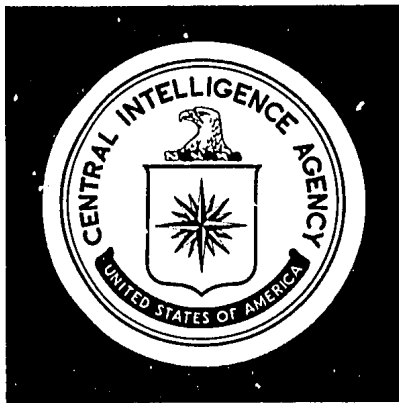


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CIA-RDP85T00875R00170003

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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

International Narcotics Series

*South Asia: A Potential Source
of Illicit Opium for the US Market*

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ER IM 72-105
28 June 1972

Copy NO 587

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CENTRAL INTELLIGENCE AGENCY Directorate of Intelligence

28 June 1972

INTELLIGENCE MEMORANDUM

SOUTH ASIA: A POTENTIAL SOURCE OF ILLICIT OPIUM FOR THE US MARKET

Summary and Conclusions

1. Turkey, now the most important source of opium to be processed into heroin for the US market, has prohibited all opium poppy cultivation following the 1972 harvest. This development comes at a time when Iran is increasing its domestic licit opium output to meet more fully the needs of its large and growing addict population. Iran now has about 100,000 addicts and users in its registered addict program, but an estimated additional 300,000 who remain outside the program must depend on illicit opium imports, which come mostly from South Asian poppy fields. As Iran becomes self-sufficient, substantial quantities of illicit South Asian opium could become available for distribution outside the region, and this at roughly the same time that Western traffickers are apt to be seeking, whether in South Asia or elsewhere, replacements for their Turkish supplies.

2. While tribal producers in Afghanistan and Pakistan undoubtedly would be willing to sell to Western traffickers, they probably would not actively seek a replacement market for opium by themselves. Nevertheless, the potential for substantial diversions of opium westward exists, and the estimated 100-300 tons currently being smuggled into Iran that could become available exceeds the total amount of opium equivalent needed to supply the US market. Laxities in law enforcement in South Asia would offer a distinct advantage to international traffickers if they should decide to tap the South Asian opium market.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence and with the Bureau of Narcotics and Dangerous Drugs.

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CONFIDENTIAL**Discussion**The Scenario

3. A minimum of 2,500 metric tons of licit and illicit opium was produced worldwide in 1971. Close to half was grown in India, Pakistan, and Afghanistan, making South Asia the world's leading opium producing region. About 25% of South Asia's total output is illicit – either diversions from licensed poppy fields in India and Pakistan or illegal cultivation in the remote tribal regions of Pakistan and Afghanistan. Illicit opium produced in South Asia has thus not particularly interested major international traffickers, because they have been able to obtain better-quality Turkish opium. Moreover, the demand for South Asian opium in Iran was sufficient to preclude South Asian producers from developing markets outside the region. Consequently, no significant amounts of South Asian illicit opium are known to have entered international trafficking channels westward, to Europe or the United States.

4. South Asia's relative isolation from international opium trafficking circles could change soon, however, because of recent developments in the Middle East. Ankara has announced that all licit production will cease following this year's poppy harvest. Turkey traditionally has been the most important source of the opium processed into heroin for the US and the smaller West European markets. Although estimates range considerably, there appears to have been a significant drop in Turkish opium production since 1967. The estimated 34-79 tons of illicit opium available for sale in 1971 was only about 25% of the tonnage available in 1967, as shown in the following tabulation.

<u>Year</u>	<u>Tons</u>	
	<u>Estimated Total Production</u>	<u>Available to the Illicit Market</u>
1967	240-350	150-260
1968	225-300	100-175
1969	135-250	8-123
1970	120-220	60-160
1971	180-225	34-79

The apparent squeeze on illicit production reflects the reduction in growing area and increased government opium collection efforts. In 1967, only 90

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tons of opium reportedly harvested from poppies planted on 20,600 hectares of land was sold to government collectives. By 1971, however, despite a drop to only 13,400 hectares, farmers turned over about 150 tons of opium to the government.

5. Other factors probably have also contributed to the drop in illicit output in Turkey. The government increased its efforts to monitor the poppy crop, and between 1967 and 1971 the number of provinces with legal opium production dropped from 21 to only seven. In addition, increased export prices allowed the government to pay the farmers more. Perhaps a more important factor has been an apparent decline in opium smuggled to Iran. In 1969, Turkey reportedly supplied about half of Iran's illicit opium imports. Intensified control and increased cooperation between Turkey and Iran since then, however, has led to a dramatic decline in this trade. The flow last year probably was no more than 30 tons, compared with perhaps 120 tons in 1969.

6. The apparent drop in illicit imports from Turkey occurred as Iran was instituting a registered addict program and resuming licit opium production. Iran, as is the United States, is a narcotics victim country with a large and growing addict and user population. In 1969, Tehran ended a 14-year hiatus of domestic opium production because of its inability to prevent illicit narcotics imports from neighboring countries and hence to identify and eventually eliminate its large addict population. Although precise figures on addiction are lacking, it is estimated that there were upwards of 350,000 narcotics addicts and users in Iran at the outset of 1969. Virtually all of these addicts relied on between 120 and 360 tons of illicit imports to meet their opium needs.

7. Since 1969, licit opium production in Iran has increased rapidly, from 8 tons initially to 156 tons in 1971. The Shah has increased addict registrations along with domestic production. At the outset of 1972 there were about 90,000 addicts and users registered in the government programs, triple the 1969 level. Even so, this represented less than 25% of the total suspected addict and user population. This year, Iran anticipates a 217-ton opium harvest and a 30,000 increase in the number of registrants. On the basis of these trends in output and registration, it appears likely that Iran will decide to continue expanding its present program to supply all or most of its narcotics using population. Indeed, with licit domestic output rising to more than 200 tons this year, Iran will have an opium surplus unless greater numbers are added to the addict program. At present the government's registration program essentially is restricted to those aged 60 years and older.

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Impact on South Asian Producers

8. Resumption of licit production in Iran and expansion of the registration program apparently has led to a drop in illicit imports. Estimated imports in 1971 likely ranged between 100 and 300 tons - a slight drop from 1969. While overall illicit demand for opium in Iran probably fell, declines in illicit opium production in Turkey, accompanied by increased security along its common border with Iran, probably has forced local narcotics addicts and users to rely on South Asia for most of their illicit needs. Statistics on opium seizures along Iran's borders suggests that a dramatic shift in trafficking has taken place. In 1969, Iranian opium seizures were divided about equally between its Afghan and Turkish borders. In 1970, however, only 5% of the total quantity seized was along the Turkish border, with most of the remainder occurring in provinces adjacent to Afghanistan. In Khorassan Province bordering on Afghanistan, for example, seizures nearly doubled in 1970 from the previous year. Partial data on seizures in 1971 and early 1972 suggest that most seizures continue to occur along the Afghan border.

9. If seizures are indicative of trafficking patterns and if Iranian consumption estimates are valid, then it appears that opium production in Afghanistan and Pakistan may have risen sharply since 1969. The lack of creditable information on land planted to poppy in illicit producing areas precludes quantification of this increase. Nevertheless, [redacted]

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[redacted] opium poppy cultivation indeed was on the rise in Afghanistan in 1971. In 1969, Turkey probably was supplying about half of the average of 240 tons of illicit opium imported into Iran, and Afghanistan plus Pakistan were supplying a roughly equal amount. By 1971, however, Iran's average illicit opium import requirement may have dropped to slightly less than 200 tons, with Turkey contributing about 30 tons or less, leaving the remainder to be supplied by Afghanistan and Pakistan. This implies an increase of as much as 40% in opium supplies from Afghanistan and Pakistan in the two-year period.

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10. An increase in bazaar prices for opium in Pakistan supports this implication. In late 1971 the bazaar price was about 420 rupees per kilogram, almost double the price quoted for illicit opium in Islamabad's 1969 report to the United Nations. There was a similar price behavior in the late 1950s after Tehran abolished domestic production. This was followed by a drop in price as local producers increased their opium output to meet the demand.

11. As much as 360 tons of illicit opium may be currently produced in South Asia's poppy fields, three-fourths of it in the tribal regions of Afghanistan and Pakistan. Most tribal opium is available for illicit export

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because domestic use is small – being confined largely to medical and quasi-medical use in rural areas and to addicts in the cities. Opium usage reportedly has increased somewhat in Afghanistan as rural peasants, lacking adequate food supplies because of recent droughts, have resorted to chewing opium gum to ease hunger pains. Almost all the illicit export traffic follows land routes through Afghanistan to Iran, but some opium also may be moved by sea from Pakistan or even India.

12. Indian opium traffickers, unlike their counterparts in Afghanistan and Pakistan, are not known to be involved in opium activities outside their borders in any significant degree. The 100 tons or so produced illicitly is aimed at domestic consumers. [redacted]

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[redacted] some opium, perhaps 5 tons or so, are smuggled to Ceylon from India annually, and additional small amounts probably are smuggled into Pakistan. Nevertheless, illicit consumption in India depends essentially on domestic illicit production in the form of diversions from licit production and some surreptitious cultivation in unauthorized areas. The withdrawal of Turkey from the illicit world market could precipitate a more active interest in Indian opium by international traffickers. The quality of Indian opium is better than that produced in Afghanistan and Pakistan, as well as in other illicit producing areas. The Indians, however, pride themselves on their extensive security and control system. The 100 tons of illicit opium that may be produced currently in India represents about 10% of licit output. It is unlikely that significantly larger amounts could be diverted without official collusion.

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Prospects for South Asian Opium Diversions Westward

13. Whether or not substantial quantities of South Asian opium are diverted to the United States and Western Europe will depend, in the final analysis, on the Western traffickers. The traffickers' decision to seek new sources outside Turkey hinges to some degree on the situation in Turkey. They will still be able to draw on illicit output from the 1972 harvest to meet their immediate needs. There is also the possibility that large illegal stocks of opium gum and morphine base are stored in Turkey. The large network of Turkish smugglers that collect, and in some cases, process and smuggle the opium out of the country undoubtedly will continue to operate until opium is no longer available. Beyond this, traffickers may also seek to exploit or develop opium sources in Eastern Europe, Southeast Asia, and Latin America.

14. There are some factors, however, that might lead the traffickers to seek illicit South Asian opium. Although South Asian opium is of lower quality than opium produced in Turkey and India, the morphine content of some illicit opium in Afghanistan and Pakistan is as high as 10% and

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certainly compares favorably with that produced in Southeast Asia's "Golden Triangle." In addition, substantially greater quantities of illicit South Asia opium, upwards of 270 tons, could become available if Iranian demand ends. In comparison, of the 700 tons or more of illicit opium produced in Southeast Asia in 1971, 600 tons or so was consumed by addicts and users in the region and only 100 tons probably was available for distribution outside the region. The trafficking in Southeast Asia is already well established, and Western traffickers, if they are not already active in the region, probably would have to cooperate in terms of sharing operations and profits with established interests. It is not certain that Chinese traffickers currently in the business in Southeast Asia are willing to share the trade. Laxities in law enforcement in Afghanistan and Pakistan appear to offer a trafficker easier access to tribal producers than in Southeast Asia, at least to the extent that penalties for narcotics violations are minimal. In Afghanistan, for example, not a single Afghan has been arrested for opium production or trafficking in the past year. The few foreigners who have been arrested for narcotics violations - use of narcotic drugs in the country or trafficking in hashish - have been given minimal fines and allowed to go on their way.

15. Finally, the existing hashish network in Afghanistan and Pakistan could be used to send substantial quantities of opium westward. Hashish trafficking in Afghanistan, for example, reportedly has become more professional and sophisticated in recent years, and these distribution channels could be used for illicit opium shipments fairly easily. Tourists and other travelers carry or send contraband hashish to Europe and North America when they leave the area, but most of the tonnage smuggled is sent concealed in commercial cargoes by professionals - Afghans and Pakistanis as well as Westerners.

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