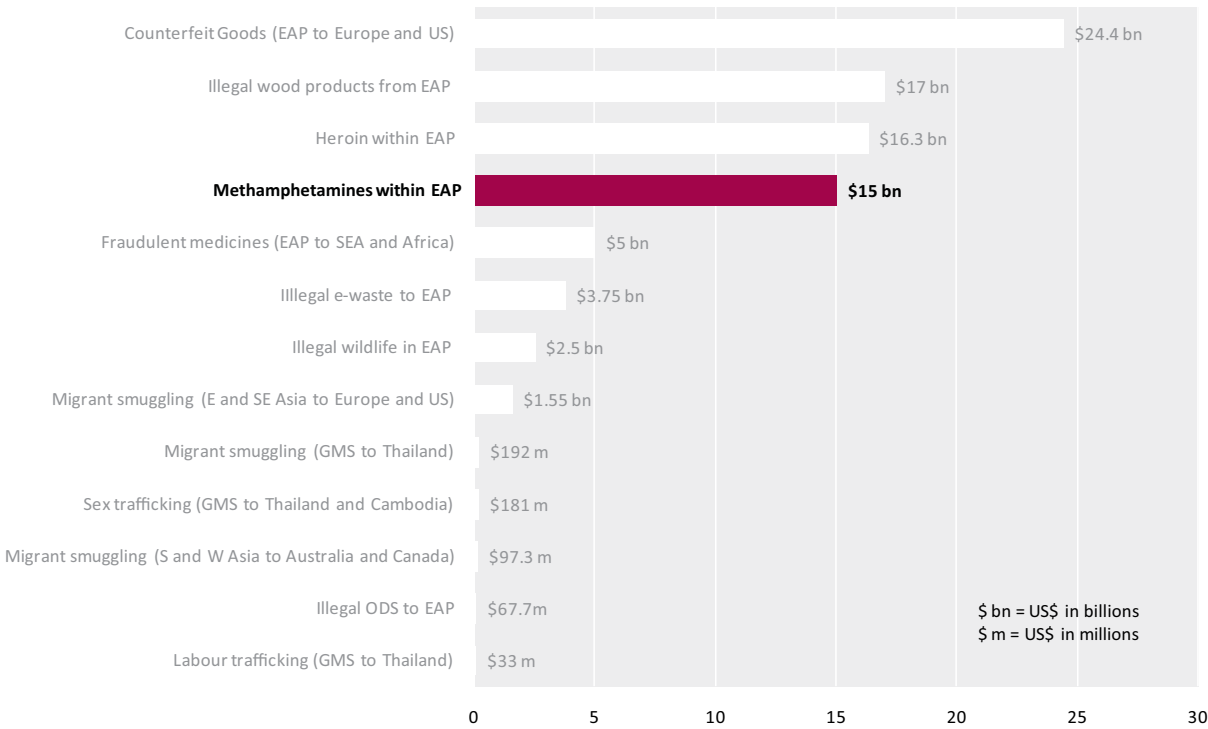


Chapter 6

Trafficking of methamphetamines from Myanmar and China to the region



NATURE OF THE THREAT

<p>1. Violence: cost to society of violence associated within drug markets. Illicit drugs often a source of funding for insurgencies.</p>	<p>2. Burden on the economy: lost productivity, absenteeism from work, accidents at work.</p>
<p>3. Burden on society: depletion of youth potential, lost school days, family breakdown.</p>	<p>4. Human rights: human rights issues related to forms of compulsory treatment and extra-judicial killings of suspected drug traffickers and users.</p>
<p>5. Cost of law enforcement: cost to the state of law enforcement.</p>	<p>6. Burden on the criminal justice system: court processes bottlenecks; overcrowding of the prison system.</p>
<p>7. Cost of treatment: cost to the state of treatment for dependent users.</p>	<p>8. HIV and AIDS: spread of HIV through injecting drug use.</p>
<p>9. Corruption: impact of drug-related corruption on the economy and political system.</p>	

1. What is the nature of this market?

East Asia and the Pacific have a long history with methamphetamine. It was first synthesized in Japan, and it became available over-the-counter throughout the region in the 1950s and 1960s. When the sale of the pharmaceutical was suspended, a street version known as *yaba* or “crazy medicine” began to appear. The popularity of *yaba* has waxed and waned over the years, but by the late 1980s the illicit manufacture and use of *yaba* was expanding significantly in the region. This history may explain why consumption of pill-form methamphetamine retains its popularity in Southeast Asia, particularly in Thailand, more so than in other places around the world.

Yaba pills are quite small and generally contain caffeine. They are traditionally consumed orally, so their effects are sometimes would be mild compared with other forms of methamphetamine. This has allowed a market to sustain itself for many years, in contrast to methamphetamine epidemics in other parts of the world which have tended to burn out quickly.

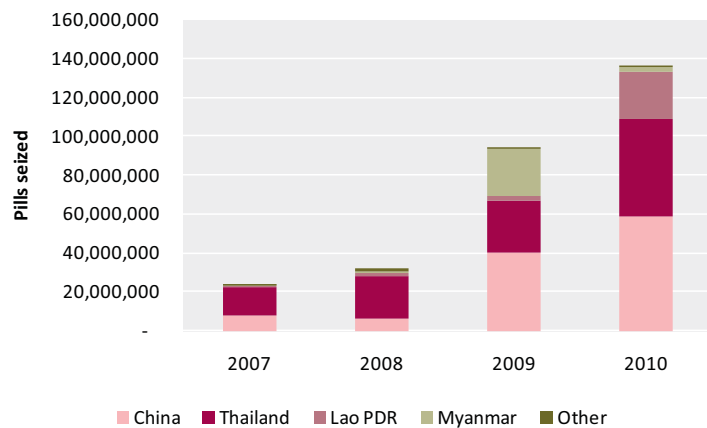
In order to directly ingest the drug, users have, in recent years, begun vaporizing the pills and inhaling the fumes. Thus, despite the fact that many users will eventually reduce pills to a powder, the pill-form of the drug retains its popularity, even though tableting involves additional expense. In this way, culture trumps practicality, as, among drug users, branding and packaging retain their appeal.

Although Thailand remains the epicentre of *yaba* use in the region, the drug is also consumed in other countries of Southeast Asia. It is possible that it was introduced and transmitted by migrants or truckers to working communities in Lao PDR and Cambodia. Outside Southeast Asia, the primary market is China. In China, use is not restricted to the border areas or urban centres – *yaba* has been seized in every province.

The growth in popularity in China of a drug commonly associated with Thailand requires some explanation. The reason may be that most of the world’s *yaba* is produced in Myanmar’s north-eastern

Shan State and its adjoining Special Regions, notably Wa (Special Region 2); an area where trafficking to China has a long and notorious history. Today, a significant amount of *yaba* is produced in China itself, a country where the primary precursor chemical (ephedrine) is commercially produced for pharmaceutical purposes.

Figure 1: Methamphetamine pills seized, by location, in East Asia



Source: UNODC EAP 2011: p. 14

Yaba has traditionally been a “working-man’s” drug. It is used by truckers and manual labourers to enhance physical performance, and it retains its attractiveness for this purpose. The drug is also used today in urban club settings. The vaporization of the pills is a relatively recent innovation in the use of the drug, and it may change the threat posed by *yaba* use. High levels of methamphetamine use can result in a range of negative outcomes, including psychosis.¹

In addition, those who make *yaba* can also make crystal methamphetamine, a far more potent and addictive form of the drug. And while *yaba* use has remained largely confined to China and Southeast Asia, crystal methamphetamine has spread to virtually every country in the region.

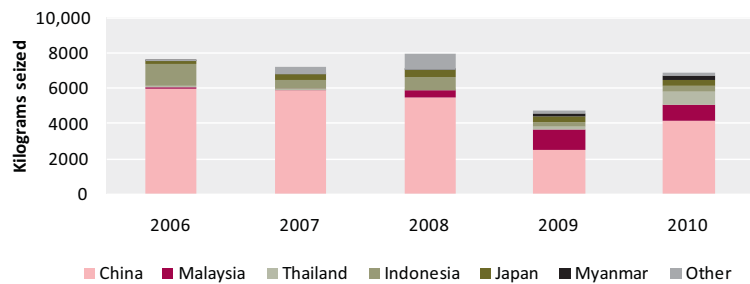
Crystal methamphetamine seems to have made its debut in the region in the Philippines in the 1970s, but did not begin to really take off until production started in Myanmar in the early 2000s. Since much larger amounts of methamphetamine are consumed

¹ See for example, Cruickshank and Dyer 2009.

in crystal use than in *yaba* use, crystal methamphetamine is relatively expensive. In some countries, this places the drug beyond the reach of all but the club-going elite. In other countries, there is a broader base of consumers. Without the need to press the drug into pill form, producers both large and small have sprung up across the region. Large labs have been detected in China, Indonesia and the Philippines.

Virtually every country in the region consumes crystal methamphetamine, some at very high levels. Within a few years, it has emerged as the most problematic drug for at least seven countries² in the region. The problem is most intense in the countries of Oceania and the Greater Mekong Subregion where the levels of methamphetamine used are the highest in the world and comparable to peak levels of cocaine use in the United States in the 1990s. In parts of China, methamphetamine has begun to displace heroin as the most problematic drug.

Figure 3: Crystal methamphetamine seizures in East Asia and the Pacific



Source: UNODC EAP 2011: p. 15

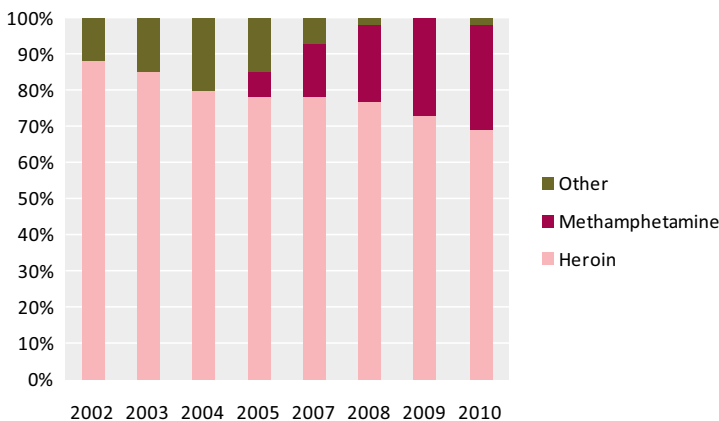
2. How is the trafficking conducted?

Methamphetamine can be produced wherever the precursor chemicals are present. The required precursor chemicals are available, to a greater or lesser degree, in every country in the world. Where commercial quantities of ephedrine are not available, over-the-counter decongestants have proven a perfectly acceptable substitute, although extracting the active ingredient is more labour intensive.⁴ Since 2008, many countries in the region have seized large quantities of decongestants, most of which have originated from China, India, the Republic of Korea and Thailand.⁵

As a result, there is no inherent need for cross-border trafficking of the finished product. Over time, every country with a consumer base has the potential to become self-sufficient. And they will, unless other countries are able to produce the drug cheaply enough to cover the cost of trafficking and still remain competitive.

There is evidence of domestic production in most of the countries of this region, but two countries have advantages that allow them to undercut local prices. The first is Myanmar, where political instability in Shan State and the Special Regions adjoining China has provided cover for large-scale drug manufacturing. The second is China, where ephedra, the herbal basis for ephedrine, grows in great quantities. As a result, Myanmar and China are the two major producers for export to the region.

Figure 2: Primary drugs of abuse for registered drug users in China



Source: China National Narcotics Commission³

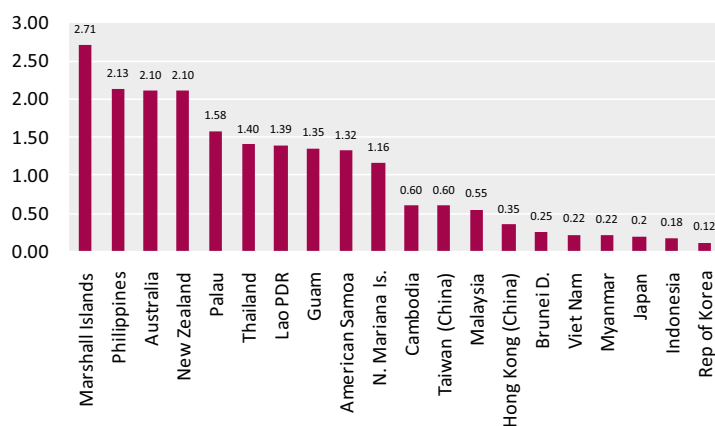
² According to the UNODC DAINAP database, Brunei Darussalam, the Republic of Korea, Lao PDR, Cambodia, Thailand, the Philippines and Japan all rank methamphetamine as the most common primary substance of abuse among those treated in 2009.

³ Presentation: Drug treatment and HIV/AIDS prevention in China, June 2011, Hanoi, Viet Nam.

⁴ The process is more labour-intensive due to the effort required to transform the ingredients from their capsule form.

⁵ Drug Abuse Information Network for Asia and the Pacific (DAINAP).

Figure 4: Share of the adult population that used methamphetamine in 2010



Source: UNODC Delta Database

In Myanmar, methamphetamine production is strongly associated – in Shan State and other areas of the country – with non-state armed groups. It is clear that armed ethnic insurgents tax any economic activity in their areas of control, and that those with power in these regions often have links to such insurgent groups. The instability that has beset this region makes all manner of criminal activity possible.⁶ It is clear that particular armed groups are directly participating in the manufacture and trans-border smuggling of methamphetamines.

Most methamphetamine manufacture in Shan State takes place in small, mobile facilities located in border areas near China and Thailand. It is important to note that Myanmar has no domestic pharmaceutical industry. Domestic production of methamphetamine in this area thus relies exclusively upon the acquisition of diverted precursors and licit pharmaceutical preparations. These come from neighbouring countries such as India, China, Thailand and the Republic of Korea.⁷ Were it not for these illicit third-country diversions, Myanmar's ATS 'industry' could not exist. Much of the *yaba* production from Myanmar goes directly to Thailand, while the crystal methamphetamine is channelled throughout the region.

⁶ Recent developments which may have a positive impact on this situation include signed ceasefire agreements and a six-year drug interdiction programme which has been agreed between the government and the South Shan Army.

⁷ UNODC EAP 2010: p. 22; UNODC EAP 2011: p. 139.

In 2010, Thai authorities estimated that some one billion methamphetamine pills and significant quantities of crystal methamphetamine had been trafficked into the country from Myanmar.⁸ About 80% comes through the northern provinces of Thailand and the remaining 20% through Lao PDR and Cambodia.⁹ Some is simply walked across the border at green crossings (areas away from the formal border crossing points), while the remainder enters concealed in vehicles transiting at formal border crossings. The drugs are also trafficked along the Mekong River to a number of countries, including China.¹⁰ There is also some maritime

trafficking from ports in southern Myanmar into southern Thailand, Malaysia and Indonesia. Finally, a small number of couriers have been arrested for attempting to smuggle methamphetamine out from Myanmar to the Philippines via commercial air flights.¹¹

Cambodia continues to serve as a transit country for drugs produced in Myanmar, most of which enter Cambodia from its north-eastern border with Lao PDR.¹² Drug traffickers, in particular those from China and West Africa, traffic drugs out of Cambodia via international airports in Phnom Penh and Siem Reap.¹³ There is also evidence of methamphetamine production in Cambodia.¹⁴

In China, most of the methamphetamine production labs seized have come from a block of provinces in the centre of the country: Sichuan, Henan, Hunan, and Hubei.¹⁵ Labs have also been found in Guangdong, close to Hong Kong (China). Most

⁸ UNODC estimates in addition to informal communications with Thailand anti-narcotics officials.

⁹ In 2010, law enforcement authorities detected 113 cases of methamphetamine smuggling from Lao PDR to Thailand. Source: 'Synthetic Drug Trafficking Trends in the Asia Pacific Region 2010', Regional Intelligence Liaison Office for Asia and the Pacific (RILO), presented at the Global SMART Regional Workshop, Bangkok, 18-20 July 2011. In addition, formal UNODC communication with the Office of the Narcotics Control Board of Thailand (ONCB), August 2010.

¹⁰ UNODC EAP 2011: p. 99 and p. 104.

¹¹ See Myanmar country report in INCSR 2011.

¹² 'Country Report: Cambodia', National Authority for Combating Drugs (NACD), presented at the Thirty-Fourth Meeting of Heads of National Drug Law Enforcement Agencies, Asia and the Pacific (HON-LAP), Bangkok, 30 November – 3 December 2010.

¹³ See Cambodia country report in INCSR 2011.

¹⁴ UNODC EAP 2011: p. 8.

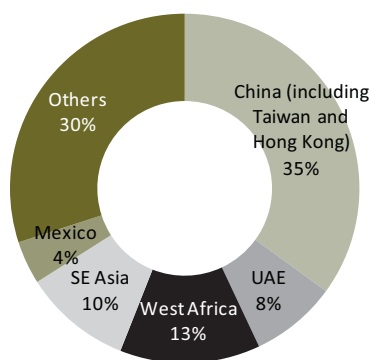
¹⁵ ADEC China 2011

Chinese production is consumed domestically, but both Japan and the Republic of Korea say that most of their methamphetamine comes from China.¹⁶

In Indonesia, a large portion of the methamphetamine is manufactured and consumed domestically. The methamphetamine markets in Australia and New Zealand are largely supplied by domestic manufacture, although some import has also been detected.

The level of methamphetamine use is of concern in some of the Pacific Islands, countries without the resources to manage the problem. Some Pacific islands are also used to trans-ship precursors and finished products. Seizures of precursors and attempted diversion of pharmaceuticals have been reported by authorities in Fiji, French Polynesia, Nauru, Papua New Guinea, Samoa and Tonga. Several islands, including Fiji, French Polynesia, Guam, Samoa and Tonga, reported methamphetamine seizures in 2009 and 2010. Methamphetamine production has also been detected in the Pacific since 2004, when a lab was discovered in Fiji. Smaller-scale operations have been seized in Guam and in French Polynesia, and there are indications that manufacture may be spreading to other islands.¹⁷

Figure 5: Origin of air flights with methamphetamine couriers detected in Japan in 2010



Source: National Police Agency of Japan¹⁸

¹⁶ Annual Reports Questionnaire

¹⁷ The annual prevalence of ATS (excluding ecstasy) in Oceania (including Australia and New Zealand) is 2.1%. This is the highest prevalence of ATS anywhere in the world. By comparison, annual prevalence in East and Southeast Asia is 0.6% (see UNODC 2012 p.25). In addition, the Pacific Island States and territories, with available data, report high prevalence rates of amphetamines-group substances. The Marshall Islands report the highest annual prevalence rate among Pacific Island States and territories (2.7%) (see UNODC EAP 2011 pp. 28-29).

¹⁸ ADEC Japan 2011

Methamphetamine is also imported to the region from other countries including the Islamic Republic of Iran, Mexico, and several countries in West Africa. Much of this movement involves commercial air couriers moving relatively small amounts of the drug to the highest value markets, such as Japan.

In addition to methamphetamine, many other synthetic drugs are trafficked throughout the region. The technical capabilities of some East and Southeast Asian countries have grown faster than their governments' ability to regulate them. Precursors, tableting and "cooking" equipment are relatively easy to access in this region, opening the potential for East and Southeast Asia to become a world supplier of synthetic drugs.

3. Who are the traffickers?

A wide range of players are involved in the many domestic and transnational methamphetamine markets affecting the region. These include full-time professional criminals, like those formerly or currently involved in heroin markets, as well as people considerably closer to mainstream society. High-ranking state officials and military personnel in several countries have been prosecuted for corruption related to the methamphetamine trade.¹⁹

Myanmar's law enforcement efforts have achieved considerable results in recent years in terms of both seizures and arrests. However, the efforts have been constrained for a number of reasons. According to the government, law enforcement agencies have been restricted in their ability to undertake interventions in the Special Regions because of the inaccessibility of the areas controlled by the ceasefire groups.²⁰ Other limiting factors cited include the constantly changing modus operandi of the traffickers, the lack of security checkpoints and the collusion of some local officials. The lack of equipment to detect and identify drugs and precursor chemicals has also been identified as a limiting factor.

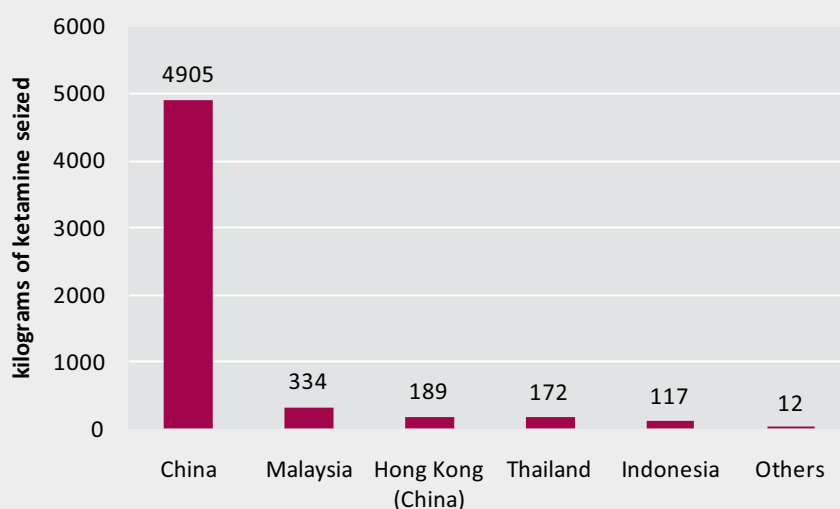
¹⁹ See, for example, Bangkok Post, Suspect ties top military officer to drugs gang. 26 January 2012; The Phnom Penh Post, Drug cop arrested. 23 May 2011; B. Kongkea and K. Yuthana, Moek Dara taken into custody. The Phnom Penh Post, 17 January 2011.

²⁰ UNODC EAP 2010: p. 4.

Ketamine

Ketamine is a veterinary tranquillizer that is not presently restricted under international control. It is not an amphetamine-type stimulant, but it is nonetheless a synthetic drug, and a major concern for parts of the region. In humans, it produces immobility and an intense hallucinogenic experience. Because it can be produced legally, very large amounts have been diverted from China and India for recreational use. Active in doses of 100 milligrams, recent seizures represent tens of millions of dose units. Between 2006 and 2010, an average of 5.4 mt of ketamine has been seized in China annually.²¹

Figure 6: Kilograms of ketamine seized in East Asia in 2010



Source: DAINAP²²

Ketamine use is most common in Hong Kong (China), where it is consumed in low doses in the club scene. Ketamine users accounted for some 38% of all registered drug users in Hong Kong in 2010. Among registered drug users below the age of 21, ketamine users comprised 84%.²³

China tightened its controls on ketamine supplies to Hong Kong (China) in 2004, and traffickers began to source the drug in southern India, trafficking it in via Southeast Asia. In late 2007, traffickers began to source from China again, this time sourcing from clandestine laboratories and making low-volume yet high-frequency shipments.²⁴ In 2009, China reported that nearly 9 mt of the primary precursor for ketamine (hydroxylamine hydrochloride) had been seized in the country.²⁵

Ketamine is also used in Malaysia, in Viet Nam (mainly along the border with China) and to a lesser degree, in Thailand. Most of this supply comes from India, particularly Chennai in southern India.²⁶ The substance is trafficked into these countries by commercial air couriers and by sea routes by Indian nationals.²⁷ Some ketamine is first trafficked to Bangkok and then further trafficked overland by commercial bus into Malaysia, with some smaller quantities trafficked onward to Singapore.²⁸

²¹ Drug Abuse Information Network for Asia and the Pacific (DAINAP)

²² Drug Abuse Information Network for Asia and the Pacific (DAINAP)

²³ 'Fifty-ninth Central Registry of Drug Abuse, 2000-2009', The Central Registry of Drug Abuse (CRDA), Statistics Unit, Security Bureau, Government Secretariat, Hong Kong, China, February 2011.

²⁴ ADEC Hong Kong 2011

²⁵ NNCC 2011

²⁶ HONLAP Thailand 2010; ADEC Malaysia 2010

²⁷ HONLAP Malaysia 2010

²⁸ ADEC Malaysia 2011

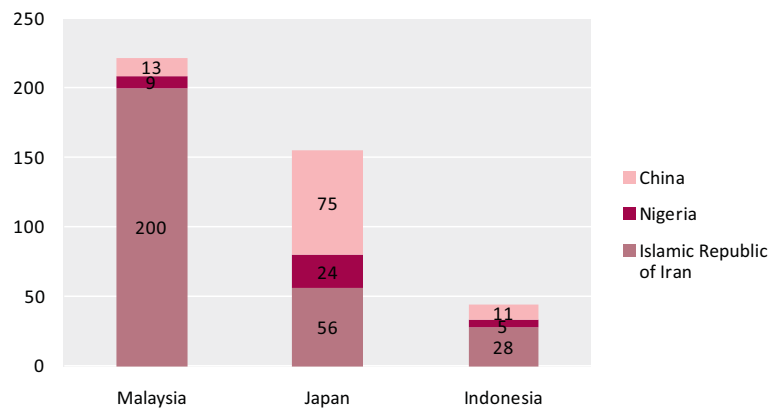
There is a relationship between methamphetamine production and the non-state armed groups, including both rebel groups and the pro-state militias. Production also occurs in areas nominally controlled by the government, and there have been persistent allegations of military involvement.²⁹ It appears that conflict provides cover for drug production and trafficking, but that armed groups on both sides profit from it mainly through taxation.

Ethnic Chinese have been implicated in methamphetamine markets inside Myanmar, as well as in a number of countries in the region.³⁰ Ethnic Chinese who live in Thailand, Malaysia and Taiwan (Province of China) have been arrested for attempting to traffic methamphetamine from Myanmar to several countries in the region.³¹ In China, most of the investors and organizers for crystal methamphetamine clandestine laboratories are based in Hong Kong (China), and Taiwan (Province of China).³² In addition, much of the large-scale methamphetamine manufacture in Indonesia, Malaysia and the Philippines is organized by ethnic Chinese networks.³³ The Philippines reports that a criminal network based in Hong Kong (China) has been importing chemists for large-scale manufacture since 2004.³⁴

Between 2005 and 2010, a total of 233 foreign nationals were arrested in the Philippines for their involvement in the drug trade, of which 125 (54%) were ethnic Chinese. Most of these were involved in methamphetamine.³⁵

Aside from ethnic Chinese, there are two groups from outside the region who feature prominently in methamphetamine markets in East Asia and the Pacific: Nigerians and Iranians.

Figure 7: Nationals of China, Nigeria, and the Islamic Republic of Iran arrested for ATS trafficking in Malaysia, Japan, and Indonesia in 2010³⁶



Source: Annual Reports Questionnaire³⁷

A much wider range of nationalities has actually been involved in drug couriering and these nationalities tend to shift over time, as traffickers seek to employ those most likely to avoid suspicion, and thus detection. Large numbers of Philippine nationals – women in particular – have been arrested worldwide during the past couple of decades,³⁸ and Vietnamese have become a popular choice more recently.³⁹ The nationality of the courier may bear no relationship to the nationality of the trafficker. Couriers are simply vessels for transporting drugs.

Nigerian trafficking networks

Nigerian drug trafficking networks are found throughout the world. Most of the traffickers hail from the southeast corner of Nigeria (the former Biafra) and are generally of the Igbo ethnic group.⁴⁰ Since the Biafran War, Igbo have sought their fortune abroad, often arriving in new countries penniless and building a life for themselves out of nothing. Most traffickers see small-scale dealing as a way out of poverty.⁴¹

New arrivals sell drugs on the street until they have a sufficient stake to perform small-scale importation by couriering drugs on commercial air flights. When

²⁹ UNODC EAP 2010: p. 17-19.

³⁰ For example, see, inter alia, PDDB 2011 and PDEA 2011; NACD 2011; and China country report in INCSR 2011.

³¹ Myanmar country presentation, Central Committee for Drug Abuse Control of Myanmar (CCDAC), presented at the Regional Seminar on Cooperation against West African Syndicate Operations, Bangkok, 9-11 November 2010.

³² China country report in INCSR 2011.

³³ For example, see, inter alia, 'Indonesia: Situation Assessment on Amphetamine-Type Stimulants', UNODC 2013 (forthcoming); PDEA 2010; ADEC Malaysia 2010.

³⁴ IDEC Philippines 2011

³⁵ ADEC Philippines 2011

³⁶ The assumption is that these arrests are in and of themselves an indication of significant national involvement in ATS trafficking, and not the result of specific profiling or other measures.

³⁷ The Japanese data simply refer to "Africa" without specifying a nationality, and amalgamates Taiwan, Province of China with China.

³⁸ PDEA 2010a: p. 13.

³⁹ IDEC Viet Nam 2011

⁴⁰ Leggett 2001

⁴¹ Leggett 2001

they have made enough money, they can recruit others to courier for them. They then become wholesalers, with new arrivals working under them. They operate many business enterprises in parallel, licit and illicit. Once sufficient money is made in drugs, most move on to full-time licit activities.⁴²

Most of the Nigerians arrested are in the early phases of their drug careers when they are involved in street dealing or couriating themselves. More advanced Nigerian traffickers are rarely detected as Nigerians, because over time they purchase or otherwise acquire the passports of other nations, particularly other African countries. Later they can employ couriers of any nationality. In 2010, a number of drug couriers from countries in the Middle East, Central Asia and Eastern Europe were arrested in the East Asia-Pacific region for trafficking methamphetamine on behalf of Nigerian drug organizations.⁴³

Today, Nigerian drug trafficking groups have been detected in almost every country in the region, and are particularly active in China, Indonesia, Japan, Malaysia and Thailand.

- In Japan, 39 “African” couriers were detected between 2007 and 2010, most of whom were identified as Nigerian.⁴⁴
- The number of West African couriers arrested in Malaysia significantly increased between 2009 and 2010, from 49 to 73, with Nigerian nationals accounting for 78% of the total.⁴⁵
- In Thailand, 22 Africans were arrested between 2010 and February 2011 carrying some 38 kg of crystal methamphetamine among them.⁴⁶
- In China, from 2004 through October 2010, a total of 418 West African were arrested for drugs, and two-thirds were identified as Nigerians.⁴⁷

Ironically, it is possible that Chinese syndicates first introduced methamphetamine to Africa.⁴⁸ In the early 2000s, Chinese organized crime groups were active in the Western Cape of South Africa, dealing in a range of commodities but particularly in abalone, a shellfish endangered in South Africa that has been harvested illegally by local gang members.

⁴² Leggett 2001

⁴³ ADEC UNODC WAN 2012

⁴⁴ Annual Reports Questionnaire

⁴⁵ ADEC Malaysia 2012

⁴⁶ IDEC Thailand 2011

⁴⁷ HONLAP China 2010

⁴⁸ Steinberg 2005

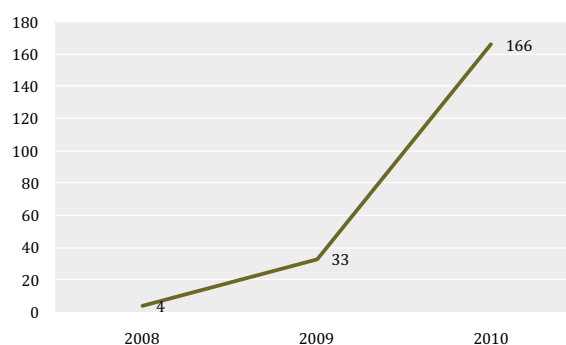
Shortly after this commercial link was established, the local gangs began dealing in methamphetamine, a drug which was new to South Africa. In just a few years, methamphetamine became the most problematic drug in the Western Cape.⁴⁹

Nigerian nationals dominate the small-scale importation and street sale of drugs to South Africa, as they do in many countries. Around 2008, the first shipments of methamphetamine from South Africa to East Asia and the Pacific were detected. Today, most shipments come from West Africa. Methamphetamine production facilities have been discovered in a number of West African countries. In 2009, only 7.4% of seizures of methamphetamine trafficked to Japan were estimated to have originated in Africa; by mid-2010, however, this proportion had risen to 36%.⁵⁰ In addition, significant diversions of precursor chemicals have been seized in Africa.⁵¹

Iranian trafficking groups

The importation of methamphetamine produced in the Islamic Republic of Iran is a new phenomenon, and one that requires more investigation. The Iranian government first reported manufacture in their country in 2008, when four production facilities were seized. Iranian groups were first detected in

Figure 8: Number of methamphetamine labs seized in the Islamic Republic of Iran



Source: ARQ submitted by Islamic Republic of Iran 2011

⁴⁹ South African Community Epidemiology Network on Drug Use (SACENDU)

⁵⁰ ADEC Japan 2011

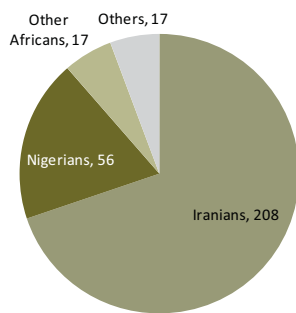
⁵¹ The International Narcotics Control Board (INCB) identified Africa as the region with the greatest number of diversions or attempted diversions of ATS precursor chemicals in 2008. For example, a single shipment to Uganda of 300 kg of pseudoephedrine was seized upon arrival in 2008. However, only 2 cases of diversion were reported in 2009: 1.25 mt of ephedrine to the Central African Republic and 1 mt of pseudoephedrine to Kenya (UNODC SMART 2010, p. 4). In Australia, in 2009-2010, authorities seized 17 kg of crystalline methamphetamine in air cargo from South Africa, as well as 22.8 of pseudoephedrine shipped from Egypt in March 2010, and 18 kg of ephedrine powder shipped from Egypt in May 2009. See ACC 2011 pages 24 and 111.

East Asia and the Pacific in 2009,⁵² appearing at once in several countries attempting to air courier methamphetamine in both liquid and crystal form. By 2010, there were also indications that Iranian drug organizations were attempting to establish illicit methamphetamine manufacturing operations in Japan, Malaysia and Thailand.⁵³

Part of the problem is easy availability of precursors in the Islamic Republic of Iran. In 2010, The Islamic Republic of Iran ranked fourth in the world for licit pseudoephedrine imports.⁵⁴

Iranian groups are particularly active in Malaysia, Indonesia, Thailand, and Japan; largely the same countries where West Africans are most prominent.⁵⁵

Figure 9: Drug traffickers from outside East Asia arrested in Malaysia in 2010



Source: Royal Malaysian Police

For reasons that may be related to cultural or diaspora linkages, the main destination in Southeast Asia for Iranian drug trafficking organizations is Malaysia. A total of 228 couriers from the Islamic Republic of Iran were arrested in Malaysia in 2009-2010 for attempting to smuggle crystal methamphetamine into and through the country.⁵⁶ In Indonesia, the top two nationalities arrested for methamphetamine trafficking in 2010 were Iranians and Malaysians.⁵⁷ In 2010, 82 Iranians were arrested at Suvarnabhumi International Airport in Bangkok, Thailand and 166 kg of crystal methamphetamine was seized.⁵⁸

⁵² UNODC EAP 2011: p. 9.

⁵³ UNODC SMART 2010: p. 8.; Official communication with the Royal

⁵⁴ INCB Precursors 2010

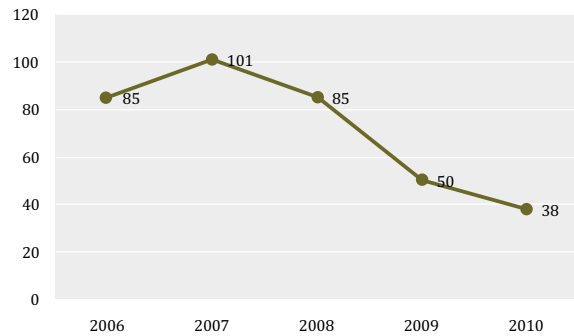
⁵⁵ UNODC EAP 2011: p. 9.

⁵⁶ ADEC Malaysia 2011

⁵⁷ Annual Report Questionnaire for 2010, Indonesia.

⁵⁸ IDEC Thailand 2011a

Figure 10: Number of Iranians arrested in Japan for methamphetamine



Source: Japan National Police⁵⁹

The situation in Japan is different because Iranians have been active in Japanese drug markets since the mid-1990s. The number of Iranians arrested in Japan has decreased sharply in recent years for unknown reasons. In 2010, only one Iranian methamphetamine manufacturing organization was detected in Japan.⁶⁰

4. How big is the flow?

Calculating the volume and value of drug markets is a process of triangulation. For plant-based drugs like heroin and cocaine, the strongest leg of the triangle is production data. Every year, UNODC performs crop surveys in the major opium poppy and coca producing countries. Once the number of hectares under cultivation is determined, this is multiplied by regional yield figures to produce a production estimate. This output can then be tallied with seizure figures and what is known about demand, the other two legs of the triangle.

The situation is more complicated with synthetic drugs like methamphetamine because production is much less centralized and “observable”. The precursor chemicals are used for licit purposes all over the world. Missing the production side of the triangle, methamphetamine estimates are based on seizures and demand-side data. Unfortunately, nationwide drug use surveys are carried out only irregularly in many countries in the region, and have never been conducted at all in China. Unlike heroin, the amount of drugs used per consumer varies tremendously. So, in East Asia and the Pacific, the methamphetamine “triangle” tends to have only one side.

⁵⁹ UNODC SMART 2010: p. 8.

⁶⁰ ADEC Malaysia 2011; ADEC Malaysia 2012

The easiest way to estimate the size of this illicit market is therefore to look at the seizures and factor into this an interception rate. In East Asia and the Pacific, this can be done in considerable detail, because most countries in the region report seizures. Both *yaba* and crystal methamphetamine markets can be calculated separately. Seizures can be reviewed across time, and this can be balanced with the best estimates of demand on a per-country basis.

As discussed above, the *yaba* market is largely confined to the Greater Mekong Subregion. It is made and consumed in Myanmar and China, then exported to Thailand, with lesser amounts being consumed in the transit countries of Lao PDR and Cambodia, and then Viet Nam and Malaysia. This is reflected in the seizure statistics. China and Thailand account for 80% of the seizures in 2010 – adding Lao PDR and Myanmar brings the share to 99%. Seizures in Myanmar are relatively low, but the state has limited capacity to enforce the law in the areas where most of the production is taking place. Nonetheless, these four countries – China, Thailand, Lao PDR, and Myanmar – have accounted for upwards of 90% of the seizures of *yaba* since at least 2006.

Although there is substantial year-on-year volatility due to the large size of some seizures, the five-year average in China and Thailand is almost identical: about 25 million pills seized per year. Survey data suggest about 600,000 annual users in Thailand, so assuming a similar interdiction rate, roughly the same number of users would be found in China. Surveys in Lao PDR suggest the same rate of use as in Thailand, but with a much smaller population, amounting to about 40,000 *yaba* users. Combining these three key consumer markets together yields a consumer estimate of about 1.25 million users.

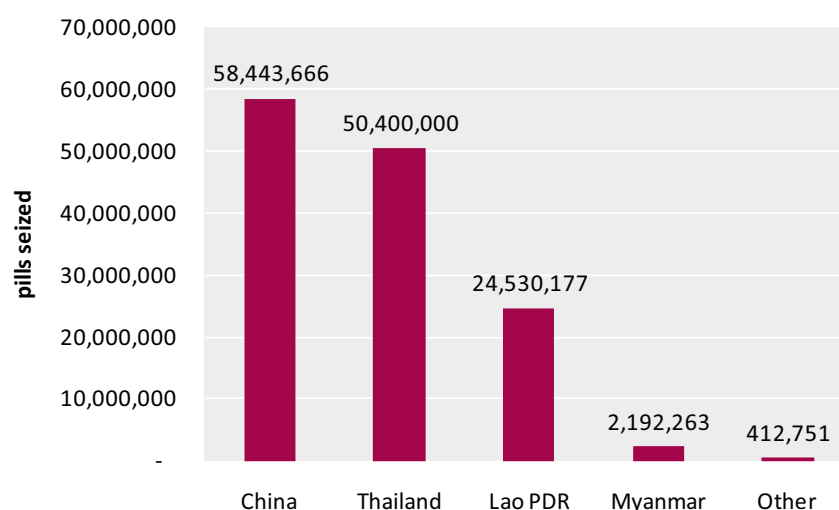
In 2010, a total of around 136 million pills were seized throughout the region. Dividing these seizures among the 1.25 million users results in about 110 pills being seized per user in 2010. With a 10% interdiction rate, this would suggest a total market

flow of 1.4 billion pills per year, or fewer than 1000 pills per user per year after seizures. Like all methamphetamine, *yaba* produces physiological tolerance to its effects, and so use levels vary considerably between casual users and addicts. Field observations suggest that this estimate constitutes a reasonable rate of use.

If use rates were higher, the costs would soon become prohibitive. Pills are priced at around US\$5 per pill in China and US\$7 per pill in Thailand, suggesting an average annual expenditure of US\$5,000 per user in China and US\$7,000 in Thailand, on the assumption that 1.4 billion pills are consumed annually. Higher consumption volumes would quickly push the average outlay per user to unreasonable levels.

Multiplying 1.4 billion pills by local prices results in a gross income for traffickers of around US\$8.5 billion.

Figure 11: Number of *yaba* pills seized in 2010



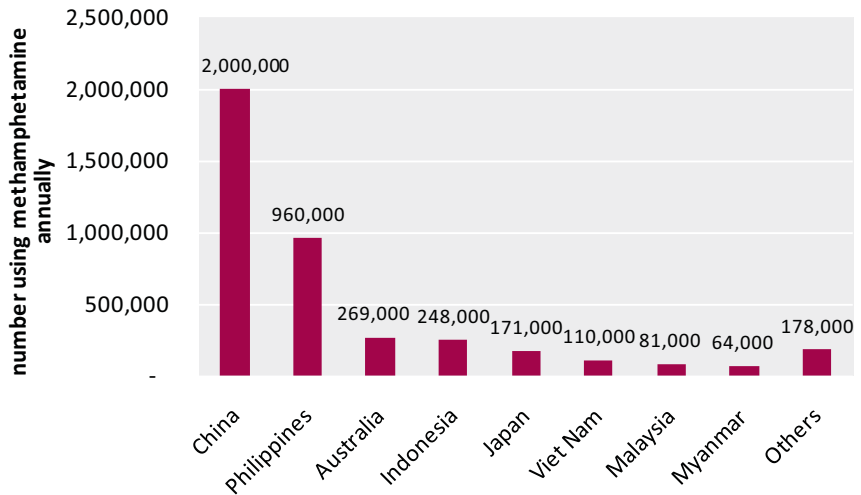
Source: UNODC SMART Drug Abuse Information Network for Asia and the Pacific (DAINAP)

The crystal methamphetamine market is trickier, given the large number of countries producing and consuming. Once again, the biggest barrier to an accurate estimate is the lack of use survey data for China. Based on the survey data available, prevalence is greatest in Australia, New Zealand and parts of the Pacific, but lower prevalence in China would still indicate a much larger number of users due to China's population size.

Since surveys rarely differentiate between *yaba* and crystal methamphetamine, it is important to

exclude national markets where most of the consumption is *yaba*. Thailand has around 600,000 “methamphetamine users”, but the majority appear to consume *yaba*. Although crystal methamphetamine is present, and seizures have risen remarkably recently, it was only rated by the Thai government as the ninth most problematic drug for the country in 2009. Lao PDR seizes little crystal methamphetamine, so most use is likely to be *yaba* in that country as well.

Figure 12: Estimated number of crystal methamphetamine users in East Asia and the Pacific



Source: Calculations derived from UNODC and government estimates

After excluding these countries and based on available survey data, the number of crystal methamphetamine users in East Asia and the Pacific outside of China is estimated to be around two million, with the Philippines accounting for much of this total.

This user estimate can be compared to the seizure data. For unknown reasons, 2009 was an anomalously weak year for seizures, but regional totals have been otherwise very consistent over the past five years – between seven and eight mt seized per year. China has accounted for between 50% and 80% of the crystal methamphetamine seizures during this period.

Methamphetamine is produced in China both for local consumption and for export, but if Chinese consumption were roughly equal to its share of regional seizures, then there would be around two million methamphetamine users in China. This would suggest an adult prevalence of about two-tenths of one percent, on a par with Japan. China provided treatment for over 33,000 methamphetamine users in 2010, which would indicate about 1.7% of annual users received treatment. Given that many may be casual users, this is actually a remarkably high rate, comparable to that in Canada.⁶¹ All this suggests at least roughly five million users in East Asia and the Pacific.

⁶¹ According to the 2010 Annual Reports Questionnaire, there were 1710 methamphetamine addicts in treatment in Canada, out of an estimated 104,788 users, or about 1.7%.

Combining the user estimates with the seizure totals, the countries of the region seized about 1600 milligrams per user in 2010. Assuming a 10% intercept rate, this would indicate each user on average consumed about 15,000 milligrams per year. A dose unit is in the order of 50 milligrams for those without a tolerance, so this is equivalent to one dose unit per day on average. Casual users will use less, while dependent drug users will use much more.

Street prices vary from US\$80 per gram (in China) to US\$500 per gram (in Japan and Australia). At the low end, using an average of 45 milligrams per day will cost a user US\$1,300 per year, and more than five times that in the more expensive markets. Again, higher rates of use would quickly become unaffordable.

In summary, an estimated 5 million users consume crystal methamphetamine and 1.25 million users consume *yaba* in East Asia and the Pacific. They consume an estimated 68 mt of crystal methamphetamine and 1.4 billion *yaba* pills annually. The *yaba* market generates about US\$8.5 billion and the crystal methamphetamine market US\$6.5 billion, for a combined market of around **US\$15 billion** in 2010.



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Source: UNODC Global SMART Programme



The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

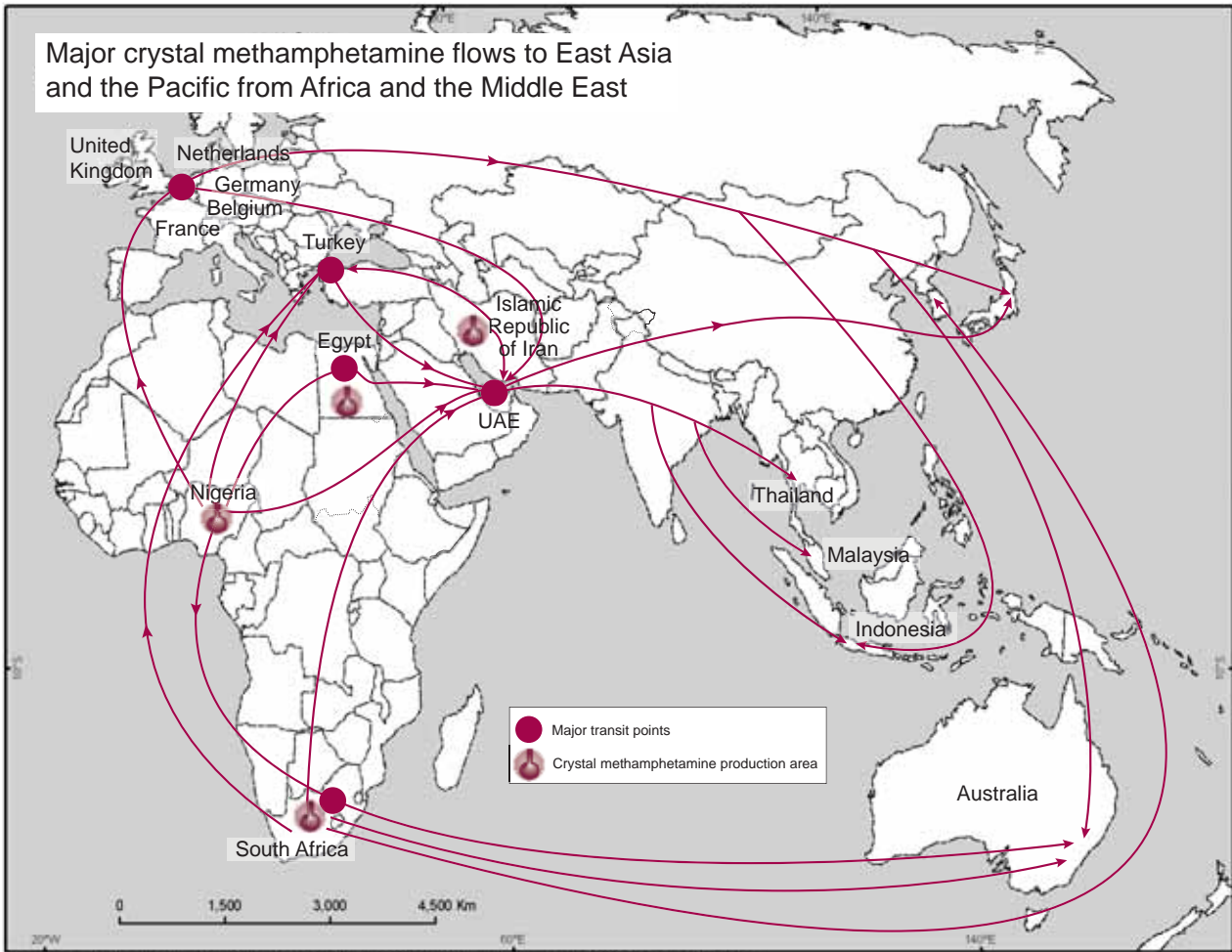
Source: CCDAC

Methamphetamine pill flows in Myanmar



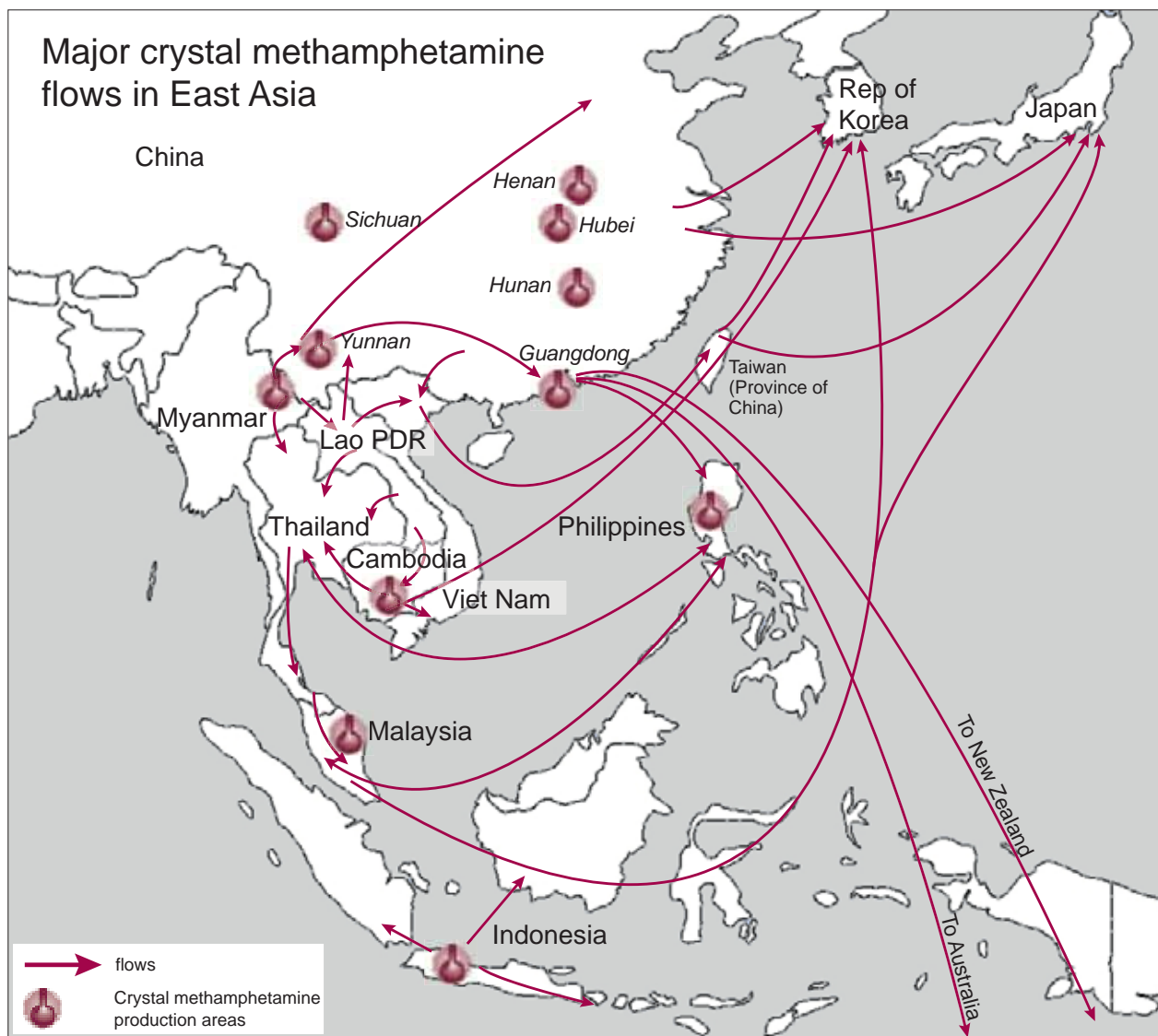
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Source: CCDAC; UNODC Global SMART Programme



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