

STATEMENT BY

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BEFORE THE
CONGRESSIONAL INQUIRY REGARDING
INTERNATIONAL NARCOTICS TRAFFIC

JUNE 9, 1972

NEW YORK CITY

I welcome the opportunity of appearing today and setting the record straight on the progress and the integrity of the United States Government's anti-narcotics program in Southeast Asia. I shall address my statement essentially to the recent allegations regarding that program made by Mr. Alfred W. McCoy, a student at Yale, and then answer your questions.

With all due respect to Mr. McCoy's obvious interest in seeing the scourge of drug abuse brought to an end, our official information reveals that much of what he has reported is out of date and thus must be labelled misleading and inaccurate. The problem of drug abuse is an emotionally-charged issue. While it may well make good copy in the eyes of a book publisher to charge -- as Mr. McCoy has done in sensational fashion -- that the Government of the United States "is aiding and abetting the

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influx of heroin into our nation," nothing could be further from the truth. Equally sensational and, as far as we can ascertain, unsubstantiated, is the charge by Mr. McCoy that high government officials in Thailand, Laos and South Vietnam "are actively engaged in the heroin traffic and are protecting the region's powerful narcotics syndicates."

Mr. McCoy somehow missed the name of the kingpin of the heroin traffic in Southeast Asia. The man is LO Hsing Han of Burma. His control of the area opium runs the gamut from opium poppy fields, along the smuggling routes, to his heroin refineries.

LO has a virtual monopoly on heroin refining in the section. Many of the refineries driven out of Laos and Thailand have come under LO's control in Burma.

We have discussed the urgent problem posed by LO's operation with the Burmese. But LO operates within insurgent-controlled territory and is beyond the control of the Burmese Government.

I now turn to the three major allegations made by Mr. McCoy in his June 2 statement before the Foreign Operations Subcommittee of the Appropriations Committee, U.S. Senate.

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1. "Much of the heroin entering the United States now originates in Southeast Asia."

Southeast Asia is not a major source of heroin on our market. While the "Golden Triangle" area of Burma, Laos, and Thailand yields an estimated two-thirds of the world's illicit opium supply, most of that output is consumed in traditional Asian markets. The overwhelming

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majority of the heroin coming to the United States originates in the Middle East and is processed in European labs before being smuggled into our country. We estimate that probably only five percent, certainly no more than ten percent, of the heroin presently flowing to the United States originates in Southeast Asia. Whatever the figure, we are obviously concerned. We are further concerned about the prospect of a swing in international traffickers' interest from the Middle East to Southeast Asia, particularly as the Turkish Government's ban on opium poppy cultivation results in diminished supplies.

2. "The governments of South Viet-Nam, Laos, and Thailand are actively engaged in the heroin traffic."

It so happens that Mr. McCoy selected three of the countries with which we are working very closely. Perhaps progress has not been as rapid as one would like, but drugs have been tolerated over many generations in these countries, and the solution is far from an overnight solution. Trafficking in drugs in Thailand was legal until 1958, and not until last November did the Lao Government move to prohibit drug trafficking. At the moment in Laos, we have two BNDD agents with an additional one expected

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to arrive, four permanent Customs agents and five additional ones on TDY, two Public Safety Officers with three more scheduled to arrive in the near future, and one AID official.

In Thailand, we have ten BNDD agents, two Customs agents, and one Foreign Service Officer.

And in Viet-Nam, there are ten Public Safety Officers, two Customs agents, and one BNDD agent.

I should like to provide additional comments on each of the three countries:

South Viet-Nam -- The U.S. troop withdrawal and suppression efforts have knocked the bottom out of the heroin market in Viet-Nam, causing prices to plummet from \$8,000 per kilo last year to \$3,000 or less at present. All indications are that heroin sellers have had little success in building an alternative market among the Vietnamese to replace their lost G.I. consumers. In such a situation, it is logical that suppliers will be tempted to seek channels to other markets, including the United States. For this reason, our authorities in Viet-Nam have been watching intently for signs of such a development. Our most recent intelligence indicates that there is no

organized apparatus smuggling heroin from Viet-Nam to the U.S. Without exception, those implicated in such activities have been low level, individual entrepreneurs who lack an organized distribution system. With the disappearance of the G.I. market, many traffickers in the region appear to be abandoning heroin to return to the traditional opium trade.

The Government of Viet-Nam with the cooperation of the U.S. Mission has made considerable progress in reducing narcotics traffic and drug abuse. The U.S. Mission has been intensely aware of the heroin traffic in Viet-Nam since the drug first appeared in late 1969 and first became available to U.S. servicemen during the first half of 1970. In March 1970 the Bureau of Narcotics and Dangerous Drugs (BNDD) initiated a survey to define the role of Asia in the world's narcotics traffic which laid the groundwork for addressing the basic problems in Southeast Asia of production, distribution, suppression, and rehabilitation. As evidence of the Mission's concern over increasing drug abuse, MACV carried out a nationwide drug survey in July 1970 which indicated that heroin was being introduced in Viet-Nam in considerable quantity. As a

result, a MACV drug abuse task force was formed in August 1970, and a comprehensive drug suppression program was developed and carried into effect. Under the program Combined Anti-narcotics Enforcement Committees were established in each military region. A joint American and Vietnamese Narcotics Investigation Detachment was to gather drug intelligence and provide a coordinated investigative capability to eradicate large supply sources of narcotics. Another important feature was the establishment of a joint U.S. Service Customs Group.

On the civil side, the Mission developed a narcotics control action plan which calls for the involvement of all elements concerned with the suppression of drug abuse and trafficking.

As soon as the narcotics problem began to assume serious proportions, high level coordination and planning efforts began between the Mission and the Government of Viet-Nam. Prime Minister Khiem initiated a program to reduce the use of and traffic in drugs throughout the country. Ambassador Bunker and General Abrams met with President Thieu to discuss specific measures, and as a result President Thieu designated a team of experienced intelligence and police officials to develop and carry

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out an effective action program. He also set up inter-ministerial drug suppression committees at the national and provincial levels, replaced key personnel in the police and other areas affecting narcotics activities, and dictated a nationwide customs crackdown to seal off all airports and harbors through South Viet-Nam. A tax-free reward system was established and a drug education campaign was begun. Prime Minister Khiem was given direct supervision of the national campaign and was instructed to use the coordinating machinery of the pacification program to carry it out.

As a result of these combined U.S. Mission/Vietnamese Government efforts, the number of arrests on narcotics charges went from 2,911 in 1969 to 6,464 in 1971. Heroin seizures throughout Viet-Nam rose from 12 pounds in 1969 to 271 pounds in 1971 and opium seizures increased from 11 pounds in 1969 to 1,071 pounds in 1971. Most important, the big time traffickers no longer find it profitable or safe to operate in the country. Even now, under existing conditions of martial law and the requirements of national defense against the North Vietnamese invasion, joint U.S./South Vietnamese narcotics operations continue.

The arrest last year of two pro-Thieu members of the

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Lower House is an indication the Vietnamese Government is actively engaged against the heroin traffic. One was dismissed and the other was sentenced to seven years.

Laos -- The Narcotics Control Law implemented last November makes any commercial transaction involving opium or its derivatives illegal and for the first time gives the Lao Government a legal basis for interdicting illicit traffic. Strict controls have also been placed on the importation and distribution of acetic anhydride, a chemical required in the heroin refining process. Last November 7, 730 gallons of acetic anhydride -- enough to make three tons of heroin -- were seized. Also several seizures of opium and heroin have been made. The most recent seizures were 28 kilos of opium on May 26 and 30 kilos of opium and 9 kilos of #4 heroin on June 7. Inspection procedures on domestic and international air routes have been tightened up.

In the absence of laws forbidding narcotics trafficking, Lao law enforcement agencies had not been staffed, trained or equipped to interdict the traffic. Therefore, since passage of the law, the Government has concentrated on establishing an equivalent of the BNDD to lead and coordinate narcotics control. It is headed by a military

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officer who reports directly to the Prime Minister and has jurisdiction over civilian and military enforcement efforts. The Lao national police and customs agency have also established special narcotics control units.

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The U.S. Mission was most effective in encouraging the passage of the Lao law. Our narcotics enforcement advisers from the BNDD, Customs, and USAID's Public Safety Division are hard at work advising and training their Lao counterparts in Vientiane and other key points, including Ban Houei Sai in the Golden Triangle. Specialized equipment will be provided to the new narcotics agencies as their personnel are trained to use it.

The production of opium in Laos, which may have been as high as 100 tons a year, has been sharply curtailed, and our intelligence indicates that the flow of opium and heroin through the country have also decreased considerably.

In Mr. McCoy's statement of June 2, he indicated that most of the opium traffic in northeast Laos is controlled by Vang Pao. This statement ignores the fact that most of northeast Laos is controlled by the North Vietnamese. Opium production in those areas of northeast Laos still under Lao Government control could not exceed more than a few tons a year, and these are consumed by the hill tribesmen. As for Vang Pao, he has taken a strong public position against opium cultivation and trafficking by the Meo. He considers opium addiction a serious problem among his people and wishes to

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prevent further addiction and to rehabilitate those already addicted.

As for Ouan Rathikoun, it may be that he was involved in the opium traffic before it was illegal, but we are not aware of anything more than unsubstantiated allegations concerning his past or present complicity. With regard to his "control" of the "largest heroin laboratory in Laos," once again, all we have is allegation. Mr. McCoy was apparently referring to a refinery at Ban Houie Tap which was abandoned last summer. Equipment and chemicals were discovered in the jungle and seized by a team of Lao narcotics agents. Mr. McCoy quoted a CIA source in stating that this refinery had a capacity of 3,000 kilos of heroin per year. Members of our Mission have examined the site and have estimated that it could have produced less than 1,000 kilos assuming a 24-hour-a-day operation.

With regard to Mr. McCoy's allegation concerning Air America, I should like to quote the following statement released in Washington on June 2 by the Managing Director of Air America:

"Mr. Alfred W. McCoy today told the Senate Foreign Operations Committee: 'In Northern Laos, Air America aircraft and helicopters chartered by the U.S. CIA and USAID have been transporting opium harvested by the agency's tribal mercenaries on a regular basis.'

"This statement is utterly and absolutely false. AA and USAID have cooperated in a security program which effectively prevents the carriage of drugs on any of the airline's equipment. This program is constantly being reviewed to make sure that drug smugglers cannot misuse the company's facilities. There is an intensive program of inspection of both passengers and cargo carried out in close collaboration with local and U.S. authorities. At up-country sites, inspectors inspect all baggage of passengers and crew members departing from their stations. All cargo placed aboard up-country sites is inspected by members of the inspection service. All baggage of persons departing Vientiane on AA, CASI and Lao air development are inspected. Where boarding passengers refuse to submit to inspection or are found to have contraband in their possession, they are denied the right to board the aircraft and their names are turned over to local Lao authorities. Through these and related measures, attempts by individuals to carry opium on company airplanes have been detected and prevented. These small time

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smugglers and users are the greatest threat and the security inspection service has constituted an effective deterrent.

"Through its many years in the Far East, AA and its employees have been well aware of the dangers of drug use and the drug traffic. It has been the policy of the company and its many loyal employees to do everything in their power to oppose any traffic in drugs. To this end there has been close cooperation between the company and U.S. and local authorities concerned with the drug problem.

"If Mr. McCoy or any other individual can bring any proof that any Air America employee has been connected in any manner with the drug traffic appropriate disciplinary action will be taken and the matter referred to the proper authorities."

Thailand -- For some years the Thai Government has been engaged in a major effort to settle the Meo hill peoples and to bring them under control. Unfortunately, these RTG efforts have been a major source of Meo resentment toward the Thai and have helped make the Meo receptive to Communist anti-government propaganda and insurgency. In addition to military efforts to put down the Communist rebellion, the Thai

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are trying to improve hill tribe welfare. Particularly noteworthy is the interest of the King of Thailand in the welfare of the hill peoples: he is assisting in the development of other cash crops as alternatives to the opium poppy.

Enforcement efforts by the Thai Government are hindered by the impossibility of controlling adequately a long and mountainous border and the complexities of controlling passenger and commercial traffic inside Thailand. In its efforts to control narcotics trafficking, the RTG has initiated a resettlement program for the Chinese Irregular Forces (CIF) under which the CIFs would turn over all their opium stocks to the RTG and cease their involvement with narcotics in return to land upon which to settle. Twenty-six tons of CIF opium were burned by the RTG in March 1972.

During the past year, the Thai have increased their efforts in the drug field with U.S. and UN assistance. A US/Thai Memorandum of Understanding was signed in September 1971 providing for increased Thai enforcement capability through U.S. assistance to Thai police and customs officials. The Thai also signed an agreement with the UN in December 1971 establishing a program to deal with the long-range aspects of the drug abuse problem through crop substitution

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and addict rehabilitation.

After the US/Thai Memorandum of Understanding was signed, a planning group was formed and has been negotiating specific programs for implementation of the agreement. BNDD has assigned agents in Bangkok and Chiang Mai while U.S. Customs Service personnel are serving in Bangkok. Thai police have recently moved to crack down on local traffickers and several major Thai and American traffickers have been arrested. A promising start has been made and programs begun which have the potential to bring the drug problem under increasing control.

Based on all intelligence information available, the leaders of the Thai Government are not engaged in the opium or heroin traffic, nor are they extending protection to traffickers. There have been reports of corruption among some working level narcotics officials. Police General Prasert, head of the Thai National Police and a member of the ruling National Executive Council, has stated publicly that he would punish any corrupt official.

3. "The U.S. Government is aware of this traffic, but has not moved to stop it and has consciously concealed

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evidence of the involvement of our Southeast Asian Allies." Clearly, the U. S. Government is aware of narcotics trafficking in Southeast Asia, but to say we have done nothing to counter it is patently inaccurate. Since the President's message to Congress on June 17, 1971, we have moved urgently to commit Customs, BNDD, CIA, AID, and State Department personnel and resources to the fight against international drug trafficking. Moreover, far from concealing involvement of persons involved in pushing drugs, our Government has been sharing intelligence with friendly governments in a concentrated effort to uncover the various persons and systems which are operating in the area.

We feel that the drug problem is a major facet in our bilateral relations with many countries throughout the world. We have made that point clear to those countries and we are asking them to join with us in the fight. The Governments of Thailand, Laos, and Vietnam have already joined us in the fight and, while we have a long way to go, we feel that during the past year some real progress has been achieved.