nations in efforts to eliminate this type of diversion. Additionally, U.S. Government programs aimed at the interdiction of suspicious shipments at ports of entry continued during 1985 and 1986. The principal dangerous drug entering the United States from abroad was diazepam from Canada. This substance is used primarily in the illicit manufacture of counterfeit Quaaludes.

Despite discontinued licit methaqualone production in India, unauthorized production continued and availability and trafficking have not diminished. The majority of exported Indian-produced methaqualone was destined for distribution in southern Africa. The supply of diverted amphetamines and barbiturates in West Africa has remained relatively stable for several years.

Changes in distribution patterns have occurred within the region, however, with Benin and Togo sharing the role of primary distribution points.

The dangerous drugs trafficking and use situation in the Far East remained relatively constant in recent years. The nations most seriously affected were the Republic of Korea, Taiwan, Japan, and Hong Kong. Other nations with varying levels of dangerous drugs activity included Australia, Indonesia, and the Philippines.

During 1985 and 1986, there continued to be increased efforts toward international cooperation among many of the nations which manufactured controlled substances and precursors or served as transit countries for drugs being diverted to illicit channels. The countries involved included Austria, Canada, West Germany, Hungary, the United Kingdom, Spain, France, and Italy. This cooperation was evident in such activities as the exchange of timely intelligence, specialized law enforcement operations, and joint cooperative investigations.

OPIATES

Domestic Availability and Use

The most recent estimate, made in 1981, indicated that there were approximately 490,000 heroin addicts/users in the United States at that time.* Data from the Drug Abuse Warning Network (DAWN) and information from epidemiologists and treatment officials in the United States show that the average age of heroin users has continued to increase and that this population is highly recidivistic. In both 1985 and 1986, roughly 64 percent of those admitted to hospitals for heroin-related emergencies were 30 years of age or older, compared to 42 percent in 1980 and 34 percent in 1978.

Widespread use of heroin in combination with other drugs continued within the user population. From 1978 through 1984, according to DAWN data, the proportion of heroin combination emergency room mentions rose from 30 percent to 41 percent of the total heroin emergency room mentions. In 1985 and 1986, the percentage remained the

* Result of a study prepared under DEA contract using DEA price/potency reports and DAWN data on heroin-related deaths and emergency room episodes.

Figure 22

Heroin and Morphine Use Indicators, 1983-1986

	1983	1984	1985	1986
Hospital Emergencies Reported Through the DAWN System*	9,178	9,021	10,637	11,416
Heroin/Morphine- Related Deaths (less New York City)**	771	1,088	1,360	1,420

* Data represent the DAWN Consistent Panel which includes only those data reported by facilities on a consistent basis, i.e., at 90 percent or more during each year. Data representing the total DAWN system are no longer used because of reporting fluctuations. Although the Consistent Panel numbers are lower because fewer facilities report consistently, they are more accurate indicators of trends. Figure for 1986 is projected from six-month data.

** Data represent the total DAWN system. The DAWN Consistent Panel data base for medical examiner reports is so small compared to the total DAWN system that it is not a valid trend indicator. DAWN medical examiner data are not subject to the same reporting inconsistencies as DAWN emergency room data. Medical examiner data for New York City are incomplete and not included. Figure for 1986 is projected from six-month data.

same. The heroin/cocaine 'speedball' accounted for 49 percent of all heroin combination overdoses in 1985 and 58 percent in 1986.

The connection between Acquired Immune Deficiency Syndrome (AIDS) and intravenous heroin use remained a serious health issue. In late 1986, 25 percent of all AIDS cases in the United States involved intravenous drug users who transmit the disease through blood by the sharing of needles/syringes. In New York City and northern New Jersey, where the problem was most severe, the fear of contracting AIDS caused addicts to reduce needle sharing. Also, although injection was still the most common method of heroin administration, some episodic evidence indicated that it was slightly less prevalent than in previous years compared to other forms of administration.

Heroin used in the United States came from all three source areas: Southwest Asia (SWA), Mexico, and Southeast Asia (SEA). According to the Heroin Retail Price Index, national retail purity for 1985 averaged 5.3 percent, the highest since 1977, although the price remained relatively stable at \$2.30 per milligram pure. In 1986, retail purity was

reported at 6.1 percent and the price was \$2.12 per milligram pure (see Figure 23).

Heroin Signature* data revealed that SWA heroin accounted for 47 percent of the exhibits analyzed in 1985 compared with 51 percent in 1984 (see Figure 23). Proportionately, the percentage for SWA heroin in 1985 was the lowest since 1979.

SWA heroin was available in most areas of the country, but was predominate in the Northeast and Southeast. Eighty-one percent of all Heroin Signature exhibits analyzed from Northeast seizures in 1985 was SWA heroin, a drop from 83 percent in 1984.

Mexican heroin accounted for 39 percent of the Heroin Signature exhibits analyzed in 1985, an increase from 32 percent the previous year (see Figure 23). Although the

* Heroin Signature chemical analysis identifies and quantifies selected heroin characteristics and secondary constituents. From the resultant data, heroin exhibits are classified according to the process by which they were manufactured, which in turn enables the association of exhibits with geographic regions. These exhibits include random samples of purchases and seizures as well as seizures made at U.S. ports of entry. Based on the exhibits analyzed, percentages of the total U.S. supply are assigned to each source region.

Figure 23

Heroin and Morphine Trafficking Indicators, 1983-1986

	1983	1984	1985	1986
				(Jan. - June)
Origin (%)*				
Southwest Asia	48	51	47	40
Mexico	33	32	39	41
Southeast Asia	19	17	14	19
Retail Heroin Purity**	4.5	4.7	5.3	6.1
Heroin Prices** (per milligram pure)	\$2.15	\$2.37	\$2.30	\$2.12

* Percentage of random samples of exhibits analyzed from the DEA Heroin Signature Program.

** The heroin retail price/purity system is a statistical system in which DEA purchases and seizures meeting certain retail level criteria ranges are averaged each quarter to produce a national retail purity figure and a national retail price figure. The retail criteria are established for weight, purity, and price. All heroin purchased or seized which weighs 14 grams or less (weight of powder including diluents) and which has a purity of 14% or less will be included as part of the national purity average. Purchases meeting the above criteria in which the price is \$5.00 per milligram or less are used to calculate the average national price figure.

smuggling of the traditional brown powder variety continued, greater amounts of 'black tar' heroin entered the country. The use of 'black tar' heroin was believed to be the cause of a sharp rise in heroin-related emergency room mentions in almost all western and southwestern U.S. cities since 1983.

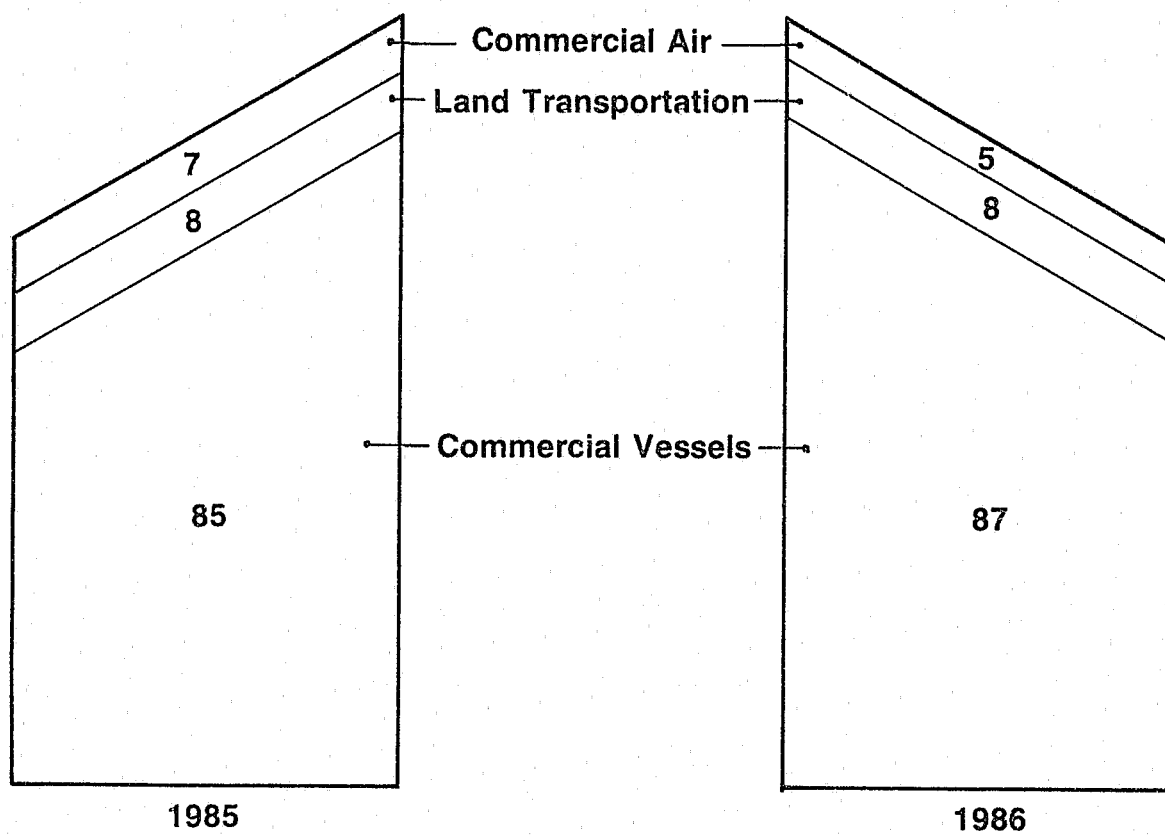
Heroin from Southeast Asia accounted for 14 percent of the Heroin Signature exhibits analyzed in 1985, a decline from the 17 percent in 1984 (see Figure 23). In the Northeast, however, availability rose from 16 percent to 19 percent. Much of this increase was seen in New York City where statistics showed a growing presence of high purity SEA heroin in several areas.

In 1985 and 1986, most of the heroin seized at U.S. ports of entry was from commercial air passengers (see Figure 24). New York City remained the center of heroin trafficking activity and the major importation point for SWA heroin. Nigerians, Lebanese, Indians, and Pakistanis, as well as members of organized crime families, dealt in wholesale quantities of heroin from Southwest Asia, while Thai and ethnic Chinese traffickers obtained their supplies from Southeast Asia. One of the most significant seizures in the

United States took place in 1985 at Seattle's international airport. Ninety-seven kilograms of SEA heroin, the largest single seizure of this type, were seized from two ethnic Chinese traffickers who intended to take the shipment to New York City. The Southwestern States were the primary entry points for the smuggling of 'black tar' and brown heroin from Mexico. The 'black tar' variety was commonly brought into the United States by illegal aliens and migrant workers who used a variety of smuggling methods, such as false-heeled shoes, body cavities, and automobiles.

Figure 24
Heroin Seizures from Various Smuggling Conveyances,
1985 and 1986

(percent of total volume)



Developments in Source Countries - Southwest Asia

Opium Production: In Afghanistan, the 1985 and 1986 opium poppy harvests yielded considerably more opium than the abnormally small 1984 crop which was reduced by unfavorable weather conditions and disruptions caused by the war. The increases were primarily attributable to improved weather conditions and higher prices (the result of the small 1984 crop). Another contributing factor was the absence of military activity in the major growing areas. Afghanistan has no narcotics control program.

Figure 25

Opium Production -- Southwest Asia, 1983-1986
(metric tons)

	1983	1984	1985	1986
Afghanistan	400-575	140-180	400-500	500-800*
Iran	400-600	400-600	200-400	200-400
Pakistan	<u>45-60</u>	<u>40-50</u>	<u>40-70</u>	<u>140-160</u>
Total	845-1235	580-830	640-970	840-1360

*Department of State estimate is 400-500, the figure published in the International Narcotics Control Strategy Report, March 1987.

There was no narcotics control program in Iran; despite Iranian Government statements to the contrary, U.S. officials believe that 200-400 metric tons of opium were produced annually in 1985 and 1986.

Positive measures taken in Pakistan to reduce the illicit opium harvest in 1985 became increasingly effective in areas under government control. Paradoxically, the concentration of law enforcement activities in those areas, in combination with elevated prices, beneficial weather, and trafficker resistance, caused an increase in opium production in the semi-autonomous tribal areas in 1986 (see Figure 25).

Despite continuing efforts by the government to control the legitimate opium industry in India, illicit opium production increased. In addition to leakage from licit production, reports indicated the demand for opium was met from poppy cultivation in non-traditional areas.

Poppy cultivation in Lebanon's Bekaa Valley reportedly increased in 1985 and again in 1986, to an estimated 4,000 hectares or more.

Consumption: The number of heroin addicts in Pakistan grew from virtually zero in 1980 to at least 300,000 in 1985, according to the Pakistan Narcotics Control Board. The heroin addict population continued to increase in 1986, reaching an estimated 400,000 to 500,000. Opium addicts also numbered in excess of 300,000 persons. Although awareness of and attention to the heroin problem by the public, the media, and the Government of Pakistan increased, treatment facilities continued to be inadequate and preventive education had not reached most of the schools. Some efforts, however, were made to train private physicians and social workers in drug abuse treatment.

Although India has a large opium-using population, heroin addiction, nearly unheard of only a few years ago, has increased. Authorities estimate a heroin addict population of approximately 500,000.

Drug use data for Iran and Afghanistan are difficult to obtain. Iran had an estimated 100,000 heroin addicts, and about 500,000 opium users. In Afghanistan, there were believed to be 100,000 to 125,000 chronic opium users, and a small but growing number of heroin smokers.

While opium use in Egypt was significant in 1985 and 1986, heroin use, considered insignificant before 1984, increased sharply in 1985 and remained at high levels in 1986.

Laboratories/Refineries: Heroin laboratories in Pakistan remained concentrated in the tribal areas of the North-West Frontier Province (NWFP), primarily the Khyber Agency. In 1985, six functioning refineries were seized by law enforcement officials; another 23 laboratories in the Khyber Agency, NWFP, were surrendered under governmental pressure. While the 1985 removals were significant, the number of laboratories probably increased in 1986 because the Governor of the NWFP and the Political Agent of the Khyber Agency were unwilling to use force against the laboratory operators.

Heroin laboratories also were located in Afghanistan and Iran. The principal area of laboratory activity in Afghanistan was located in Nangarhar Province, which adjoins Pakistan's NWFP. Lesser concentrations were found in Helmand Province in the south and near the Iranian border in the southwest. Heroin refined in these laboratories was usually exported. Iranian opiate refineries reportedly were

active in Kurdistan near the Turkish border, as well as in or around the cities of Tabriz and Zahedan.

During 1985 and 1986, clandestine heroin conversion continued on a moderate scale within India. Some of the refineries used raw opium gum or morphine base obtained in India for production into finished heroin. Heroin base for other Indian laboratories came from Pakistan and Afghanistan. Authorities seized two laboratories in 1985 and three in 1986.

It is likely that refineries in the Bekaa Valley and in the Beirut area of Lebanon processed locally produced opium as well as opiates from Southwest Asia. Reportedly, heroin refining declined in Turkey because of increased law enforcement and military activities in the southeastern part of the country, the traditional area of refining activity. Significant seizures of acetic anhydride in the area probably further decreased heroin production.

Trafficking Trends: Most of the opium and heroin produced in Afghanistan was exported to or through Pakistan, or to Iran, which continued to be a net importer of opiates. Heroin seizures in Pakistan decreased from approximately 5

metric tons in 1985 to an estimated 4 metric tons in 1986. Major Pakistani traffickers were active in Southwest Asia, the Persian Gulf, Europe, and North America.

Large amounts of heroin produced in Pakistan, Afghanistan, and, to a lesser extent, the Golden Triangle entered India. For example, 329 kilograms of heroin were seized in July 1985 which had entered India across the Rajasthan border from Sind, Pakistan on the backs of camels. This trend continued in 1986 during which there were six seizures of heroin between January and September totalling 2.1 metric tons which entered India across the border. One seizure, totalling 602 kilograms, is the largest heroin seizure ever recorded worldwide. The amount of heroin seized in the other five cases ranged from 100 kilograms to 472 kilograms. It is likely this heroin was destined for onward smuggling through India's airports and seaports to western markets, following a trend which developed rapidly over the last three years.

Turkey was used as a major transshipment center for opiates, primarily from Iran. These opiate products were then smuggled through Bulgaria and Yugoslavia to Western Europe and/or the United States. Some Turkish opiates transited

southern Turkish seaports or were smuggled along traditional land routes to Syria and Lebanon with, reportedly, the ultimate destination of the United States and Europe.

Opium continued to be shipped into Egypt in large quantities from the Middle East and South Asia. Heroin seizures in Egypt rose from one kilogram in 1982 to approximately 120 kilograms in 1985 and to 100 kilograms in 1986. This increase reflects Egypt's emerging role as a heroin consumer nation and a transshipment point for European and African countries. In response to the rapidly growing opiate addiction problem, the Government of Egypt initiated a major campaign against drug abuse. It also reinstated the death penalty for trafficking in narcotics.

Almost 2 metric tons of heroin were seized in Europe during 1985, approximately the same as 1984. An estimated 75 to 80 percent of the total was of Southwest Asian origin, and about one-third was produced or obtained in Turkey. Almost three-fourths of the seizures were effected in five countries: United Kingdom (367 kilograms), The Netherlands (353 kilograms), France (278 kilograms), Italy (276 kilograms), and West Germany (208 kilograms). Available heroin seizure statistics for 1986 include: The Netherlands

(566 kilograms), Spain (386 kilograms), Italy (333 kilograms), West Germany (155 kilograms), and Belgium (78 kilograms).

Drug Control Efforts: In Pakistan, opium poppies were almost totally eradicated in the Malakand Agency during the 1984-1985 growing season. Pakistan also signed an agreement with the United States for technical assistance in conducting an annual aerial survey of opium poppy cultivation. During 1985, Pakistani civilian and martial law tribunals generally imposed prison terms in excess of the minimum for narcotics offenses. In March 1986, however, opium poppy farmers in the Gadoon area resisted government eradication efforts; the ensuing clash left 13 people dead, and brought the anti-poppy program to a halt.

There are indications that Iran pursued an increasingly stringent drug control strategy. For example, traffickers were often executed, and long-term users were exiled indefinitely to an island in the Persian Gulf.

In September 1985, the Indian Government instituted several anti-narcotics initiatives. Parliament enacted legislation providing increased penalties, including prison terms of 10

to 20 years, for drug trafficking; the Central Economic Intelligence Bureau was created to combat all types of economic offenses, including drug trafficking; and multi-agency drug task forces were established in Bombay and New Delhi.

Turkish law enforcement efforts resulted in significant seizures of illicit opiates and acetic anhydride. The licit opium poppy cultivation in seven provinces and the concentrate of poppy straw production at the Bolvadin factory in Turkey remained under the control of the Turkish Government; no diversion was reported.

Developments in Source Countries - Mexico

Opium Production: Mexico continued to be the primary source of heroin for the United States. The area centering on the states of Sinaloa, Durango, and the southern part of Chihuahua remained the principal area for opium poppy cultivation, although it was grown in the other areas of the country. There were an estimated 4,600 to 7,450 hectares of opium poppies cultivated in Mexico in 1986. The Government

of Mexico eradication program destroyed approximately 2,380 hectares in 1986, leaving an estimated 2,200 to 5,070 hectares.

Figure 26

Opium Production -- Mexico, 1983-1986
(metric tons)

1983	1984	1985	1986
17	21	28.4	20-40

Nearly all of the opium produced in Mexico in 1985 and 1986 was believed to have been converted to heroin at a ratio of about 10 kilograms of gum yielding one kilogram of heroin. After deducting for opium lost in seizures, in transit, and in the conversion process, an estimated 2.8 metric tons of heroin was believed to have been available for export each year to the United States.

Consumption: Despite Mexico's role as a heroin source country, the government claims that there is no heroin use in the country. Most experts believe that Mexico is in the

early stages of a national drug abuse problem, with marijuana and glue (for sniffing) currently the commonly abused substances.

Laboratories/Refineries: Heroin laboratories are traditionally small, crude, and not confined to any specific geographic area. In 1985, two laboratories were reported destroyed: one in Chilpancingo and the other in Cuernavaca. Six laboratories were seized in 1986.

Trafficking Trends: Land vehicles and pedestrians, with small quantities, were used to transport most of the Mexican heroin into the United States. During 1985, 'black tar' was smuggled into the United States, primarily by migrant workers and illegal aliens. In 1986, 'black tar' also was smuggled by the traditional trafficking organizations. Approximately 30 kilograms of heroin were seized along the United States/Mexico border in 1985; 26 kilograms were seized in 1986.

The spread of 'black tar' heroin into many areas of the United States was the most significant aspect of Mexican heroin trafficking in 1985. The demand for 'black tar' stemmed from its high purity, low price, and widespread

availability. Purity levels have been recorded as high as 93 percent with 60 to 70 percent common. 'Black tar' was generally distributed 'uncut' in the Western states. It could be diluted, however, with substances having similar physical properties, or processed to resemble powdered heroin to accommodate user preference. 'Black tar' heroin remained readily available in the Western United States in 1986.

Drug Control Efforts: Opium poppy eradication programs became less effective during 1985, resulting in increased production and the re-emergence of Mexico as the largest single-country source of heroin. Widespread drug-related corruption continues to affect all drug law enforcement programs. In 1986, 46 kilograms of heroin were seized in Mexico compared to 9 in 1985; 24 kilograms were seized in 1984.

Developments in Source Countries - Southeast Asia

Opium Production: Adverse weather conditions and eradication efforts in Burma and Thailand reduced opium production to an estimated 625 metric tons during the 1984/1985 growing season. This situation was reversed during the 1985/1986

growing season where favorable weather conditions contributed to a bumper crop, with an estimated total of 800 to 1,400 metric tons of opium produced in Burma, Laos, and Thailand (see Figure 27). More growing areas were identified in Laos during 1985 and 1986. Much of the poppy cultivation in Burma is concentrated in insurgent-controlled areas of the eastern and northern Shan State.

Figure 27

Opium Production -- Golden Triangle, 1982-1986*
(metric tons)

	1982/83	1983/84	1984/85	1985/86
Burma	600	740	490	700-1100
Thailand	35	45	35	20-25
Laos	<u>35</u>	<u>30</u>	<u>100</u>	<u>100-290</u>
Total	670	815	625	820-1415

* The Thailand figures are based on annual Thai Government surveys. The Burma figures are based on ground surveys in government-controlled areas, and on estimates of hectares under cultivation in areas under the control of the Burmese Communist Party. The figures for Laos are based on assumed number of hectares under cultivation.

Consumption: Most of the Golden Triangle opiates were consumed within the source countries and other Southeast Asian nations. Thailand had an estimated addict population of 300,000 to 500,000. Heroin, the most widely used substance, was smoked and injected. Hill tribe opium users numbered about 35,000. Approximately 80 percent of Burma's 40,000 registered addicts were opium users. The number of heroin users in Malaysia ranged from 250,000 to 350,000, and Hong Kong had about 50,000 heroin addicts.

Laboratories/Refineries: Heroin refineries remained concentrated on both sides of the Thailand/Burma border. Refineries are also operated in Burmese Communist Party (BCP)-controlled territory in the northern Shan State. Government interruption efforts combined with continued struggles among major rival trafficking groups rendered the Thailand/Burma border area unstable and disrupted the movement of opiates from the Shan State to the border refineries. As a result, more heroin refineries were established by independent operators inside the northern Thailand border where Thai opium was more readily obtained.

Opium production and heroin refining in the Golden Triangle continued to be dominated by the BCP and its allies, as well as by the Shan United Army (SUA). Until the last several years, the BCP and the SUA usually divided the growing and refining functions, with the BCP as the principal opium supplier and the SUA as the major refiner. In recent years, as a result of conflict between the two groups, the BCP has significantly curtailed the supply of opiates to SUA refineries. The BCP also operated pitzu and some heroin refineries in areas under its control in the northern Shan State.

Golden Triangle opiates also were processed in other areas of the Far East. In Malaysia, much of the conversion to number 3 heroin* took place in Pinang. In Hong Kong, laboratories continued to convert heroin base into number 3

* Number 3 heroin, also known as smoking heroin, varies in color from tan to grey to red and is granular or lumpish in composition like fish tank gravel or pet litter. The heroin is not produced with a purity higher than 50 percent and it usually ranges between 20 and 40 percent pure. In the manufacturing process of number 3 heroin, large amounts of caffeine are added. Caffeine is the one common chemical characteristic in number 3 heroin, and is readily found in the chemical analysis despite any attempts to dilute the heroin. The normal usage for number 3 heroin is smoking, but it can also be dissolved in lemon and/or lime juice and be injected.

heroin for local consumption, but there were cases of Hong Kong laboratories converting number 4 heroin* to number 3 heroin.

Trafficking Trends: Although trafficking patterns remained much the same as in past years, some developments were noticeable in 1985 and 1986. The first half of 1985 was marked by shifting alliances and emerging allegiances among insurgent/trafficking groups to retain or achieve dominance in the drug trade along the Thailand/Burma border. The SUA maintained its hold on border trafficking despite attacks and assassinations of key SUA members by rival groups as well as suppression operations by the Thai and Burmese Governments which inflicted serious losses on its facilities and operations. During the latter part of 1986, SUA bases came under attack by a coalition of rival insurgent groups causing a disruption in some of their trafficking activities.

* Number 4 heroin is injectable, highly soluble in water, and normally marketed as a fluffy white powder which may vary in color to creamy yellow. The consistency has been likened to that of laundry detergent. The purity of number 4 ranges from 80 to 100 percent.

Trafficking increased in the insurgent-controlled areas of Burma's Shan and Kachin States. The Kachin Independence Army, in cooperation with the BCP, expanded its drug operations and, since its territory adjoins India, that border continued to grow in importance as a narcotic and chemical transit area. The BCP continued its attempt to secure a position at the Thailand/Burma border in an effort to gain an outlet for its opiate products, and in 1986 the BCP succeeded in establishing a heroin refinery in Thai territory.

While considerable quantities of Golden Triangle opiates were smuggled through Thailand for international sale, the sustained narcotics suppression operations again forced border trafficking groups to use other routes. Opiates were transported south to Burma's Tenasserim Coast for further shipment by land and sea routes to southern Thailand and Malaysia. Narcotics moved westward through Burma to the Indian border, and precursor chemicals were carried east over these same routes for BCP and border refineries. In another effort to evade interdiction forces at the Thailand/Burma border, trafficking groups reportedly shipped increasing amounts of Burmese and Lao opiates to Thailand across the Thailand/Laos border.

Malaysia continued to be an important conversion and transshipment area. Some Malaysian narcotic officials speculate that the conversion that takes place in Malaysia can produce enough number 3 heroin to satisfy the needs of most of Malaysia's large addict population, as well as additional amounts for export.

Approximately 400 kilograms of heroin base were seized in Hong Kong in 1985 and approximately 170 kilograms in 1986, compared to over 1,000 kilograms in 1984. Since record seizures were made during 1984, trafficking organizations may have used new methods and routes for smuggling heroin base into the Colony.

SEA heroin was smuggled to the United States, Canada, Europe, and Australia. In the United States, as in Western Europe, SEA heroin constituted less than 20 percent of the total supply. Canadian authorities estimated that about 65 percent of the heroin reaching their country originated in SEA.

Southeast Asia was also the primary source of opium entering the United States. In 1985 and 1986, a total of 431

kilograms of opium, contained in air mail parcels, were seized at U.S. postal facilities and 15 kilograms were confiscated from commercial air passengers. Hill tribesmen, living in refugee camps in Thailand, sent most of these parcels to family and friends who have been resettled in the United States.

Drug Control Efforts: Since most of the opium and heroin entering Thailand originated in Burma, Royal Thai Government (RTG) narcotic control efforts were focused on destroying heroin refineries along the Thailand/Burma border, disrupting trafficking routes from Burma, and preventing the smuggling of precursor chemicals into Burma. The RTG continued to promote development assistance programs in poppy growing areas, but, since 1985, the government has demonstrated greater determination to reduce opium production by initiating eradication programs conducted by the Royal Thai Army, beginning in areas which had received development assistance and where farmers have had alternative incomes.

The Burmese Government continued its manual eradication of opium poppy in 1985. In November 1985, the decision was made to supplement manual eradication with aerial herbicidal

spraying. Reportedly, 9,550 hectares of opium poppy were eradicated in 1985 and approximately 14,000 hectares in 1986. The rugged terrain and the lack of mobility and logistic support continued to plague the Burmese Army in moving against jungle laboratory sites.

DRUG MONEY

South Florida, specifically Miami, has for years been the U.S. focal point for the importation and distribution of cocaine and marijuana. This area also was the center for the collection and laundering of monies associated with these activities. Successful law enforcement pressures in recent years have caused several drug trafficking organizations to shift their operations away from south Florida. As drug operations were diverted from Miami, so were some of the illegal cash flow activities.

In 1985 and 1986, south Florida, Miami in particular, continued to be the center of money laundering activities in the United States. Major metropolitan cities such as New York, Houston, and Los Angeles surfaced as havens for sophisticated money laundering operations, some of which were disrupted. These cities and other drug distribution centers also played a role as the first-level collection points in the flow of drug money.

Millions of dollars acquired from illegal drug transactions were stashed in Los Angeles for transportation to Miami. The currency was physically driven across the United States and often transported aboard commercial or general aviation aircraft. Millions of dollars are seized annually at domestic airports from

persons either en route to purchase drugs or transporting the profits from drug sales. Drug monies have been moved through legitimate financial institutions in the form of cashiers checks, wire transfers, and checks drawn on corporate or personal accounts. These transactions were often concealed to resemble legitimate business transactions or were carried out by the use of fictitious names. Through an activity referred to as 'smurfing,' money couriers travelled to specific areas to pick up drug proceeds and then purchased cashiers checks in denominations of less than \$10,000, frequently in nominee names, from several different banks. In this way, traffickers avoided the U.S. Treasury Department reporting requirements.* These checks were then physically conveyed or mailed to an individual who deposited them into a bank account. Once deposited, the money was easily transferred to another domestic or foreign financial institution. 'Smurfing' not only involves cashiers checks, but money orders as well. However, because of the relatively low maximum denomination limits on the money orders, large numbers must be purchased.

* Provisions of the U.S. Bank Secrecy Act require that financial institutions report currency transactions in excess of \$10,000. This act also requires the reporting of the movement of over \$10,000 in currency or negotiable instruments by individuals into or out of the United States.

Not all profits generated are transferred out of the United States. To support the expensive lifestyles of many drug traffickers, some of their earnings remained in this country. Race horses, cars, jewelry, real estate, and even legitimate business ventures are only some of the assets purchased by these traffickers.

Although some of the capital generated by drug trafficking remained in the United States, the majority of profits were laundered and transmitted to countries with strict bank secrecy laws. Wire transfer was just one of the methods used to move these profits to a safe haven. Drug proceeds in the form of currency or negotiable instruments were sent through the international mail or transported unwittingly by professional courier services. Private aircraft and couriers utilizing commercial airlines physically transported the money from one location to another. In past years, the smuggling of large quantities of U.S. currency out of the United States aboard private aircraft to Panama was commonplace; however, the number of recent reported instances was less than that reported in previous years. It is believed that smugglers have, in part, shifted to alternative methods. This was underscored by the seizure of large quantities of U.S. currency from outbound commercial air cargo.

During the fall of 1985, U.S. Customs, the Internal Revenue Service, the Drug Enforcement Administration, the U.S. Attorneys Office, and the American Banking Association conducted money laundering teleconferences in 61 cities nationwide. The objective of the teleconferences was to provide bankers and local law enforcement personnel with information to assist them in detecting money launderers and their schemes. The conferences prompted several states to establish liaison between financial institutions and law enforcement agencies regarding suspected illegal activities.

Several changes to the U.S. Bank Secrecy Act became law in 1985. Effective May 7, 1985, U.S. casinos with gross annual gaming revenues in excess of \$1 million were required to report currency transactions in excess of \$10,000 to the U.S. Treasury Department. Effective August 7, 1985, upon request of the Secretary of the Treasury, U.S. financial institutions can be required to file reports of specific transactions with foreign financial institutions. In October 1986, Congress enacted the Money Laundering Control Act which made money laundering a felony under Title 18 of the U.S. Code (Title I, Subtitle H of the Anti-Drug Abuse Act of 1986).

The banking systems in the Caribbean and Central America continued to be primary recipients of proceeds associated with Latin American cocaine and marijuana trafficking and to some extent with Mexican heroin trafficking. The Republic of Panama is the financial center most frequently used by Latin American drug traffickers. Panama's appeal is attributed to its ideal location, banking and commercial secrecy laws, relative political and economic stability, use of the U.S. dollar as paper currency, and cultural ties with the Latin community. The banking industries in The Bahamas and the Netherlands Antilles continued to be patronized to some extent by Colombian drug traffickers.

The Turks and Caicos Islands, Antigua, Montserrat, and other Caribbean territories also surfaced as prime locales for drug money activity. The Cayman Islands continued to play a major role in the laundering of drug profits despite the 1984 U.S.-U.K. Agreement for Cayman Islands Narcotics Assistance. According to the terms of the agreement, U.S. prosecutors can obtain documentary information, including bank and business records, relating to U.S. drug and organized crime investigations. Due in part to this agreement, members of several Latin American trafficking organizations reportedly were reluctant to deposit currency in Cayman banks. In spite of this, large amounts of drug profits continued to pour into Cayman banks. In general,

capital from drug transactions may remain in these Caribbean safe havens; however, some of the funds are transferred to secondary holding sites, such as Switzerland.

Australia opened its borders to foreign commercial banks, a significant step toward becoming a major international banking center. Australia has recently made attempts to pass legislation which would empower officials to seize and forfeit proceeds from drug offenses. Currently, the Australian Customs Act allows the attachment of profits derived from drug trafficking.

Financial centers in Europe and the Middle East were the primary recipients of drug proceeds associated with Southwest Asian heroin and hashish trafficking. In Europe, Switzerland and Luxembourg were probably the most significant recipients of drug monies; Liechtenstein and the Channel Islands also were important depositories. In the Middle East, banks in Dubai, United Arab Emirates, have become the financial institutions of choice for Pakistani and Indian heroin and hashish traffickers.

The Far Eastern and Middle Eastern underground money transfer system, which relies on a chit* or some variation thereof for

* A voucher or promissory note given by a money changer to the customer for receipt of payment.

payment, remained a popular vehicle for the international movement of money. This ancient banking system pre-dates modern financial institutions and is an integral part of most well-established Far Eastern and Middle Eastern smuggling organizations. A network is often made up of members of a single family, and the trust inherent in the system precludes the necessity of keeping records. In this way proceeds are concealed until the money finally reaches legitimate financial institutions where it is protected by bank secrecy laws.

Hong Kong has remained the preferred financial center in the Far East. When Hong Kong reverts to the control of the People's Republic of China in 1997, it is believed that billions of dollars, both legally and illegally obtained, will move from Hong Kong to Singapore banks. Singapore has strict bank secrecy laws and houses over 200 foreign banks. This, coupled with its geographic location and political stability, makes Singapore one of the major financial centers of the world.

Concern over the magnitude of the money generated by illicit drug trafficking has led to negotiation or signing of numerous treaties and informal agreements allowing for the exchange of financial records. This information is crucial for the successful prosecution of drug traffickers.

The United States has Mutual Legal Assistance Treaties on Criminal Matters with several countries, including Turkey, The Netherlands, and Switzerland. These treaties provide a vehicle for obtaining testimonial and documentary evidence concerning banking information in investigations of certain criminal offenses. The United States also has income tax treaties with 34 countries that allow an exchange of financial information.

The treaty between the United States and Switzerland has proven to be an effective tool for seizing and forfeiting drug proceeds. Treaties that will improve the level of international legal cooperation are being negotiated with other countries. The Republic of Panama enacted drug control legislation which authorizes the government to freeze and subsequently forfeit illicit profits from Panamanian bank accounts. Prior to any formal policy, the Panamanian Government ordered the closing of one of its banks in the spring of 1985. This unprecedented action was taken under a decree which states that banks, their directors, officers, and employees must maintain a good reputation for the integrity of their operation. The bank, owned by a major Colombian drug figure, was used to facilitate the flow of illicit drug proceeds; millions of dollars were frozen.

In addition to serving as a deterrent to drug traffickers, the seizure of drug proceeds is now recognized by many governments as a potential source of income. Several countries, in addition to the United States, including Finland, Ecuador, Egypt, Costa Rica, and Denmark, have laws which allow for such action. Venezuela, United Kingdom, Thailand, and Malaysia have modeled their asset forfeiture legislation on existing U.S. laws. The United Kingdom also implemented Section 27 of the Drug Trafficking Offense Act of 1986, which provides for the release of banking information under certain legal guidelines. Full utilization has not been made of drug asset removal laws in several nations, due in part to the great burden of proof required for prosecution. In these countries, legislators have recognized the need for new regulations. Some countries, including Jamaica, Argentina, Malaysia, and Hong Kong, are in the process of enacting drug asset removal legislation or are studying the matter. U.S. courts can request bank information from Hong Kong courts for ongoing investigations as well as adjudicated cases. The United States and Thailand are negotiating a mutual legal assistance treaty which contains a provision for asset forfeiture; it has not yet been ratified. Treaties with Canada and the Cayman Islands have been signed but not ratified.