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**ASIA, INTERNATIONAL DRUG TRAFFICKING, AND  
U.S.-CHINA COUNTERNARCOTICS COOPERATION**

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## 1. Introduction

The end of the Cold War may have heralded an end to certain tensions, but among other unforeseen effects it also precipitated a significant increase in the flow of illegal drugs across traditional national boundaries. International travel has become easier in an increasingly borderless world, and—although international drug trafficking organizations (DTOs) have never respected national boundaries—newly globalized markets for drug production and exportation, along with changing patterns of consumption in some societies, have had an enormous impact on drug trafficking. In short, the global market for illicit drugs, and the capacity of providers to deliver to this market, is expanding inexorably around the world. What was once called “the American disease”<sup>1</sup> has become a global one.<sup>2</sup>

The international community first took an interest in the Asian drug trade at the beginning of the 20<sup>th</sup> century. The Shanghai Opium Commission in 1909 was the first attempt at regulating drug trade in the region, as countries including the United States, Great Britain, China, Japan, and Russia convened to discuss the growing trafficking of opium. Since then, numerous measures have been adopted by individual countries and collectively to curb the illegal drug trade. This has been especially true since the launch of the “war on drugs.” In spite of these enhanced efforts, the global opiate market has nevertheless exhibited increased growth since 1980. Data gathered by the United Nations Office on Drugs and Crime (UNODC) indicate global opium production increased by close to 80 percent between 1998 and 2009. The UNODC reports that nearly all of the world’s illicit opium and heroin production is concentrated in “Afghanistan, South-East Asia (mostly Myanmar) and Latin America (Mexico and Colombia). Afghanistan stands out among this group, accounting for around 90 percent of global illicit opium production in recent years.” Upwards of 90 percent of the global heroin and morphine production is provided by Afghanistan and Myanmar. Clearly, the global opiate market has neither been eliminated nor significantly reduced since 1998.<sup>3</sup>

Asian drug trafficking remains a serious threat to both China and the United States. In order to confront this common threat, since 1985 China and the United States have taken numerous steps to cooperate in the interdiction of cross-border drug trafficking. Together, they have made outstanding achievements in the prevention of Asian drug trafficking and in the eradication of opium poppy cultivation in the Golden Triangle region that comprises parts of Myanmar, Vietnam, Laos, and Thailand. Bilateral cooperation, however, has not been wholly successful, and Beijing and Washington face a daunting set of challenges regarding cross-border drug trafficking. The two nations must reconsider

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<sup>1</sup> David F. Musto, *American Disease: Origins of Narcotics Control*, Oxford University Press, 1999.

<sup>2</sup> Paul B. Stares, *Global Habit: The Drug Problem in a Borderless World*, Brookings Institution, 1996.

<sup>3</sup> United Nations Office on Drugs and Crime (UNODC), *World Drug Report 2010*, Vol. 1, New York: United Nations, 2010, p. 37.

both new and old challenges in both regional and global contexts in their efforts to promote counternarcotics cooperation.

This paper will assess the various threats and challenges that China and the United States face from international Asian drug trafficking. It will examine the historical roots of counternarcotics cooperation between China and the United States, will analyze the limits of this bilateral cooperation, and will provide policy recommendations for the two governments on how to better confront these threats.

## 2. New Challenges in Cross-border Drug trafficking

Geographical realities, along with the close cultural and economic ties across borders in local areas, have created a situation in which China is beset by drug trafficking on all sides. Likewise, with the increased production of heroin in Afghanistan, trafficking from Asia into the United States has rapidly increased. The displacement of drug production sources and the diversification of narcotics being produced have led to more complex international drug trafficking routes targeting the Chinese and American markets.

### 2.1. Impact on China

The Golden Triangle, (in particular Myanmar) is the primary source of foreign-made drugs in China.<sup>4</sup> Despite an overall decline in opium poppy cultivation in the Golden Triangle and in Myanmar since 1998, a significant resurgence of cultivation occurred in Shan State and in Kachin State in 2007, and this upward trend continued between 2008 and 2011. In 2011, cultivation in Laos increased 37 percent over the previous year while Myanmar saw an increase of 14 percent.<sup>5</sup> The UNODC estimates that the total area under opium poppy cultivation in Myanmar in 2011 was 43,600 hectares compared to 21,600 hectares in 2006: an increase of 101.9 percent.<sup>6</sup> According to the UNODC data, “more than three quarters of Myanmar’s production (some 40 metric tons [mt] of heroin) supplies the Chinese market.”<sup>7</sup> Seizure data from the World Customs Organization (WCO) also indicates that almost 70 percent of the heroin seized in China comes from Myanmar.<sup>8</sup>

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<sup>4</sup> National Narcotics Control Commission (NNCC), *Annual Report on Drug Control in China*, 2008; UNODC, *Addiction, Crime and Insurgency: The Transnational Threat of Afghan Opium*, Vienna: UNODC, September 2009, p. 45; Niklas Swanström, “Narcotics and China: An Old Security: Threat from New Sources,” *China and Eurasia Forum Quarterly*, Volume 4, No. 1 (2006), pp. 113-131.

<sup>5</sup> “International Narcotics Control Strategy Report: Volume I Drug Control and Chemical Control,” U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, March 2010, p. 169; UNODC, *South-East Asia Opium Survey 2011, Lao PDR, Myanmar*, [http://www.unodc.org/documents/crop-monitoring/sea/SouthEastAsia\\_2011\\_web.pdf](http://www.unodc.org/documents/crop-monitoring/sea/SouthEastAsia_2011_web.pdf).

<sup>6</sup> UNODC, *Opium Poppy Cultivation in South-East Asia*, Vienna: UNODC, December 2009, p. 65; UNODC, *South-East Asia Opium Survey 2011, Lao PDR, Myanmar*.

<sup>7</sup> UNODC, *World Drug Report 2010*, Vol. 1, p. 46.

<sup>8</sup> UNODC, *Addiction, Crime and Insurgency: The Transnational Threat of Afghan Opium*, p. 45.

Furthermore, as heroin producers have begun to diversify, the production of amphetamine-type stimulants (ATS) has considerably increased in this region since the early 1990s. This has been the case “specifically in Myanmar where relatively inexpensive forms of the drug are being produced in massive quantities.”<sup>9</sup> Authorities in China’s Yunnan Province seized 3.2 tons of methamphetamine (also called “ice”) in 2009, an increase of 47 percent over 2008, accounting for 50 percent of the total seized ice throughout China, based on the data of China’s National Narcotics Control Commission (NNCC).<sup>10</sup>

The Myanmar-Yunnan-Guangdong route is a traditional and preferred drug trafficking route. Some of the drugs that come into Southern China are consumed directly there, or may be trafficked onward to interior provinces. Others are trafficked into the international heroin market via “Guangzhou, Shenzhen, and Zhuhai, [with] Guangdong province [acting as a hub for] transit and transshipment.” Recently, “possibly due to increased law enforcement efforts at the China-Myanmar border,” the China-Vietnam border has become an increasingly important international drug trafficking route once again.<sup>11</sup> In addition, smaller amounts of heroin are trafficked from Myanmar into Tibet via India and Thailand, and from there shipped deeper into interior provinces.

Traditionally, the Golden Crescent (which includes parts of Iran, Afghanistan, and Pakistan) and the Golden Triangle have been conceived of as two separate drug producing regions. However, with the structural changes in global drug production, “Afghan heroin is increasingly meeting a rapidly growing share of Chinese demand.”<sup>12</sup> Opium production in Afghanistan “increased to a historical peak of 8,200 mt in 2007, while it dropped slightly to 7,700 mt in 2008 and again to 6,900 mt in 2009” which is still well above the average annual production recorded during the 1990-2006 period (Figure 1).<sup>13</sup>

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<sup>9</sup> Ralf Emmers, “The Threat of Transnational Crime in Southeast Asia Drug Trafficking, and Sea Piracy,” *UNISCI Discussion Paper*, No. 2, 2003, p. 3; United States Department of State, Bureau for International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report (INCSR)*, 2010, Vol. 1, p. 169; Alan Dupont, “Transnational Crime, Drugs, and Security in East Asia,” *Asian Survey*, Vol. 39, No. 3 (May-June, 1999), p. 448.

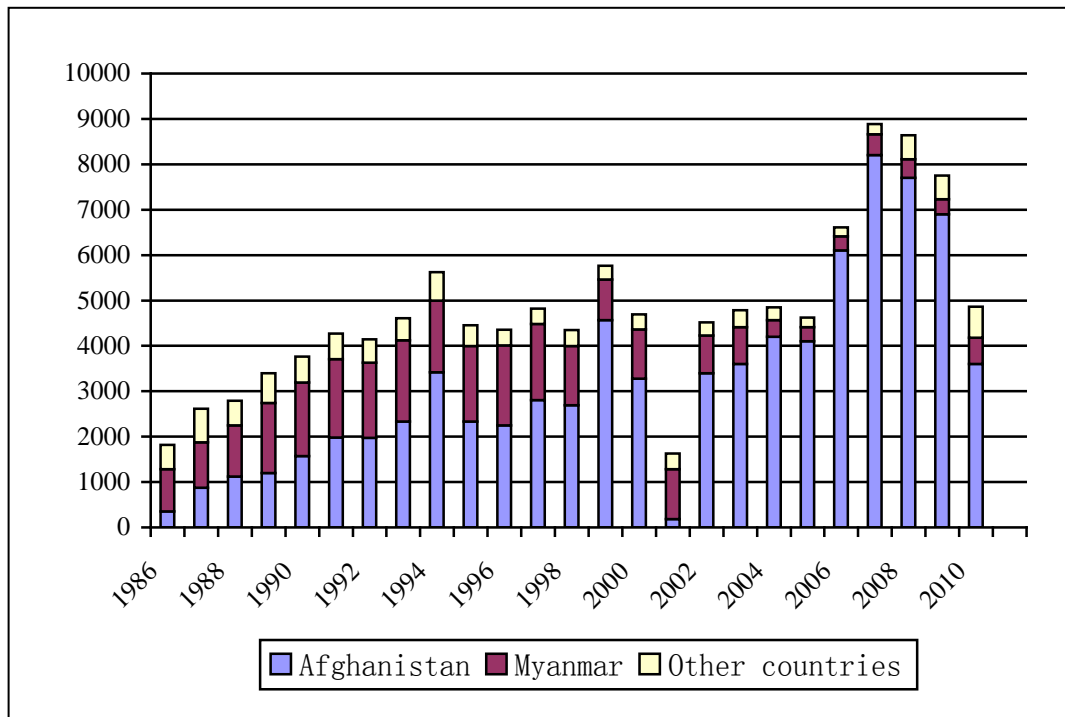
<sup>10</sup> NNCC, *Annual Report on Drug Control in China*, 2010.

<sup>11</sup> “More and More Drugs Trafficking into China via China-Vietnam Border,” *Zhongguo Jingji Zhoukan*, July 6, 2010.

<sup>12</sup> Jacob Townsend, “China and Afghan Opiates: Assessing the Risk,” Central Asia-Caucasus Institute & Silk Road Studies Program, June 2005.

<sup>13</sup> UNODC, *World Drug Report*, 2010, Vol. 1, pp. 42-43.

**Figure 1: Global Illicit Opium Potential Production, 1986-2010 (Unit: Metric Tons)**



Source: United Nations Office for Drug Control and Crime Prevention (UNODCCP), *Global illicit drug trends, 1999*, New York, 1999, p. 23; UNODC, *World Drug Report, 2010*, p. 138; UNODC, *World Drug Report, 2011*, New York: United Nations, 2011, p. 60.

In 2010, “Afghanistan’s opium production declined by almost half due largely to the spread of a disease that damaged poppy plants,” and the UNODC estimated it dropped to 3,600 mt, the lowest since 2003, “but the amount of land used for growing the crop remained the same.”<sup>14</sup> In 2008, approximately 380 mt of Afghanistan’s heroin supplied the global market, with about “5 mt either staying in the country for local consumption or being seized by local law enforcement. The remaining 375 mt are exported to the world.” Of that 375 mt, “approximately 15-20 mt are estimated to be trafficked to China.”<sup>15</sup> Illustrating the challenge that Afghan drug production poses to China, the Golden Crescent’s share of heroin seized in China rose from 8.8 percent in 2008 to 30 percent in 2009.<sup>16</sup> 70 percent of drugs in Urumqi, the capital of Xinjiang Province in western China, came from the “Golden Crescent.”<sup>17</sup> Liu Guangping, director of the general office of the

<sup>14</sup> UNODC, *Afghanistan Opium Survey 2010, Summary Findings*, September 2010, pp. 23-25; Veronika Oleksyn, “UN: Afghan Opium Production Halved,” *China Daily*, October 1, 2010.

<sup>15</sup> UNODC, *World Drug Report, 2010*, Vol. 1, p. 46.

<sup>16</sup> NNCC, *Annual Report on Drug Control in China, 2010*.

<sup>17</sup> “Xinjiang Targets Drug Trafficking,” *China Daily*, March 10, 2009.

General Administration of Customs, even stated that the Golden Crescent had replaced the Golden Triangle as the “biggest inbound source of drugs into China.”<sup>18</sup>

In addition to Xinjiang, Afghan heroin enters China through Guangdong province by sea and air routes. Ports in Karachi, Pakistan act as a major conduit for trafficking by sea; ships are dispatched west to Africa and east to China. The U.S. State Department’s International Narcotics Control Strategy Report states that, “Based on NNCC statistics, imports from the Golden Crescent region increased, resulting in 400 kilograms (kg) of Afghanistan heroin seized in southern China in 2008.”<sup>19</sup> From October to December 2009, Huangpu Customs bureau in Guangdong Province uncovered four related cases of heroin trafficking from the Golden Crescent into Southern China. In June 2010, Chinese officials seized 1032.36 kg of heroin and arrested 16 suspects including 8 Pakistanis, 2 Nigerians, 1 Kenyan, and 1 Ghanaian. It is seen as the biggest drug trafficking case in the history of Chinese drug control since 1949.<sup>20</sup>

The greater availability of cheap and high-purity heroin, along with limited access to drug treatment, combined with ineffective counternarcotics policies, have resulted in greater rates of addiction along with other public health problems in China. Drug addiction, which was effectively stamped out following the founding of the People’s Republic of China (PRC) in 1949, is once again on the rise. Even in the year 2000, with drug abuse in China still beginning its upward trend, the government recognized the problem. A government white paper on “Narcotics Control in China” from that time notes that “At present, each province, autonomous region, and municipality directly under the Central Government in China suffers from illegal drug-related activities to a certain extent, and China has been turned from a victim of the transit drug trade into a victim of both drug transit and consumption.”<sup>21</sup>

Reporting in 2011, the National Narcotics Control Commission perceived a worsening problem: the number of registered drug addicts within China had increased from 150,000 in 1991 to 1,545,000 in 2010 (Figure 2). Furthermore, about 70 percent of “all registered drug addicts are heroin users. Youth below the age of 35 make up the largest age group of registered addicts.”<sup>22</sup> But both the authorities and scholars recognize that these figures are greatly underestimated. Other data also show the seriousness of the drug problem in contemporary China. “According to the 2009 HIV estimation conducted by the Health Ministry of China, UNAIDS and the World Health Organization, there are approximately 740,000 people living with HIV and AIDS in China, of whom 32.2 percent” contracted the disease from intravenous drug use.<sup>23</sup>

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<sup>18</sup> “China to Intensify Scrutiny over Drugs during Olympics,” *China Daily*, June 24, 2008.

<sup>19</sup> *INCSR*, 2010, Vol. 1, pp. 198-199.

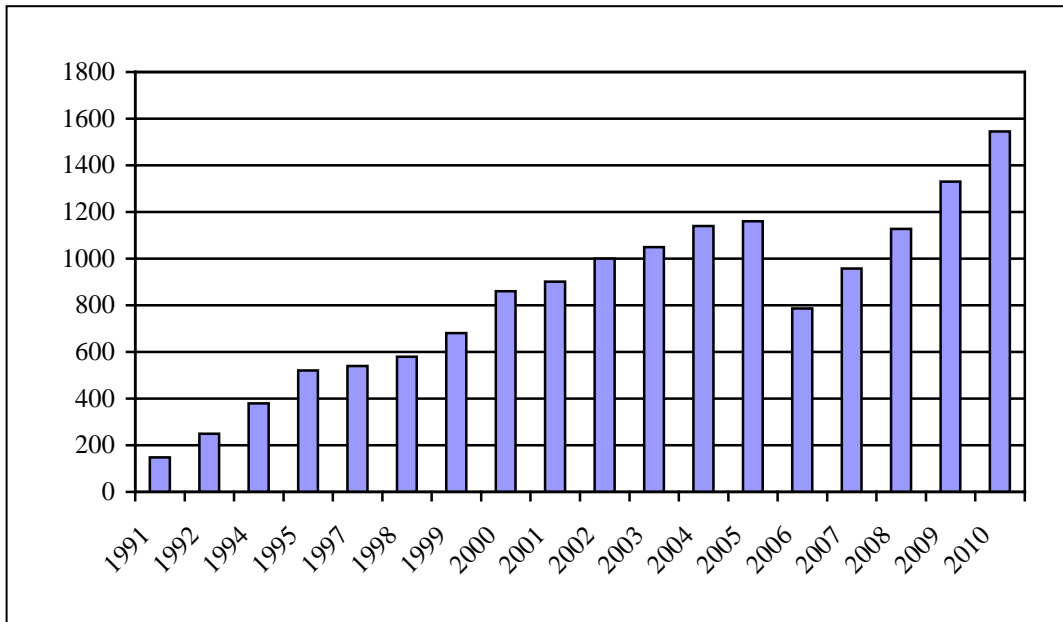
<sup>20</sup> “China’s Authorities Uncovered the Largest Scale Drug Trafficking Case; One Metric Tons Drugs Concealed in Stones,” *Guangzhou Daily*, June 22, 2010.

<sup>21</sup> “Narcotics Control in China,” State Council Information Office, State Council of the People’s Republic of China, June 2000, <http://www.china-embassy.org/eng/zt/mzpkz/t36387.htm>.

<sup>22</sup> NNCC, *Annual Report on Drug Control in China*, 2000, 2011.

<sup>23</sup> “China’s AIDS growth slows down: Health Ministry,” *Xinhua*, September 23, 2010.

**Figure 2: Registered Drug Abusers in China, 1991-2010 (Unit: 1,000 people)**



Source: NNCC, *Annual Report on Drug Control in China*, 2000-2011.

## 2.2. Impact on the United States

The United States, as the world's largest consumer of narcotics, has faced high levels of drug trafficking from the Golden Triangle and the Golden Crescent. Opium and heroin, which passes through China in quantities previously unheard of, significantly exacerbates the growth of the illegal drug market in the United States.

The share of heroin in the U.S. market trafficked from the Golden Triangle grew from 7 percent in 1977 to 15 percent in 1978, and to 68 percent in 1993.<sup>24</sup> Since then, with the competition from Latin America and Afghanistan, the Golden Triangle has not been a major source for the U.S. drug market, nor has China been a major transit country to a significant extent since 2005. However, as mentioned above, a significant resurgence of opium poppy cultivation in Myanmar has occurred since 2007, and ATS production and trafficking also has grown dramatically. The Golden Triangle drug industry is most likely

<sup>24</sup> Although the figure doesn't consider heroin trafficked from South America, because the U.S. Drug Enforcement Administration (DEA) had not developed the signature for heroin from South America until 1993, it still shows an upward trend of heroin from Southeast Asia in the U.S. market. White Paper on Drug Abuse, the Domestic Council Drug Abuse Task Force for the President, September 1975, folder: "Drug Abuse - Domestic Council Task Force Report (1)," Box 12, J.O. Marsh files, Gerald R. Ford Library; Drug Enforcement Administration: Drug Enforcement Administration Heroin Signature Program.

proceeding through an upgrade and transforming from traditional drugs to new synthetic drugs, following demand of the international drug market. The U.S. Drug Enforcement Administration (DEA) has noted that methamphetamine production that threatens the United States is linked primarily to Mexico and Myanmar.<sup>25</sup>

With regard to the Golden Crescent, Afghanistan's heroin has been "the largest constant" in the global illicit drug markets, and traffickers of Afghan heroin continue to route most of their production to Europe but also target the United States. With an increasing supply from Afghanistan, the amount of high-purity heroin throughout America has soared since the United States invaded Afghanistan in October 2001. In addition to its increasing market share in China, "Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States,"<sup>26</sup> and its share of the American market increased from 7 percent in 2001 to 20 percent in 2006.<sup>27</sup> Recently, the results of the Heroin Signature Program (HSP) of the U.S. Drug Enforcement Administration points out that only limited quantities of the Afghan heroin are available in the United States and Mexico is a major supplier of heroin to abusers in the United States.<sup>28</sup> However, 90 percent of the world's heroin supply comes from Afghanistan, and the shipments of Afghan heroin destined for Canada and the U.S. are very profitable to criminal groups in Mexico. Edgardo Buscaglia, investigator and fellow at the Autonomous Technological Institute of Mexico, told *El Universal* that Mexican drug traffickers have begun to establish relationships with drug organizations in Afghanistan and other countries, and help deliver heroin to the U.S. market.<sup>29</sup>

The price and purity of the heroin supply to the United States also show a disturbing trend. The U.S. Office of National Drug Control Policy (ONDCP) report notes the price of heroin has decreased 10 to 20 percent between 2003 and 2007; at the same time, the purity of heroin increased at more moderate rates in 2002, 2005, and 2007.<sup>30</sup>

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<sup>25</sup> Benjamin K. Sovacool, "North Korea and Illegal Narcotics: Smoke but No Fire?" *Asia Policy*, No. 7 (January 2009), National Bureau of Asian Research, p. 107.

<sup>26</sup> Maris Taylor, "More Heroin from Afghanistan Pouring into U.S. Cities," *McClatchy Newspapers*, January 5, 2007.

<sup>27</sup> Drug Enforcement Administration: Drug Enforcement Administration Heroin Signature Program. A recent UNODC report wonders whether 75 percent of opium consumed in the United States and Canada could come from Afghanistan: "A total of 22 tons of heroin is estimated to be consumed in the USA and Canada. Until now, it was thought that the majority of this heroin originated in Latin America and Mexico. But with the amount of opium reportedly produced there, not more than 10 tons of heroin can be produced annually, half of which goes to the north. Either some 17-20 tons of heroin are being trafficked from Afghanistan (or its neighbours) to North America, or Colombia and/or Mexico are producing more opium than previously reported." UNODC, *Addiction, Crime and Insurgency: The Transnational Threat of Afghan Opium*, Vienna: UNODC, September 2009, p. 11.

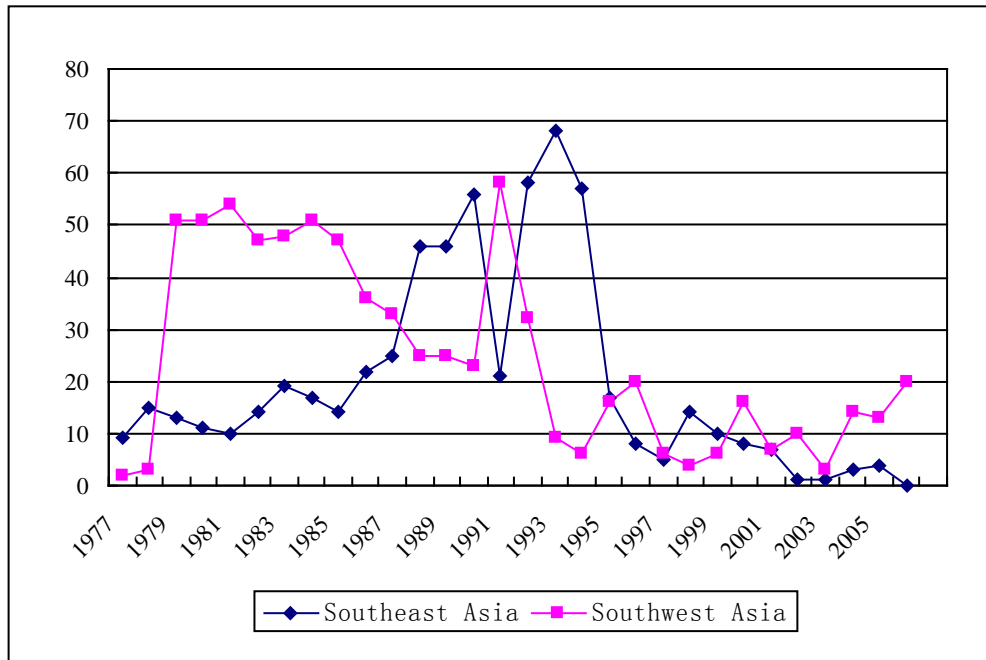
<sup>28</sup> National Drug Intelligence Center, United States Department of Justice, *National Drug Threat Assessment 2010* (2010-Q0317-001), February 2010; UNODC, *World Drug Report, 2011*, p. 68.

<sup>29</sup> Kelly Holt, "Mexican Cartels Buy Afghan Heroin," *The New American*, January 18, 2011, <http://thenewamerican.com/world-mainmenu-26/north-america-mainmenu-36/5950-mexican-cartels-buy-afghan-heroin-while-drug-wars-claim-507-in-14-days>.

<sup>30</sup> Robert W. Anthony, et al., *The Price and Purity of Illicit Drugs: 1981-2007*, Alexandria, Virginia: Institute for Defense Analyses, October, 2008, pp. IV 1-8.



**Figure 3: Heroin seizures of Asian Origins in the U.S. Market, 1977-2006  
(Unit: percent)**



Source: Drug Enforcement Administration Heroin Signature Program.

Not only is more heroin in the United States coming from Afghan poppy fields, it is also the purest in the world<sup>31</sup>; high-purity heroin is particularly dangerous to new users. The U.S. Department of Health and Human Services pointed out in 2009 that “there were 180,000 persons aged 12 or older who had used heroin for the first time within the past 12 months. The number of heroin initiates was significantly higher than the average annual number of heroin initiates during 2002 to 2008 (slightly over 100,000).”<sup>32</sup> It is still unclear how much Afghan heroin contributed to these demographic changes.

Organizations responsible for trafficking heroin into the United States are based primarily in Afghanistan, Pakistan, West Africa, and India,<sup>33</sup> and they use a variety of means to get their product to market including couriers on commercial flights national or private postal

<sup>31</sup> Maris Taylor, “More Heroin from Afghanistan Pouring into U.S. Cities,” *McClatchy Newspapers*, January 5, 2007.

<sup>32</sup> *Results from the 2009 National Survey on Drug Use and Health: Volume I. Summary of National Findings*, U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Office of Applied Studies, September 2010, p. 56.

<sup>33</sup> U.S. Department of Justice, National Drug Intelligence Center, *National Drug Threat Assessment*, 2010, p. 32.

services. The U.S. National Drug Intelligence Center worries that the explosive growth in Afghan production may lead to the introduction of the drug in American cities that were “not previously considered Southwest Asian heroin markets”; traffickers may be “attempting to open new markets for their product in cities where availability is very limited.”<sup>34</sup>

More important is the fact that drug trafficking is undermining “virtually every aspect of the United States and Afghan governments’ efforts to secure and stabilize Afghanistan and remains a challenge” to the United States. Opium production “competes with the country’s licit agriculture industry, provides funds to insurgents, and fuels corruption in Afghanistan.”<sup>35</sup> In the words of the U.S. State Department, “Cutting down the opium supply is central to establishing a secure and stable democracy, as well as winning the global war on terrorism.”<sup>36</sup> But the problem of Afghan drug production and trafficking is not solely an American concern. China and the United States have a shared interest in cooperating in the solving of this problem.

### **3. China-U.S. Counternarcotics Cooperation and Its Limits**

As the Chinese government has adopted more reforms, and has gradually relaxed border control, more and more opium and heroin from the Golden Triangle has been smuggled into Southern and Southwest China. While some of these drugs are consumed in China, the majority of them are trafficked into the United States and other countries. Chinese authorities have acknowledged that the rising tide of the international narcotics trade has constantly threatened to swamp China with drug-related criminal activity. Indeed, criminality touched off by transit drug trafficking has re-emerged since the late 1970s.<sup>37</sup> Undoubtedly, China and the United States have a common adversary in Asian drug trafficking. Although bilateral counternarcotics cooperation has been seen as a highlight of China-U.S. relations, and continues to develop in a positive way (as demonstrated by the many outstanding achievements since 1985), it nonetheless has fallen short of its goals for controlling cross-border narcotics trafficking.

#### **3.1. The Golden Triangle’s Rise and the Origins of Bilateral Cooperation**

From the early 1960’s to the mid 1970’s, a large portion of heroin in the United States originated in Turkey and transited via the “French connection.” Since then, however, due to a clampdown on opium poppy growing in Turkey and more control in Marseille, these

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<sup>34</sup> U.S. Department of Justice, National Drug Intelligence Center, *National Drug Threat Assessment*, 2009, p. 32.

<sup>35</sup> United States Government Accountability Office, *Afghanistan Drug Control: Strategy Evolving and Progress Reported, but Interim Performance Targets and Evaluation of Justice Reform Efforts Needed* (GAO-10-291), Washington, D.C.: March 2010, p. 1.

<sup>36</sup> Robert B. Charles, Assistant Secretary for International Narcotics and Law Enforcement Affairs, Testimony Before the House Committee on Government Reform Subcommittee on Criminal Justice, Drug Policy, and Human Resources, Washington, DC, April 1, 2004.

<sup>37</sup> NNCC, *Annual Report on Drug Control in China*, 2000.

traditional drug trafficking routes have gradually dried up. Reacting to the decline in heroin exports from the Mediterranean and American GIs coming home from Vietnam, the Southeast Asian syndicates began exporting their surplus heroin to the United States. Consequently, the Golden Triangle replaced Turkey as one of the major sources of supply for heroin in the United States—as some critics stated, “the Mediterranean’s loss [was] Southeast Asia’s gain.”<sup>38</sup>

To fight the continued trafficking of heroin, it has been necessary to develop new initiatives and exercise greater concerted action in Southeast Asia.<sup>39</sup> Some U.S. Congress members who have been especially strong supporters of the war on drugs have suggested that the suppression of narcotics in Southeast Asia requires regional cooperation and coordination between counternarcotics law enforcement officials of all countries in the area.<sup>40</sup> From the perspective of geopolitical influence, the Chinese government has been regarded as a prominent partner and special player in helping to eradicate opium poppy cultivation and interdicting drug traffic.

The U.S. government has actively sought bilateral counternarcotics cooperation with China since the Nixon administration, but there have been many obstacles to collaboration. For example, the U.S. drug war was often subordinated to broader strategic concerns and goals during the Cold War and, until the early 1970s, U.S. authorities continued to support Taiwan’s participation in the United Nations and its related international agencies including the Commission on Narcotic Drugs (CND). This posed a major obstacle to early attempts at bilateral cooperation on drug control.

Later in the 1970s, as a newcomer to multilateral drug control diplomacy, the Chinese government needed time to become acquainted with the international drug control system. China was wary of being taken advantage of within the global drug control infrastructure which was dominated by the western world, and also Beijing had not yet recognized of the resurgence of threats posed by drug trafficking from its neighbor countries. Both states’ policymakers were inevitably constrained by conflicting Cold War ideologies and lost an excellent opportunity to cooperate on eliminating the drug trafficking originating in the Golden Triangle.

However, the relatively recent normalization of Sino-American relations has laid the foundation for bilateral counternarcotics cooperation. In 1985, the United States and

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<sup>38</sup> Alfred W. McCoy and Alan A. Block, “U.S. Narcotics Policy: An Anatomy of Failure,” Alfred W. McCoy and Alan A. Block, eds., *War on Drugs: Studies in the Failure of U.S. Narcotics Policy*, Boulder: Westview Press, 1992, pp. 9-10; Alfred W. McCoy, Cathleen B. Read and Leonard P. Adams II, *The Politics of Heroin in Southeast Asia*, New York: Harper & Row, Publishers, 1972, p. 241.

<sup>39</sup> Jeremy Kuzmarov, “From Counter-Insurgency to Narco-Insurgency: Vietnam and the International War on Drugs,” *Journal of Policy History*, Vol. 20, No. 3 (2008), pp. 344-378; Daniel Weimer, “Seeing Drugs: The American Drug War in Thailand and Burma, 1970-1975”, Ph.D. Dissertation, Kent State University, 2003.

<sup>40</sup> Committee on Foreign Affairs, U.S. House of Representatives, *The U.S. Heroin Problem and Southeast Asia*, Washington, D.C.: U.S. Government Printing Office, 1973, p. 8.

China officially announced their intention to cooperate in the field of drug control. On October 15, 1987, the two governments signed the “China-U.S. Memorandum of Cooperation in Narcotic Drugs Control.” Both governments agreed to continue to provide support for drug control efforts, specifically in the mutual provision of intelligence on drug trafficking in the Southeast Asian region, and agreed to a joint interchange of scientific and technological information in areas related to drug research and interdiction. Although Chinese authorities continued to approach collaboration cautiously, this was the first official document about bilateral counternarcotics cooperation between China and the United States.

As China became an increasingly significant transit route for opiates produced in the Golden Triangle, American and Chinese counternarcotics officials increased intelligence sharing and joint drug interdiction operation amongst themselves, Myanmar, and Hong Kong—another key narcotics transit point. China cooperated in three major narcotics cases with the United States in 1980s. The most notable was the 1988 “Goldfish” case where China participated in a controlled delivery involving 4.5 kilograms of a form of heroin concealed in dead goldfish, which were trafficked from Guangzhou to Shanghai, then to San Francisco. Observers noted that “It was supposed to be a cornerstone of cooperation between drug enforcement agencies in China and the United States, with the Chinese authorities sending a captured drug smuggler [Wang Zongxiao] to testify for the prosecution at an American trial for the first time.”<sup>41</sup> However, further cooperation of this type was put on hold because when Wang Zongxiao arrived in the United States for his testimony in 1990, he requested political asylum.<sup>42</sup> Another, and possibly more salient reason for diminished cooperation was the crisis in Sino-American relations caused by the Tiananmen incident of 1989. Since then, cooperation has continued to develop but at a snail’s pace, especially with regard to information exchange and joint operations.

### **3.2. Bilateral cooperation during the Post-Cold War era**

Bilateral counternarcotics cooperation has been restrained by the ups and downs in the broader bilateral relationship.<sup>43</sup> The collapse of the Soviet bloc actually undermined much of the strategic basis for Sino-American relations, that is the once shared joint opposition to the Soviet Union was no longer a rallying factor for China and the United States.<sup>44</sup>

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<sup>41</sup> Constance L. Hays, “Drug Case Derails U.S.-China Law Tie,” *New York Times*, February 20, 1994; *INCSR*, 1989, p. 188.

<sup>42</sup> United States Department of State, Bureau of East Asian and Pacific Affairs, “Your Meeting with Chinese Minister of Public Security Tao Siju, Beijing, May 7-8”, [Attachments Not Included], Confidential, Briefing Memorandum, August 29, 1992, Digital National Security Archive, China and the U.S., CH01549.

<sup>43</sup> Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War*, Rowman & Littlefield Publishers, INC, 2008, pp. 159-165.

<sup>44</sup> Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War*, pp. 156-158; Robert L. Suettinger, *Beyond Tiananmen: The Politics of U.S.-China Relations, 1989-2000*, Brookings Institution, 2003, p. ix.

Moreover, the failure to resolve the Wang Zongxiao case had a negative effect on bilateral cooperation, training, working level dialogue and information sharing. At the time, U.S. officials stressed that the case should not stand in the way of any cooperative efforts aimed at dealing with the worsening issue of drug trafficking in China. Simultaneously, the United States government sought to engage the Chinese in more bilateral and multilateral counternarcotics efforts to stem the flow of drugs at their source and in transit.<sup>45</sup> However, Chinese officials asserted that prospect for enhanced bilateral cooperation was dealt a blow when an American court ruled that Wang Zongxiao was not to be deported, and he remained in the United States.<sup>46</sup> As a result of mutual distrust, the Chinese government declined approval for the establishment of DEA and Federal Bureau of Investigation (FBI) offices at the American Embassy in Beijing.

There was a turn for the better in the mid-1990s, with the Clinton administration's policy of engagement with China. In particular, the October 1997 summit meeting between Presidents Clinton and Jiang Zemin in Washington, which included discussion on bilateral drug enforcement cooperation, improved relations following the low point after the Tiananmen incident.

At this time, the geography of drug trafficking out of the Golden Triangle was shifting. With the collapse of Khun Sa's Mong Tai Army (MTA) in 1996, the Myanmar-Thai trafficking route was severely disrupted, and the Myanmar-China route became increasingly valuable for drug traffickers.<sup>47</sup> Given more serious common threats from the Golden Triangle, China and the United States agreed there was great potential for cooperation in the combating of drug trafficking, and arranged to open reciprocal drug enforcement offices in Washington and Beijing. The two sides also set up a "real-time e-mail link" to enable more rapid exchanges of information. The U.S. judged that these developments enhanced "information sharing and law enforcement cooperation between the two countries."<sup>48</sup>

Furthermore, following up on the 1997 summit, in May 1998 China and the United States signed a memorandum of understanding on law enforcement cooperation establishing a Joint Liaison Group, the goal of which was to bring together "the major law enforcement agencies on each side to develop closer working relationships in order to provide

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<sup>45</sup> *INCSR*, 1993.

<sup>46</sup> "A judge ruled in 1993 that prosecutors committed 'clear, flagrant and shameful violations' of Wang's constitutional rights. He was released in 1996, and an appeals court refused to send him back to China, saying it would mean his execution." See: "How Trust and Greed Broke the World's Largest Heroin Gang," *Asian Pacific Post*, August 21, 2003.

<sup>47</sup> Ko-lin Chin; Sheldon X. Zhang, "The Chinese Connection: Cross-border Drug Trafficking between Myanmar and China" (Unpublished Paper), April 2007, p. 10.

<sup>48</sup> *INCSR*, 1997.

assistance” on drug investigation and “prosecutions on a case-by-case basis.”<sup>49</sup> In September 1998, the two governments began negotiation of a mutual legal assistance agreement. Broadly speaking, apart from a few rocky moments, in the late 1990s “the United States and China...established a solid foundation for improved and continued cooperation in counternarcotics enforcement.”<sup>50</sup>

But other incidents and unforeseen developments have often interfered with Chinese-U.S. law enforcement relations. Notable among these incidents was the United States bombing of the Chinese Embassy in Belgrade in May 1999,<sup>51</sup> which damaged relations in general and affected implementation of several aspects of the MOU on law enforcement cooperation. Specifically, a conference of the Joint Liaison Group was postponed and a number of other training courses were postponed and canceled.<sup>52</sup>

At the turn of the millennium, both governments again gradually restored and strengthened counternarcotics cooperation.<sup>53</sup> As a formal culmination of efforts in the late 1990s to bolster China-U.S. law enforcement relations, the two governments signed a Mutual Legal Assistance Agreement (MLAA) in June 2000, which entered into effect on March 8, 2001.<sup>54</sup> The stated purpose of MLAA is “to improve the effectiveness of cooperation between the two countries in respect of mutual legal assistance in criminal matters.” It provides a legal structure and a “powerful tool for obtaining evidence needed to prosecute transnational criminals,” such as “narcotics traffickers.” It does not preclude or limit the informal, case-by-case assistance that predated the MLAA.<sup>55</sup> This cooperation has been yielding significant operational results since the 1988 Goldfish case. Intelligence sharing, including intelligence shared by China, was especially useful in confronting “drug-smuggling rings operating between the two countries.”<sup>56</sup> This included cooperation on busting one of the world’s largest heroin suppliers—Kin-cheung Wong (nicknamed “125” for his weight ); it was the first joint law enforcement operation in a controlled delivery since the Goldfish case.<sup>57</sup>

In the meantime, China and the United States began to discuss the bilateral Customs Mutual Assistance Agreement (CMAA) in January 2003. The two countries reached an agreement on CMAA, which would facilitate cooperation by customs officials and enhance the flow of narcotics intelligence. On February 24, 2005, the National Narcotic

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<sup>49</sup> The White House, Office of the Press Secretary Beijing, “Fact Sheet: Achievements of U.S.-China Summit,” *For Immediate Release*, June 27, 1998; “China, US Discuss Enhancing Law Enforcement Cooperation,” *Xinhua*, Feb. 23, 2005; *INCSR*, 2000.

<sup>50</sup> *INCSR*, 1998, 1999.

<sup>51</sup> Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War*, p. 169.

<sup>52</sup> *INCSR*, 1999.

<sup>53</sup> NNCC, *Annual Report on Drug Control in China*, 2000.

<sup>54</sup> *INCSR*, 2000, 2001.

<sup>55</sup> Anna McCormack, “The United States, China, and Extradition: Ready for the Next Step?” *Legislation and Public Policy*, Vol. 12 (2009), pp. 463-467.

<sup>56</sup> *INCSR*, 2005.

<sup>57</sup> “Borderless Narcotics Control,” *People’s Daily*, Feb. 12, 2004, p.10; “How Trust and Greed Broke the World’s Largest Heroin Gang,” *Asian Pacific Post*, August 21, 2003.

Control Commission and the Drug Enforcement Administration signed a Memorandum of Intent to establish a Bilateral Drug Intelligence Working Group (BDIWG), and in July 2006, the NNCC and the White House Office of National Drug Control Policy (ONDCP) signed a Memorandum of Intent to increase cooperation against drug trafficking. The NNCC-DEA agreement focused on enhancing informational exchanges, while the NNCC-ONDCP encompassed operations as well as intelligence sharing. The 2010 International Narcotics Control Strategy Report noted that in the previous year, “the level of cooperation and intelligence exchange [between the United States and China] on active cases improved markedly.” China hosted the third annual BDIWG conference in Beijing on October 20, 2009; at this meeting the two sides began to emphasize joint counternarcotics cooperation in the interdiction of drug trafficking from the Golden Crescent.<sup>58</sup>

In the most recent meeting of the Joint Liaison Group on Law Enforcement Cooperation, held in December 2010, the United States and China had candid and in-depth discussions on an array of significant law enforcement-related issues, including the implementation of their commitment to “strengthen law-enforcement cooperation” as expressed in the China-U.S. Joint Statement issued during President Obama’s visit to China in 2009, as well as following up on the recent high level discussions between Chinese State Councilor and Public Security Minister Meng Jianzhu and U.S. Attorney General Eric Holder during Mr. Holder’s visit to Beijing in October 2010. Those discussions focused on the need for law enforcement cooperation, including in combating drugs.<sup>59</sup>

Based on the cooperative agreements, especially on intelligence sharing and law enforcement, the Chinese and U.S. governments have jointly cracked down on drug production and trafficking cases. In addition to the Goldfish and “125” cases, in January 2007, China, the United States, and Canada jointly cracked the “0303” mega transnational cocaine trafficking case, capturing five suspects in Canada and six in Guangdong. 25 kilograms of cocaine were seized in the United States. It was a typical case where China provided clues and coordinated with the U.S. and Canada in an investigation. In 2010, according to clues provided by U.S. authorities, Chinese authorities arrested one Colombian suspect, and seized 1 kilogram of cocaine.<sup>60</sup> Though these statistics may not be monumental, they indicate a trend of increasingly successful cooperation between China and the United States in opposing international drug trafficking.

### **3.3. The Limits of Bilateral Cooperation**

Clearly, bilateral counternarcotics cooperation has achieved many significant improvements in intelligence sharing, mutual legal assistance, and joint operations.

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<sup>58</sup> *INCSR*, 2006, 2008, 2010; “The Third Annual Bilateral Drug Intelligence Working Group Holding in Beijing,” *Renmin Gongan Bao*, Oct., 22, 2009.

<sup>59</sup> *INCSR*, 2011.

<sup>60</sup> NNCC, *Annual Report on Drug Control in China*, 2008, 2011.

However, China and the United States will always face new threats and challenges from drug trafficking of Asian origins, and their counternarcotics strategies and operations must adjust accordingly. To date, the two governments have most often been slow to make such adjustments, due in part to the limitations of the overall bilateral relationship. In my opinion, such shortcomings mainly include the following:

- China-U.S. counternarcotics cooperation has never been placed as a high priority for the U.S.-China relationship, despite that the drug war is deemed to be “the longest war” in world history. In comparison to “hard” strategic issues, drug trafficking has been seen as a “soft security” issue by policymakers. As such it is relegated to secondary importance. For instance, narcotics proliferation has long been subordinated to the issue of nuclear proliferation or other hard security issues and, consequently, issues of nuclear proliferation have played a more central role in the overall U.S.-China relationship. This, in spite of the fact that “more than 31,000 Americans—or approximately ten times the number of people killed on September 11, 2001, die each year as a direct result of drug abuse.”<sup>61</sup>
- Sino-American counternarcotics strategies frequently struggle to keep up with the increasingly diversified methods of drug production and newer, more versatile drug pipelines. The illegal drug industry reacts quickly to new and increased demand, and adapts swiftly to pressure from law enforcement, shifting its tactics to evade interdiction. Worse, due to a focus on other geographic regions, U.S.-Chinese cooperation has mainly focused on curbing trafficking in the Golden Triangle and has left many regions and borders open for international drug traffickers, which has unavoidably caused a vicious cycle wherein—“the Golden Triangle’s loss is the Golden Crescent’s gain,” and vice versa. To some extent, even when drug pipelines are effectively dismantled, they are replaced by even more complex webs of international smuggling.<sup>62</sup>
- An overall lack of strategic trust between China and the United States could cause a gap in intelligence sharing and multi-level interactions in law enforcement efforts. Despite positive statements that hail the signing of new bilateral agreements, United States counternarcotics officials are often dissatisfied with intelligence sharing from their Chinese counterparts, and believe that “Chinese counterparts are restrained from providing information, even regarding successful apprehensions that result from U.S.-provided investigative leads.” In the meantime, the Chinese Ministry of Public Security (MPS) insists that “U.S. counternarcotics officials [direct] all communications through the [MPS] central office in Beijing, while the U.S. counterparts request direct interaction at the

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<sup>61</sup> Statement of Anthony P. Placido, Assistant Administrator for Intelligence, United States Drug Enforcement Administration, Before the House Oversight and Government Reform Subcommittee on National Security and Foreign Affairs, March 3, 2010.

<sup>62</sup> Alfred W. McCoy, “From Free Trade to Prohibition: A Critical History of the Modern Asian Opium Trade,” *Fordham Urban Law Journal*, Vol. 28 (October, 2000), p. 333.



provincial level with MPS.”<sup>63</sup> In addition, since 2002, the U.S. government has hoped that Chinese authorities would sign a letter of agreement (LOA) aimed at extending counternarcotics assistance and financial support. “Reaching agreement on a [LOA] is a major U.S. goal that, if achieved, would greatly increase counternarcotics cooperation between the two countries.”<sup>64</sup>

- Differences in the countries’ criminal justice systems have restricted the breadth of bilateral counternarcotics cooperation and have hindered increasing cooperation in simple matters. For example in routinely providing samples of drugs and obtaining timely access to witnesses or evidence in criminal investigations. The most significant obstacle in bilateral cooperation remains the absence of a China-U.S. extradition treaty, which continues to hamper the effectiveness of bilateral enforcement cooperation, causing lack of consistent and sustainable cooperation in controlled delivery operations, which is one of the most effective means to crack down on transnational drug trafficking organizations. More broadly, the Wang Zongxiao case in the 1990s showed how incompatibilities in the justice systems can hamper collaboration.

#### **4. Policy Recommendations**

U.S.-Chinese counternarcotics cooperation has accomplished much in stemming drug trafficking across borders in recent years aimed at establishing a complete legal framework for anti-drug work and smooth liaison channels, and has developed practical cooperation on the exchange of intelligence, investigation of cases, precursor chemical control, personnel training and other areas, but has not eradicated or even substantially eliminated drug production, trafficking, and abuse. Looking ahead, at the same time they are trying simply to enhance cooperation, the two sides must also deal with the diversification of drug sources and the appearance of more complex trafficking networks. A few suggestions follow:

- Overall, U.S.-Chinese counternarcotics cooperation must design a new drug control strategy not from a purely national or state level but from the perspective of global governance. As the UNODC has reported, since the end of the Cold War, “the process of globalization has outpaced the growth of mechanisms for global governance and cooperation, and this deficiency has produced just the sort of regulation vacuum in which transnational organized crime, including drug trafficking across border can thrive.”<sup>65</sup> As a result of these new dynamics, cross-border drug trafficking requires global cooperation and cannot be effectively addressed by individual governments alone.

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<sup>63</sup> *INCSR*, 2010.

<sup>64</sup> *Ibid.*

<sup>65</sup> UNODC, *The Globalization of Crime: A Transnational Organization Crime Threat Assessment*, Vienna: UNODC, 2010, p. 29.

- The United States and China should gradually establish greater strategic trust in finding solutions to drug problems, and coordinate more international counternarcotics operations. China and the United States should actively participate in and coordinate strategic planning and operations, including the “Paris Pact Initiative,”<sup>66</sup> the U.S.-led Operation Containment initiative,<sup>67</sup> and China-prompted drug control programs.<sup>68</sup> Furthermore, policymakers must make better efforts at halting Afghan heroin trafficking through routes into the West, South, North, and East. As the UNODC has noted, “A clear lesson from the history of drug control is that the mere sum of uncoordinated national and sectoral efforts, even successful ones, cannot result in a global success.”<sup>69</sup> A global failure would result in a global drug disaster from which no country could escape. Without substantial cooperating among the international community, including China, the United States cannot complete this arduous task alone. The Obama administration’s counternarcotics strategy seems to move in this direction, as it has “shifted to align more closely with counterinsurgency efforts by de-emphasizing eradication, focusing more on interdiction efforts...[as well as] increasing agricultural assistance.”<sup>70</sup> These are tasks in which other nations can effectively participate.
- Sustainable and comprehensive alternative economic development programs are essential for long term success in the war on Asian drug trafficking. Myanmar and Afghanistan are two of the poorest countries in the world, and as such they cannot

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<sup>66</sup> A partnership of more than 50 countries and international organizations, the Paris Pact Initiative is aimed at combating Afghan opiates trafficking, consumption and related problems in the affected priority countries along the Afghan opiates trafficking routes. See: <https://www.paris-pact.net> .

<sup>67</sup> “Operation Containment is a large-scale, multinational law enforcement initiative begun in early 2002 under the leadership of the DEA and with special support from Congress. Emphasizing coordination and information sharing among nineteen countries from Central Asia, the Caucasus, Europe and Russia, the program aims to implement a joint strategy to deprive drug trafficking organizations of their market access and international terrorist groups of financial support from drugs, precursor chemicals, weapons, ammunition and currency.” See: Statement of Karen P. Tandy, Administrator Drug Enforcement Administration, Before the Subcommittee on Criminal Justice, Drug Policy and Human Resources, Committee on Government Reform, U.S. House of Representatives, February 26, 2004.

<sup>68</sup> To draw a parallel with the Russian experience: As Ekaterina Stepanova points out, “Russia’s attitude toward the current activities of its Western partners in Afghanistan, particularly to their counternarcotics efforts, is positive but skeptical. At the same time, Western direct engagement and presence in Afghanistan have not often been so in line with Russia’s national security interests as the current British-led (and increasingly U.S.-financed) counternarcotics activities are. This common interest provides a solid basis for mutual cooperation that should be further developed and reinforced.” See: Ekaterina Stepanova, “Illicit Drug Trafficking and Islamic Terrorism as Threats to Russian Security: The Limits of the Linkage,” in *PONARS Policy Conference*, 9 December 2005 (Washington D.C.: CSIS, 2005), pp. 165–170.

<sup>69</sup> UNODC, *World Drug Report*, 2010, Vol. 1, p. 11.

<sup>70</sup> United States Government Accountability Office, *Afghanistan Drug Control: Strategy Evolving and Progress Reported, but Interim Performance Targets and Evaluation of Justice Reform Efforts Needed*, GAO-10-291, March 2010. Vanda Felbab-Brown, “The Obama Administration’s New Counternarcotics Strategy in Afghanistan: Its Promises and Potential Pitfalls,” *Brookings Policy Brief # 171*, September 2009.

resist the “impact of powerful transnational trafficking flows on their own,”<sup>71</sup> advance their own economic development, nor even hope to maintain a stable government. These countries would not survive without either the influx of money from poppy cultivation or without external financial aid and political support. Therefore, as Ekaterina Stepanova has noted, legitimate outside assistance and support are of great necessity when those countries like Myanmar and Afghanistan have reduced their illicit production and may be at a critical juncture, where, without a return to dependency on a drug economy, the economic integrity of the country will dramatically decline.<sup>72</sup> For example, the UNODC has reported that between 2005 and 2010 the price of opium Afghanistan increased nearly three-fold, due to the decline in production. Because of the high price of opium in 2010, the gross income for farmers per hectare increased by 36 per cent to US\$4,900 while the gross income per hectare of wheat decreased to US\$770. UNODC notes, “It is worrying that the current high sale price of opium in [combination] with a lower wheat price may encourage farmers to go back to opium cultivation.” The high sale price was the most important reason cited by farmers (47 percent) for cultivating opium poppy according to UNODC survey in 2010.<sup>73</sup> Although the United States is reluctant to provide economic assistance to Myanmar, and identified it in September 2009 “as having ‘failed demonstrably’ to meet its international counternarcotics obligations,”<sup>74</sup> the United States should make a greater effort in searching for options which amplify the scope and intensity of counternarcotics assistance and economic investments in labor-intensive agriculture. Perhaps the recent early signs of a rapprochement between the United States and Myanmar will lead to cooperation in this area.<sup>75</sup>

Similarly, the Obama administration could further encourage China to become more directly involved in stabilization and counter-narcotic activities in Afghanistan.<sup>76</sup> In this way, the risk or possibilities of the displacement and spread of opium and drug trafficking can be reduced. Some areas, which were provided enough economic assistance and technology support, could become models of drug-free-zones; attracting poppy farmers to migrate from the Shan and Kachin states of Myanmar, or provinces controlled by Taliban, which would undermine

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<sup>71</sup> UNODC, *World Drug Report*, 2010, Vol. 1, p. 35.

<sup>72</sup> Ekaterina Stepanova, “Addressing Drugs and Conflicts in Myanmar: Who Will Support Alternative Development?” *SIPRI Policy Brief*, June 2009.

<sup>73</sup> UNODC, *Afghanistan Opium Survey 2010, Summary Findings*, September 2010, pp. 23-25; Veronika Oleksyn, “UN: Afghan Opium Production Halved,” *China Daily*, October 1, 2010.

<sup>74</sup> *INCSR*, 2010, Vol. 1, P. 174.

<sup>75</sup> Secretary of State Clinton’s trip to Myanmar on December 1, 2011, marked a watershed in Myanmar-U.S. relations, but the drug issue was not given the attention it warrants.

<sup>76</sup> See Shirley A. Kan, *U.S.-China Counterterrorism Cooperation: Issues for U.S. Policy*, Congressional Research Service, July 15, 2010, p. 32.

the insurgent force's "political capital."<sup>77</sup> As mentioned above, economic factor was the most important reason that the farmers cultivated opium poppy.<sup>78</sup>

- Developing a comprehensive and effective regional multilateral response to the drug challenge should be another priority task. The international community should assist and urge Myanmar and Afghanistan to participate actively in regional multilateral cooperation, especially in the Association of Southeast Asian Nations (ASEAN) and Shanghai Cooperation Organization (SCO). The alternative strategy is to encourage Myanmar and Afghanistan to take consistent concrete actions in drug control based on regional cooperation mechanisms rather than through unilateral pressure or bilateral cooperation. At the 33<sup>rd</sup> ASEAN Ministerial Meeting in Bangkok in 2000, Ministers "took note of the threat from drug abuse and drug trafficking on the security and stability of the ASEAN region, particularly its relations with transnational crime" and called for a drug-free ASEAN by 2015.<sup>79</sup> In pursuit of this purpose, China and U.S. should actively engage in regional cooperation through ASEAN plus China and the U.S. or the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD) plus the U.S.

Similarly, the SCO should become an important forum for multilateral counternarcotics cooperation in Afghanistan and beyond. The Chinese government has signed several counternarcotics and anti-transnational crime agreements with member countries in Central Asia. Under the auspices of the SCO, China, Russia and the Central Asia Republics have reconsidered anti-terrorism, drug production and trafficking in Afghanistan. Furthermore, the U.S. and China have participated in the "Six plus Two" Drug Control Mechanism Program, with Iran, Pakistan, Tajikistan, Turkmenistan, Uzbekistan, Russia.<sup>80</sup> Based on the above-mentioned efforts, cooperation between the United States and China could and should increase mutual strategic trust and avoid unnecessary suspicion in counternarcotics in Afghanistan. Moreover, they should coordinate counternarcotics cooperation, Afghan state building, and anti-terrorism through the SCO mechanism.

- Establishing joint investigations on global drug trafficking organizations and an intelligence sharing system is the basis for the interdiction of cross-border drug

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<sup>77</sup> Vanda Felbab-Brown, *The Obama Administration's New Counternarcotics Strategy in Afghanistan: Its Promises and Potential Pitfalls*, Brookings Policy Brief # 171, September 2009.

<sup>78</sup> UNODC, *Afghanistan Opium Survey 2010, Summary Findings*, September 2010, pp. 23-25.

<sup>79</sup> *Drug-Free ASEAN 2015: Status and Recommendations*, United Nation Office on Drugs and Crime Regional Center for East Asia and the Pacific, 2008.

<sup>80</sup> Prior to September 2001, efforts to counter drug trafficking from Afghanistan focused on curbing drug flow as close to source as possible. This was done by establishing the so-called security belt around the source country. This UNODC-facilitated initiative involved six countries neighboring Afghanistan. See: Alisher Latypov, "Understanding post 9/11 drug control policy and politics in Central Asia," *International Journal of Drug Policy*, Vol. 20 (2009) , pp. 387-391.

trafficking. To complement current investigations and initiatives focused on the Golden Crescent trafficking rings and Chinese syndicates transporting South American cocaine, Chinese and U.S. officials need to investigate African and Central Asian drug trafficking organized crime groups, particularly West African groups, focusing on their operation networks, organizational structures, trafficking routes, and money laundering processes.<sup>81</sup> In 2009, Chinese counternarcotics officials arrested foreign criminal suspects related to drugs originating from 50 countries, an increase of 20 percent from the previous year.<sup>82</sup> Data from China's General Administration of Customs' Anti-smuggling Bureau shows that they have arrested more than 4,000 foreign drug traffickers from at least 72 countries since 2005. The majority of these traffickers were of African or Southeast Asian origin.<sup>83</sup> The UNODC and the U.S. National Drug Intelligence Center also believe that African traffickers—mostly West Africans—are “pivotal” in the international trafficking of heroin, especially to the U.S. market.<sup>84</sup> More importantly, law enforcement agencies should pay attention to the rearmament of drug trafficker groups in Asia and Africa, and assess the interaction between drug trafficking groups and regional insurgencies and global terrorism. There also needs to be greater focus on investigating the penetration of drug trafficking organizations into legitimate business sectors. If the former can be considered “a wolf in wolf's clothing,” the latter is “a wolf in sheep's clothing,” whose potential for destruction is even greater. Both China and the United States need to devote greater resources and policy attention to this problem.

- Establishing global internet monitoring on drug manufacturing technology is an important way to break free from the new “balloon effect” in international counternarcotics cooperation.<sup>85</sup> Partly due to stricter enforcement, but largely as a result of the ubiquity of advanced communication and internet technology, an all new—and more sophisticated—trafficking model has gradually emerged in international drug markets. That is, drug trafficking organizations engage in transnational drug business by internet, cell phone, or parcel post, and can therefore minimize risk by creating divisions between the drug producer, drug dealer, the drugs themselves, and the drug money. In the illegal drug market, two-

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<sup>81</sup> *INCSR*, 2010, Vol. 1, pp. 199-200.

<sup>82</sup> NNCC, *Annual Report on Drug Control in China*, 2010.

<sup>83</sup> Chen Yanhui, “Transnational Drug Trafficking Network Targets China; Arresting 4,000 Foreign Drug Traffickers,” *Phoenix Weekly*, No. 9 (2010).

<sup>84</sup> UNODC, *World Drug Report*, 2010, Vol. 1, pp. 62-3; U.S. Department of Justice, National Drug Intelligence Center, *National Drug Threat Assessment*, 2010, p. 32.

<sup>85</sup> The air inside of a latex balloon when it is squeezed is moved, but does not disappear. Pressure applied in one area pushes the air into another area of less resistance. This displacement is known as the “balloon effect.” See: Frank O. Mora, “Victims of the Balloon Effect: Drug Trafficking and the U.S. Policy in Brazil and the Southern Cone of Latin America,” *Journal of Social, Political, and Economic Studies*, Vol. 21, No. 2 (1996), pp. 115-122.

thirds of all profits are generated online. Moreover, increasingly, there is no direct deal throughout the entire transaction.<sup>86</sup>

It has also become more difficult for law enforcement agencies to prevent drug manufacturing technology from spilling over into the wrong hands and to prevent trafficking due to the diversification of drug production. In another twist, drug producers sell ATS manufacturing technology, including detailed documents and videos explaining manufacture processes, while simultaneously supplying raw materials, offering markets for sale, and laundering drug money. Because many of the raw materials are derived from legal medicines, and because the manufacturing technology is so simple, the opportunities for drug proliferation have widely increased.

The flow of technology will lead to the rise of new drug producing countries and regions, and consequently, new trafficking routes and new markets. New drug sources pose serious threats to the international community; therefore China and the United States must adopt stricter and more collaborative measures to face these new challenges as swiftly and adeptly as possible.

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<sup>86</sup> “New Situations of Drug Trafficking from ‘the Golden Triangle,’” *Guoji Xianqu Bao*, May 23, 2006.