

STATEMENT OF THE ATTORNEY GENERAL  
WILLIAM FRENCH SMITH  
BEFORE THE COMMITTEE ON FOREIGN AFFAIRS  
SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS  
HOUSE OF REPRESENTATIVES  
ATTORNEY GENERAL'S TRIP TO THE FAR EAST  
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It is a pleasure for me to appear before you today to report on my recent official visit to Asia and Europe, during which I was accompanied by Acting DEA Administrator Francis Mullen, INS Commissioner Alan Nelson, and Assistant Secretary of State for International Narcotics Matters Dominic Di Carlo. We met with leaders in Japan, Hong Kong, Thailand, Pakistan, France and Italy, and our principal objective was to seek concrete new means of cooperation in addressing the worldwide problems of narcotics trafficking and refugees. In Europe, we addressed an array of law enforcement issues involving mutual assistance -- with particular emphasis on counterterrorism in France and cooperative organized crime enforcement issues in Italy. Italy is, of course, very important because it, with Sicily, is the processing center for most of the heroin entering the Eastern United States. In Italy, we signed a comprehensive mutual assistance treaty and a protocol to our extradition treaty -- as well as exploring other means of improving coordination between our law enforcement agencies in narcotics and organized crime investigations. In view of this Subcommittee's jurisdiction and interests, however, I will focus upon our visit to Asia.

As President Reagan has said, the problem of drug trafficking in combination with organized crime is one of the most serious menaces facing American society. We have taken a number of major steps to attack this menace domestically. For example, the President recently announced our nationwide task force initiative, and for the first time we have brought the FBI and its experience into our drug enforcement efforts in tracking and apprehending sophisticated organized crime leaders.

The drug trafficking problem is, however, manifestly worldwide in scope. It is therefore critically important that the United States and foreign leaders recognize and capitalize upon our common interest in halting the currently alarming flow of drugs. We must develop close cooperation with the leaders in source and

trans-shipment countries. We must impress upon these governments -- at the highest levels -- the depth of American resolve to fight this problem. It is also important to know first hand what enforcement problems confront these foreign leaders, so that we can more effectively assist them in addressing the problems.

Through the fine work of field officials of the Departments of State and Justice and other agencies, this Administration is already engaged in a worldwide drug control effort. Our recent trip was designed to build upon progress already made.

The Administration's international strategy consists of several components, primarily: crop control, development assistance, enforcement assistance, and demand reduction. A top priority is crop control in the drug source countries through destruction of illicit cultivation. For example, the Department of State continues to provide financial assistance to Mexico's highly successful opium eradication campaign.

Multilateral and bilateral development assistance are also major instruments of our international strategy, because an illicit drug-producing region is usually also economically depressed and underdeveloped. Given the proper conditions and supervision, development programs can provide alternative means of income to the farmers in source countries. Such programs can also increase host government presence and services in the drug-growing areas and enhance the government's ability to implement drug control measures. Nearly half of the six-year \$3.2 billion U.S. aid package to Pakistan, for example, is economic assistance. A considerable portion of this funding is earmarked for rural development projects in the North West Frontier Province, where opium is the most lucrative cash crop.

Through various State Department programs, international organizations, and DEA efforts, we assist foreign governments' law enforcement efforts to stop the production and transportation of illicit drugs. To that end, DEA has over 175 highly experienced Special Agents serving in approximately 40 foreign countries. In addition, we are continuing to develop international legal cooperation through Mutual Assistance Treaties that facilitate judicial actions against drug traffickers and their financial assets. In line with our highly beneficial 1977 Mutual Assistance Treaty with Switzerland, we have been seeking vigorously to advance the negotiation of similar treaties with other countries,

particularly with the source and transit countries recently visited. Indeed, during his recent trip to Latin America, President Reagan signed an extradition treaty with Costa Rica that will prevent many drug-trafficking fugitives from using that country as a haven.

In addition to diminishing the supply of drugs, the U.S. Government also seeks to reduce the worldwide demand for drugs. Through information exchange programs, training, treatment demonstration projects, and international conferences, we encourage the governments of producing and transit countries to recognize that their populations can also be victims of drug abuse. The United States Information Agency is using the full range of its communications resources to convey this message.

While drug control issues are a major focus of our current efforts, there is also a special need for international commitment on refugee matters. We are endeavoring to persuade all nations to do more to shoulder their fair share of the resettlement burden. At the same time, we are assuring leaders in the regions most directly affected that the United States will continue to deal with refugees consistently with humanitarian standards and the requirements of the Refugee Act of 1980.

In the context of the foregoing, let me briefly review for you the results of our Asian visit. We learned much about the scope of these law enforcement and refugee problems and political attitudes in the source countries themselves, which will be of great assistance as the Administration fashions truly international responses to those problems. We also had the opportunity to review Department of Justice operations abroad and to applaud State and Justice Department field personnel for their fine efforts to date. As you know, the Justice Department has numerous employees overseas -- and while on this trip we took every opportunity to assess their performance and the level of assistance they provide to the host governments.

In Japan we met with numerous leaders, including the Foreign Minister, Minister of International Trade, Justice Minister, and Director General of National Police. We addressed coordination in organized crime enforcement, continued Japanese support for Southeast Asian refugees, and trade issues. We also sought to allay any residual suspicions about the motivation behind

last summer's indictments of Hitachi officials for theft of computer technology.

Japan is not a narcotics source country, but its large organized crime groups, the Yakuza, are becoming active in Hawaii, California, and elsewhere in the United States. We apprised Japanese leaders of the President's initiative to combat organized crime and narcotics trafficking in the United States and of the need for our law enforcement agencies to cooperate even more closely in battling the organized crime groups that victimize citizens of both countries. Enhanced cooperation in this law enforcement area is being explored.

In meetings in Japan, both sides agreed to explore the negotiation of a treaty for mutual assistance in law enforcement investigations, which would complement the Extradition Treaty concluded with Japan in 1980. Such a mutual assistance treaty would help to establish an extensive and formal cooperative law enforcement relationship, and there is cause for optimism that talks can be scheduled in the near future.

Regarding drug control specifically, we learned that Japan once had a serious domestic heroin abuse problem, but overcame it through strong enforcement and education. Japan still has a serious problem of amphetamine abuse. Discussions with the Japanese emphasized the growing heroin abuse problem in many parts of Asia and the relationship between the burgeoning availability of drugs and international criminality. The Japanese agreed that these problems affect all nations, and that coordinated international crop control efforts in source countries are critical to meeting them.

Regarding refugees, Japan is a major financial contributor to international refugee relief agencies (second only to the U.S.), but has accepted few refugees for permanent resettlement there. The Japanese are committed to do all that they can to cooperate in solving the refugee problem, through financial assistance and resettlement of refugees. Japan's recent contributions to a health screening and vocational training center for refugees in the Philippines (Bataan) are a very positive sign, and we applauded the Japanese for their efforts in this important area.

Studies conducted by both the Hong Kong Police and the Drug Enforcement Administration have clearly established that Hong Kong is the financial center for

Southeast Asian narcotics trafficking. The main purpose of our brief stay there was to explore with Hong Kong authorities means of attacking that problem by getting at the drug money that both flows through and comes to rest in Hong Kong.

It is essential for law enforcement to have access to financial records in the investigation and prosecution of major drug cases. As drug trafficking has become more sophisticated, and with the entry of organized crime, following the money trail has become a critical approach to stopping the drug flow. We considered with Hong Kong officials steps to correct the current general lack of access to Hong Kong financial records in the absence of a criminal act in Hong Kong itself. We also explored ways of increasing the exchange of financial information between law enforcement agencies in international narcotics investigations, which has been complicated by a recent Hong Kong court decision.

We encouraged Hong Kong officials to consider modernizing their asset seizure and forfeiture laws. We also discussed the successful U.S. cooperation on law enforcement with other banking centers -- such as Switzerland. Hong Kong officials indicated a willingness to review the recent U.S.-Swiss agreement in this area, and to consider the possibility of similar approaches.

We also conveyed to Hong Kong authorities the critical need for heroin consuming and transit countries to cooperate in impressing upon source countries, such as Pakistan and Thailand, the need to take steps to control opium production, and to monitor and halt the flow of drugs through transit countries.

Hong Kong has been a significant place of first asylum for Indochinese refugees, receiving some 114,000 since 1975. The U.S. has resettled over half of these refugees, and it currently accepts 75 percent of those resettled from Hong Kong. Both Hong Kong and the U.S. have been concerned by declining resettlement to other countries. It was agreed that although the U.S. would continue to do its fair share, our countries must seek greater international participation in the resettlement effort.

Illegal migration, despite some differences, has beset Hong Kong as it has the U.S. in recent years. Hong Kong recently instituted a program making it illegal to employ illegal immigrants and including an expanded program of deportation. It is also planning to issue a

more secure means of identification for legal residents. Because of the similarity to certain provisions of the Administration's immigration reform legislation, the Hong Kong experience, which thus far has been positive, will be very instructive.

During our visit to Thailand -- apparently the first ever by a U.S. Attorney General -- we met with Prime Minister Prem, Deputy Prime Minister Prachuap, Foreign Minister Siddhi, Interior Minister Sitthi, Justice Minister Marut, National Security Council Chairman Prasong, and narcotics enforcement coordinator General Phao. We also visited refugee camps near the Cambodia border and opium growing and processing areas along the Burma border. All of our sessions were productive and reaffirmed the extremely strong bonds of friendship between the U.S. and Thailand.

Thailand is a focal point of our international narcotics enforcement efforts. More than 600 tons of opium is grown every year in the mountains of the "Golden Triangle" of Burma, Thailand, and Laos. The majority of Burma's vast opium harvest is very likely processed into morphine or heroin in laboratories along the Thai-Burmese border and shipped through Thailand to consumers around the world. The problems involved in fighting this heroin trafficking were well illustrated by flying over the poppy fields and processing labs in the rugged mountains of Thailand and Burma's tribal areas. There are two principal components to international efforts to stem the flow of Golden Triangle heroin -- law enforcement and crop control. And extensive meetings in Thailand provided cause for optimism that advances may be made in each of these areas.

Due to the strong antinarcotics commitment of the Royal Thai Government, and because heroin abuse is a growing domestic problem in Thailand, the Thais have undertaken strong military actions along the Burmese border to break up well-armed trafficking groups such as the Shan United Army. One such effort was underway during our visit, and these actions are continuing. The U.S. strongly supports the Thai undertaking to continue and increase these law enforcement efforts and to cooperate with other governments in law enforcement investigations of common concern.

We discussed the merits of U.S. asset forfeiture and conspiracy legislation in penetrating large criminal enterprises in the context of Thai legislative efforts in this area. Talks with the Thais

also focused upon another means of attacking traffickers -- by outlawing or at least regulating certain chemicals used to process opium into morphine and heroin. Some chemicals have few legitimate uses, and refining operations can be crippled by decreasing the availability of these chemicals.

While in Thailand, we signed a Prisoner Transfer Treaty that would permit U.S. citizens in Thai jails to serve out their sentences in U.S. jails after a prescribed period in Thailand. These agreements are currently being negotiated among a number of nations. Reaching this agreement with Thailand is especially significant because it may help to set the stage for the negotiation of a mutual assistance treaty and an updated extradition treaty with Thailand. We are hopeful that treaties which will permit even greater law enforcement cooperation in narcotics and other investigations can be concluded in the near future.

Crop control is still a key to our international efforts. There is a critical need to eliminate opium poppy cultivation by northern Thai hill tribes. The Thais committed themselves to this goal in the United Nations and have embarked on a long-term program of persuading farmers in targeted villages to substitute legitimate crops for opium. There are, however, problems inherent in causing the tribes in the rugged border areas to cease opium production. The United States has offered to help the Thai leaders address these problems. We stressed that this Administration was firmly committed to an all-out assault on narcotics trafficking and that it was in our mutual interests for Thai crop substitution and control programs to succeed.

Regarding refugees, Thailand has been the principal country of first asylum for Indochinese refugees, receiving some 650,000 since 1975. The U.S. has led international efforts to resettle these refugees, and has taken more than half of the 450,000 who have been resettled. The Thai have been publicly critical of recent declines in resettlement efforts, including U.S. efforts, and have implied that they might again resort to forcibly returning refugees to their home countries.

We made a moving visit to the refugee camps at Kamput and Phanat Nikhom and reviewed U.S. refugee processing in Thailand to ensure that the U.S. is fairly applying the terms of the 1980 Refugee Act, and to assess the adequacy of present staffing. To speed up the

processing of Khmer refugees at Kamput, while there we authorized an increase of twelve INS refugee officers, more than doubling the current number. The Thai were pleased with this undertaking, but stressed that the underlying political situation in Cambodia prevents bringing the refugee problem fully under control.

In just the past two years, Pakistan has emerged as a major heroin source country. Over half of the heroin reaching the United States now comes from Southwest Asia, and virtually all of this amount is either grown and processed in Pakistan or transits Pakistan from the other two source countries of the "Golden Crescent," Afghanistan and Iran. Opium is cultivated in the mountainous areas of northern Pakistan near the Afghan border, and small laboratories that process the opium into heroin are springing up in the vicinity at a truly alarming rate.

In Pakistan we held meetings with leading Ministers in the capital city of Islamabad and then proceeded to Peshawar, capital of the Northwest Frontier Province, where the opium cultivation and heroin processing take place. While there we met with Pakistani officials who are most directly involved with narcotics law enforcement, including the Governor, General Fazle Haq. We went to Landikotal, on the Afghan border, where drugs -- including heroin -- are sold in the "smugglers bazaar." We also visited the Afghan refugee camp at Nasir Bagh and met with a large number of refugee leaders.

Our meetings in Pakistan were followed up here last week with a very helpful session between President Reagan and President Zia dealing in part with drug control and refugee issues. The visit to Pakistan was highly significant in impressing upon Pakistani officials at the highest levels the seriousness of our government's concerns about narcotics trafficking. Because of the growing domestic drug abuse problem in Pakistan itself, the Pakistan leaders, including President Zia during our meeting here last week, made clear the great extent to which they share these concerns.

Pakistani officials were urged to proceed with the new drug control legislation drafted by the Pakistan Narcotics Control Board. We emphasized the need for action against heroin laboratories. The issue is a difficult one, since the laboratories are located in tribal areas and "merged" areas only partly under governmental control and jurisdiction. Since our visit,



Pakistani leaders have already taken firm action to destroy eight laboratories along the frontier, and they have pledged to continue these offensives. This is an extremely positive step.

We also had extensive discussions with the Pakistanis on crop substitution projects, which would introduce alternative crops to tribal groups that have traditionally grown opium. One such project is underway in the Malakand Agency in Northwest Pakistan. Such projects take significant acreage out of the opium growing business and curtail the drug flow before it gets started.

Regarding refugees, Pakistan is currently the temporary home of some 2.7 million Afghans fleeing the Soviet occupation of their country. Pakistan has generously offered them asylum, and in cooperation with the U.S. and other countries has provided massive amounts of food, medical supplies, and other support. The U.S. has been by far the largest contributor to these relief efforts, providing 30-40 percent of the United Nations and World Food Programs budgets -- some \$217 million since 1979.

We met with Afghan refugee leaders and assured them of the continued firm support of the American people and our hope that they could soon return to their homeland freed of Soviet aggression. We also expressed the gratitude of the United States to the Pakistani Government for its efforts to aid the refugees. We underscored the importance of close cooperation, and our expression of gratitude was reiterated to President Zia last week.

Our discussions in all countries dramatically demonstrated that the problems of narcotics trafficking and organized crime are international in scope and require coordinated international responses focused upon the principal source and transit countries. We were heartened by our reception in the key countries we visited and by the prospects for enhanced international cooperation in law enforcement, narcotics crop control, and refugee matters.

Now, I would be happy to answer any questions from members of the Subcommittee.