

# Beijing reaps profit from 'China White'

by Linda de Hoyos

The leadership of the People's Republic of China may well be looking to foreign exchange derived from heroin production to make up for the plummeting of foreign investment in the mainland since the June 4 Tiananmen Square massacre. The Golden Triangle heroin production is booming, reports from the U.S. Drug Enforcement Administration indicate. Although the P.R.C. is officially excluded from the Golden Triangle map used in the United States, a large proportion of the so-called "Burmese" opium comes from the P.R.C.'s Yunnan province, where it is then trafficked, refined, and shipped out of the Triangle through the P.R.C.-backed Burmese Communist Party, the P.R.C.-aided Kachin Liberation Army, and the Shan Union Army of the notorious drug lord Khun Sa, whose real name is the Chinese Chiang Fu.

From Yunnan and the areas of northern Burma controlled by the abovenamed secessionist and insurgent operations, the drugs flow into the world's market, beginning with the expanding Asian market itself and to the United States.

From beginning to end, the drug flow is controlled through P.R.C. cut-outs and through overseas Chinese crime syndicates, who funnel a large percentage of their earnings back to the mainland through the 17 banks in Hong Kong controlled by the P.R.C.'s Bank of China.

Precisely through the period that President George Bush has kowtowed to the Tiananmen Square butchers, Beijing's Golden Triangle flow has increased. The DEA now estimates that the Golden Triangle is the biggest single supplier of heroin into the U.S.—45% of the total heroin supply. For New York City, the figure is 80%.

While the DEA and the Bush administration are dedicated to hiding the P.R.C. role in America's heroin addiction, the dope traffickers themselves are not afraid to advertise the source. Golden Triangle heroin is called "China White," and at 40% purity, it is far more deadly than the brown heroin of 6-7% purity that comes from the Golden Crescent of Iran and Afghanistan.

And even deadlier, the heroin price has come down. In 1987, a kilogram of China White sold for \$20,000 on the market; today the price is \$11,000. Despite the increased purity of the heroin, the supply is so great that the price is

being driven down—and the market expanded.

The heroin epidemic promises to get worse. Thai narcotics experts are forecasting a record 1990 opium crop coming from the Golden Triangle. Burma alone is expected to produce 2,600 tons of opium, more than three times the Golden Triangle record harvests during the Vietnam War of 800 tons.

All evidence points to direct P.R.C. involvement in the "Burmese" super-crop.

## Beijing-Rangoon deal?

In early January, a U.S. congressional delegation led by Rep. Charles Rangel (D-N.Y.) took a "drug tour" of Asia, including to Thailand, where they were informed of the 1989 opium bumper crop and the expectations for 1990. The Burmese government of Saw Muang, reported Gen. Chavalit Yodmani, secretary general of the Thai Office of the Narcotics Control Board, is not expected to take any dramatic measures to crack down on the northern Burma drug-trafficking. The reason, according to the delegation's report: "The Burmese authorities are concerned with fighting the Karen insurgency. The drug trafficking operations in the neighboring area, which is under the control of the opium lord Khun Sa and his Shan United Army, operate with virtual impunity."

The Karen insurgency is the one major secessionist operation in Burma that does *not* grow drugs and strictly prohibits drug production and/or consumption by its ethnic constituents. Opium is trafficked mainly by the Shan, the Kachin, and the BCP that Rangoon is leaving alone.

In addition, as the opium crop along the Yunnan-Burma border has been exploding, the Burmese government has been cultivating ties with Beijing, eschewing its longstanding policy of isolation from all superpowers. On Dec. 4, a memorandum of understanding on bilateral trade between Burma and the Yunnan province was signed in Rangoon, after a 13-member delegation led by the Yunnan governor arrived in Rangoon Nov. 29. The P.R.C. delegation was given a royal welcome, and met with the highest Burmese officials. Yunnan governor He Zhiqiang also met with Gen. Saw Muang, chairman of the Burmese State Law and Order Restoration Council at the Defense Ministry. On Dec. 23, the Yunnan delegation was followed by Wang Wendong, Assistant Minister of the P.R.C. Ministry of Foreign Economic Relations and Trade, who signed a broad agreement for economic and technical cooperation between the two countries. Beijing also agreed to extend interest-free credit to Rangoon for the Rangoon-Thanhlyin rail and road bridge construction project.

In short, Beijing is coordinating economic projects with Burma precisely at the point that Rangoon has taken a "hands off" stance toward the drug traffickers.

While touring Southeast Asia, the Rangel delegation was confronted with other evidence of the P.R.C.'s proprietorship over the Golden Triangle. In Hong Kong, American Consul General Ronald Anderson told the delegation that "over the past year the trafficking pattern from the Golden

Triangle has shifted. *To a large degree*, the traditional use of sea routes has been replaced by land routes from Burma through the P.R.C. to Hong Kong” (emphasis added)—although of course Mr. Anderson swallowed the Beijing line that in totalitarian China, there are no official sanctions for this route.

The DEA official on the scene, John Seaman, did, however, note that the Tiananmen Square massacre has to “some extent stymied our relationship with the P.R.C. as far as joint law enforcement efforts are concerned.”

Despite the evidence that the P.R.C. has become one of the major drug transshipment routes for the Golden Triangle, the Rangel delegation chose to single out Thailand as the target for U.S. pressure.

### China dope diplomacy

As it was during the Vietnam War, dope has become a key consideration in Beijing foreign policy. In the Golden Triangle, aside from its newly forged ties with Burma, Beijing has assiduously cultivated its relationship with Laos, despite the latter’s membership in the Soviet-dominated Indochina Federation.

Laos is expected to produce 300 tons of opium this year.

In October 1989, Laos’s Kaysone Phomvihan, chairman of the Council of Ministers, visited Beijing, the first time a Laotian leader had visited Beijing in 12 years. The primary item on the agenda in meetings between Kaysone and China Prime Minister Li Peng, was the Laotian economy, according to Beijing wire reports. The countries have signed accords to joint ventures and trade.

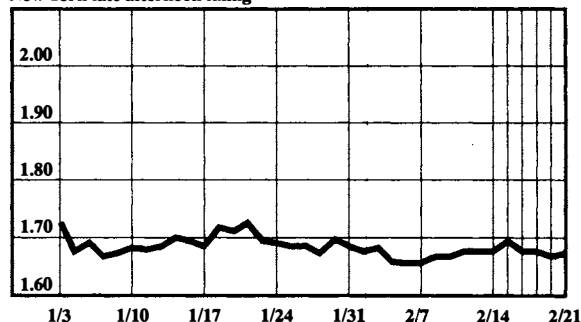
Laos and Beijing restored ties in November 1987, precisely at the time that the DEA and other Western agencies were putting Laos on the drug map on two counts. Laos has emerged in the last three years as a major producer of marijuana. In early 1988, Western agencies also collected reports that the Yunnan-Burmese drug lord Khun Sa was operating most of his heroin refineries in Laos, integrating both Laos and Yunnan-Burma operations of the Golden Triangle.

The Himalayan kingdom of Nepal is another target of Beijing’s dope diplomacy. Over the last two years, the Chinese have wormed their way back into Nepal, including providing arms for the Nepal regime, a circumstance which has led to tensions between Nepal and India. The Chinese are also supplying funds and labor for the completion of a highway connecting the Nepalese capital of Kathmandu to Lhasa, Tibet. Nepal is a notorious transshipment point for drugs to Western Europe. But in recent months, there are indications that Nepal may also be a point for dumping drugs onto the subcontinent. In Bangladesh, for example, where opium is not grown, an epidemic of opium and heroin addiction has been reported over the last year. According to reports in the Indian press, a phenomenal 10% of Bangladesh’s women are addicted to drugs.

## Currency Rates

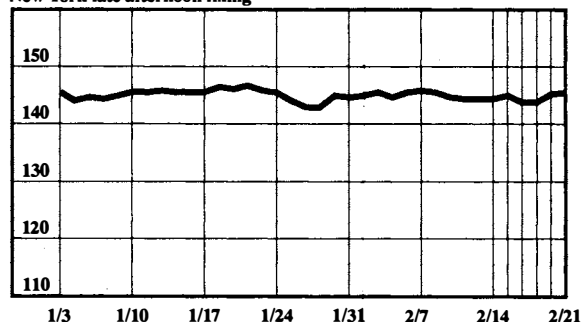
### The dollar in deutschemarks

New York late afternoon fixing



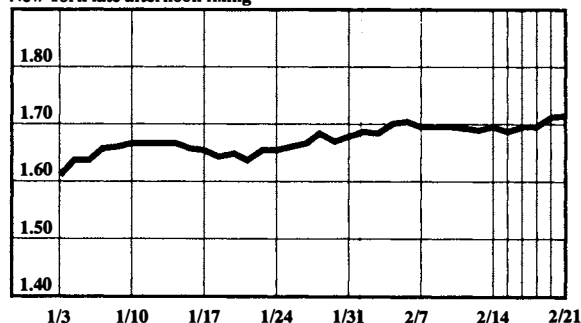
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

