



***THE WORLD GEOPOLITICS OF
DRUGS 1997/1998***

ANNUAL REPORT

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PREVIOUS PUBLICATIONS BY THE GEOPOLITICAL DRUG WATCH

Annual REPORTS

* 1992/1993

La Drogue Nouveau Désordre Mondial. Paris: Ed. Hachette, 1993, (Pluriel)
German edition: **Der Welt-Drogen-Bericht.** DTV Sachbuch, 1993.

* 1993/1994

Etat des Drogues, Drogue des Etats. Paris: Ed. Hachette, 1994 (Pluriel)

* 1994/1995

Géopolitique des Drogues - 1995. Paris: Ed. la Découverte, 1995
American edition: **The Geopolitics of Drugs.** Boston: Northeastern University Press, 1996

* 1996/1997

Géopolitique Mondiale des Drogues – 1995/1996. [multigr.]. Paris : OGD, 1997
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* English: **The Geopolitical Drug Dispatch**

* French: **La Dépêche Internationale des Drogues**

* Spanish: **El Informativo Internacional sobre las Drogas**

BOOKS

Des jardins secrets aux champs de bataille, *Psychotropes*, Vol. VIII, No. 1-2, Montreal, fall/winter 1992

La planète des drogues / Proceedings of the International Symposium on the World Geopolitics of Drugs, Paris, l'Arche de la Défense, 1992/12/10-12; OGD org.; Alain LABROUSSE dir., Alain WALLON dir. Paris: Ed. le Seuil, 1993

Spanish edition: **El planeta de las drogas.** Bilbao: Ediciones Mensajero, 1994 (solidaridad Norte-Sur)
German edition: **Der Planet der Drogen.** Frankfurt am Main, Ed. Fischer, February 1996

L'Empire de la drogue. La Russie et ses Marches. Dimitri de KOCHKO, Alexandre DATSKEVITCH. Paris: Hachette, 1994 (Pluriel)

Géopolitique et géostratégies des drogues. Michel KOUTOUZIS, Alain LABROUSSE. Paris: Ed. Economica, 1996.

Atlas Mondial des Drogues. OGD. Paris: Ed. Presses Universitaire de France (PUF), 1996

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Les médias face à la drogue / un débat organisé par l'Observatoire géopolitique des drogues, Paris, Fondation Charles Léopold Mayer pour le progrès de l'Homme, February 1996; OGD org; Paris: dossier pour un débat 76, FPH, March 1997

I. INTRODUCTION

HOW TO USE THE ANNUAL REPORT

*Why Publish an Annual Report on the Global Geopolitics of Drugs?*¹

After publishing three annual reports in book form (the first was translated into German and the third into English) since 1992, the Geopolitical Drugs Watch (Observatoire Géopolitique des Drogues – OGD) decided to deliver the 1997 edition in both French, English and Spanish in paper form, on diskette and above all on-line on its website (<http://www.ogd.org>). The report thus became available to a large audience in many countries. Hundreds of paper and diskette copies have been distributed in each language and the number of consultations on the website has reached 140,000, while 1076 reports were downloaded (497 in French, 393 in English and 186 in Spanish).

The echo OGD reports have encountered in the world press, which published many articles about them, proves that they answer a widespread need. Indeed, while it cannot be denied that illegal drugs play a leading role in economic matters (Burma, Colombia, Japan, Mexico, United Kingdom), local conflicts (Afghanistan, Turkey, Kosovo, Senegal, Colombia) and the “criminalization” of state institutions (Nigeria, Mexico, Pakistan, Paraguay, Russia, Turkey), so far there was no publication providing a global approach on their geopolitics. By this, we mean the impact of the production, trafficking and consumption of drugs and money laundering on power relations inside a country (internal geopolitics) and on the economic, political and military conflicts opposing several states (international geopolitics). The only two other annual reports dealing with the worldwide drug situation suffer from several constraints and do not provide a geopolitical approach. In 1997, OGD commented on the report by the International Narcotics Control Board (INCB), a UN body, “this is a technical instrument which attempts to evaluate the situation in various world regions and in particular to assess how far United Nations resolutions are being enforced by the various countries concerned. It is drawn up chiefly from national reports supplied by member countries, against whom allegations cannot therefore be made by the Board. When certain countries fail to fulfil some of their obligations to an over-obvious extent, they are gently upbraided at most”. The other report is published by the United States Department of State and is more “committed”, but only in defense of the national interest of the world’s only superpower. Therefore, the State Department report must be read while keeping in mind the state of US relations with the countries concerned. This US report is accompanied by the so-called “certification” process, whose arbitrary character has often been stressed.

The OGD report (OGD is a non-profit organization under the French law on associations of 1901) is jointly funded by several institutions including the European Union, but no political, diplomatic or strategic concessions are required from OGD in return. The European Union stresses the OGD report is in no case a reflection of its own views. Then, OGD’s is the only truly independent report on the worldwide drug situation. It is written based on the contributions of some 200 correspondents drawn from the press, scientific and NGO communities of about 100 countries, to which must be added the research carried out by the OGD staff based in Paris. The data and analyses produced by OGD are compared to those published by international organizations, such as UNDCP, Interpol, Europol, World Customs Organization, and national bodies (police, universities, NGOs) active in the field of drugs. To

¹ The OGD annual report published in 1997 contains a much more detailed presentation of the specificity of OGD reports; see *The World Geopolitics of Drugs 1995/1996*, pp.5-7, hereafter noted as WGD (1995-1996)

this end, OGD writes each year to a large number of national institutions in order to obtain access to official statistics, information and analyses.

How to Use the Annual Report

The previous report covering 1995 and 1996 announced that henceforth OGD would publish in alternate years a geographical report in paper, diskette and on-line forms and a theme-based report in book form². As readers can see, the present report, which is published just one year after the previous edition, contains both a geographical approach and six theme-based studies under the header “Analysis”. This means that OGD has returned to the form of its first three annual reports³, which corresponds more to OGD’s editorial capabilities and meets the needs expressed by numerous people who have read *The World Geopolitics of Drugs, 1995-1996*.

As already mentioned in 1997, in many countries the geopolitics of drugs do not change so fast as to warrant a new OGD report every year. In other cases, for instance Afghanistan, Burma, China, Colombia, Kenya, Mexico, Russia and South Africa, new developments seemed significant enough to warrant a chapter in the present report. This edition has chapters on two types of countries not covered in the previous report: those where drugs play a major role, such as Argentina, Australia, newed general approach, it has been necessary to privilege a few angles and leave aside strictly quantitative data such as the amount of seizures or number arrests, or even descriptive data on the nature of criminal organizations, the direction of trafficking routes, etc. Such information is available from other reports, including the State Department’s and the INCB’s.

This year, a new approach on carefully selected aspects has become all the more necessary because it was also decided to write shorter chapters. For instance in the case of Russia, while the 1997 edition provided a comprehensive approach of criminal networks this year’s report focuses on Central Asian routes and the new antidrug legislation. Likewise for Mexico, where it was decided to analyse the part played by the narcotraffic ahead of the presidential election in the year 2000. As far as Belgium is concerned, the article is made up of a detailed analysis of a memorandum of the justice ministry which opens the possibility of significant changes in the Belgian approach on drug addiction and which could have a significant impact in other countries of Europe. For France, the 1997 report focused on the country’s relations with its neighbors, especially the Netherlands, so this year it was preferred to study groups of drug-users and the development of a risk reduction policy. This new approach helps to distinguish further the OGD report from those of national and international organizations, which approach all the countries they cover in the same way. OGD will maintain the form of the present report in coming years: if a country has been covered in the previous edition and if no significant changes occurred in the geopolitics of drugs, a focused approach will be preferred.

On two occasions in the present edition, two countries are covered in the same chapter and on one occasion a single chapter covers one country and a region of a neighboring country. Such a geopolitical approach will be easily understood in the case of Slovakia and the Czech Republic, which belonged to the same country not so long ago and where many trafficking networks are still integrated. In the case of

² WGD (1995-1996), p.7.

³ OGD: *La drogue : nouveau désordre mondial*, Hachette/Pluriel, Paris, 1993, hereafter noted as DNDM (1993); OGD: *État des drogues, drogues des États*, Hachette/Pluriel, Paris, 1995, hereafter noted as EDDE (1995); and OGD: *The Geopolitics of Drugs, 1996 Edition*, Northeastern University Press, Boston, 1996, hereafter noted as GD (1996).

the Gambia and Guinea-Bissau, the two are more united than separated by the Casamance region of Senegal. The rebels of the Movement of Democratic Forces of Casamance (MFDC) are Diolas, an ethnic group also present in the Gambia and Guinea-Bissau, in both of which the MFDC has rearbases. Trafficking networks work both ways, transporting marijuana and weapons to and from the Gambia and Guinea-Bissau by sea and by road.

This report also contains various theme-based chapters listed under the header “Analysis”. “The World of Synthetic Drugs” analyses the role of a group of substances at the level of trafficking and consumption. “Heroin Markets and Networks in Europe” reviews the new distribution policy of international organized crime in Europe. A similar approach is used to study the role of narco-tourists in the Gulf of Guinea, a region where short networks are more amateurish. “The ‘Caribbeanization’ of the Indian Ocean” focuses on money laundering techniques in the region, which implies a comparison with the situation in the Caribbean. The article on Mexican-US relations examines the most important problem of drug geopolitics in North America. Finally, the United Kingdom and South Africa have an impact far beyond their borders, which warrants more space than would have been allowed if they had been reviewed in the geographical section of the report. Systematic references have been made between the country studies and the theme-based chapters. Likewise, references are made to other OGD publications containing information which it was not possible to use due to the space limit imposed the present report.

In 1998, the OGD report is only published in English and French. This is solely due to budgetary constraints which forced us to give up a Spanish edition this year. This void could be easily filled if a Spanish or Latin American publisher offered to fund the translation of this work. The option is also open for other languages such as Russian and Arabic.

TRENDS FOR 1997-1998

1997 and 1998 have witnessed the continuation and extension of the more important trends observed during past years. These include the expansion and diversification of illegal crops, the decentralization of large organizations and an increase in the number of “short networks”, the fragmentation of drug markets by way of polydrug use and poly drug trafficking, and the prevalence of synthetic stimulants.

The most striking new element is the explicit recognition by international organizations and developed countries that the phenomenon understated by the World Bank as “bad governance” (corruption – high-level crime) now plays a central role in the development of drug trafficking.

Several major countries, like Russia (and many former Soviet Republics), Turkey, Mexico, etc., are now at the center of an increasingly conspicuous alliance between organized criminal structures and high levels of the state itself. In Japan, organized crime (yakuza) is behind 30% of the bad debt which has provoked the current financial crisis. In less developed countries, particularly on the African continent, the privatization of state-owned companies is now the main vehicle for recycling drug money thanks to corruption. In this way a new and distorted “development” model is emerging which, while enriching the elite classes, also encourages chaos. This “criminalization of politics” is beginning to act as a brake on development as mafia activities produce much larger and especially quicker profits than legitimate activities do.

When legitimate businesses survive, it is often as “fronts” for criminal activities. In many countries of the South, the same operators frequently control, or even monopolize, the most lucrative activities whether formal or informal, legal or illegal. Legitimate and criminal interests have become so intertwined in some parts of the world that the frontier between the two has become purely theoretical. The result is that whole sectors of the legitimate economy and millions of jobs depend on the continuation of illegal dealings, including the most lucrative of all, drug trafficking. Informality, which is the main form of economic activity in the majority of less developed countries, has also penetrated whole sectors of the economy in developed countries. It is thus becoming the forerunner of drug trafficking and the laundering of its profits.

These illicit activities comprise a growing part of polydrug trafficking. The majority of criminal organizations which in the early 1990s still specialized in the distribution of a single drug (heroin for the Turkish maffiyas, Albanian fares, and Chinese triads; cocaine for the Colombian “cartels”; amphetamine for the Japanese yakuza), as well as small “short network” operators⁴ (among which are narco-tourists⁵), now transport and offer a complete range of products to national and international markets, responding immediately, or even giving rise to new consumer trends. This polydrug trafficking also integrates other products which these same smugglers do not hesitate to transport to markets where demand is strong: nuclear materials in Russia and Turkey, for example; arms in the Balkans and Africa, in particular; cigarettes in Asia, Europe, Latin America and North Africa, etc.; stolen cars in Southern and West Africa, Eastern Europe, Mexico, the Middle East, etc.; not forgetting illegal immigrants from Africa, Asia and the Middle East to Europe and from Asia and Latin America to the United States; etc.

⁴ For the OGD’s definition of this term, see GDD-1995, pp. 8-12

⁵ For the OGD’s definition of this term, see the chapter “European Heroin Markets and Networks”.

The Mafia Model: A “Development” Model?

The crash of the Mexican economy in 1995 (and again in 1998) and similar problems experienced in Russia and Japan since late summer 1998 probably constitute the first major financial crises in the history of contemporary society whose principal catalyst is a mafia-like management of the economy. The problems are no longer of a quantitative nature, such as the percentage of profits stemming from criminal activities (and more specifically from drug trafficking) and redistributed within state institutions or laundered through the economy. The problems are much more fundamental now and revolve around the major barrier presented to rational economic development and democratic institutions as a whole.

Like in Russia, mafia-like practices characterize the management of two large economies linked to the world’s two leading economic powers: Mexico (linked to the United States through NAFTA) and Turkey (linked to Europe via trade agreements). Corruption, which has long been endemic south of the Rio Bravo and on the shores of the Bosphorus, has changed in nature during the last few years. On this fertile ground, the debt crisis, structural adjustment imposing market reforms without fundamental political change and local conflicts have resulted in alliances being forged between governments, political parties, the financial sector, and mafia entities, or even the transformation of political parties into criminal organizations.

Far from being isolated cases, the countries defined by the OGD as “narco-states”⁶, such as Burma and Pakistan, can in retrospect be seen as precursors of the situation now prevailing in Mexico and Turkey. In these countries, old but anecdotal links between politics and crime, between drug money and banking institutions, function as structurally complimentary elements today. This logic makes “informality” not only the source of capital accumulation, but also the solution to “difficulties” inherent to the state and to the rule of law. In Turkey, the extreme right wing political-criminal organization of the Gray Wolves, which is financed by heroin trafficking, is protected by high-level figures within the Turkish government who use the Gray Wolves to eliminate their political enemies, not only in Turkey but also abroad (in Azerbaijan, for example)⁷. In Mexico, the privatization of a state-led economy crumbling under heavy debt has been imposed with neither transparency nor democratic controls, but with the blessing of Washington, which expected to gain considerable advantages from the establishment of NAFTA⁸. Economic reforms were not accompanied by political changes putting an end to the impunity of the caciques within the Institutional Revolutionary Party (PRI), for many years Mexico’s *de facto* state party. As such, many privatizations were undertaken for the benefit of a small group of experts in influence peddling, offshore tax havens, and recycling drug money.

This intertwining of state interests and mafia interests is nothing new. Rich countries, such as Japan (in post-war years), France (during the Résistance and post-war years), the United States (from the invasion of Sicily to the electoral campaign of President Kennedy, for instance), and Italy (under the christian democratic and socialist governments) have practised it in the past. But, perhaps with the exception of Italy, they have not allowed criminal organizations to gain access to the highest spheres of the state to such an extent that they become one and the same, as is happening in Mexico and Turkey. Nor have Japan, France, the US and Italy paid for this momentary drift with the paralysis of their political, legal and banking systems (even though this is to be qualified in the case of Japan). This system of complementarity between politics and crime, while it defines new narco-states and new mafia

⁶ For the OGD’s definition of this term, see *État des drogues, drogues des États*, Hachette, Paris 1994.

⁷ See chapter on Turkey in this report.

⁸ See chapter “US-Mexican relations within NAFTA” in this report.

aristocracies, destabilizes entire countries, whose still-fragile institutions are caught in the storm of globalization. Although Russia, Mexico and Turkey have more destabilizing potential for the international system, Africa is where the largest number of acute cases of the “mafia syndrome” are to be found. The fact that criminal networks involved in smuggling, influence peddling, kickbacks, stealing state resources, etc., have been for a very long time the main channels through which Africa has participated in the world economy is directly connected to the present situation.

The Institutionalization of Mafia Networks

In several countries of the South laxity and corruption benefit trafficking organizations and money launderers. Conversely, the investments stemming from money laundering in turn create “safe havens” which contribute to the development of trafficking⁹. Many of the individuals who have established drug networks are all the more protected in that they have forged them out of other networks smuggling basic goods which had become rare due to political events in their particular environment, such as armed conflicts, embargoes, politically-motivated famines, etc. This is exactly what is occurring in countries such as Angola, the Democratic Republic of Congo (DRC), Egypt, Africa’s Great Lakes region, South Africa, Sudan, etc. Elsewhere, for instance in Afghanistan and Pakistan, Central America, Mexico and Thailand, the impunity needed for the mafias’ rise to their current status as economic powers originates in the use of drug networks for the purposes of more or less secret wars against “communism” or “subversion” which enjoyed the backing of rich countries.

The swaying back and forth between legal and illegal activities (in Angola, Cambodia, the DRC, Kenya, Thailand, etc.), has thus reinforced the mentality which views recourse to mafia practices as a response to crisis: a way to overcome handicaps linked to globalization and comply, at least on paper, with the demands of structural adjustment, and/or simply to meet their debts to western banks and the International Monetary Fund (Bolivia, Côte d’Ivoire, Ghana, Mexico, Morocco, Nigeria, Peru, Sudan, etc.). The international community turns a blind eye as several key Western countries have allies to please, markets to protect, and loans to be refunded. Thus, certain men, parties and institutions (the military in particular) have been able to move from a political monopoly to control of the privatized sectors of their countries’ “market-oriented” economy (Albania, Egypt, Mexico, Peru, Russia, Tanzania, Tunisia, Turkey, former Yugoslavia, etc.). Today “ex-apparatchiks”, “embargo busters”, “freedom fighters”, “warlords”, etc. continue to enjoy the prestige conferred on them in the past for fighting in the name of “the cause” (whether political, nationalistic, or religious). They also maintain the advantages of the protection of those states for which they struggled, though now they work on their own behalf. They are able to use with impunity their formerly “specialized” networks to transport “new” products, including drugs, nuclear materials, illegal laborers, prostitutes, etc., whose illegal nature simply adds value to the “product”.

This collusion between states and criminal elements has become so widespread that it is expanding into the open. World powers, at least those which would like to, are usually unable to censure it because they would find themselves without “credible” negotiating partners in sensitive areas of the world. This problem of credibility was expressed in its crudest form at the United Nations General Assembly Special Session on Drugs (UNGASS) in New York in June 1998. The slogan for the special session was “United Against Drugs” but several dozen speakers (from heads of state, to prime ministers or their

⁹ See chapter “The Caribbeanization of the Indian Ocean”.

representatives) had, or had had, links to criminal organizations, drug trafficking, or money laundering, either personally or indirectly as authorities of the countries they represented.

Consumption Booms and Diversifies

It is not surprising, against such a background, that drug use is rising throughout the world. However, the global increase is differentiated. The globalized drug market hides significant disparities between countries and inside them. While trafficking networks are drawing new political and economic borders, new consumption “models” are painting the picture of global drug use in the 21st century.

Indications related to the consumption of “classic” drugs such as cannabis derivatives, heroin, and crack in Europe and the United States remain for the most part stable. The trend which emerged in 1995-1997 of an increase in all synthetic drugs – stimulants (including ecstasy), synthetic opiates, steroids and other performance-enhancing substances (whose use is no longer limited to serious athletes) – for the most part continues and is becoming the main worry of authorities in Western countries. While consumption in the West assumes an essentially “recreational” nature, in the rest of the world it is very quickly transforming into a mass drug addiction, with the explosion of “utilitarian” uses (from truck drivers in Asia to farmers and gold washers in Africa’s Sahel region)¹⁰.

Though traditional indicators generally show stagnant or even lower heroin consumption in some European countries (but not all), it would seem that this drop/stagnation is restricted to use among what are usually viewed as marginal groups, which inject the heroin. But this reduction in “traditional” heroin use could be offset by the development of new markets characterized by “normalized” drug consumption and polydruguse. Within the framework of polydruguse, it appears that other consumption models (snorted and especially smoked heroin) are evolving and affecting protected and socially-integrated populations (such as those which consume cocaine hydrochloride)¹¹. Another feature of these extremely varied groups is that their drug use results in practically no street crime while it is also likely that heroin use among their members does not cause as many health problems as in marginalized sectors. At any rate, potential problems are solved outside public health and police bodies. As a result, these groups do not show up (or very little) in official statistics and their profiles are ill-defined... except by traffickers on the lookout for new trends. At very competitive prices, the dealers offer these consumers “protected” by their social standing types of heroin whose purity encourages the development of new consumption models¹².

Less developed and emerging countries are witnessing significant increases in drug addiction. In many Asian countries, such as China, Thailand, and Pakistan, consumption of synthetic stimulants are making inroads into markets traditionally centered on heroin. In other Asian countries, such as Japan, the Philippines, and Indonesia, synthetic drugs are the most consumed and enjoy growing success among youth. In Africa, heroin is now widely used, especially on the east coast (Kenya, Tanzania, Mozambique, and Mauritius) where its retail price remains relatively low and close to the prices charged in producer countries like Pakistan. In the large sea ports of West Africa¹³, slightly higher prices have not hampered the spread of the opiate, which is often accompanied by crack cocaine. Heroin and cocaine compete with cannabis derivatives, diverted medicines and alcohol (frequently homemade or adulterated), which

¹⁰ See chapter “The World of Synthetic Drugs”.

¹¹ See chapter “PolydrugUse and PolydrugTrafficking in the United Kingdom: A Model for Europe?”

¹² See chapter “Heroin Markets and Networks in Europe”

¹³ See Chapter “Gulf of Guinea: Toward a Common Drug Market?”

remain the most used psychotropic substances in Africa. While in some countries where cannabis, medicines and alcohol are also widely abused the spread of crack consumption is limited (as in Senegal and Nigeria, for instance), the drug's use is exploding in South Africa, where approximately 150,000 users have been counted. In Latin America, new markets are also developing: smoked cocaine base paste in Brazil, Chile, Colombia and Central America; crack in the Caribbean¹⁴, Brazil (in São Paulo), and Central America; in Mexico, heroin is also slowly but surely catching on, while methamphetamine abuse is booming and cocaine and LSD use are spreading in the middle and upper classes.

¹⁴ See chapter "France and French Antilles-Guyana"