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MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF TRANSPORTATION
DIRECTOR OF THE OFFICE OF NATIONAL DRUG CONTROL
POLICY
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
CHIEF OF STAFF TO THE PRESIDENT
DIRECTOR OF CENTRAL INTELLIGENCE
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
ADMINISTRATOR OF THE AGENCY FOR INTERNATIONAL
DEVELOPMENT
DIRECTOR, FEDERAL BUREAU OF INVESTIGATION
ADMINISTRATOR OF DRUG ENFORCEMENT
COMMISSIONER OF THE UNITED STATES CUSTOMS SERVICE
COMMANDANT OF THE UNITED STATES COAST GUARD

SUBJECT: US Policy Toward International Heroin Trafficking
(U)

The illicit narcotics trade creates violence, health and social problems, economic dislocation, environmental degradation, and threats to democratic systems. While US international drug control efforts have had some impact against cocaine traffickers, including some who traffic in heroin, heroin constitutes a growing domestic problem and an increasing threat worldwide to some democratic governments and institutions. Heroin consumption in the United States is increasing, worldwide addiction appears to be worsening, poppy growing areas are expanding, and global opium production is at record levels. (U)

The heroin threat requires a distinct strategy of its own. Heroin trafficking is generally much less integrated and far more geographically dispersed than the cocaine trade. It involves numerous organizations that typically engage only in certain parts of the trade, or operate only in specific geographic areas, or along particular transportation routes. The family or ethnic base of many of these groups complicates control efforts, but the multiple steps involved -- including transportation, processing, money laundering, and links to importers and wholesalers -- represent vulnerable "links" to be exploited by law enforcement and intelligence agencies. (U)

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The past decade has demonstrated the close link between narcotics production and trafficking and the spread of indigenous drug abuse, a grim reality which should encourage cooperation between source/transit countries and the US. The geography of the heroin trade, the current inaccessibility of major producing areas in South Asia, and the expanded production in Latin America magnify the international dimensions of the problem. (U)

The development of courier organizations in areas far removed from producing regions, as well as the involvement of heroin trafficking organizations in other illegal narcotics and non-narcotics smuggling, further underlines our need for help from other concerned countries to develop and implement heroin counterdrug programs. (U)

I. THE NATURE OF THE THREAT

Production: Describe: current capabilities to measure the size and yield of poppy growing areas; the sources of and transportation routes for essential chemicals used in heroin manufacturing; changes in processing technologies; and trends in opium and heroin production over the past five years. Identify primary sources of US imports, sources for other major consuming countries, and note changes in trafficking sources and routes. (Intelligence Community/DEA) (S)

Consumption: Characterize heroin consumption in the US, including changing consumption patterns, purity and price information, and distribution systems. (DEA/ONDPCP) (S)

Economics: Estimate the worldwide and domestic US economic dimensions of the heroin trade, particularly cash outflows of narcotics sales proceeds and the primary destinations for these monies. Identify the percent of economic return to growers, processors, smugglers, wholesalers and retailers. Identify the money laundering methods used in the heroin trade and the extent to which they use professional money launders, financial institutions and underground banking systems. (DEA/Treasury/State) (S)

Effects in Source/Transit Countries: Describe the effects of the opium/heroin trade and consumption on key source and transit countries, especially links with democratization, environmental and health concerns, violence, corruption, and economic development. (State/AID) (S)

II. CURRENT EFFORTS AND EFFECTIVENESS

Identify current strategy goals and objectives, and assess the extent of current US, other country and international organization programs that have met these goals. Establish measures of effectiveness and indicators of progress for evaluating the eight strategy areas below. Program approaches should be evaluated for their success or failure based on specific indicators. (C)

Crop Control: Review alternative development, crop substitution and eradication programs, noting where and how these approaches have been effective, or have failed. (State) (~~S~~)

Interdiction: Identify the degree to which efforts to seize drugs, attack processing and transportation systems, seize assets and control chemicals have affected heroin flows or the traffickers' cost of doing business. (ONDCP/DEA/Intelligence Community/Customs) (~~S~~)

Investigation and Prosecution: Describe status of international efforts to dismantle major heroin organizations by identifying, investigating, and prosecuting their leaders. Evaluate intelligence, operational, legal, and political factors that affect this tactic. (DOJ/DEA/State/Intelligence Community) (~~S~~)

Money Laundering: Describe current programs to address these two areas, and assess their impact on trafficking activity. (DOJ/Treasury/DEA) (~~S~~)

Chemical Diversions: Describe current programs and assess their impact on trafficking activities. (DOJ/State) (~~S~~)

Institution Building: Assess required political will and the requisite capability of source and transit countries to develop and sustain counternarcotics policies through improvements in judicial, prosecutorial, and police systems. (State/DOJ) (~~S~~)

Demand Reduction/Public Awareness: Assess the effect of these programs and related diplomatic efforts on the increase of host-country public concern and political will to increase counternarcotics efforts and attack corruption. (AID/State) (~~S~~)

Intelligence: Evaluate US collection and analysis efforts, including internal USG information sharing, and support of indigenous services. A compartmented annex should accompany the study. (DOD/DOJ/Intelligence Community/Customs) (~~S~~)

Expenditures: Review USG heroin counternarcotics programs over the past five years by type of program and by agency. Show the percentage of each agency's resources that are dedicated to international heroin efforts; and the international total as a percentage of both the overall supply control budget and the overall USG counter-narcotics budget. (ONDCP/OMB) (~~S~~)

III. STRUCTURAL ISSUES

Organization Review: Identify problems in the interagency organizational structure, focusing on overlaps, gaps and/or lack of clarity in agency roles and missions, decision making structure, and operational command/control authorities. (NSC/ONDCP/State/OMB) (~~S~~)

IV. FUTURE DIRECTIONS

A heroin strategy must address clearly the geographic, ethnic and structural diversity of the heroin trade, for example: a program appropriate for a Burmese producing organization, may have no relevance to attacking a Lagos-based courier ring. Analysis must be focused on clearly stated strategy goals and objectives, and linked to appropriate measures of effectiveness. It should address where and how each strategy component can be effective using criteria which include effects on:

- overall level of opium/heroin production;
- the flow of heroin to the US;
- the capability of individual growing areas to supply the US heroin market;
- the ability of drug trafficking organizations to enter or continue in the trade;
- bilateral foreign relations and multilateral cooperation;
- democracy and order in producer/transit countries;
- overall contribution to the strategy and prospects for successful implementation. (S)

Among the components analyzed should be:

Increasing International Attention: From the Presidential perspective, Heroin remains a drug threat priority second only to cocaine. The worldwide rise in opiate use however, may aid efforts to convince nations that effective drug control measures are in their best interest. What would a strategy look like that emphasized diplomatic efforts to build political will (including more aggressive use of the certification process), and which stressed the link between drug trafficking and corruption, refugees, environmental degradation, etc? How can we improve coordination with other major bilateral donor nations?

(State/AID) (S)

Engaging Multilateral and International Organizations: US bilateral counternarcotics concerns tend to become equated with our aid levels, an inaccurate and, in the current budget climate, unhelpful link. Further, key producing areas are inaccessible to US assistance or pressure. UN agencies, the International Financial Institutions, and other concerned countries are often active there. What potential is there for raising the narcotics issues with these bodies, and increasing involvement of the United Nations International Drug Control Program, the Financial Action Task Force, the Dublin Group, etc, to broaden pressure on key problem countries? (State) (C)

Supporting Indigenous Programs: Narcotics control requires not only successful crop control and/or interdiction efforts, but adequate legal structures and strong judicial systems, as well as demand reduction, public awareness and treatment programs. How and where can we support indigenous institution building that will show results over the medium-term? (State) (C)

Improving Intelligence Information and Exchange: The major heroin trafficking groups are widely dispersed and engaged in other illegal activities that provide opportunities for concealment and avoidance of law enforcement efforts. Different law enforcement organizations and intelligence collection efforts focus on different aspects of these groups' activities, too often in an uncoordinated fashion. What potential is there to improve internal USG -- federal, state and local LEAs -- information sharing and cooperation, and thereby increase drug control effectiveness? (DOD/Intelligence Community/DOJ) (S)

Attacking the Trafficking Infrastructure: US policies have emphasized direct approaches to heroin itself through techniques aimed at seizing the drug during transit and distribution. What would be the effects of greater concentration of efforts against the trafficking infrastructure, including leadership, logistical support, money laundering, and chemical precursors? (DOJ/DEA/Customs) (S)

For each of these and other strategy components proposed, ONDCP and OMB should portray a reallocation of resources by agency and program from the existing, increased and decreased funding levels. (S)

V. STUDY PROCESS

The Chairman of the Counternarcotics Inter-agency Working Group will establish a steering group, arranging for input responsive to the questions above. A draft paper will be reviewed by all relevant agencies, and agency comments, criticisms, and disagreements shown in the final study. The completed document will be submitted to the Director of ONDCP. The Director of ONDCP will prepare and coordinate the completed document and submit an actionable summary document for a Deputies Committee. (S)

SECTION	DRAFT TO STEERING GROUP
I. The Nature of the Threat	February 18
II. Current Efforts and Effectiveness	March 4
III. Structural Issues	March 4
IV. Future Directions	March 11

Until this study is complete and the President issues a Presidential Decision Directive for international heroin trafficking, the approved 1994 International Drug Control Strategy will guide department and agency implementation actions against heroin production and trafficking. During this time, the Chairman of the CN-IWG will insure coordinated implementation of this strategy. (S)



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