



Director of
Central
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Prospects for Reducing Heroin Supplies to the United States

National Intelligence Estimate
Volume II—Annexes

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NIE 8-2-83
27 September 1983

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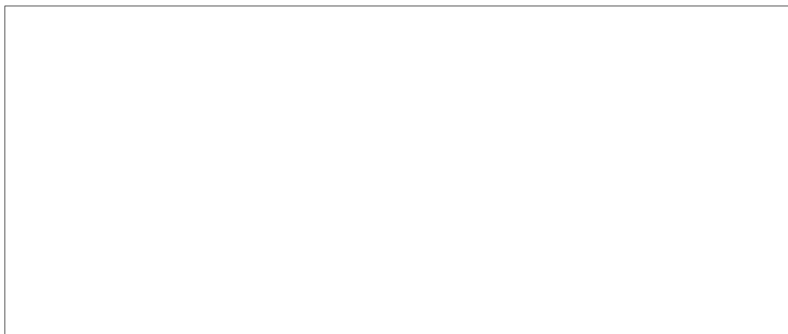
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NIE 8-2-83

**PROSPECTS FOR REDUCING
HEROIN SUPPLIES TO THE
UNITED STATES**

VOLUME II—ANNEXES

Information available as of 15 September 1983 was
used in the preparation of this Estimate.

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THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and the Treasury.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Director of Intelligence, Headquarters, Marine Corps

Intelligence units in the Drug Enforcement Administration, Department of Justice, and in the United States Customs Service, Department of the Treasury, also participated in the preparation of this Estimate.


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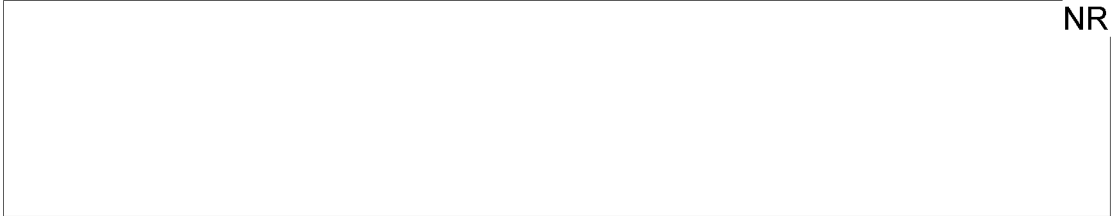
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SCOPE NOTE

Heroin consumption may be on the rise again in the United States after it had leveled off at about 4 tons or so a year in 1980 and 1981, with around 500,000 addicts. In other parts of the world, consumption and addiction have been steadily increasing. It is estimated, for example, that in 1982 there were some 250,000 heroin addicts in Western Europe, 50,000 in Pakistan, and 25,000 in Australia, all up considerably in the last few years. As their addict population rises, these and other countries are wrestling with the question of how to combat the heroin problem in both its foreign policy and domestic dimensions.

Since the problem came earlier to our country, US administrations for over a decade have been attempting to pursue an explicit foreign policy to cut heroin flows into the United States. In the main, that policy has focused on reducing supplies of heroin as close to the growing source as possible, primarily through programs to eradicate opium poppies (the raw material from which heroin is made) but also including interdiction of supplies and arrests of traffickers. The purpose of this two-volume study is to examine what overall impact the US supply reduction program has had on heroin usage in the United States, what the prospects are for reducing supplies to the United States in the next few years, and what the implications are of pursuing current US supply reduction policies. Volume I provides a general overview of the problems, prospects, and implications of the US program to reduce heroin supplies. Volume II contains supporting material in the form of case studies of past instances of heroin supply reductions from Turkey, Mexico, and Southeast Asia.

This study does not treat the demand side of the heroin use equation, an aspect of any overall strategy to reduce heroin consumption that is at least as important as cutting supplies. It also does not delve into the financial aspects of heroin trafficking, a complex subject which will be dealt with in future studies of narcotics-related financial flows. In addition, the study focuses exclusively on heroin, and its conclusions do not apply necessarily to the prospects for reducing supplies of other drugs, such as marijuana and cocaine.

The statistics used in this paper, as with virtually all numbers in the drug area, must of necessity be read as midpoints on estimated ranges, not as hard figures. Nonetheless, we believe they are accurate enough to show direction of change and magnitude, and to support the conclusions of the study.

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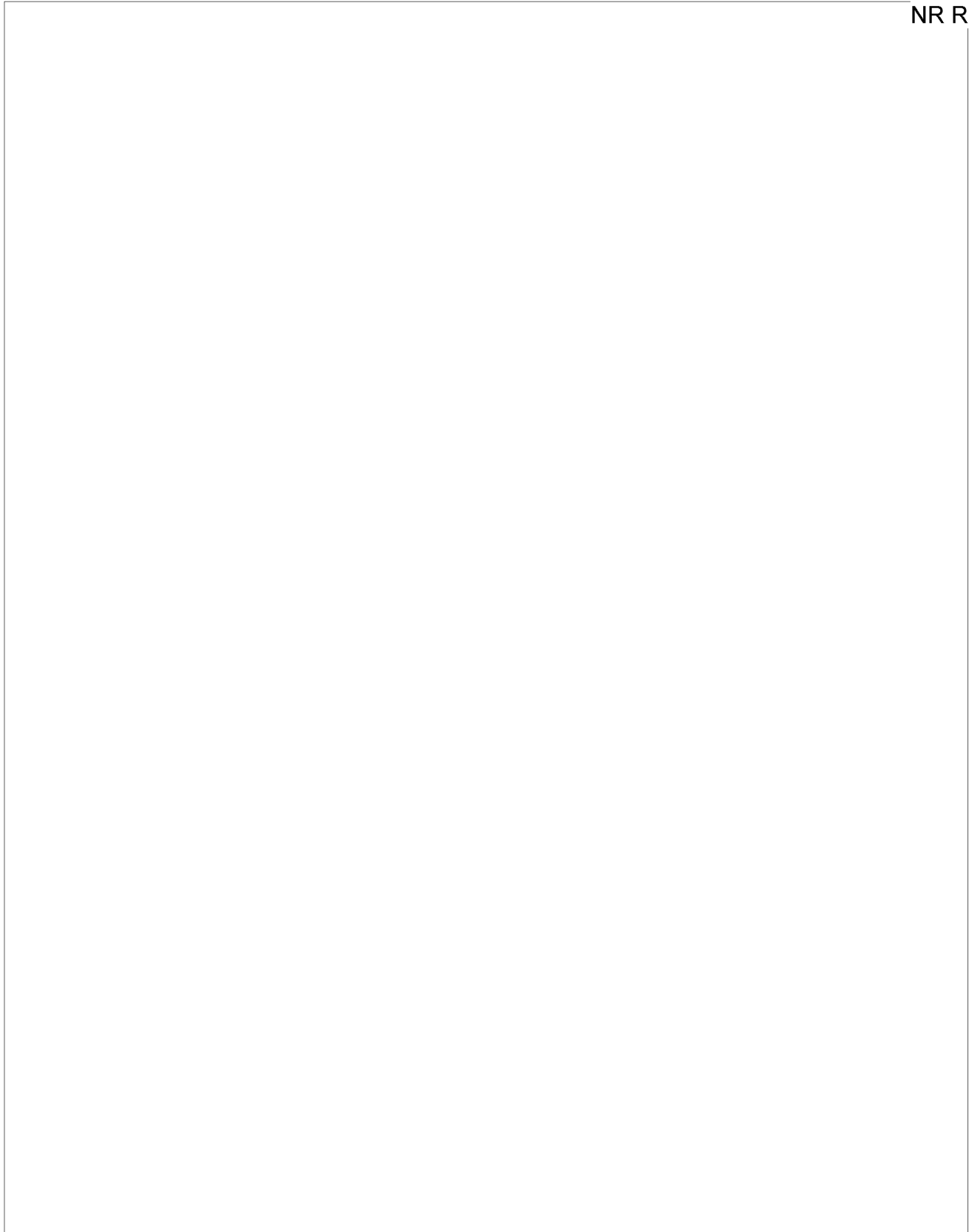
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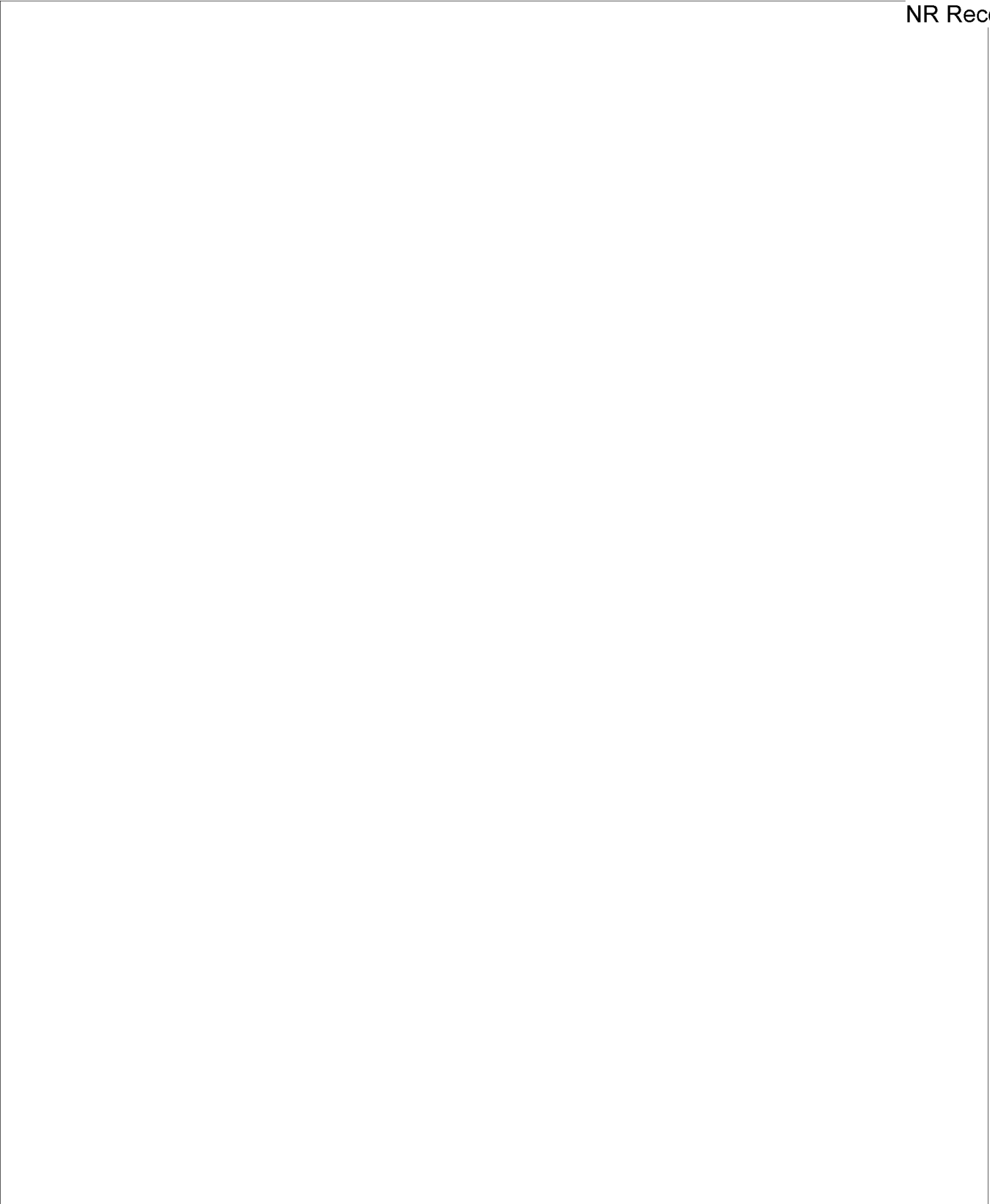


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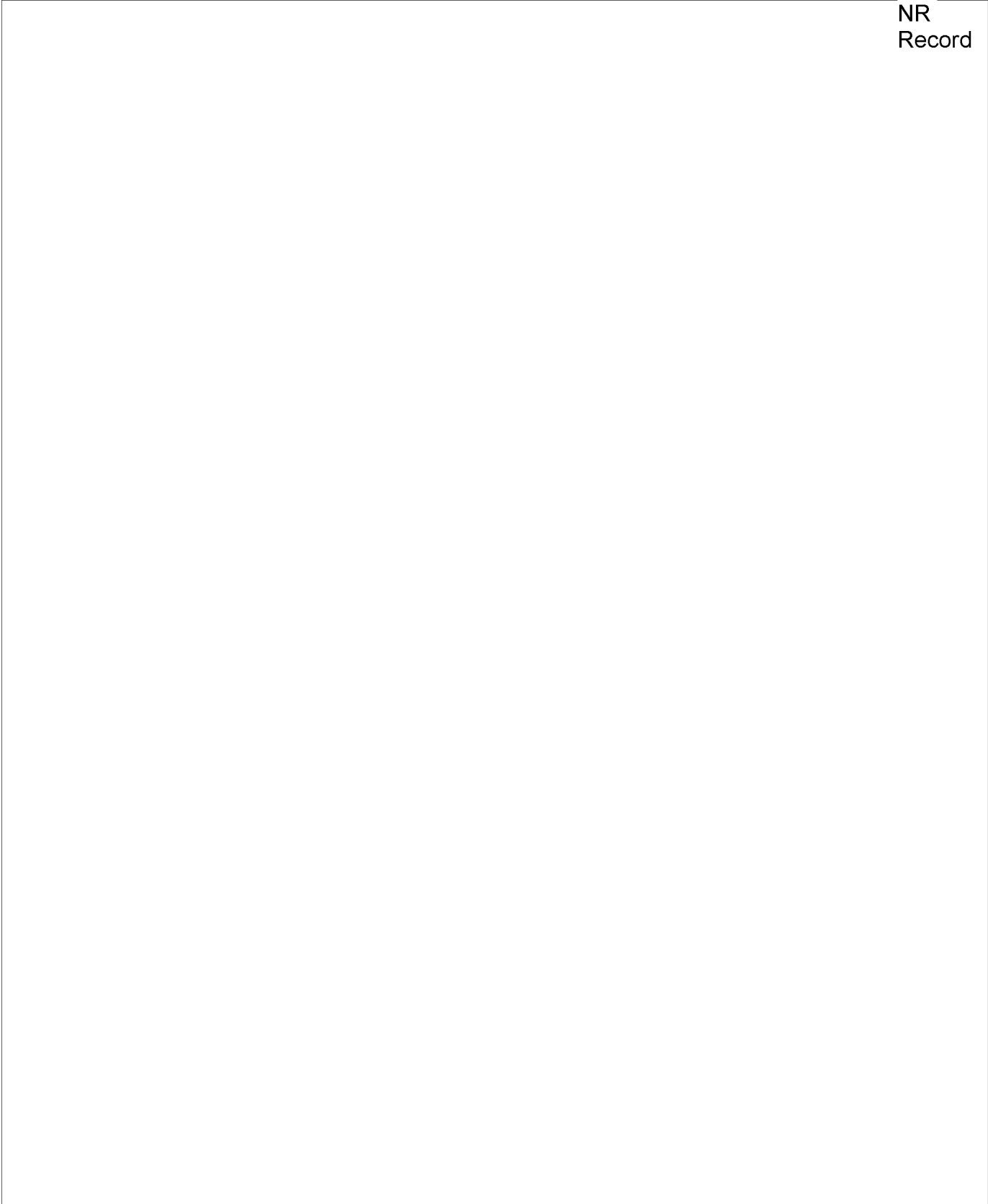


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ANNEX B

THE MEXICAN CASE

Introduction

History of Opium Production in Mexico

1. Mexico has supplied narcotics to the US market since at least the last half of the 1910s. By the late 1940s, according to Drug Enforcement Administration (DEA) records, Mexicans produced smoking opium, morphine, and small amounts of brown heroin. By the early 1960s, Mexico had also become an important drug transit country. Cocaine from South America and European white heroin were transported into the United States by Mexican narcotics traffickers, who developed sophisticated smuggling and distribution methods for the growing US drug market. By the late 1960s, Federal narcotics enforcement agencies began to seize increasingly larger amounts of US brown heroin produced from Mexican-grown opium poppies.

2. The major breakthrough for Mexican heroin producers occurred in 1972-74 when Turkish heroin, as a result of successful law enforcement action against the French connection and Turkey's opium growing ban, largely disappeared from the US market. Local Mexican heroin production, generally perceived by the US Government to that point as relatively small and of mediocre quality, increased in both quantity and purity. Poppy cultivation spread from the remote mountains of Sinaloa, and intense planting was seen from the southern portion of Sonora to the state of Oaxaca. By 1974, Mexican heroin filled the gap left by the reduced availability of Turkish heroin everywhere but on the east coast of the United States. By 1975, Mexican brown heroin was dominant even there.

3. In essence, Mexico had become almost the only source for heroin in the United States, and addicts had to buy it or switch to other drugs. Mexican producers also responded to the requirements of the US market and increased the quality of their product. Consequently, hardcore addicts' preference for white heroin began to decline as Mexican "mud" increased in purity and quantity, and became cheaper than white

heroin. [redacted] Mexican heroin prices dropped in the early 1970s and stabilized in 1974-75 at about 39 cents per milligram, considerably lower than the white heroin average price of 57 cents to 66 cents.

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Eradication Efforts

4. Until the mid-1970s, the Mexican Government did little to suppress narcotics production and trafficking. Mexico was a signatory of the Hague Opium Convention in 1911-12 and later signed an agreement at the 1931 General Conference of the Geneva Opium Convention to limit narcotics at their source. Mexican Government officials, however, often accepted bribes to ignore trafficking and sometimes were even more directly involved. In June 1931, for example, the Mexican Minister of Government resigned after being accused of complicity in the drug trade.

5. In 1947, the Mexican Government established a small poppy and marijuana eradication campaign (using an aerial poppy survey conducted with the participation of the US Federal Bureau of Narcotics the previous year) that destroyed 200 poppyfields covering an area of 36.5 hectares. Six years later, the Army had assigned 12 military units to poppy and marijuana eradication in Sinaloa, Chihuahua, and Durango. These troops manually eradicated fields of poppy plants which had been located by light fixed-wing aircraft. Small Army helicopters were used beginning in 1962 to locate fields and direct ground eradication troops. Moreover, the Mexican Federal Judicial Police (MFJP) established bases at border crossing points and on transportation routes in Mexico in an attempt to intercept narcotics traffickers.

6. In 1968, a pilot project was initiated to spray poppyfields with herbicide from helicopters. The herbicide resulted in a quick kill, but the delivery system carried by the helicopters was too primitive to guarantee eradication, and the project was not continued

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beyond the pilot stage. During this campaign, however, the Army successfully used helicopters to transport troops to increasingly remote field locations.

7. In the late 1960s, as Mexican heroin and marijuana flooded US markets, [redacted]

[redacted] Although there was no evidence of widespread heroin addiction in Mexico, Mexican officials had begun to worry about the domestic abuse of marijuana. An enforcement program which reduced marijuana availability in Mexico and also reduced exports of heroin to the United States thus had both domestic and international advantages.

9. Problems arising from narcotics-generated money also may have given impetus to Mexico's anti-narcotics campaign. The sudden influx of drug money into rural society, according to some observers, caused serious inflation and created a lawless subsector of drug traffickers who began to gain considerable political influence in the narcotics-producing and trafficking regions, and who owed loyalty to narcotics organizations rather than to the Mexican Government. The increasing influence of these criminals among state and local politicians may have contributed to the Mexican Government's eventual decision to begin a more effective antinarcotics program.

Prices, Volume, Quality in the US Market Before the Disruption

10. Because of local trafficker and addict preference for white heroin, Mexican heroin penetrated the US market slowly, taking from 1972 to 1975 to move from the traditional markets along the Texas-C(b)(1) nia/Mexico border, through the interior of the U(b)(3) States, and eventually to the northeast coast. Another constraint to expanding Mexican-US heroin trade may have been difficulties encountered by Hispanic traffickers in entering non-Hispanic markets. [redacted] (b)(1) [redacted] east coast traffickers' heroin supplies (b)(3) low in 1975. In order to buy Mexican heroin, these predominantly Italian or black drug traffickers had to make contacts in the local Latin community. The establishment of a heroin source outside usual ethnic acquaintances was difficult and dangerous, and it was handled with caution. Some of the delay in Mexican heroin market penetration may have been caused by the time and care expended establishing these contacts.

11. In the absence of significant competition, however, Mexican heroin gradually took over the US market. By 1973, more than half the heroin in the United States was Mexican. By 1975, [redacted] (b)(1) that as much as 85 percent of the heroin consumed (b)(3) the United States that year was produced from opium grown in Mexico. The "Golden Triangle" of Southeast Asia supplied about 15 percent of the US heroin market. Very little, if any, heroin from Southwest Asia entered the US market at that time. (See figure B-1.)

**Mexican Heroin Production in
Pure Metric Tons, 1969-75**

1969	1970	1971	1972	1973	1974	1975
0.19	0.16	0.17	2.46	3.74	5.42	6.5

Trafficking Networks

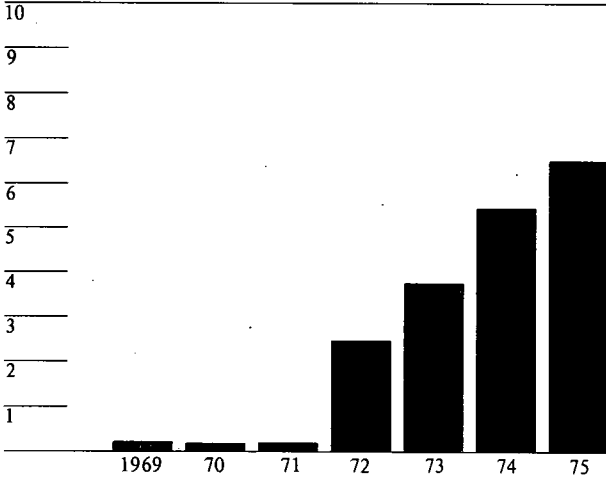
12. Most narcotics trafficking from Mexico into the United States has been conducted by small organizations and individual entrepreneurs. [redacted] (b)(1) [redacted] in 1976 there were some (b)(3)

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Figure B-1
Mexican Heroin Production in Pure
Metric Tons, 1969-75



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over 100 small heroin trafficking organizations (composed of perhaps 1,000 individuals), responsible for smuggling about one-fourth of the Mexican heroin that entered the United States. Associates, couriers, and smugglers subordinate to these organizations, but operating independently, were probably responsible for another fourth. Another 1,000 "free lancers" and a few (perhaps as many as five) large organizations accounted for the other half of the Mexican heroin brought into the United States in the mid-1970s. [redacted]

[redacted] the large Mexican trafficking organizations probably smuggle less than 20 percent of Mexico's yearly heroin production. They also deal in cocaine and marijuana, however, so that their combined illicit drug business is probably larger than any of the independent dealers who may traffick in larger quantities of heroin. In addition, their control over all aspects of heroin production and marketing—from the poppy farms in Mexico to retail street sales in the United States—allows them to operate efficiently, producing high profits margins on relatively low volumes of drugs.

13. Trafficking groups in Mexico have been largely familial in structure. Some poppy-cultivation areas, such as those north of Durango city, were controlled

by large families that intermarried and stayed in the area to become a controlling clan [redacted]

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14. Smaller trafficking groups, working mostly out of the city of Culiacan, were more numerous but less organized. They bought opium from middlemen, who had procured it from farmers, and contracted with independent chemists to convert the opium to heroin. These small groups arranged delivery to wholesalers and smugglers on the Mexican side of the border, who would in turn sell to US smugglers, usually in the Tijuana or San Luis areas.

The Disruption

15. By the early 1970s, heroin production in Mexico was increasing by about 50 percent a year. By 1975, [redacted] Mexican heroin production had reached 6.5 metric tons and the purity of the [redacted] average street-level dose of Mexican heroin in the United States had increased to an almost lethal level.

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21. Although the eradication campaign accounted for almost a 40-percent decrease in heroin production for the first year of operation, prices remained stable at first. Nationwide quarterly averages ranged between \$0.31 and \$0.49 per pure milligram of heroin. The distance between farmgate and user market may account for this price lag, since _____ takes about three to four months for opium converted into heroin and shipped to US user markets. US average heroin prices began to rise in the last quarter of 1976 and took a dramatic upswing in the first quarter of 1977 as the effects of reduced opium supplies began to be felt.

22. The 1977 eradication campaign reduced opium supplies an additional 25 percent, and US heroin prices continued to increase. By the first quarter of 1978, a milligram of Mexican heroin on the average cost over a dollar nationwide—although it had cost more than a dollar on the east coast since the last quarter of 1976.

Changes in User Community

23. The drop in availability of Mexican heroin from 1976 to 1979 affected the US heroin user community. First time users and the amount used by younger people probably decreased, and many addicts entered drug treatment programs. In particular, Hispanics entering drug treatment programs rose from 14 percent of all entrants in 1975 to almost 20 percent in 1980.

24. The decline in the availability of heroin in this period also affected the overall pattern of drug usage. There was a shift to heroin substitutes, including such synthetic narcotics as Dilaudid, oxycodone, and pentazocine. Multiple drug usage also increased as heroin addicts learned to take heroin in combination with other substances (such as cocaine or marijuana) or to combine synthetic narcotics with other drugs. One popular combination, for example, is known on the street's as "T's and Blues." Talwin, the combination, is the brand name for pentazocine, a potent analgesic and a Schedule IV controlled substance. The "Blues" portion of this drug combination, pyribenzamine, is a noncontrolled antihistamine. The most common method of abuse was to dissolve a tablet

Short-Term Impact on the US Markets

Price, Quantity, and Quality

20. The poppy eradication campaign was a clear success in the first few years. Opium production decreased 85 percent from 1975 to 1979. _____ the US street purity of Mexican heroin fell from a high of 6.1 percent in 1976 to well below 4 percent by 1979. At one point, the purity of Mexican heroin dropped so low in some cities that addicts switched to synthetic drugs.

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**Figure B-2
Poppy Cultivation Areas**



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Boundary representation is not necessarily authoritative.

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33. The average price per pure milligram remained low during the first three months of 1980 and heroin deaths continued to be high, but by the second quarter of 1980 east coast traffickers began to realize that Southwest Asian heroin was purer than the Mexican heroin they had been receiving. The average east coast price almost doubled during the second 1980 quarter, and traffickers cut the street purity down to a "safe" injectable level, causing New York City heroin deaths to drop 87 percent.

34. In 1979, Mexico's share of the US market had dropped to 30 percent. In order to compensate for this reduction, traffickers encouraged farmers to increase production. In 1980 and 1981 Mexican opium production increased to about 15 metric tons. However, the Mexican heroin market share returned only to about

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40 percent in 1981 due to the rapid increase of better quality Southwest Asian heroin.

35. The increase in Mexican heroin production caused some Mexicans to begin a reevaluation of the eradication program. The Mexican National Coordinator for the eradication campaign stated in the Mexican press in May 1982 that if the intensity of the eradication program were to decrease, drug production would resume. A few days later, an editorial appeared in the Mexican press noting that the desire to cultivate the poppy, despite its illegality, was caused by the lack of an alternative licit crop. Since poppy cultivation is not native to Mexico—the poppy was introduced and cultivated in the 1800s by Chinese railworkers—the

editorial called for a training program to substitute legal income-producing crops. During the past several years, this concept has been proposed repeatedly, but the Mexican Government has not found an alternate crop which would grow in rugged terrain and realize the high profits of poppy cultivation. Despite calls for a more comprehensive program to discourage opium production, the Mexican antinarcotics program has changed little since 1975, even though opium production has not decreased in the last four years after the sharp drop realized between 1976 and 1979. [redacted] (b)(1) Mexico opium p: [redacted] (b)(3) duction has held steady at about 16 to 18 tons in 1981 and 1982. Preliminary CIA forecasts for 1983 indicates opium production will again be in that range.

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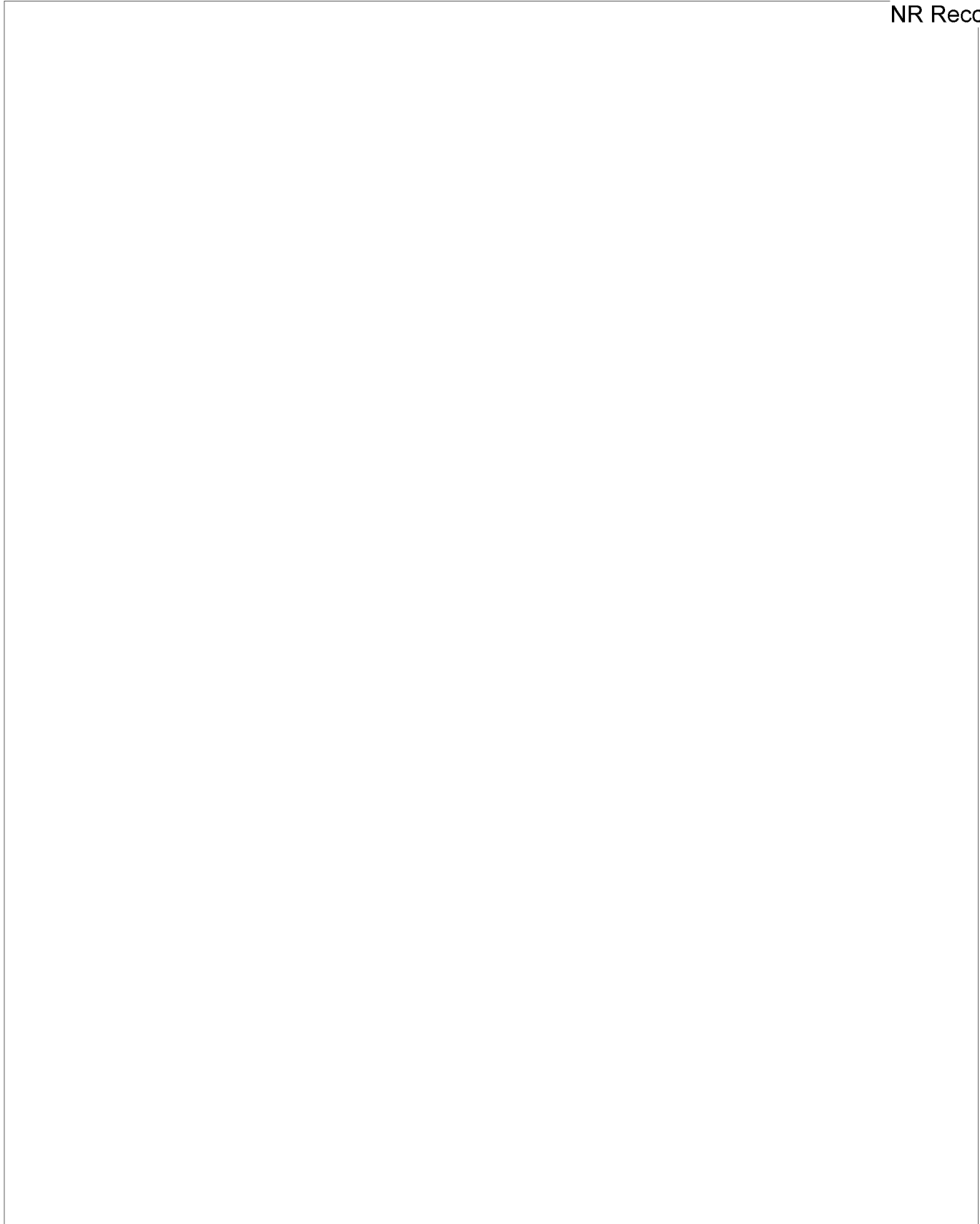
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