



U.S. DEPARTMENT OF STATE

DIPLOMACY IN ACTION

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Philippines

I. Summary

The drug problem in the Philippines continues to pose a significant national threat, despite some reports of a possible decline in the supply and demand of illegal drugs in parts of the country. During the year, a widely publicized and controversial drug case involving prominent families highlighted drug use in the Philippines. President Arroyo appointed herself as the country's counternarcotics czar, casting it as an effort to protect the country's judicial system from corruption associated with drug trafficking. With the upcoming 2010 elections, there is fear that illicit narcotics funds may affect election results. Sophisticated foreign-based drug-trafficking operations remain the biggest challenge to Philippine law enforcement. Production of Methamphetamine is now primarily carried out via kitchen-type clandestine laboratories, rather than the large "mega-labs" previously seen. While marijuana remains the second choice of drugs users (behind Methamphetamine), Ecstasy users have increased in Manila, and usage has spread to other regions of the country where there are affluent families and tourists. The West African Drugs Syndicate (WADS) continues to infiltrate the Philippines with their operations. There is an increase in the recruitment of Overseas Filipino Workers (OFWs) to smuggle cocaine and heroin in and out the country.

Counternarcotics law enforcement remains a top priority of the Government of the Republic of the Philippines (GRP). The Philippine Drug Enforcement Agency (PDEA), Philippine National Police (PNP), National Bureau of Investigation (NBI), and the Bureau of Customs (BOC) actively pursue counternarcotics enforcement, although lack of resources continues to hinder operations. In 2009, the government succeeded in enforcing counternarcotics laws, including the dismantling of numerous clandestine mini-labs, assisting with the arrest of transnational drug traffickers in Malaysia, and arresting a member of an illegal drug syndicate who tried to smuggle methamphetamine to Guam.

Corruption poses a problem in Philippine law enforcement, due to low pay and lack of training. However, law enforcement leadership takes the issue seriously and is attempting to address the problem.

The Philippines is a party to the 1988 UN Drug Convention.

II. Status of the Country

Despite some reports of a possible decline in the supply and demand of illegal drugs in parts of the Philippines, illegal drugs continue to pose a significant national threat, and the government recognizes them as such. According to law enforcement officials and the Director of PDEA (Philippine Drug Enforcement Agency), the drug problem in the Philippines could be considered a national security threat. In January 2009, President Gloria Macapagal-Arroyo directed the Philippine law enforcement agencies to wage a “fiercer war” against drug lords.

The media highlighted drug use in the Philippines following the high-profile case of three drug-trafficking suspects from prominent families called the “Alabang Boys,” which began in late 2008. The Alabang Boys case triggered national awareness of the Philippines’ problems with illegal drugs and corruption. In response, the Government of the Republic of the Philippines (GRP), from the Office of the President to the local governments, made efforts to combat illegal drug distribution and trafficking and crack down illegal drug operations. The “Alabang Boys” incident brought to the surface long-simmering allegations of corruption in the Philippine law enforcement agencies, including the Philippine National Police, National Bureau of Investigation, Department of Justice, and Philippine Drug Enforcement Agency. It also underscored the difficulties the government faces in the successful prosecution of drug-related crimes. The case featured competing allegations among prosecutors, NBI, PNP, and PDEA of corruption; although the House later initiated an investigation, no charges were filed as a result of this investigation. The case is still pending in court, and the suspects are still incarcerated.

According to the PDEA Director General, the value of illegal drugs trafficked in the Philippines totals \$6.4 to \$8.4 billion annually. According to the most recent Department of Interior and Local Government Survey (2008), the top three regions most affected were Cebu (Region 7), (Northern Mindanao) (Region 10), and Metro Manila (the National Capital Region). PDEA has publicly expressed fears that illicit narcotics money could influence the 2010 elections, and has pledged to pursue any evidence of such influence in order to be able to carry out arrests.

Estimates of the number of drug users in the Philippines range from 6.7 million, cited on a 2004 survey, to 1.7 million according to an unofficial 2008 estimate by DDB. Based on those patients now in drug rehabilitation centers, most drug users abuse multiple drugs. Their average age of drug abusers is 28; 57 percent are single, and 34 percent are unemployed. Male drug users outnumber females by a ratio of 9:1. Drug trafficking, manufacturing, and cultivation are the three major threat sources of illicit drug activities in the Philippines.

Among these threats, drug trafficking is the most common and prevalent activity. Traffickers increasingly take advantage of the Philippines’ long and porous maritime borders to use the country as a transit point for high-grade cocaine and heroin shipments, primarily from India and Pakistan. Transnational drug groups, particularly the West African Drugs Syndicate, also continue to recruit and use Overseas Filipino Workers (OFWs) as drug couriers to smuggle and transport illegal drugs to China, Malaysia, and Vietnam. Several Filipinos, mostly women, are jailed abroad for drug trafficking, and face severe prison sentences, including the death penalty

in countries such as China. The media has reported on Filipino drug couriers arrested abroad, and the GRP has taken measures to combat this activity by coordinating efforts between Philippine law enforcement agencies and the Department of Foreign Affairs.

Methamphetamine hydrochloride, also known as crystal methamphetamine or “shabu,” and marijuana, are the two major drugs that dominate the country’s illegal drug market. In addition to crystal methamphetamine and marijuana, MDMA and ketamine are subjects of abuse in the Philippines. Intensified nationwide counternarcotics operations by Philippine law enforcement agencies have apparently contributed to a reduction in drug supply, inasmuch as drug prices have been erratic in areas of increased enforcement.

Crystal methamphetamine ranks first in availability and remains the primary drug of choice in the Philippines. Approximately 95 percent of arrested drug users are addicted to crystal methamphetamine. The 2009 UN World Drug Report states that “the Philippines ranks fifth in the world in terms of methamphetamine hydrochloride seizures in the last 10 years and has remained a significant source of high-potency crystalline methamphetamine used both domestically and exported to locations in East and Southeast Asia and Oceania.” The price of methamphetamine in areas that reportedly have clandestine methamphetamine laboratories, particularly in southern Luzon, had been decreasing in the last quarter of 2009. For example, in Cebu City the street prices have decreased over the last few months. The street price of crystal methamphetamine in August 2009 was P9,000 per gram (\$196), compared with P7,500 per gram (\$163) in September and October. This may be due to recent law enforcement actions against drug traffickers in Luzon, which have prompted them to relocate to other areas such as Cebu, the Visayas, and Mindanao.

Wholesale quantities of crystal methamphetamine are smuggled into the country, and it continues to be manufactured clandestinely in the Philippines. Precursor chemicals are smuggled into the country from China, India, and Taiwan through international airports, seaports, the mails, as well as via large unpatrolled expanses of the Philippine coastline. There were nine known transnational criminal drug organizations operating in the country in 2009, compared with three in 2008. Chinese and Taiwanese chemists continue to establish clandestine laboratories in the Philippines for the manufacture of methamphetamine; these organizations remain the most influential foreign drug-trafficking groups in the Philippines, and control domestic methamphetamine production. These traffickers typically produce methamphetamine in relatively small-scale clandestine meth labs commonly referred to as “kitchen-type” labs. “Kitchen” labs more easily avoid detection by law enforcement authorities, and in the event that they are discovered and destroyed, less equipment and chemicals are lost. These Chinese and Taiwanese chemists rent apartment units, condominiums, and houses in small villages and affluent residential villages in rural and metropolitan areas. The move away from large “mega-labs” likely resulted from their having been targeted in the past by law enforcement agencies. In addition to large organized criminal transnational organizations, DDB reported that there were 85 local drug-trafficking groups in 2009.

While ethnic Chinese criminal organizations continue to dominate the upper echelons of drug-trafficking organizations in the Philippines, in their conversations with Embassy counterparts, PDEA, NBI, and other law enforcement authorities have alleged that ethnic Muslim Filipinos are

involved in street-level distribution operations. In addition, Philippine law enforcement officials have reported that some drug traffickers are affiliated with various insurgent groups for security and protection.

The Philippines is a likely source of methamphetamine for other countries in East Asia and Oceania such as Australia, Canada, Japan, and South Korea. In addition, the Philippines is a primary source of methamphetamine for Guam and Hawaii.

The Philippines produces, consumes, and likely exports marijuana, which is currently the second most-used drug in the country. Marijuana remains the “starter drug,” and is also considered as an alternative drug choice when crystal methamphetamine is not available. Much of the cultivation of marijuana is in mountainous regions, often in remote government-owned areas inaccessible to vehicles.

Although Philippine law enforcement agencies have been persistent and active in targeting known marijuana production sites and interdicting marijuana shipments, the often-remote locations of production sites and a lack of government resources hampers enforcement efforts. In addition, Philippine National Police officers reported that the terrorist group New People’s Army (NPA), a group of communist insurgents, controls and protects many marijuana plantation sites, particularly in the Cordilleras Autonomous Region of northern Luzon, and possibly in parts of Mindanao. Most of the marijuana produced in the Philippines is for local consumption, although some may be smuggled to other East Asian countries.

Methylenedioxy-methamphetamine (MDMA or Ecstasy) is gaining in popularity, but its use is still limited due to the high price and low availability. It is used in night clubs and bars in Metro Manila by young, affluent members of Philippine society, and its use has spread to other regions in the country where there are affluent families and tourists.

The demand for Ketamine in the Philippines is slowly increasing among affluent club-goers. Transnational drug groups utilize the country as a venue for the production of Ketamine powder for export to other areas in the region, including mainland China and Taiwan.

In November 2009, the DDB approved the inclusion of N-Benzylpiperazine (BZP) in the list of dangerous drugs.

III. Country Actions Against Drugs in 2009

Policy Initiatives. In 2009, President Arroyo appointed herself as the country’s counternarcotics czar in the campaign against illegal drugs. She has also directed her Interior Secretary to ensure that all government officials are actively engaged in the counternarcotics drive. The Arroyo administration called on Philippine local chief executives to take an active role in combating illicit drug use, and warned them that they could face administrative and criminal charges if they are found to be negligent in their duties in the campaign against illegal drugs in their respective communities. To date, no local leaders have faced any repercussions from this directive

The administration of President Gloria Macapagal-Arroyo continues efforts to implement counternarcotics legislation, with PDEA as the lead counternarcotics agency. However, a dearth of financial resources has hampered PDEA's efforts. In 2003, President Arroyo created the PNP's Anti-Illegal Drugs Special Operations Task Force (AIDSOTF), the National Bureau of Investigation's Anti-Illegal Drugs Task Force, and the Bureau of Customs' Anti-illegal Drugs Task Force to assist PDEA in the nation's drug enforcement effort. But PDEA remains a relatively small agency; of the 1,875 total personnel it is authorized, PDEA has only 500 agents at present, 120 of whom are still in training. Both PDEA and AIDSOTF are currently sharing narcotics investigations workload.

The Government of the Republic of the Philippines is implementing a counternarcotics master plan known as the National Anti-Drug Strategy. The Strategy is executed by the National Anti-Drug Program of Action and contains provisions for counternarcotics law enforcement, drug treatment and prevention, and internal cooperation in counternarcotics, all of which are objectives of the 1988 UN Drug Convention.

Drug distributors frequently recruit and exploit children as drug runners. The law protects children below 18 years old from prosecution; children often return to illegal drug activities after leaving youth rehabilitation centers.

PDEA has made a great effort to improve its public image and has implemented internal policing of its agent workforce. A 2009 Global Competitiveness Survey Report listed PDEA as one of the top 10 least corrupt agencies in the Philippines.

There is no effective restriction on the use of telephones or possession of cash in Philippine jails, allowing incarcerated drug traffickers to continue practicing their trade. To address the drug problem in jails and prisons, PDEA has worked in coordination with prison authorities to allow them to seize and gather evidence on prisoners who violate drug laws while incarcerated.

The prosecution of a typical narcotics case takes three to four years, on average. The slow judicial process not only demoralizes law enforcement personnel, but also enables drug dealers to continue their drug business between court dates. Cases against alleged criminals are sometimes dismissed, but can be reinstated. In a major success for 2009, the operator of a P900 million (\$19.6 million) methamphetamine market and his common-law wife, who were arrested in 2006, were sentenced to life imprisonment. The Justice Secretary praised prosecutors for their persistence in the face of bribery attempts and threats. The DDB chair cited the conviction as a strong message "that the three pillars of enforcement, prosecution, and the judiciary are working together to hit drug peddlers full force."

In 2009, the Philippine Congress was working on a bill creating the Office of the Special Prosecutor for Dangerous Drugs (OSPDD) that will have exclusive jurisdiction over illegal drug cases. If approved as law, the OSPDD would be under the control and supervision of the PDEA. The intent of the OSPDD is to create a drug prosecution unit that would be expert on drug cases and independent of political influence.

As a result of the problems in prosecution highlighted during the course of the “Alabang Boys” case, the Philippine DOJ has reinstated its Anti-Illegal Drug Task Force. This task force focuses solely on drug cases, in an effort to improve accountability and transparency during the prosecution process.

To improve the judicial process for drug offenses, the DDB continue to conduct series of joint seminar-workshops for law enforcement, prosecutors, and judges throughout the Philippines.

DDB established a toll-free telephone hotline in 2008 for citizens to report drug trafficking tips and complaints of alleged abuses by PDEA and other counternarcotics law enforcement agencies. The PNP’s “Text 2920,” created in 2007, continues to provide the PNP with text messages of illegal drug tips and complaints about illegal drug issues.

Law Enforcement Efforts. Counternarcotics law enforcement remains a top priority of the GRP. In general, Philippine law enforcement agencies such as PNP, PDEA, NBI, and BOC actively pursue counternarcotics enforcement operations. Although each agency is diligent in its efforts to carry out its mission, counternarcotics efforts are hampered by a lack of interagency cooperation at higher levels. Severe budgetary constraints also restrict operations and training.

Continued U.S. government support in the areas of training, including attendance of law enforcement personnel at International Law Enforcement Academy and DEA/JIATF-West training events, has contributed to building professional capacity and helped make counternarcotics operations more efficient and effective. U.S. DEA assisted Philippine law enforcement agencies in a number of investigations, exchanging leads and information on illegal drug operations.

GRP law enforcement agencies continued to vigorously pursue transnational drug syndicates, such as ethnic Chinese methamphetamine traffickers and the WADS traffickers. This has included raids on clandestine laboratories, arrest of drug chemists, and international cooperation in the arrest of WADS members abroad.

PDEA reports that in 2009, authorities seized 931 kilograms of methamphetamine, valued at \$152 million (at \$163 per gram); 1,300 kilograms of processed marijuana leaves and buds, valued at \$710,000; 6.3 million plants (including seedlings); valued at \$22.3 million; 216 kilograms of cocaine; 2,090 tablets of Ecstasy valued at \$54,340 (at \$26 per tablet); and \$408,135 worth of chemicals intended for narcotics processing. From January to December 2009, the Philippine authorities claimed to have conducted 8,452 counternarcotics operations, including the dismantling nine clandestine laboratories and three warehouses, eradication of 186 marijuana plantations and the arrest of 8,056 individuals for drug-related offenses. By comparison, in 2008 Philippine authorities seized \$52.4 million in narcotics, dismantled six clandestine laboratories and four warehouses, eradicated 106 marijuana plantations, and arrested 6,589 individuals for drug-related offenses.

As an example, in July 2009, PNP conducted an undercover operation leading to the seizure of 20 kilograms of methamphetamine and the arrest of several Chinese traffickers. During the year, PDEA and PNP also raided several clandestine laboratories, resulting in the seizure of chemicals

and laboratory equipment along with the arrest of ethnic Chinese chemists and traffickers. In addition, NBI cooperated with Malaysian police to conduct an undercover operation in Malaysia that led to the seizure of significant amounts of heroin and the arrest of eleven WADS members. This case also highlighted the use of Filipino Overseas Workers as drug couriers by the WADS.

On December 22, 2009, PDEA seized 100 kilograms of high-grade methamphetamine near Aurora province, east of Manila. According to PDEA, this methamphetamine was smuggled ashore by small boats.

In December 2009, Philippine authorities found 16 kilos of high-grade cocaine that was valued at 112 million pesos (\$2.4 million) inside two reefer vans at a container yard at an old airport in Davao City, Mindanao. The reefer vans were shipped in from international ports. At this time, the source and the intended destination of the cocaine remain unknown. However, Philippine authorities are investigating to determine if there is any connection to a Philippine drug trafficking organization.

During December 2009, PDEA and PNP recovered over 200 kilograms of high-grade cocaine valued at 100 million pesos (\$21.7 million) in eastern Samar, Visayas, that had apparently been dumped at sea recently. PDEA organized recovery operations and informed the public of the dangers and penalties of using/possessing cocaine. The recovery operations continue in an effort to prevent the spread of the cocaine into urban areas.

In December 2009 the PNP arrested a 41-year old male American national of Filipino heritage at Ninoy Aquino International Airport; the suspect was carrying 200 grams of methamphetamine worth more than a million pesos (\$21,000). The drug trafficker is a member of illegal drug syndicates that supply methamphetamine to Guam and Hawaii. This case illustrates that the Philippines continues to be a source of methamphetamine for Guam.

In the area of international cooperation, PDEA took the lead in hosting the International Drug Enforcement Conference (IDEC) in Manila in September 2009. PDEA continues to develop international drug law enforcement partnerships.

Despite limited resources at its disposal, PDEA has instituted good recruitment and training programs to increase agency effectiveness, and developed stricter preoperational planning policies for drug enforcement operations (including PNP and NBI), in order to improve coordination and accountability among Philippine enforcement agencies. However, coordination problems have caused some negative reactions from other agencies, and PDEA and its counterparts are working on more effective coordination mechanisms. PDEA, a relatively young organization, remains too small to address the entire nation's problems with the trafficking and sale of illicit drugs. It currently relies on other agencies for seconded personnel assistance. However, PDEA has established stronger regulatory guidelines and practices, and if provided necessary resources, should continue to develop into an effective drug-enforcement agency and establish successful cooperation with other Philippine law enforcement agencies.

With the bulk of the nation's manpower and law enforcement personnel, the PNP continues to play a key role in combating illicit drugs. The PNP seeks to formalize its counternarcotics units

(which are currently temporary task forces), in order to obtain regular appropriations for this activity and become more effective in carrying out its mission. The PNP's Anti Illegal Drugs Special Operations Task Force (AIDSOTF) has been an effective drug law enforcement unit and scored several successes during 2009.

In comparison with the PNP and PDEA, NBI has played a smaller role in drug enforcement, due to NBI's very limited manpower and multi-mission focus. However, its investigative and technical expertise is vital to the overall Philippine counternarcotics efforts, especially in more complex investigations.

Corruption. Corruption poses a problem in Philippine law enforcement, due primarily to low pay and lack of training. However, law enforcement leadership takes the issue seriously and is attempting to address the problem. In 2009 there were 131 PNP personnel who were dismissed from service and 151 PNP personnel who were criminally charged for not appearing as witnesses in court drug cases.

The courts have been making efforts in convicting law enforcement officers who are in violation of the Anti-Graft and Corrupt Practices Act. In 2009, the Court of Appeals upheld a lower court's conviction of two police officials who facilitated the release of two Hong Kong drug dealers in exchange for 650,000 pesos in 1999.

The GRP has criminalized public corruption in narcotics law enforcement through the Comprehensive Dangerous Drugs Act, which prohibits GRP officials from laundering proceeds of illegal drug actions.

As a matter of government policy, the Philippines does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

No known senior official of the GRP engages in, encourages, or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Several active and former politicians and officials have been implicated in drug trafficking and money laundering, but have yet to be formally charged.

Agreements and Treaties. The Philippines is a party to the 1988 UN Drug Convention, as well as to the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol Amending the Single Convention. The Philippines is a party to the UN Convention against Transnational Organized Crime and its three protocols, and the UN Convention against Corruption. The U.S. and the GRP continue to cooperate in law enforcement matters through a bilateral extradition treaty and Mutual Legal Assistance Treaty. During 2009, the Philippines refused extradition of a Philippine citizen indicted in the U.S. for exporting cocaine to the United States, so that Philippine law enforcement authorities could pursue their own investigation. PDEA has subsequently opened a criminal case against the individual.

Cultivation/Production. PDEA claimed that 152 marijuana plantation sites spread throughout mountainous areas in nine regions of the Philippines were eradicated in 2009. The eradication process is always carried out manually, rather than by aerial application of chemicals. Government agencies claim to have successfully uprooted 6.8 million plants and seedlings valued at 924 million pesos (\$20 million) in 2009, compared with 4.8 million plants and seedlings in 2008.

Drug Flow/Transit. The Philippines remains a narcotics source and transshipment country. Illegal drugs and precursor chemicals enter and leave the country through seaports, economic zones, and airports. Overseas Filipino workers continued to be used in smuggling of methamphetamine, cocaine, and heroin. The Philippines comprises more than 7,000 islands and 36,200 kilometers of coastline; vast stretches of the Philippine coast are sparsely inhabited and unpatrolled. Privately operated seaports with limited Customs and law enforcement controls and an underfunded Coast Guard allow traffickers to use cargo ships (which off-load to smaller craft), shipping containers, fishing boats, and “go-fast” boats to transport multi-hundred kilogram quantities of methamphetamine and precursor chemicals. AFP and law enforcement marine interdiction efforts are hindered by a lack of intelligence sharing and insufficient fuel for patrol vessels. Maritime smuggling is prevalent in the tri-border region with Malaysia and Indonesia, and in northern Luzon. Commercial air carriers and express mail services remain the primary means of shipment of illegal drugs to Guam, Hawaii, and to the mainland U.S., with a typical shipment size of one to four kilograms.

Domestic Programs/Demand Reduction. As part of its demand reduction strategy, DDB continues to create sector-specific programs and activities to reach youth through an effective counternarcotics campaign. The PNP-AIDSOTF also continued the Drug Abuse Resistance Education (DARE) program, which promotes drug awareness nationwide and reached 17,000 students, 8,000 workers, and 47,000 village residents during 2009. PNP reported that community awareness of the drug problem resulted in information tips passed to PNP by local citizens.

In 2009 the Commission on Higher Education (CHED) began random drug testing of students and faculty members from approximately 1,726 higher education institutions nationwide. At the same time, the Department of Health and the Department of Education jointly conducted random drug testing on 87,000 students from 8,750 high schools and 2,000 colleges. The results of such drug testing cannot be used in criminal proceedings, or be grounds for disciplinary action or expulsion.

The Philippines has 57 residential and 4 nonresidential rehabilitation facilities. In 2009, there were 1,384 new admittances and 345 re-admittances to drug rehabilitation centers. There are 332 out-patients.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG’s main counternarcotics assistance goals in the Philippines are to:

- Work with local counterparts to provide an effective response to counter the still growing clandestine production of methamphetamine;

- Cooperate with local authorities to prevent the Philippines from becoming a source country for drug trafficking organizations targeting the United States market;
- Promote the development of PDEA as the focus for effective counternarcotics enforcement in the Philippines; and
- Provide ILEA, JIATF-West, and other drug-related training for law enforcement and military personnel.

Bilateral Cooperation. The U.S. assists Philippine counternarcotics efforts with training, intelligence gathering, and infrastructure development. In 2005, DEA and the Joint Inter-Agency Task Force-West (JIATF-W) began to develop a network of drug information fusion centers in the Philippines. The primary facility, the Interagency Counter Narcotics Operations Network (ICON) is located at PDEA Headquarters in Quezon City. There are three ICON outstations located at the headquarters of the Naval Forces Western Mindanao, Zamboanga del Sur (southwestern Mindanao); Coast Guard Station, General Santos City (south-central Mindanao); and at Poro Point, San Fernando, La Union (northwestern Luzon). The ICON facility at PDEA Headquarters is used to produce intelligence products and conduct intelligence training for PDEA agents. The outstations are also currently used as training sites. As PDEA development leads to manpower increases and improved coordination with other law enforcement agencies, the concept of interagency drug intelligence coordination may be realized.

The Road Ahead. The USG plans to continue work with the GRP to promote law-enforcement institution building and encourage anticorruption mechanisms via DEA and JIATF-West training programs, as well as ongoing programs funded by the Department of State (INL and S/CT, and USAID). Strengthening bilateral counternarcotics relationship serves the national interests of both the U.S. and the Philippines.