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S-3688

7 July 1971

MEMORANDUM FOR:



CIA Heroin Coordinator

SUBJECT

: Opium Production in Iran

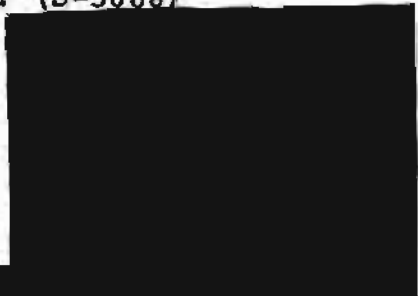







1. The attached was prepared in response to your request of 1 July. I understand that the original request was from Egil Krogh who is the President's Project Officer on Drug Abuse Control.


2. While I believe this paper will serve your initial purpose at least, I would be pleased to expand on any of the points raised if you think it would be useful. I would note, however, that we, OER and OCI, are not persuaded that it would be useful to undertake an immediate demarche to the Shah on the matter of halting opium production in Iran for the reasons we give in the attached memorandum.


Chief,
Free World Division

Attachment:
As Stated

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SUBJECT: Considerations in Approaching the Shah to
End Iranian Poppy Production

Statement of Aims

US success in pressuring Turkey to ban the further growing of opium by mid-1972 has suggested that similar pressure be brought to bear on Iran. The aim of this paper is to examine the best way to approach the Shah of Iran to persuade him to ban future poppy production and the political, social and economic effects a successful approach might have on the country. (For background on the opium situation in Iran, see Appendix.)

We are not persuaded that this is a useful move, however, and inject a word of caution. We believe that an immediate demarche to the Shah would probably be unwise for the following reasons:

1. Iran is a victim of, not an exporter of, opium. Iran has about one-quarter of the world's total opium users. Before Iran resumed legal cultivation in 1969 most of Iran's requirements, some 380 tons a year, were smuggled in, primarily from Afghanistan. To give some measure of control over the narcotics situation, the Shah reinstated poppy cultivation concurrently with a strict program of addict registration and control of illegal narcotics which apparently has been successful in drastically reducing the amount of smuggled opium entering the country. At the same time Tehran has embarked on a stringent smuggling eradication program. More than 90 smugglers have been executed since the beginning of the anti-drug campaign in 1969.

2. Iran has a comprehensive and effective cultivation and harvesting control program with registration of farmers, continuous observation of the harvest, and guarded transport of opium.

3. The Shah is known to be strongly anti-drug. We believe the decision to grow Iranian poppy was taken solely in a bid to control the serious domestic problem.

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He is on record as saying that Iran will never become an opium exporter, and that he will cease production of opium when Turkey and Afghanistan do. Until Afghanistan is removed as a supplier to Iran, it is clearly a non-starter to approach the Shah.

US Approaches

Assuming US pressure on the Shah is decided upon, the manner of presentation should be tentative and exploratory. Iranian handling of its opium problem should not be criticized. The Shah feels his approach is effective and responsible and he is increasingly sensitive to criticism from any quarters on his handling of Iran's affairs.

A fruitful line might be to approach the Shah in terms of seeking his advice on how to handle the problem area-wide. He likes to see himself as a leader and innovator on a global scale. Seek his advice on how to handle Afghanistan; he may well offer to carry the ball, or part of it, there. He has probably given some thought to total elimination of poppy cultivation in his own country. Let him expatiate on this on his own initiative - or with a gentle nudge. He may well end up committing himself - if he thinks it's his own idea.

Eliminating poppy cultivation in Iran is politically and economically feasible. Since poppy is grown only on Government cooperatives, crop substitution will present little problem to the farmers, though some income supplement probably would be necessary to cover the loss of poppy cultivation. The major question is what to do with 350,000 opium users--their needs are the Shah's first and foremost concern. It seems highly doubtful that Iran could purchase licitly the large quantities, i.e. excess of 350 tons/yr., needed.

Reaction

The Shah's reactions to a US approach will be sympathetic, but negative. Since his country is a net importer he feels this country, like the US, is a victim. He considers the drug problem an internal matter, and any US pressure would be viewed as meddling.

The best choice of a US envoy would be Ambassador MacArthur. He understands the sensitive nature in dealing

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with HIM, and has the confidence of the Shah. The Ambassador is also sensitive to the needs of the Iranians and to their problems. He is properly deferential when it is called for, and assertive when he feels the Shah will tolerate it. A stranger to the court, who knows little of how to act in the presence of the "King of Kings," will likely do more harm than good.

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APPENDIX

The Opium Situation in Iran

I. Historical Background to Iran's Opium Problem

1. The cultivation of opium poppies and Iran's problems with opium addiction date back hundreds of years and involve a series of governmental attitudes and responses. Cultivation of opium poppy initially took place in the western part of the country but expanded rapidly during the 19th century to the south and central portions as the stimulus of domestic usage and export demands increased. By the 1870's the opium crop had assumed important economic implications for Iran with exports in the decade 1871-1881 increasing in value almost twelve fold and the product rivaling cotton in importance. Internal demands for opium during this early phase increased with the availability of the drug and the social acceptance of the practice which was almost universal among the middle-aged and the elderly.

2. Official actions to control opium were initiated in 1910 with a ban on non-medical use. In 1928 the government established a monopoly with the aim of eliminating production by 1938. Both attempts proved abortive. By 1955, Iran had an estimated 1.5 million opium users, representing about 8% of the population. Iranian exports of opium, through licit channels alone, amounted to 100 metric tons of about one-sixth of the total licit world market. Considerably more were exported illicitly.

3. In 1955, Iran responded to international pressures by placing a complete ban on opium production. As a result, a thriving illicit commerce soon developed with Turkey, Afghanistan, and Pakistan. Efforts to interrupt the traffic across Iran's borders had only limited success, with some smugglers shifting from easily detectible opium to smaller packages of easily transportable heroin. The black market in opium flourished and the loss of foreign exchange to Iran through illicit traffic was considerable. The opium addict population declined, however, to about 350,000 but was supplemented by hard-core (heroin) users numbering about 50,000 plus undetermined numbers of users of lesser drugs.

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4. Failure to obtain reciprocal controls from Turkey and Afghanistan, coupled with the financial losses of the drug traffic, resulted in a decision by the Shah in 1969 to resume domestic production of opium. At the time, the Shah stated that Iran would exercise strict control over opium production and would suspend production when Turkey and Afghanistan adopted a ban on its cultivation.

II. Opium Production and Policy Since 1969

5. The first crop, planted in March 1969 on 1,015 hectares and harvested in May of that year yielded 7 tons of usable opium. Subsequently the area of cultivation was expanded from 4,200 hectares in fall of 1969 to 6,200 hectares in March 1970, and to an authorized 12,050 hectares in September 1970. The 1971 output is expected to be about 130 tons of opium, a quantity barely sufficient to cope with the requirements of the registered addicts. Registered addicts number about 65,000 or roughly one-fifth of the addict population of about 350,000.

6. Controls over the production and distribution of opium are rigidly and effectively carried out by the government through a variety of means. Production control is administered by the Ministry of Land Reform which recommends the hectarage for cultivation each year and, upon approval from the Council of Ministers, allocates specific hectarage to government-owned rural cooperatives and farm corporations. The cooperatives police the individual member farmers engaged in poppy cultivation, and members in turn keep an eye on each other since violation by one would result in destruction of all poppy fields in the cooperative. Prior to harvest, a government representative maintains continual vigilance over the operation. As the latex is gathered, it is weighed, tagged and stored in locked and supervised containers which are transported under guard to government warehouses and eventually to the Opium Monopoly. Weighing checks on the product are conducted at various stages in the process to prevent "leakage" of the opium. Finally, the Opium Monopoly processes the opium for controlled dissemination and sale to registered addicts.

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7. In addition to the controls outlined above, the government pricing policy, which provides the farmer with a premium price for his product, tends to discourage illicit distribution of the domestic product. The government pays the farmer approximately \$90 per kilo of high grade opium latex* compared with \$10-15 in other producing countries. Since the government sells opium to registered users at about \$14 per kilo, the government sustains a loss of at least \$6 million annually.

8. The government follows a rigid enforcement policy meting out severe punishment to those convicted of smuggling narcotics. The National Police and the Gendarmerie are responsible for narcotic law enforcement in the urban and rural areas, respectively. Anyone arrested for trafficking in heiroin or opium or in possession of more than ten grams of heroin or two kilos of opium, is subject to the death penalty. Since the law was enacted, 91 smugglers have been executed.

III. Future Course of Action for Iran

9. Despite the penalties, Iran still is confronted with a severe smuggling problem as opium from Turkey, Afghanistan, and Pakistan finds its way into the country to meet the demands of its extensive non-registered addicts population. It is estimated that at least 250 tons of opium is smuggled into the country yearly.

10. With Turkey's decision to suspend production of opium in mid-1972, supply requirements for the illicit Iranian market will undoubtedly shift to the Afghan and West Pakistani supply channels. Of the two, Afghanistan presents the major source of supply. Although intensified efforts to police this area are being made, it seems doubtful that supplies from this area can be totally eliminated without formal action by the Afghan government.

11. Even if external supplies are curbed, Tehran would still be left with the problem of treating its mammoth opium

*Lower grades sell as low as \$55 per kilo.

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addict population. One course of action open to the Iranians would be to expand the current program to produce sufficient opium to meet its domestic requirements. This would entail a possible five-fold increase in size of the hectarage devoted to opium poppy, conceivably as much as 60,000 hectares. Such an expended program not only would entail significantly larger expenditures for farmer subsidies (possibly as much as \$30 million) but it raises the distinct possibility that size alone would defeat efforts at proper control. It is conceivable that Iran could find itself in the position of being a source of illicit opium for the world market.

12. At the other extreme is complete abolition of opium production in Iran. Such action, tried abortively in the past, would mean that Iran would have to import (with loss of some valuable foreign exchange) the opium needed to treat its addicts both registered and potentially registerable, and its legitimate medical needs. The availability of such additional opium from other world producers pose insoluble problems of who to allow licit production at the expense of Iran, and how to explain US involvement in world opium transactions.

13. A third course of action open to Iran and the US would be to retain opium production in Iran at its present levels while focusing additional financial and human resources on the treatment of unregistered addicts. Such a program would call for additional assistance from the US, in the form of training in the establishment of treatment centers, education, and police surveillance.

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