
NARCOTICS MARKETS

How traffic works in the Golden Triangle

by Marilyn James

President Ronald Reagan secured a commitment from Thailand's Prime Minister Gen. Prem Tinsulanonda to crack down on the drug trade during October meetings in Washington between the two. Thailand, Burma, and Laos form the opium cultivation region known as the Golden Triangle. The U.S. government has poured millions of dollars into the Triangle in an effort to reduce the Southeast Asian role in the illicit drug trade. The U.S.-sponsored crop substitution program in Thailand reportedly has contributed to reducing Thai opium cultivation by 50 percent in the last decade. However, many U.S. and foreign diplomats remain skeptical, having watched Thai authorities stand idly while opium farmers harvested their deadly crops in full view. The Thai authorities have promised to destroy crops in at least 10 villages in the Chaing Mai area beginning in October-November. However, there have been no reports so far of crops being plowed under or burned.

Thailand does grow opium, but the country also serves extensively as a refining base and a conduit for the illicit drug, the bulk of which is actually grown in Burma. Last year, after suffering two years of drought, the Golden Triangle harvest was an estimated 600 metric tons in opium yield. Burma was responsible for contributing approximately 400 to 500 metric tons.

Illicit drug prices have risen increasingly as a result of the drought, which had brought the overall harvests down to 200 metric tons for each of its two-year duration. During the early part of the 1970s the wholesale price of No. 4 heroin (90 to 99 percent purity) on the Bangkok market ranged between \$3,000 and \$6,000 per kilogram. In late 1979 the same kilo sold for \$10,000, and had increased to about \$13,000 in 1980, as purity levels fell to as low as 50 percent. In New York City, dealers can expect to pay anywhere between \$175,000 and \$200,000 for a kilo of high-purity heroin.

Once the crops are harvested, drug caravans are formed to make the 175-mile journey from Tangyang, Burma—the major transshipment point for the prized Kokang and Wa state opium—south along the banks of the Pang River, across the Salween River at a point just north of Mong Pu. The mule trains then move slowly along the mountain trails, cautiously avoiding govern-

ment-held territory, on their way to the semi-mobile morphine- and heroin-refining laboratories in the tri-border area. Once the drug is refined into the more compact, and more easily smuggled, morphine base or heroin, final arrangements are made to distribute and export the drugs.

Ethnic pecking order rules the trade

The division of labor in the Golden Triangle is reflective of the ethnic pecking order that prevails in Southeast Asia. Hill tribesmen grow the opium, insurgents transport and protect the caravans, and Chao Chou buy, refine and export the drug. Within this framework, the Chao Chou are the most politically stable and profitable element in the Triangle hierarchy.

The Chao Chou is an ethnic Chinese grouping from Guangdong Province which has its own dialect. Beginning with the British Opium Wars against China in the mid-19th century, Chao Chou Chinese have functioned as the traditional opium compradores and chemists, supplying, operating, and policing the opium dens that were prevalent in China until 1949. The opium dens, although run by the Chao Chou, were leased to Western—predominantly British—merchants in the international settlements. Despite the 1949 Maoist victory, the Chao Chou have maintained a tentacle-like grip on the Triangle trafficking network that extends to intricate relationships in the overseas Chinese communities in Asia, Europe, and North and South America.

In the last decade, Hong Kong reportedly had declined as a major refining and distribution base for the Chao Chou. This development was attributed to the drastic decline in availability brought about by the drought and to a number of major narcotics arrests that swept up the major drug syndicates on the island—in particular the Ma syndicate, which was credited by Hong Kong authorities with having operated a \$150 million drug business between 1968 and 1974. During the period of Hong Kong's decline, the Malaysian peninsula, which is flanked by Burma on the west and Thailand on the east, became the major refining and distribution center. However, there are indications that Hong Kong is on the rebound.

Authorities in Hong Kong have become concerned since the revival of Southwest Asia's Golden Crescent, that the island might become a conduit for that area's crops as well. In late 1978, 18 kilos of Pakistani opium were seized on a Hong Kong-bound freighter in the port of Karachi. Since then there have been similar incidents, and Hong Kong authorities are well aware of the traditional smuggling links between the island and Pakistan. "The smuggling contacts are there," said one Hong Kong official, "and it's only a matter of time before the process is reversed—with little difficulty—and narcotics from Pakistan surface in Hong Kong."

Official reports from the People's Republic of China (PRC) also indicate that mainland Chinese are engaged in the illicit trade. There have been a number of recent arrests in the Chao Chou-dominated Guangdong Province of drug traffickers who operate between Canton and Hong Kong. Furthermore, official reports exist of rising drug abuse inside China.

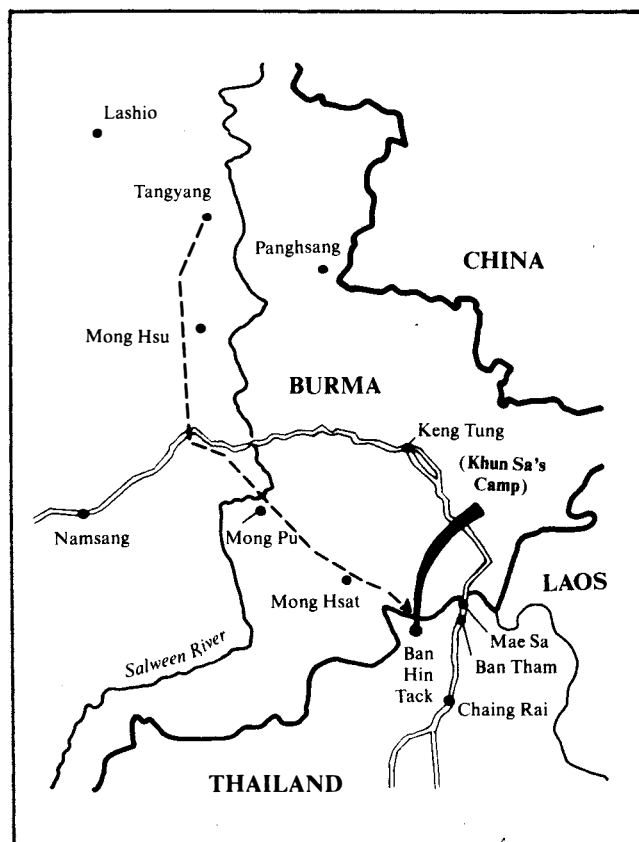
According to the Sept. 4 issue of *Far Eastern Economic Review* (FEER), Hong Kong Narcotics Commissioner Peter Lee estimates that up to \$75 million is "spent on the streets by local addicts each year—and it all goes to criminals. This, however, is only part of the drug money which is floating around in Hong Kong." FEER further reported that "Money—regardless of its source—can be easily moved through Hong Kong's financial institutions and 88,000 registered companies to make it untraceable to the narcotics trade" (see *EIR*, Sept. 22, 1981).

\$25,000 reward

Khun Sa, warlord commander of the 4,000-strong Shan United Army, is considered by Asian intelligence experts to be the undisputed "opium overlord" of the Golden Triangle and by the U.S. Drug Enforcement Administration to be "enemy number one." At present, Khun Sa controls over one-third of the Triangle, including the bulk of the mobile drug refineries located in the tri-border area of the Triangle. The Thai bounty on Khun Sa has steadily risen, and now stands at \$25,000—the bulk of the money provided by the DEA.

Khun Sa, an ethnic Chinese and native of Loi Maw in northern Burma, has been heavily involved in the Golden Triangle drug trade since the 1960s. Running the business end of Khun Sa's operations and controlling many of his mobile drug refineries, is Lao Mar, a Chinese Muslim also from Loi Maw. There are at least four mobile refineries in tri-border area, believed to be operated by Sa's ardent follower Lao Su, a veteran trafficker who escaped execution in October 1977 for his role in a 140-kilo heroin deal. Sa's nephew acts as a front man, under cover as a legitimate jade dealer in the major Thai transit and trade hub of Chaing Mai. Narcotics officials believe the nephew is a troubleshooter and liaison between Sa and those corrupt officials who profit from the illicit trade.

Khun Sa has spent the last two years attempting to shore up political alliances with the various disparate insurgents in the Triangle and/or to neutralize them while he expands his territorial control within Burma and Thailand. This end of his operations is reportedly spearheaded by his half-uncle Kung Sheng, who is based in a remote corner of Thailand's northwestern Mae Hong Son Province along with a 200- to 300-strong Shan mercenary force. Negotiations have taken place on an on-again-off-again basis with Burma's Karenni



rebel elements, the Karen National Liberation Front, and the Shan State Army, as well as with the aging Kuomintang generals who had once played a significant role in the illicit trade.

The Burmese Communist Party (BCP) controls approximately one-third of the Burmese corner of the Triangle, and is logistically and politically supported by the Peking regime. According to recent reports, the Chinese Communists have attempted to place greater distance between themselves and the BCP, while, at the same time, the BCP attempted to distance itself from public association with the drug trade, just as Britain's East India Company had done when public opinion rallied against the drug dealers.

In their controlled territory the BCP contracts farmers to grow the opium poppies, some of which are collected outright by the Burmese Communists as a tax, thus putting the party at one remove; the rest is bought by the BCP at a price which the party fixes. The opium is then sold by the BCP at auction to traffickers who are then responsible for exporting the drug to the more lucrative markets in the advanced sector.

Given Peking-backed Communist involvement in the heroin trade, the governments of the Triangle nations have allowed insurgents such as Khun Sa to freely operate because they are viewed as "buffers" against Peking-sponsored rebels.