U.S. Government Drug Production and Trafficking Annual Reports/Designations and the DPRK

Summary

Twice annually, in a report and in a determination, the president is required by U.S. law to identify the following: major illicit drug producing and major drug-transit countries; major sources of precursor chemicals used in the production of illicit narcotics; and major money laundering countries.

Although the U.S. government has never definitively labeled the DPRK a major drug trafficking state, the annual determinations and reports have regularly expressed concern about possible DPRK government involvement in or support of drug trafficking, beginning with the 1998 International Narcotics Control Strategy Report (INCSR), released in 1999. By 2006 the level of U.S. concern had diminished. The March 2007 INCSR states that there were no confirmed instances of drug trafficking involving North Korea or its citizens during 2006.\(^1\) The September 2007 Presidential Determination on Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2008 does not mention North Korea.\(^2\)

International Narcotics Control Strategy Report

U.S. law requires the president to issue annually on March 1 the “International Narcotics Control Strategy Report” (INCSR), which identifies the following: major illicit drug producing and major drug-transit countries; major sources of precursor chemicals used in the production of illicit narcotics; and major money laundering countries.\(^3\) A major drug producing country is one in which: “(A) 1,000 hectares or more of illicit opium poppy is cultivated or harvested during a year; (B) 1,000 hectares or more of illicit coca is cultivated or harvested during a year; or (C) 5,000 hectares or more of illicit cannabis is cultivated or harvested during a year, unless the President determines that such illicit cannabis production does not significantly affect the United States.”\(^4\) A major drug-transit country is one: “(A) that is a significant direct source of illicit narcotic or psychotropic drugs or other controlled substances significantly affecting the United States; or (B) through which are transported such drugs or substances.” Determination that a country is in one of these categories and that it is has not made substantial efforts to adhere to international obligations and counter-narcotics measures in an effort to diminish such activities results in the imposition of U.S. foreign aid restrictions.\(^*\)

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\(^*\) Restrictions can be waived if provision of assistance is found to be in the national interest of the United State or if the aid is provided as international disaster assistance.
In October 1997, Senators Grassley and Helms questioned the omission of the DPRK from the INC, pointing to newspaper reports of opium production. The administration replied that information on North Korea drug production and trafficking was insufficient. The following year, Congress passed a bill directing the president to include in the 1998 INCSR to be released in 1999 “...information regarding the cultivation, production, and transshipment of opium by North Korea,” requiring that the “report shall be based upon all available information.”

The 1998 report, released February 1999, referred to instances of North Koreans apprehended for drug trafficking and the passing of counterfeit currency or cigarettes. Several North Korean diplomats have been apprehended for trafficking drugs beginning in 1976. The DPRK states that such crimes have been committed by individuals and are not state sanctioned, and that criminals are punished upon their return to the DPRK. The UN confirms that diplomats from other countries have similarly been caught smuggling drugs.

The 1998 report also stated that information about the amount of land devoted to illicit poppy cultivation in the DPRK could not be independently confirmed. Even so, the report also concludes that “The growing evidence of state complicity by North Korea remains of profound concern, as the U.S. seeks to determine whether the North Korean state has chosen to sponsor illegal activities as a matter of state policy,” and continues that if the United States can “confirm that there is illicit opium poppy cultivation of 1000 hectares or more, or that North Korean heroin or methamphetamine transiting North Korea significantly affects the United States,” North Korea will be included in the list of major drug producing and drug transit countries.

Increasingly detailed information about DPRK nationals involved in drug trafficking and production, especially amphetamines and heroin, is included in subsequent reports. However, information about poppy production of over 1,000 hectares continued to be deemed inconclusive and North Korea was not categorized as a major illicit drug-producing country. The INCSRs also regularly state that there is “no evidence that illicit narcotics produced in or trafficked from North Korea enters the United States.” Even so, North Korea remained “a country of concern,” particularly with the seizure of the Pong Su in 2003 (see below).

The last apprehension of a North Korean diplomat involved in drug trafficking took place in December 2004. The INCSR report for 2006 released in March 2007 reported “no confirmed instances of drug trafficking involving North Korea or its nationals during 2006.” Referring to earlier concerns, the report says that “The [State] Department is of the view that it is likely, but not certain, that the North Korean government has sponsored criminal activities in the past, including narcotics production and trafficking, but notes that there is no evidence for several years that it continues to traffic in narcotics.”

Presidential Determination on Major Drug Transit or Major Illicit Drug Producing Countries

U.S. law also requires the president to make annual determinations listing the countries that have "failed demonstrably to make substantial efforts" during the previous 12 months to adhere to international counternarcotics agreements and to take the counternarcotics measures specified in U.S. law. The requirements for the Presidential Determinations parallel those of the INCSR.

† The DPRK acknowledges production of a small amount of opium for medical purposes.
and provide an early indicator of which countries might not be eligible for U.S. assistance; the INCSR issued the following March “provides the factual basis for the designations contained in the President’s report to Congress.”

In the past, paralleling the INCSRs, the Presidential Determinations have regularly noted the DPRK as a country of concern. However, North Korea was not mentioned in the Presidential Determination for FY 2008 issued on September 17, 2007. In response to a question about the omission raised at a press briefing, Deputy Assistant Secretary for International Narcotics and Law Enforcement Affairs Christy McCampbell stated that the drugs produced by or trafficked by North Koreans “is not affecting the United States as much as the requirements on the list.”

Background Information

For several decades, North Korean citizens have been arrested for engaging in illicit drug trafficking activities in more than 20 countries around the world. Initial reports of North Korea-related drug trafficking activities typically involved cases in which police or border-crossing officials apprehended North Korean diplomats or state-run enterprise employees who were trafficking illicit drugs into foreign countries. There are suspicions that when heavy rains in 1995 and 1996 reduced the country’s opium production, some North Koreans began manufacturing and exporting methamphetamine to expanding markets in Southeast Asia. Unconfirmed estimates suggest North Koreans were involved in annual drug exports in 2003 valued at least $500 million.

In April 2003, Australian authorities seized a North Korean-owned ship called the Pong Su, which had just off-loaded 125 kilograms of heroin. That June KCNA released an article dismissing the Pong Su’s link to the North Korean government and stating that the ship was “a non-governmental trading ship and the ship owner[s] side did not know about the case at all.” A trial by jury in Australia, which concluded in March 2006, found the senior officers of the Pong Su not guilty. In 2003, North Korean authorities sought advice from UN agencies, including the UN Office on Drugs and Crime, on drafting domestic narcotics-control legislation that would bring the DPRK into compliance with international norms. The DPRK’s 2004 edition of the North Korean Book of Law includes the DPRK’s Narcotics Control Law. During 2006, there were numerous Japanese press reports of trafficking along the China-DPRK border, although the U.S. State Department could not confirm any of the claims. Sources also indicate that in 2006, there were arrests of North Korean nationals in differing locations in China for trafficking illicit drugs. In March 2006 the DPRK issued a decree regarding its intent to severely punish drug traffickers.

Last updated January 7, 2008

‡ If, between the initial determination announced on September 15 and the release of the INCSR on March 1 of the following year, the President concludes that a country is adhering to its international obligations with respect to counter-narcotics, the law allows the administration to report a designation in the INCSR differing from that in the initial Determination. See Conference Report 107-671, to accompany H.R. 1646. The report also states that “The Managers believe that the addition of this alternative approach gives the President more flexibility to implement a successful U.S. counter-narcotics policy.” Available at http://thomas.loc.gov.