

PAKISTAN: NOT A SOURCE BUT A VICTIM COUNTRY

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I. INTRODUCTION

In the last several decades the use and trafficking of drugs has created problems for society in general and for law enforcement authorities in particular. The drug traffickers have always been a source of a relatively high level of crime but especially those of the modern day who are much more wealthy, powerful and even influential to the extent that they can pose a threat to national and international security. In some countries the drug trafficking organizations even have their own armed personnel. Drug trafficking involves an entire economic process including cultivation, harvesting, transportation, distribution and sales.

Enforcement efforts can be targeted against any aspect of this illicit economic system. A systematic assault at all levels of illicit activity within the network is most likely to produce successful results.

II. ANTI NARCOTICS FORCE PAKISTAN - AN OVERVIEW

In February 1995 the Anti Narcotics Force (ANF) was constituted, which is now the Premier Law Enforcement Agency in the field of narcotics control. This composite and highly mobile force was given intensive training with a change in basic tactics from static check posts to mobile operations. Moreover tireless efforts by the Anti Narcotics Force of Pakistan to strengthen national and international cooperation in the war against illicit drug production have finally borne fruit, with the country having been declared 'Poppy Free' by UNDCP.

The Anti Narcotics Force of Pakistan has made remarkable efforts to dismantle and unearth the drug mafia and seized huge quantities of illicit drugs and precursors and made thousands of arrests. The success was massive and unprecedented and jolted the entire drug mafia. In this context the commendable performance of ANF Pakistan speaks for itself.

A. The Special Investigation Cell (SIC)

The Special Investigation Cell is part and parcel of the Anti Narcotics Force. It has the same objectives and mission, nonetheless, its modus operandi are somewhat different: more scientific than the rest of the force and its performance due to these distinguishing characteristics has been manifold. Be it seizures, arrests, investigations or gathering of intelligence, SIC has always been ascending in attempting to achieve its objectives. It has a commitment to its mission and will continue to fulfil this challenging mission.

B. Current Drug Situation in Pakistan

At the time of independence in 1947, Pakistan was deficient in Opium, as it could not meet the

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requirements of its own Opium addicts, whose number at that time was fairly limited. Up until 1956, the country imported Opium from India. Thereafter, only the production of licensed Opium for medical needs was permissible in a few selected areas and under strict control. Even subsequently, the number of Opium addicts in Pakistan never touched an alarming level. The production of licensed Opium continued until 1979 when two important developments i.e. The Islamic Revolution in Iran and the Promulgation of the Prohibition Enforcement of Hadd Order 1979 in Pakistan took place.

C. Impact of Afghanistan

Afghanistan emerged as a major drug producer in the 1990s. It accounts for more than 70% of global Opium production. The bulk of Afghan Opium is processed into morphine base in Helmand, Nimroz, Nangarhar, Oruzgan, Kandahar, Badakhshan, Konar and Paktia provinces of Afghanistan and then smuggled into Pakistan for local consumption and onward transportation to other parts of the world. Afghanistan, the source country of the illicit drugs is the next-door neighbour of Pakistan. The Pak-Afghan border stretches from north-east to south-west over an area of 2,538 kilometres, while the Pak-Iran border stretches over an area of 900 kilometres in the south-west.

D. Drugs Smuggling

Afghanistan is a major source country for the cultivation, processing and trafficking of opiate and cannabis products. Morphine base, heroin and hashish produced in Afghanistan are trafficked worldwide. Narcotics remains the largest source of income in Afghanistan due to the decimation of the country's economic infrastructure caused by years of warfare. Following the withdrawal of the Soviets ten years later, civil strife ensued in Afghanistan.

Hashish originating in Afghanistan is trafficked throughout the region, as well as to international markets. Although the bulk of the hashish intended for international markets is routed through Pakistan and sent by sea, air, or by road. Gulf Countries and especially Saudi Arabia, UAE, Oman, etc. are considered suitable for the hashish produced in Afghanistan. The Coastal area of Baluchistan and the Seaport of Karachi is being used by the traffickers for the shipment of hashish and other narcotics to Gulf and other countries. Due to large seizures made by the ANF, the smugglers have changed their modus operandi and now the mother ship anchors in deep waters and high-speed motor boats carry the drugs up to the mother boat. The same method is used while unloading the drugs. From April to June smuggling by sea remains at its peak and diminishes in July- August due to rough weather. On the other hand during this period humidity severely damages the quality of the drugs; particularly hashish.

While moving on the road the smugglers are well armed and use highly sophisticated communications equipment to monitor the movements of law enforcement agencies. These smugglers' weaponry goes far beyond simple assault rifles, to include anti-tank rockets and anti-aircraft "stinger" missiles. Rough terrain and flexibility also aid the smugglers in transport methods. They travel in armed convoys, sometimes using speedy vehicles, sometimes camel caravans and motorcycles.

E. Smuggling Routes

Drugs are being smuggled from Afghanistan into Pakistan by trespassing the long stretch of border by using different means of transportation i.e., vehicles and camel caravans. These drugs are being smuggled to Iran, the Middle East and onward to Europe, USA and other countries of the world. Acetic anhydride, the main precursor used in the manufacturing of heroin is smuggled into Afghanistan through Pakistan mainly from European countries. However, it is also being smuggled from China via the Khunjerab Pass and Dubai by sea and by air.

Heroin is trafficked to worldwide destinations by many routes. The traffickers quickly adjust

smuggling routes based on political and weather-related events. Reports of heroin shipments from North Afghanistan through the Central Asian States to Russia have increased the use of Tajikistan as a frequent destination for both opium and heroin shipments. Heroin also continues to be trafficked from Afghanistan into Pakistan. Seizures are frequent at Pakistan’s International Airports. Heroin is also smuggled by sea on vessels leaving the port city of Karachi.

F. Drugs Manufacturing

Before 1981 heroin-manufacturing laboratories were initially located in Herat Province of Afghanistan near the Iran border, these heroin laboratories were shifted from Afghanistan to Pakistan due to the simultaneous Islamic revolution in Iran and the Russian intrusion in Afghanistan. These laboratories were initially located in the villages of Tehsil Landikotal as well as in Choora Valley of Khyber Agency. These laboratories were mainly operated, managed, and financed by Afghan Refugees whereas Afridi and Shinwari tribes provided local protection and land. Operations against these drug manufacturing labs were conducted in different phases. In 1986, an operation against heroin labs was carried out and the Heroin Labs were destroyed. The last operation conducted against the Heroin Labs was in December 1996. The Taliban’s liberal policy regarding cultivation of opium and the continuous pressure of the Pakistan Government on local Maliks, forced the remaining laboratories to move back to Afghanistan.

G. Enforcement

Just to acquaint you with the performance of the Anti Narcotics Force during the last few years, some of the statistics are given below:

Year	Persons Arrested	Morphine	Heroin	Hashish	Opium	Others
1999	536	-	2143.846	25546.569	7662.742	231 ltrs AA
2000	656	3060.500	1847.529	36742.623	4241.860	42 ltrs AA
2001	601	1199.000	3068.168	29983.870	2626.350	-
2002	474	-	4361.438	22443.995	924.970	-
2003 (30-06-03)	198	300.00	308.868	11615.067	2548.650	12379 Kgs opium straw

H. Special Courts

Special Courts have been established under the Control of Narcotics Substances Act-1997 and have the exclusive jurisdiction to try an offence cognizable under this Act. After the establishment of the Special Courts quick and speedy decisions are being announced. On the contrary these drugs cases were lying pending in other courts for years due to the enormous number of cases.

I. Drug Trafficking Trends

Over the years, it has been observed that drug trafficking trends are rapidly changing.

Criminal groups adopt various strategies to hoodwink law enforcement agencies by adopting new modus operandi of transporting drugs to different destinations. A few glimpses of new methods are as follows:

1. International

Drug routes

- (i) Newly built Eldoret airport in Central Kenya is being used for drug trafficking through cargo flights because of its lack of modern technical equipment, which are in the process of

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installation.

- (ii) Entebbe airport (Uganda) is considered a soft touch regarding drug trafficking due to a lack of modern technical/interception facilities.
- (iii) Dubai, Bombay, Dacca and Colombo are being extensively used as transit airports.
- (iv) Commercial containers, with mislabelled boxes, holding Acetic Anhydride, are being transited from Busan Port, South Korea to Afghanistan via Bandar Abbas Port, Iran.

Couriers

- (i) Initially African couriers were used but now European and locals have also become couriers.
- (ii) At least two couriers carry one consignment to its destination. The use of multiple couriers is arranged to conceal any direct links.

Concealments

- (i) African drug traffickers use different portable articles for the concealment of drugs, which are later dispatched through courier services/mail.
- (ii) Africans bring special spray nozzles from Africa to fill heroin inside small cavities of items of daily use.
- (iii) African ladies usually wear a hair attachment sewn to their head and heroin is concealed inside.

2. Domestic

Drug Routes

- (i) From NWFP to Europe and USA, small quantities of drugs are being sent through air couriers.
- (ii) Large shipments are also sent through Makran coast and the coastal belt of Karachi.
- (iii) Sri Lanka and Dacca are the new destinations from coastal areas of Karachi for large shipments by sea.

Couriers

- (i) Besides Africans, Pakistanis are also swallowing heroin filled capsules.
- (ii) Taxi drivers, supplied with mobile telephones by the African drug traffickers based in Pakistan are facilitating the supply of drugs from one place to another and even storage at safe places.
- (iii) Drug couriers are mostly using Karachi, Lahore and Peshawar airports.

Concealments

- (i) Heroin is also concealed in formation signs (Uniform Badges).
- (ii) Books, greeting and birthday cards filled with heroin are registered through mail courier services.

J. Concealment in Capsules

This is the most common method of concealment and has been used by drug traffickers for years.

1. Heroin Filled Capsules

Carrying heroin filled capsules inside body cavities is considered to be the safest way of smuggling drugs. Most of the couriers of various nationalities, especially Africans are using this modus operandi. Some of them swallow capsules while others conceal the capsules inside their body through the rectum.

Sometimes it becomes difficult to detect such capsules as the machine throws X-rays towards the object, which scatter in different directions and some rays reflect which cannot form a clear image. This occurs due to the reflecting capability and hardness of the aluminium foil/ capsules. A remedy to this problem is a Barium Test, which is an effective tool to detect such capsules. Even with this test, one

cannot see the capsules but the process helps the doctors make an opinion due to the unusual shape of the stomach and intestines.

III. EXCHANGE OF INFORMATION

Exchanging information and intelligence between ANF and the other law enforcement agencies of the world by establishing focal points on each side can enhance cooperation between the countries. The international strategy maintains interdiction as an important component and emphasizes the Pakistan government's pursuit of cooperative efforts with other nations, having the political and economic will to defeat international drug syndicates.

Cooperation with foreign law enforcement agencies and Drug Liaison Officers is essential to the ANF mission, as the trafficking organizations responsible for the drug trade inside Pakistan do not operate solely within its boundaries. To further support this mission, a number of countries are operating in Pakistan through their diplomatic missions. The ANF has always cooperated with them by remaining within the legal purviews.

All these foreign countries actively participate by developing sources of information and an effective flow of information about the drug traffickers by the foreign agencies to ANF has always been very helpful in launching timely interdiction operations.

IV. EXTRADITION TREATIES

The ANF, being the premier Federal Agency, deals with narcotics issues exclusively and operates on the basis of her own national enacted legislation i.e. CNS Act-1997, which grants them wide ranging powers to exercise within their national territories for their own purpose as well as in cases of transnational drug trafficking in collaboration with the accredited International Law Enforcement Agencies. Pakistan has ratified the Single Convention on Narcotic Drugs- 1961, the UN Convention on Psychotropic Substances 1971, the UN Convention-1988 and other treaties. The Extradition Treaty with 19 countries was concluded by the then British Government, which was adopted by Pakistan. The names of countries are as follows:

Argentina	Austria	Belgium	Columbia
Cuba	Denmark	Ecuador	France
Greece	Iraq	Liberia	Luxembourg
Monaco	Netherlands	Portugal	San Marino
Switzerland	U.S.A.	Yugoslavia	-

Pakistan has directly concluded Extradition Treaties with the nine countries listed below:

Australia	Egypt	Iran	Italy	Maldives
Nigeria	Saudi Arabia	Turkey	Uzbekistan	-

On the other hand the Government of Pakistan has signed Memorandum of Understandings to make joint efforts for the control of drugs trafficking with China, Egypt, Iran, Kyrgyzstan, Nigeria, Russia, UAE and Uzbekistan. While six fresh MOUs with Italy, Kuwait, Morocco, Romania, Syria and Turkey are under process.

Pakistan has received requests for the extradition of 23 accused persons so far and out of these seven persons have been extradited to the respective countries and the rest of the cases are pending with the competent courts.

V. CONTROLLED DELIVERY (CD) OPERATIONS

Controlled Delivery Operations are conducted under the 1988 UN Convention and the Government of Pakistan was keen enough to join the international community by allowing these to be conducted under the CNSA-1997. A deliberate effort was made to streamline the procedures involving the conduct of CD operations keeping in mind the national and international laws. Comments and suggestions were asked from concerned agencies and different DLOs and a detailed Standing Operating Procedure (SOP) was formed.

As a result of a CD operation a big gang involved in the illicit export of drugs to different countries was unearthed for the first time and all the members were arrested in Saudi Arabia and Pakistan simultaneously. Moreover an all time record seizure of acetic anhydride was also made as a result of a successful CD operation. Apart from these there are some other CD operations in progress.

VI. JOINT INVESTIGATION & BORDER CONTROL

As ever the US government has been the largest donor and has played a major role in strengthening the efforts in Pakistan against the drug traffickers. The ANF has always extended its help to foreign countries and made all-out efforts in joint investigations pertaining to drugs smuggling and to unearth the group/s involved in this heinous crime.

As already described Afghanistan is the buffering state between Russia and Pakistan and there is inhospitable and difficult terrain between these two countries. To penetrate the drug Mafia operating in these border areas is an arduous task for law enforcement agencies of these countries. To combat this situation bilateral agreements on joint efforts towards control of narcotics trafficking have been signed with Russia, Kazakhstan and Uzbekistan. Timely and credible information regarding drug related activities could help to check the border areas, as this long and porous border cannot be sealed off. Pakistan has experienced illegal immigrants, mostly from Afghanistan. The illegal immigrants have not only caused social and other problems but drug trafficking also. Due to inaccessible and hilly border areas it is impossible for either country to stop illegal immigration and border crossings.

VII. MONEY LAUNDERING

A. Introduction

Money laundering as a crime is a fairly recent phenomenon. It has emerged as an internationally recognized crime in the last two decades as a consequence of an upsurge in the illegal trade of narcotics. Possession and control over money is a major concern of a criminal. It is a criminal's sole concern in narcotics and white-collar crimes. Money laundering is a multi dimensional crime with transnational characteristics. It implies the concealment and legitimization of proceeds from a broad range of criminal activity. Profits from criminal acts including tax evasion, bank fraud, corruption by public officials, narcotics and terrorism are laundered by their perpetrators. Drug traffickers are the main beneficiaries of money laundering.

B. Objectives

Broadly speaking, the only logical objective of a money launderer is to use his dirty money in a legitimate way with impunity after it has been laundered. However, the aims and objectives of money launderers may vary considerably depending on the nature of their crime and the resulting proceeds thereof. Thus, the money laundering objective of a narcotics dealer may be considerably different from

the money laundering objective of an ideologically motivated terrorist. However, the common feature remains the “utilization after legitimization of illegitimate wealth”.

C. Money Laundering in Pakistan

Money laundering, at present is not recognized as a criminal offence in Pakistan. However, Pakistan does recognize its international obligations in this context. It has been a party to the Vienna Convention since October 25, 1991, and is under a legal obligation to eradicate narcotics related business and criminal activities including money laundering. In Pakistan, money laundering is carried out through two methods i.e. banking and the private sector.

Some forged identity documents can be procured and can be used to open a personal or a corporate account in any bank. Money laundering has been carried out through banks for a wide variety of purposes. The State Bank of Pakistan has recently issued regulations to banks in this respect. The private sector is more extensively used for money laundering purposes.

The Hawala and Hundi system is a lucrative business and is being used for remitting funds in and out of the country by the public.

Black money is also present in the unregulated economy. Successive governments with a view to legalize the available black money have enacted laws. For instance, tax incentives were offered by the government for legalizing foreign exchange available in the black market through the Protection of Economic Reforms Act, 1992.

Laws dealing with narcotics and corruption were implemented in 1997 and 1999, namely the Control of Narcotic Substances Act, 1997 (CNSA) and the National Accountability Bureau Ordinance, 1999 (NAB). Although these laws do not exclusively deal with money laundering, however, they do contain provisions, which may be invoked for freezing and forfeiture of assets acquired through narcotic and corruption related sources.

D. Major Beneficiaries of Money Laundering

- Drug Barons
- Drug traffickers also involved in others crimes
- Foreign criminals using Pakistan for money laundering through local partners

E. Common Conduits Used For Money Laundering

1. Formal Methods

- Banks have been the channels used for money laundering
- To open accounts in banks fraudulently and to use them for money laundering
- Other formal methods, including, credit cards, travellers' cheques, etc. are not commonly in vogue

2. Non Formal

(i) Hundi / Hawala

- Age old method - money can easily be remitted through this informal and unregulated channel
- This is a simple and untraceable method
- Cash is paid at one point in a certain currency, which is delivered at a desired location anywhere in the world
- Business is done without any footprint or traces

3. Prize Bonds

Prize bonds with high prizes are bought off the counter, taxes are paid and black wealth gets whitened.

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4. Sham Real Estate Schemes

Investments in real estate are made and high profit margins are declared. Housing societies are used in this method. Huge chunks of land at a low cost are purchased, developed, and then sold in the form of plots. Inflated costs are shown as profits, taxes are paid and black money gets laundered.

5. Hotel Industry/ Retail Businesses

Hotels and restaurants, superstores and fast food points are declared as generating high sale proceeds. Profits are declared and taxes paid.

6. Film Industry

Cheap films are produced with minimum possible investment. High profits are declared and money is laundered.

F. Pakistan and Anti Money Laundering Laws

1. International Laws

Pakistan has ratified the following conventions and has taken up the implementation of obligations under international law:

(i) UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988

- The Single Convention on Narcotics Drugs-1961 had earlier addressed this problem. It was later amended through a Protocol in 1972. Later, it became the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988. It was adopted on the basis of UN General Assembly's Resolution 39/141 on 14 December 1984.
- Pakistan joined the convention in 1991. More than 60 countries have ratified the Convention so far.

(ii) UN Convention on Transnational Organized Crime

This Convention has not yet entered into force. However, Pakistan has signed it and participated in all the proceedings.

(iii) Asia Pacific Group (APG)

- This is an Australia based informal group. It was established in 1997. Its objective is to pursue implementation of FATF Recommendations in member states.
- Its aim is to highlight the negative implications and recommend measures for dealing with money laundering.
- Pakistan has been a member of the APG since July 2000.
- Pakistan regularly submits annual reports to the APG.
- However, the recommendations of the APG cannot be fully acted upon due to the absence of Anti-Money Laundering Laws in Pakistan.

2. National Laws

There are no laws directly dealing with money laundering, however a draft bill is under consideration. There are a few Acts and ordinances which partly address money laundering; however, in an indirect manner:

(i) Control of Narcotic Substances Act, 1997 (CNSA)

(ii) National Accountability Bureau Ordinance, 1999 (NAB)

Although these laws do not exclusively deal with money laundering, they contain provisions which may be invoked for freezing and forfeiture of assets acquired through narcotic and corruption related sources.

Control of Narcotic Substances Act, 1997

- Section 67 (1) of CNSA requires banks and financial institutions to pay special attention to all unusual patterns of transactions having no apparent economic or lawful purposes.
- The section imposes strict obligations upon a manager or a director of such a bank or financial institution to immediately inform the Director General, Anti Narcotics Force, if it is suspected that a suspicious transaction having a nexus with illicit narcotic activities is being conducted. A violation of this provision is punishable with imprisonment for three years with or without fine.
- Section 31 (1) (d) empowers an investigating officer to ask for information from a bank or any financial institution.
- There are many other provisions in the CNSA empowering the authorities to freeze assets, which they suspect to have been acquired through illicit dealings in narcotics and courts are there for forfeiture of such assets.
- Such wide-ranging powers facilitate the authorities in effectively interdicting the proceeds from narcotics trading; if not strictly preventing money laundering.

The National Accountability Bureau Ordinance, 1999

- Section 20 makes it obligatory upon the managers and directors of banks and financial institutions to inform the Chairman of the National Accountability Bureau immediately of any transaction, which they suspect to be unusual and involves huge sums of money and does not have an apparently genuine economic or lawful purpose.
- A violation of this obligation is made punishable with five years imprisonment with or without fine.
- Section 20 requires that the burden of proof shall be discharged by the suspect or the accused in proving his innocence.

Prudential Regulations - State Bank of Pakistan, 2002

Most recently, the State Bank of Pakistan has issued Prudential Regulation No. XII and XIII to safeguard the banking sector from the menace of money laundering and other unlawful activities. The regulations stress the importance of the “Know Your Customer” rule and require a bank to take all required measures to ascertain the actual identity of their customers and to vigilantly guard against suspicious transactions.

G. Proposed Anti-Money Laundering Ordinance 2002

This law is in draft form and it is still under consideration by the government. The draft bill proposes various measures for combating the menace of money laundering, including the offence of money laundering, predicate offences, punishment, establishment of a National Advisory Committee for combating money laundering and the establishment of a Financial Intelligence Bureau, etc.

H. Recommendations

- The UN, international and regional agencies should adopt anti-money laundering treaties and conventions having legally binding provisions with a view to counter the problem.
- Efforts should be directed towards effective implementation of the existing anti-money laundering conventions in their signatory states in letter and spirit.
- Non-signatory and non-ratifying states must be encouraged to sign and ratify the anti-money laundering and related conventions.
- States with anti-money laundering legislation should bring their laws in conformity with others having similar legislation in order to remove the existing deficiencies in their systems so as to deprive the money launderers from taking advantage of loopholes.
- Banks and financial institutions should be encouraged to offer information to the law enforcement

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agencies. Incentives should be offered for this purpose. For instance, in some countries their law offers exemptions to banks from various penalties if they volunteer information regarding suspicious transactions.

- Increased cooperation should be effected between law enforcement agencies and financial institutions within the country.
- Officials from financial institutions and law enforcement agencies should be provided cross training opportunities within each others' disciplines for increasing their understanding of technical issues.

VIII. CONCLUSION

Drug money has all the chances to be diverted towards the ills of society, which includes terrorism/corruption and posing a threat to the stability of any government, which works against the motives and interests of drug barons. The crime of money laundering is a corollary of other crimes. This crime is committed in a most organized manner and is very difficult to detect and prosecute successfully as compared to other offences. It is committed to conceal the origin of the proceeds of its predicate offences. No matter how large the profit of the drug trade, drug money is almost worthless until it can be moved into legitimate financial and commercial channels. This thing makes drug money an evil and it causes a profound subversive effect on democratic society, legitimate economies and government institutions.