



RCMP Criminal Intelligence

REPORT ON THE ILLICIT
DRUG SITUATION
IN CANADA — 2008





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EXECUTIVE SUMMARY

The Report on the Illicit Drug Situation in Canada — 2008 is an annual overview of drug smuggling, trafficking, and production activities in Canada.

Many of the trends identified in recent years continued in 2008, particularly those related to synthetic drugs. Canada remains one of the primary global source countries for MDMA (Ecstasy) and methamphetamine. Trafficking activity linked to the Canadian trade of these synthetic drugs, at both the national and global levels, continued to pose significant threats that have prompted the RCMP to designate synthetic drug production and trafficking as a national operational priority.

While Canada's role as a source country for synthetic drugs has been the recent focus of attention, cannabis remains the top domestically produced drug in Canada, comprising approximately 75 percent of all drugs seized in 2008. A significant amount of outbound Canadian-produced marihuana continues to be destined to the U.S. illicit drug market.

Other than marihuana, cocaine is one of the most commonly trafficked and distributed drugs in Canada. The majority of Canadian criminal organizations are involved, to some degree, in cocaine trafficking. While these crime groups are smuggling cocaine into Canada (for national redistribution), a significant amount of the drug is being sent overseas to countries such as Australia, thus expanding Canada's role as a transit country for cocaine.

Other drugs such as heroin, opium, hashish and hashish oil, khat, as well as precursor/essential chemicals continue to be smuggled into Canada in order to meet the demands of the Canadian market.

Organized crime facilitates every step of the drug trade in Canada from production to distribution, and continues to be directly linked to economic-based clandestine labs involved in the large-scale production of synthetic drugs. The smuggling and trafficking of precursor and essential chemicals required for the synthesis of these drugs continue to play a major role in the production of illicit drugs in Canada and abroad.

With the assistance of government and law enforcement partners, the RCMP has developed a variety of educational programs aimed at increasing public awareness of the dangers of illicit drug use. Unfortunately, despite the continued efforts by Canadian law enforcement agencies, the illicit drug trade remains deeply entrenched in Canada. As long as there is a demand for these products, organized crime will continue to profit, by adapting their production and distribution methods to ensure the availability of the Canadian supply of illegal drugs.





METHOD SECTION

Methodology

The Report on the Illicit Drug Situation in Canada — 2008 is an overview of illicit drug production, trafficking, and smuggling activity involving Canada, during the calendar year. This year's report includes a new section which provides additional information on specific enforcement programs geared towards reducing the demand for illicit drugs.

The Report on the Illicit Drug Situation in Canada — 2008 includes information provided by the RCMP. In order to acquire this information, analysts used the following sources:

Sources:

- RCMP Databases and operational information
 - Seizure records
 - Investigative reports
- Other government agencies' information
 - CBSA Monthly reports
 - Statistics Canada reports
- Domestic and international law enforcement contacts
- Domestic and international joint operations with partner government agencies
- International documents (such as the annual UNODC World Drug Report and its associated Annual Reports Questionnaire)
- Open source information (such as media reports)

Canada Border Services Agency (CBSA)

While a variety of law enforcement agencies make drug seizures within the borders of Canada, the Canada Border Services Agency (CBSA) is the only Canadian agency responsible for the monitoring of all Canadian ports of entry, and for the examination of all incoming (and outgoing) international mail at Canada's three mail processing centres. As a result, CBSA is the first enforcement agency to intercept shipments of illegal drugs entering (or exiting) Canada. Following the discovery and examination of such shipments, CBSA contacts the RCMP and transfers custody of the seized drugs to the RCMP for follow-up investigation. When collecting data for the annual Drug Situation Report, RCMP analysts cross-reference CBSA seizure data with data from various RCMP databases and information sources, allowing for a more complete and robust analysis. The "Major Seizures" sections in this report have, in particular, drawn upon seizure information shared by CBSA.

The Nature of Intelligence Analysis

The quantitative data provides an easily measurable benchmark for a comparative analysis of the drug situation from year to year. However, the data limitations (detailed below) require the analysts to look beyond the raw data, draw upon their own observations of trends or related domestic and international events, in order to form judgments and provide the contextual analysis which adds value and meaning to the numbers. Where data is irreconcilable with the operational picture that emerges from reports from the field, intelligence analysts must examine these gaps and assess whether the data is flawed, whether information required to complete the picture is missing, or whether they have to use their experience and knowledge to provide the full context.

Data Limitations:

Despite data limitations that are endemic to any national policing organization, the RCMP's Report on the Illicit Drug Situation in Canada — 2008 strives to represent the most complete national picture that is currently available. The Criminal Intelligence Program continues to work with its partners to develop new collection methods that will improve the quality and reliability of drug seizure data in Canada. The 2008 seizure data reported in this document were approved by the RCMP and Health Canada as part of Canada's annual submission to the United Nation's Office on Drugs and Crime.

In terms of specific types of data limitations experienced by the RCMP and its partner agencies, the following factors must be considered when examining the data sets available for this report:

- **Ongoing Court Cases and Investigations:** Currently the data regarding the amount of drugs and the number of drug seizures in Canada is collected by Health Canada from all police forces across Canada. This information is entered into the Controlled Drugs and Substances Databases (CDSDB) maintained by Health Canada. However, if a case is in the court system, or the seizure is a part of an ongoing investigation, this information may not be conveyed to Health Canada until the termination of the case or investigation, both of

which can continue beyond the calendar year in which the drugs were seized. As a result, such seizure information will not be entered into the CDSDB and captured for that year.

- **Quality Control:** With the ever-increasing reporting requirements for police in the field and the ever-decreasing amount of resources needed to meet these requirements, data is occasionally entered into the systems incorrectly or is missing altogether. Steps are being taken to educate and inform front line officers of the importance of timely, accurate reporting.
- **Different Operational Environments:** As a result of differences in roles, mandates, and environments, police forces and government agencies count and measure seizures in different manners. Indeed, different police forces (municipal, provincial, federal) within Canada have different methods of collecting data. All organizations will collect data in a manner that is most efficient for them, leading to significant differences in the type of data and level of detail available as well as the manner in which it is collected.
- **Technological Limitations:** Numerous and complex data collection systems are used within the RCMP to collect information on drug seizures; unfortunately, some of these systems are not interconnected, nor do they process the data in a uniform manner. Steps are being taken to address these issues.

Without a single, comprehensive, cross-jurisdictional database for the collection of drug seizure information from all law enforcement (including customs) agencies in Canada, these data limitations will continue to affect the ability of the RCMP to accurately describe and report on the national drug situation in Canada.



GLOSSARY

Addiction-based laboratories

These types of laboratories (labs) are fueled by an addict's desire to have a ready supply of the drug. This type of lab is capable of producing gram quantities.

Adulterant

Often synonymous with the term "cutting agent", an adulterant is a substance that is used to reduce the amount of the illicit drug in the product that is being marketed, thereby increasing the potential profits to be made on the original quantity of the illicit drug. Such substances may be inert or pharmacologically active (cornstarch versus lidocaine).¹

BZP

1-benzylpiperazine (BZP) is a piperazine analog with euphoric and stimulant properties that are believed to be similar to MDMA.

Cold Method

This is a method of producing MDMA (Ecstasy). Reducing agents, such as sodium borohydride, are reacted with MDP2P (a regulated precursor) and methylamine (an unregulated chemical) to produce MDMA. The process is called the "Cold Method" as the combination of chemicals is exothermic, requiring the vessel to be externally cooled in order to control the temperature.

Controlled Drugs and Substances Act

The CDSA is the governing legislation for controlled drugs and substances in Canada. The penalties and offences associated with a specific controlled drug or chemical will depend on which schedule the substance is listed.

Crack

Crack is cocaine base derived from cocaine hydrochloride.

Cutting agent (see "Adulterant")

Economic-based laboratories

These types of laboratories (labs) exist solely for producing synthetic drugs for sale, to meet both domestic and international demand. The labs can be sophisticated and complex in terms of their operations and equipment used. The majority of these operations are conducted or supported by organized crime groups (OCGs).

Essential chemical

An essential chemical is any chemical that constitutes an essential part of the synthesis process; an example of these would be chemicals such as methylamine and sodium borohydride.

GBL

GBL, a chemical also known as gamma-butyrolactone, is a precursor chemical used to make gamma hydroxybutyrate (GHB).

GHB

Also known as gamma hydroxybutyrate, GHB is a Schedule III drug and is synthesized using gamma-butyrolactone (GBL) and sodium hydroxide. GHB became a popular party drug in the 1990s due to its downer and aphrodisiac effects.

Ketamine

This drug, an analogue of Phencyclidine (PCP), emerged on the North American illicit synthetic drug market in the aftermath of the rave explosion, and is frequently used within the club scene due to its hallucinogenic properties.

LSD

Lysergic acid diethylamide is a synthetic hallucinogenic drug derived from lysergic acid. LSD is an extremely potent drug, and is usually seen in the form of blotter paper, and occasionally diluted in various liquids. It is a colourless and odourless crystal.

MDA

N-methyl-3,4-methylenedioxyamphetamine is a Schedule III synthetic hallucinogen with amphetamine-like properties. MDA has similar properties to MDMA and can be combined with MDMA to be marketed as Ecstasy. MDA is less common in Canada than MDMA.

MDMA

N-methyl-3,4-methylenedioxymethamphetamine is a Schedule III synthetic hallucinogen with amphetamine like properties. It is usually sold on the street in tablet or capsule form. Known on the street by such names as Ecstasy and E, it is the drug of choice among those who attend rave dances.

MDP2P

3,4-methylenedioxy phenyl-2-propanone is a Class A precursor (found in Schedule VI of the CDSA) commonly used in the production of MDMA.

Methamphetamine

Methamphetamine is a Schedule I synthetic stimulant with amphetamine like properties. It is sold in powder and, more recently, tablet form. Methamphetamine has recently become popular with the club/party scene and has become more available to mainstream society.

Methylamine

This chemical is used with MDP2P to synthesize MDMA, or with P2P to synthesize methamphetamine. This chemical is not regulated under the Canadian Precursor Control Regulations and as such is not illegal to possess.

PCP

Phencyclidine is a Schedule I drug. PCP is a very strong dissociative hallucinogen which inhibits pain receptors during periods of intoxication. It comes in both powder and liquid forms, but is typically applied to leafy material such as mint, parsley, tobacco or marijuana and smoked.

Poly-drug

This means more than one type of drug. In this report, this term is used in three contexts:

- Poly-drug laboratories: clandestine laboratories producing more than one type of drug
- Poly-drug shipments: illegal drug shipments that combine more than one type of drug
- Poly-drug tablets: tablets, often marketed as Ecstasy, which are composed of a variety of illicit drugs.

Precursor chemicals

A group of various chemicals used in the production of synthetic drugs such as MDMA and methamphetamine.

Precursor Control Regulations

The *Precursor Control Regulations (PCRs)* are used to regulate access and availability of certain chemicals that are required for drug production. The PCRs require a person who produces, packages, sells or provides a Class A precursor (contained in Schedule VI, part 1 of the *Controlled Drugs and Substances Act*) to hold a license issued by Health Canada. The regulations govern the manner in which precursors can be sold, produced, destroyed and transported by licensees and the requirements for obtaining a license. The production of Class B precursors is also regulated by the PCRs, and producers are subject to a registration process.

Red Phosphorous (Red P) Method

This well-known synthesis process for producing methamphetamine reduces ephedrine or pseudoephedrine by the addition and reaction with red phosphorous and hydriodic acid. This method was first noted in California and became commonplace in meth labs run by Mexican organized crime networks. It was subsequently adopted by traffickers in British Columbia from where its popularity spread across the country.

Regulated chemical

This is a precursor or essential chemical that is regulated by the PCRs, Schedule VI, CDSA.

Source country

The country in which an illicit or regulated substance is cultivated or produced is referred to as a source country.

Transit country

The country through which illicit drugs or precursor/essential chemicals are shipped before arriving at their destined country is referred to as a transit country.

Unregulated chemical

This term refers to a precursor or essential chemical that is not currently regulated by the *Precursor Control Regulations*.

Transportation of Illicit Substances Cross-Border

For the purposes of this report, cross-border refers exclusively to transport of illicit drugs and regulated and unregulated precursor/essential chemicals across the border between Canada and the United States.

Mode

For the purposes of this report, four categories were used to classify the mode of transportation for illicit drugs and regulated/unregulated chemicals: air, land, marine and postal.

Method of Transportation

Each mode has associated methods of transportation.

- Air:
 - Air cargo, Air passenger
- Land:
 - Commercial vehicle, Private vehicle, and By foot
- Marine:
 - Marine vessel (i.e. commercial boat), Mothership, and Private watercraft
- Postal
 - Mail and Courier

Terms for the Movement of Illicit Drugs and Unregulated/Regulated Chemicals

This report discerns between importation/exportation, smuggling and trafficking and defines them (for the purposes of this report) accordingly:

Importation/exportation are used for substances that can be legally imported into and exported from Canada.

Smuggling is reserved for substances that are illicit and can never be legitimately received into or shipped from Canada.

Trafficking means the illegal movement of drugs and regulated/unregulated chemicals within Canada, often across provincial lines.

Diversion is the term used when criminals or criminal organizations move regulated chemicals from legitimate companies that have imported or produced the substance, for criminal purposes (black market resale or use in clandestine laboratories).

Port of Entry (POE)

A Port of Entry is the point where people and imported goods are legally admitted to a country. Within this report, the usage of Port of Entry generally refers to land border crossings between Canada and the United States of America.

PREVALENCE OF ILLICIT DRUG USE IN CANADA

Introduction

This section is based on the results of the Health Canada-sponsored *Canadian Alcohol and Drug Use Monitoring Survey* (CADUMS), which provides national and provincial estimates of alcohol and illicit drug use among Canadians aged 15 years and older.¹ Illicit drugs are produced and sold in Canada for one reason: to meet the demand for such substances. This section will provide information on the prevalence of drug use in Canada, and is included in this report in order to provide context to the overall picture presented by the Report on the Illicit Drug Situation in Canada — 2008. Health Canada and the Royal Canadian Mounted Police have significantly different mandates and activities in relation to illicit drugs in Canada. As such, the commodities, definitions, and trends presented in this section may not correspond directly with those presented in the main sections of this report.



About the Survey

The CADUMS survey is conducted through randomly-dialed telephone interviews with Canadians from all ten provinces. Between April and December, 2008, 16,672 Canadians participated in the survey. The results obtained from this sample of respondents are used to provide an estimate of illicit drug use among almost 26 million Canadians.² For the purposes of establishing general trends, the results of 2008 CADUMS survey were contrasted with the *Canadian Addiction Survey* (CAS), which was a similar survey launched in 2004.

National Overview

Cannabis is the most commonly used substance in Canada. Consequently, the CADUMS survey separates illicit drug use prevalence into two categories: illicit drug use³ and illicit drug use excluding cannabis.

According to the CADUMS, the prevalence of past-year illicit drug use has decreased from 14.5 percent in 2004 to 12.1 percent in 2008. This decrease, however, can be primarily attributed to a significant drop in cannabis use, as all other drug types remained relatively stable.

- 1 For the purposes of the CADUMS survey only, youth is defined as 15-24 years old, whereas adult is defined as 25 years or older.
- 2 At the time of publication, the full text of the CADUMS report had not been released to the public. As such, this section is based on the information provided in the Summary Results (Appendix A of the CADUMS report).
- 3 According to the CADUMS survey, the categories of drug included in "illicit drug use" are: cannabis, cocaine/crack cocaine, amphetamine/speed, MDMA (Ecstasy), hallucinogens and heroin.

Table 1⁴: Prevalence of Illicit Drug Use in 2004 and 2008

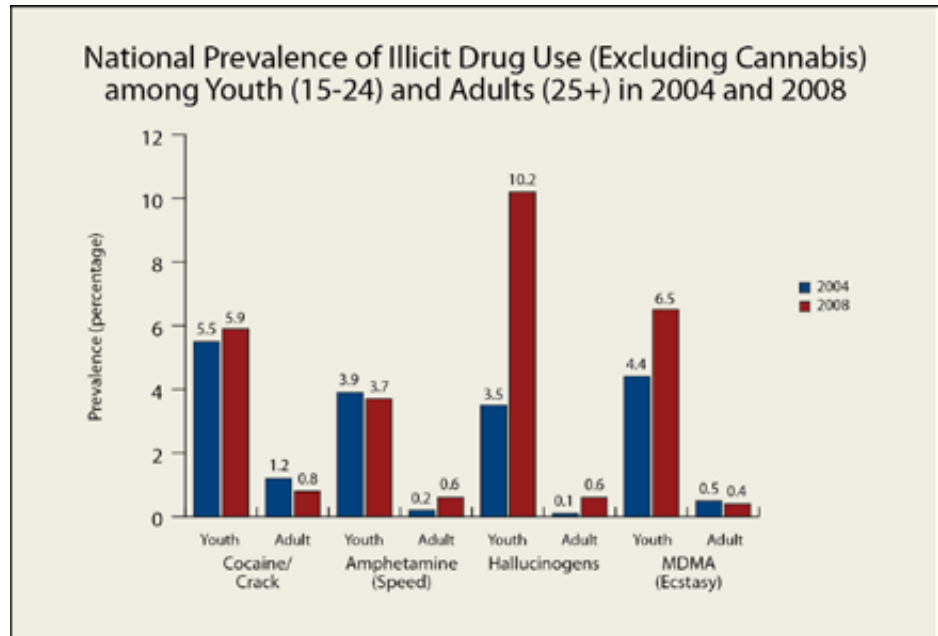
Drug Type	CADUMS 2008	CAS 2004
Cannabis	11.4*	14.1
Cocaine/Crack cocaine	1.6	1.9
Amphetamine (speed)	1.1	0.8
Hallucinogens	2.1*	0.7
MDMA (Ecstasy)	1.4	1.1
Any drug (including cannabis)	12.1*	14.5
Any drug (excluding cannabis)	3.9	3.0

*Indicates that the difference in the prevalence rates between 2004 and 2008 are statistically significant.

Demographic Results

The 2008 CADUMS survey showed marked differences between drug use by youths and adults. Past year use of cannabis was significantly higher among youth (32.7 percent) as compared with adults (7.3 percent). Youth were also the most prevalent users of non-cannabis illicit drugs, with 15.4 percent of youth reporting use in the past year, compared with 1.7 percent of adults aged 25 years and older.

Chart 1



⁴ Table 1 represents the results of the 2008 CADUMS and 2004 CAS on national prevalence of past-year illicit drug use among Canadians aged 15 years and older, across all ten provinces.

Past Year Use by Illicit Drug Type

Cannabis: In comparison to the 2004 survey, the 2008 report indicated there was a 25 percent decrease in cannabis users. Provincially, the use of cannabis was highest in 2008 in Nova Scotia (13.4 %) and lowest in Newfoundland and Labrador (9.8 %).

Cocaine: The national prevalence of cocaine and crack cocaine use remained stable from the 2004 statistic. Past-year cocaine use was most prevalent in Saskatchewan (2.4 %) and least prevalent in Ontario (1.2 %).

Amphetamine (Speed⁵): Like cocaine, the national past-year use of amphetamine remained stable from the 2004 CAS statistic, only increasing to 1.1 percent in 2008 from 0.8 percent in 2004. The only notable change in amphetamine (speed) use was in Quebec, where the prevalence of use was considerably higher (3.7 %).

Hallucinogens: The national prevalence of past-year hallucinogen use has significantly increased⁶ from 0.7 percent in 2004 to 2.1 percent in 2008. Past-year use of hallucinogens was highest in Saskatchewan (2.6 %), and lowest in Nova Scotia (1.6 %). Hallucinogens are the second most commonly used illicit drug after cannabis.

MDMA (Ecstasy): Nationally, MDMA (Ecstasy) use appeared to be consistent across all provinces in 2008 (between 1-2%).

Methamphetamine: The prevalence of past-year methamphetamine use was 0.2 percent in 2008.⁷

5 The term speed is often used as a street name to refer to amphetamine type stimulants, including amphetamine and methamphetamine.

6 It is important to note that the 2008 CADUMS classified four drugs under the hallucinogen category, namely PCP, LSD, salvia, and "magic mushrooms", whereas the 2004 CAS only provided data on PCP and LSD.

7 The 2004 CAS did not report on the prevalence of methamphetamine use.

Past Year Use by Province⁸

Chart 2

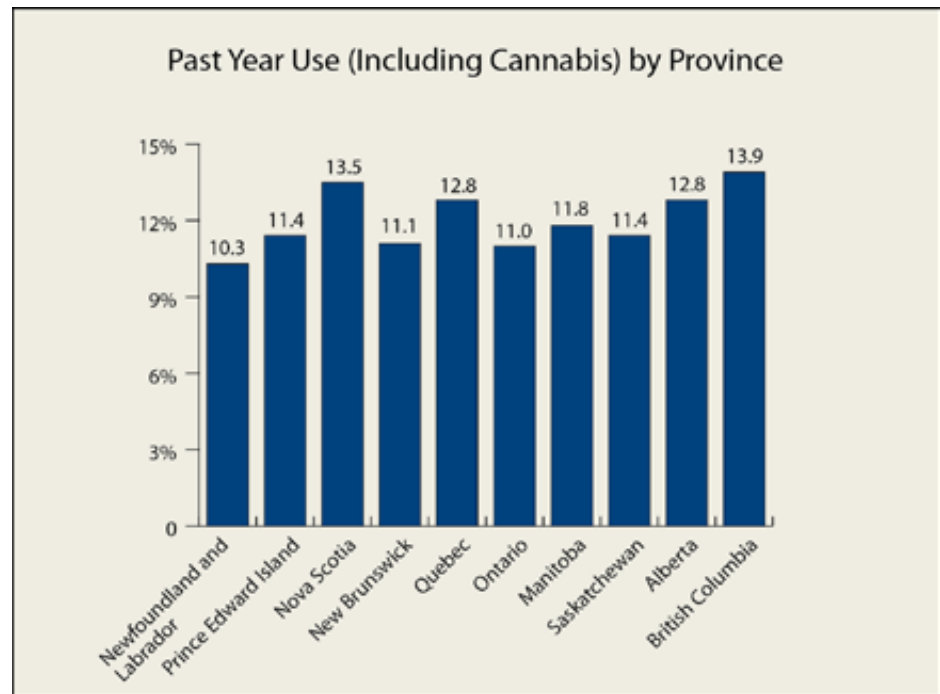
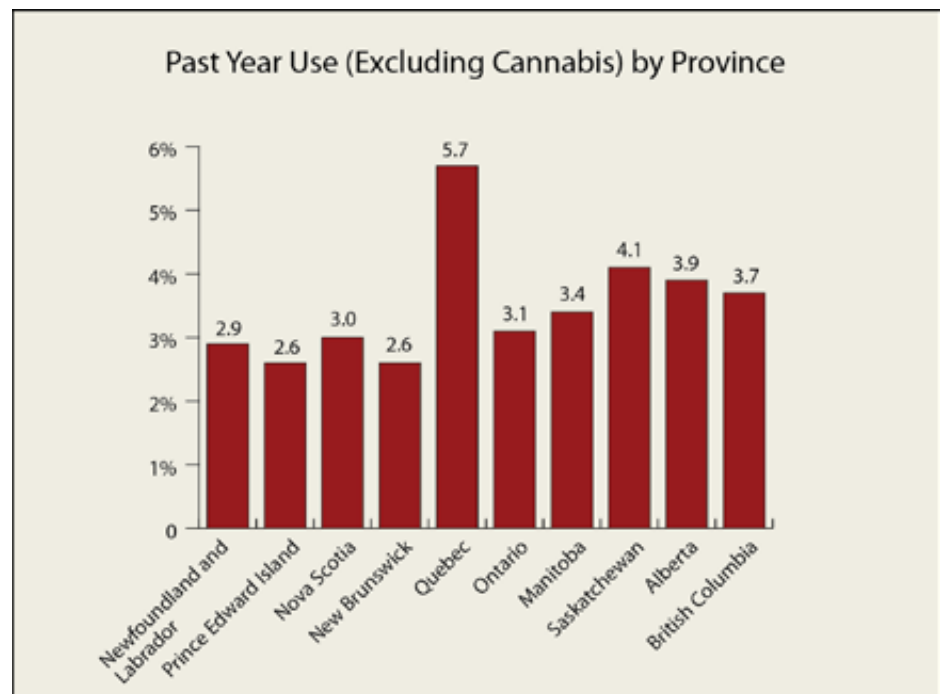


Chart 3



⁸ The 2008 CADUMS did not survey Yukon, the Northwest Territories or Nunavut.

DRUGS AND ORGANIZED CRIME AWARENESS SERVICE (DOCAS)



Introduction

As with the previous section on the Prevalence of Illicit Drug Use in Canada, this section contributes to the overall picture of illicit drugs and related activities in Canada by describing the RCMP's initiatives to reduce demand for such substances through prevention and awareness.

About DOCAS

For over 20 years, the RCMP Drug Awareness Service has actively contributed demand reduction initiatives to Canadian communities. The Service has evolved from having one coordinator per division to more than 55 employees, now including additional coordinators, researchers, a strategist and administrative support. In late 2005, the RCMP Drug and Organized Crime Branches aligned their awareness services to form the Drugs and Organized Crime Awareness Service (DOCAS). DOCAS is coordinated by specially trained RCMP personnel at the Federal, Provincial, Territorial and Municipal levels, and works in partnership with all levels of government, non-governmental agencies, other police agencies, private organizations and other community groups. DOCAS endeavours to make Canadian communities safe and healthier by promoting a lifestyle free of substance abuse. DOCAS also aims to effectively combat and reduce the effects of organized crime in Canada. To achieve these goals, DOCAS strives to:



- Arm all Canadians with the tools and information needed to make smart and informed decisions concerning illicit drugs; and,
- Help Canadians to recognize the presence of organized crime in their daily lives and to understand how their behaviours contribute to organized crime.

DOCAS 2008-2009 Achievements at a Glance

- 6,219 awareness presentations delivered across the country to 164,012 people, including youth, parents, aboriginal youth, aboriginal parents and professionals;
- 1,155 DOCAS training sessions provided to professionals, parents and students;
- 3,201 partnerships were established and maintained with other provincial, territorial, municipal, aboriginal, and non-government partners as well as with other police agencies/detachments; and
- 270,550 publications distributed within communities across Canada.

The following table provides an overview of the various programs which were implemented during the 2008/09 fiscal year, at different levels throughout Canada. It should be noted that within each of the programs delivered there is emphasis made on the situation of organized crime in Canada and its impact on our communities.

Program	Description	Efforts in 2008/09 Fiscal Year
	<p>The D.A.R.E. (Drug Abuse Resistance Education) program is designed to equip school children with the skills to recognize and resist social pressures to experiment with tobacco, alcohol, and other drugs. The program uses uniformed officers to teach a formal curriculum to students in a classroom setting.</p>	<p>A total of 2,553 D.A.R.E. classes were conducted as well as 10 presentations to 209 parents. Each D.A.R.E. class consists of 10 lessons.</p> <p>The program reached 67,719 students in 1,321 schools. Of those, 1,266 were Aboriginal students.</p>
	<p>Drug Endangered Children (DEC) is a proactive early intervention initiative aimed at breaking the cycle of child abuse that results from exposure to drug activity.</p> <p>A model for a community inter-agency response team has been developed. It is supported by a resource guide and training programs for service delivery personnel, supervisors/managers, protocol partners, and the general public.</p>	<p>The DEC initiative resulted new provincial legislation: the <i>Drug Endangered Children Act</i> came into force in Alberta in 2007. Since then over 180 children have been removed from dangerous environments caused by drug activity, and the concept of DEC has been used to guide education and case management to reduce risk to children.</p> <p>The resource guide is currently being updated with a release date in the fall of 2009. DEC training sessions have been provided to frontline service providers in Alberta and in the National Capital Region.</p>
	<p>The Aboriginal Shield Program (ASP) is designed to enable Aboriginal youth to make informed healthy lifestyle choices regarding alcohol, drugs and positive alternatives.</p>	<p>DOCAS is presently in the process of revising the Aboriginal Shield Program to ensure the manuals and lesson plans reflect a greater diversity of Aboriginal cultures and to incorporate the latest facts about Canadian drug issues, including emerging social challenges like Aboriginal gangs.</p> <p>Once the program is revised, the ASP will consist of two 12-lesson manuals for grades 5/6 and 7/8. The new and improved ASP will be re-launched nationally to over 600 Aboriginal communities by 2011.</p>
<p>RCMP Drugs and Sport</p>	<p>The Drugs and Sport program offers positive alternatives to drug use in young athletes.</p>	<p>In 2008-2009, this revised program was delivered 13 times to 549 amateur athletes, and delivered nine times to 210 professional athletes.</p> <p>One thousand Drugs and Sport publications were disseminated.</p>
	<p>The Kids & Drugs — A Parents' Guide to Prevention program is a bilingual series of facilitated community workshops, designed for Canadian parents who are concerned about preventing their children from using drugs. The program is designed to be community led and police assisted in order to enhance its implementation and sustainability.</p> <p>Kids and Drugs resulted from a partnership between Alberta Health Services (AHS) and DOCAS.</p>	<p>Kids and Drugs was piloted in communities across Canada and was launched nationally in November 2008.</p> <p>There were 285 new facilitators trained from communities throughout Canada.</p> <p>A total of 150,000 parent booklets, 4,340 training manuals, 22,600 posters and 69,000 magnets and pens were distributed.</p>

Program	Description	Efforts in 2008/09 Fiscal Year
	<p>In line with providing organized crime awareness all DOCAS members across Canada have been supplied with an informational CD prepared by DOCAS HQ. The CD contains a power point presentation and videos outlining specific information on organized crime. The content can be used as a whole in a presentation or may be used partly by incorporating pieces into other presentations.</p>	<p>Conferences on organized crime took place during the year. In addition, within each of the programs delivered, emphasis was made on the situation of organized crime in Canada along with its impact on our communities.</p>
<p>Drug Awareness Officers Training</p>	<p>This training provides RCMP officers with knowledge and skills regarding addiction, prevention, drug symptomology, emerging drug issues, drug awareness service initiatives, community mobilization, facilitation skills, media messaging, age appropriate education, and drug awareness resources.</p>	<p>Two five-day Drug Awareness Officer Training (DAOT) courses were held in 2008-2009. A total of 60 police officers were trained. These officers included municipal, regional and provincial police as well as RCMP.</p>
	<p>Project "E-Aware" will be launched in Fall 2009 and will engage parents and youth and educate them of the dangers involved with synthetic drugs, more specifically Ecstasy. "E-Aware" is one on many ways that DOCAS is contributing to the prevention goals outlined in the RCMP's Synthetic Drug Initiative</p>	<p>Posters entitled "The Agony of Ecstasy" will be distributed nationally by regional DOCAS coordinators. These posters are designed to direct people to a newly created website containing information and resources for parents and youth.</p>



CANNABIS

The consumer market for cannabis products is still the largest in the world,ⁱⁱ when compared to other types of drugs. Derivatives of cannabis include marihuana (cannabis herb), hashish (cannabis resin), and hashish oil, which are created using various parts of the cannabis plant. In Canada, marihuana is the most common cannabis derivative that is produced and shipped to foreign countries.

Marihuana

Key Findings

- In 2008, marihuana seizures comprised nearly 75 percent of all drug seizures effected by Canadian law enforcement, as reported by Health Canada.
- Despite the growing problem of marihuana production in the Prairies and the Maritimes, marihuana continues to be transported from B.C., Ontario and Quebec to supplement the market demand in these regions.
- Private and commercial vehicles are the main modes of transportation for marihuana trafficked domestically and smuggled into the United States.

Demand

Marihuana generally refers to the dried flowers and leaves of the cannabis plant, also known as *Cannabis sativa-L*. The drug is smoked or ingested to experience its euphoric and hallucinogenic effects. The main psychoactive component of marihuana is Tetrahydrocannabinol, commonly known as THC. As THC levels determine the potency, generally, the higher the THC level, the more potent the marihuana.⁹

Canadian young adults constitute the main user group for cannabis. In 2008, demand for cannabis in Canada remained high compared with the demand for other illicit drugs, despite a slight decline in cannabis use¹⁰ and related offencesⁱⁱⁱ in recent years. Cannabis offences, specifically possession, continued to represent the majority of all drug offences in Canada. In fact, Statistics Canada reported a decrease in all drug offences in 2008, with the exception of cannabis possession and importation/exportation.^{iv}

Supply and Smuggling Patterns

There were 37,196 kilograms of marihuana and 1,828,861 marihuana plants seized by Canadian law enforcement in 2008, accounting for nearly 75 percent of all drug seizures in Canada. Following a long standing trend, marihuana seized in Canada mostly comes from domestic production; however, in 2008, marihuana shipments were imported from Jamaica, the United States, the Netherlands, and South Africa.

In 2008, large marihuana shipments, originating in Jamaica, were intercepted at Toronto Pearson International Airport. Air cargo and passenger flights (using drug

9 In 2008, Health Canada determined that the average THC level in marihuana seized was 11 percent.

10 According to the Canadian Alcohol and Drug Use Monitoring Survey 2009 (see Prevalence section), there was a decline in cannabis use in Canada.

mules) from Jamaica were used to smuggle over 500 kilograms of the drug. Once an important marihuana supplier to countries such as the United Kingdom, the United States, and Canada, Jamaica now supplies only a small percentage of the marihuana seized in those countries. The quality of locally-produced marihuana in Canada, the United States, and Mexico has dramatically reduced the once high demand for Jamaican “ganja” in North America.^v

Though the domestic supply of marihuana is cultivated in both outdoor and indoor operations, greater privacy, potential for a higher number of crops, and increased potency popularized indoor grow operations over the last two decades. Statistics Canada recently reported that approximately 60 percent of cannabis production offences occurred in a residence and approximately 30 percent occurred in an outdoor location.^{vi}



While British Columbia (B.C.), Ontario, and Quebec remained the primary producing provinces, marihuana cultivation was reported in every province. In the Prairies, large indoor operations were discovered in urban and rural areas, while rural, outdoor operations were

most common in the Maritimes. Despite the growing problem of marihuana production in the Prairies and the Maritimes, trafficking patterns indicate a constant flow of marihuana from B.C., Ontario, and Quebec to supplement the market in these regions.

In B.C., marihuana cultivation is concentrated in the Vancouver Lower Mainland, specifically in the Surrey/Coquitlam area. In 2008, indoor grow operations ranging from 40 to 7,000 plants were discovered in private residences in this area. Large indoor and outdoor growing sites were also discovered by police in the B.C. Interior. B.C. marihuana continued to be transported to neighbouring provinces as far east as Newfoundland and Labrador, but was primarily smuggled to the United States.

Every year, hundreds of traffic stops lead to seizures of contraband. In 2008, interdictions by the RCMP Pipeline/Convoy Program¹¹ demonstrated that marihuana was trafficked eastward across the country from the main producing provinces. Private vehicles were used to transport the drug at the multi-kilogram level, while commercial vehicles were used to transport hundred-kilogram shipments of marihuana cross-border into the United States.

Intelligence indicates that tonnes of marihuana continue to be smuggled to the United States each year. In 2008, all modes of transportation were used to smuggle marihuana, though cross-border smuggling occurred mainly at the land border crossings in British Columbia (Washington), Ontario (Michigan, New York), and Quebec (Vermont).

Trafficking Activity and Groups

In 2008, marihuana smuggling continued to be one of the most lucrative activities for organized crime in Canada, and will likely remain so for years to come. Consistent, high demand for the drug, combined with its relatively simple production process and profitability have secured the drug's top position in the illicit market in Canada. Nevertheless, drug traffickers are rarely involved in the trade of one single commodity and the illicit drug market includes other popular drugs such as cocaine and MDMA (Ecstasy). In all provinces in Canada, marihuana and cocaine are reportedly the main illicit drugs trafficked by organized crime groups.

¹¹ Pipeline/Convoy is a RCMP program designed to detect vehicles transporting contraband.

Organized crime groups (OCGs) involved in marihuana production are creative in their strategies to evade law enforcement: growers will often move their operation to areas where they believe they have less chances of detection, such as rural areas. In 2008, Vietnamese OCGs in Canada continued to dominate production of marihuana in indoor locations. Other individuals with associations to Eastern European and Indo-Canadian organized crime in B.C. and Ontario were involved in cross-border drug smuggling using commercial transportation.

Major Seizures in Canada

- In September, the RCMP seized a total of 827 kilograms of marihuana in an outbuilding used for an indoor grow operation in Langley, B.C..
- In September, a RCMP investigation into marihuana cultivation led to the seizure of 5,100 marihuana plants located in 15 greenhouses on a property in Beaverdell, B.C..
- In May, CBSA officers at Toronto Pearson International Airport seized 187 kilograms of marihuana on an inbound flight from Jamaica. The shipment was concealed in bags in the cargo area of the aircraft.
- In December, the RCMP seized 6,700 clones¹² and 255 marihuana plants from an indoor grow operation in Langley, B.C..

International Seizures (en route to and/or originating in Canada)

- In February, U.S. Customs and Border Patrol (USCBP) seized a shipment of 252 kilograms of marihuana originating in Canada. The drug was discovered in a commercial vehicle equipped with a false floor.

The RCMP Coordinated Marihuana Enforcement teams are specialized dismantling and investigative units, and are part of the National Anti-Drug Strategy. In 2008, these units seized over 6 tonnes and 180,000 marihuana plants from a reported 257 grow operations across the country.

¹² Clones are cuttings of a female cannabis plant used to grow uniform quality plants.

In 2008, the RCMP-led outdoor marihuana eradication program, Project SABOT, reached the highest number of plants seized since 2004. A total of 196,630 marihuana plants were seized and destroyed from outdoor growing sites across the country.

Hashish and Hash Oil

Key Findings

- The majority of hashish seized in 2008 was transported to Canada by sea, demonstrating that the marine mode continues to be the primary choice for hashish smugglers.
- Jamaica remained the primary supplier of hash and hash oil destined for Canada.

Demand

Hashish (hash) is a resin or paste produced from the flowers of the cannabis plant. Hashish oil is a liquid made from dissolving hashish or the marihuana “bud” in solvents, such as isopropyl alcohol. Hashish can be smoked or ingested to experience the psychoactive effects of the drug. Hash and hash oil contain higher levels of THC than marihuana.¹³

It is difficult to ascertain the demand for hashish products since usage surveys combine hash and marihuana into a single category: cannabis. The provinces of Ontario and Quebec remain the primary market for hashish products in Canada. In 2008, nearly 75 percent of the hashish seizures in 2008 were destined for Toronto, Ontario and Montreal, Quebec. Despite the prevalence of hashish trafficking in the eastern provinces of Canada, there was also activity within the western provinces. Two shipments of hash, both of which originated in British Columbia (B.C.), were seized en route to a location in the vicinity of Edmonton, Alberta.

Supply and Smuggling Patterns

Of the total 1.6 metric tonnes of hash products seized in Canada in 2008, 57 percent originated in Jamaica, which was described in the 2009 World Drug Report as the main producing country for the Americas. In addition to the Jamaican seizures, 19 percent of hashish products seized in Canada in 2008 originated in India.

¹³ In 2008, Health Canada determined that the average THC level in hashish resin seized was 33 percent.

The majority of the seizures originating in Jamaica were smuggled by air transportation, including both air passenger and air cargo. Air passengers most frequently concealed the drugs in false linings or sidings in their luggage.

In 2008, two single seizures accounted for 71 percent of the total hashish products seized in Canada: 751 kilograms of hash oil from Jamaica and 321 kilograms of hash from Morocco. These two seizures reflect the findings of the 2009 World Drug Report, which lists Morocco as the number one producer of hashish.

There was a significant increase in the amount of hash products seized in 2008 compared to 2007; however, there was still a decrease from 2006, in which there was a single seizure of 22.5 metric tonnes of hash. (See Appendix A)

Trafficking Activity and Groups

A large portion of hash and hash oil shipments originate from Jamaica due, in large part, to extensive networks of drug traffickers, in both Canada and Jamaica. Individuals in the networks assist members of organized crime groups, in Canada, in smuggling illicit drugs through ports of entry.

In the above mentioned seizure of 751 kilograms of hash oil, which took place in Nova Scotia, the 12 men arrested were part of an organized crime group based in Ontario. Members of this group have, in the past, been arrested for other drug and weapons charges dating back to 1992. It is believed these individuals have been involved in smuggling hash oil for approximately 15 years. In 1998, two members of this same group were arrested for attempting to smuggle 314 kilograms of hash oil on a cabin cruiser also in Nova Scotia.

Major Seizures in Canada

- In September, 751 kilograms of hash oil were seized off the coast of Nova Scotia. The shipment, originating from Jamaica, was destined for Toronto via Nova Scotia. The hash oil, which was seized by the RCMP with the support of the Canadian Forces, was in vacuum sealed bags aboard a mothership.¹⁴

- In March, a shipment of approximately 321 kilograms of hash was seized aboard a marine vessel at the Port of Halifax. The hash was concealed within the false bottom of wooden crates, the contents of which were pottery. The shipment originated in Morocco and was destined for Montreal, Quebec.
- In December, approximately 101 kilograms of hash destined for Mississauga, Ontario were seized at Toronto Pearson International Airport. The air cargo shipment, declared as handicrafts, originated in India.



Hashish Seizure, 2008

¹⁴ The term mothership describes a sea vessel used for the sole purpose of transporting drugs.



COCAINE

Key Findings

- Guyana emerged as an important transit country in 2008.
- Canada increased its role as a transit country for cocaine destined to Australia.

Demand

Cultivated in the Andes Mountains in South America, coca bush leaves are processed in clandestine laboratories into a white powder known as cocaine hydrochloride (HCl). Cocaine HCl, a stimulant, is often adulterated with various cutting agents including caffeine or cornstarch, or mixed with other drugs such as methamphetamine, in order to increase the drug's volume, thereby increasing profits. Local anaesthetics, such as benzocaine, procaine, and lidocaine, are also used as cutting agents, in part because they simulate the numbing effects of cocaine. As a result, buyers who pre-test cocaine prior to purchase may be lead to believe the purity level of the drug is higher than it is in reality.

Reports of cocaine laced with levamisole, a chemical compound used to treat intestinal worms in humans and animals, emerged in Canadian western provinces in 2008. By the end of the year, the Alberta and British Columbia (B.C.) provincial governments issued public health advisories after a number of individuals reported falling ill after consuming the tainted cocaine; there were seven cases in Alberta and at least 10 cases in B.C.. Individuals who reported consuming the tainted cocaine developed a form of immune system suppression where common infections can become potentially life-threatening.

The demand for cocaine continues despite these risks; one indicator of cocaine use is the number of drug-related offences reported in Canada annually. Based on information from Statistics Canada, there were over 100,000 police-reported drug offences in Canada in 2007. While cannabis-related offences have been on the decline over the last decade, these types of offences continued to account for the majority (62%) of drug crimes in 2007. In contrast, in 2007 cocaine offences became the second largest category of drug crimes at approximately 25 percent. Nearly half of these offences were for possession, while the other half was related to trafficking offences.^{vii} However, by 2008 nation-wide cocaine offences decreased by eight percent.^{viii}

Supply and Smuggling Patterns

The 2009 World Drug Report by the United Nations Office of Drugs and Crime (UNODC) reported an eight percent decrease in the total coca cultivation area from 181,600 hectares in 2007 to 167,600 hectares in 2008. This decrease was due to the 18 percent reduction of coca cultivation in Colombia.^{ix}

Correspondingly, the total global production of cocaine decreased by 15 percent in 2008 to 845 metric tonnes from 994 metric tonnes in 2007. Of the overall global production of cocaine (845 mt), Colombia remained the largest producer accounting for 51 percent (430 mt), followed by Peru with 36 percent (302 mt) and Bolivia with 13 percent (113 mt).^x

The Canadian cocaine market remained relatively stable from 2006 until late 2008, when reports from key smuggling regions (Ontario and British Columbia (B.C.)) indicated decreased availability of cocaine and increased prices in major urban centres across the country. Concurrently, the Canada Border Service Agency (CBSA) reported similar totals of cocaine quantity seized at ports of entry across the country for 2007 (1,732 kg) and 2008 (1,791 kg). These seemingly inconsistent indicators illustrate the variables and complexity involved with assessing the cocaine market.

According to Health Canada, 2,263 kilograms of cocaine and 15 kilograms of crack were seized by various Canadian law enforcement agencies in 2008. These numbers reflect domestic interdictions at the Canadian ports of entry, between the ports of entry, as well as in-land seizures.

In a continuing trend, drug traffickers use the major ports of entry located in B.C., Ontario, and Quebec to smuggle cocaine into Canada. Since 2006, the United States has maintained its standing as the primary transit country for cocaine smuggled into Canada, most commonly through land border crossings using commercial transports. In addition, for 2008, CBSA estimated over one tonne of cocaine destined for the Canadian market was interdicted by U.S. law enforcement agencies.^{xi} Mexico continued to play a prominent role in the supply of cocaine destined for Canada, as the majority of cocaine in the U.S. transits Mexico via the Central American corridor.

The exploitation of commercial air transportation for cocaine smuggling, specifically from flights originating in the Caribbean (Dominican Republic and Trinidad and Tobago), Mexico, and South America (Guyana and Peru), persisted in 2008. Investigations into cocaine seizures from commercial flights indicated internal conspiracies operating at airports both in the country of origin and within Canada.



Cocaine Seizure, December 2008 — Cocaine found between corrugated cardboard

The international connections of Canadian-based criminal networks will continue to facilitate cocaine smuggling into and out of the country, as exemplified by the following cases. An investigation led by the Durham Regional Police with the assistance of the RCMP, CBSA, and the Saint John Police Force, resulted in the interdiction of 275 kilograms of cocaine from a shipping container in Saint John, New Brunswick. The powder cocaine was concealed in cardboard partitions within boxes of food-seasoning products. The cocaine shipment, which originated in Guyana and transited the Caribbean, was destined for Ontario, where a controlled delivery resulted in the arrest of one individual. Two weeks later the Drug Enforcement Administration in the U.S. Virgin Islands of St. Croix interdicted a similarly concealed shipment of 100 kilograms of cocaine, which also originated in Guyana and was destined for Canada.

Project OSPA was a joint investigation between Australian authorities and the RCMP, which targeted a Canadian-based criminal organization responsible for sending large poly-drug shipments to Australia. The drugs, smuggled via marine container shipments and concealed within foot spas and massage chairs, were seized in and en route (transiting the U.S.) to Australia, between May and June 2008. During this investigation, four separate shipments resulted in the interdiction of

approximately 211 kilograms of cocaine destined for the Australian market, along with 346.5 kilograms of synthetic drugs.¹⁵

Project OSPA — Poly-drug shipments from Canada to Australia

- May 2008: 27 kilograms of cocaine and 27 kilograms of methamphetamine seized in Australia.
- May 2008: 15 kilograms of cocaine and 12.5 kilograms of methamphetamine seized in Sydney, Australia.
- May 2008: 45 kilograms of cocaine, 93 kilograms of MDMA (Ecstasy), and 27 kilograms of methamphetamine seized in New York, U.S. destined for Melbourne, Victoria.
- June 2008: 124 kilograms of cocaine, 121 kilograms of MDMA (Ecstasy), and 66 kilograms of methamphetamine seized in Australia.

Investigations continued to indicate the trend of Canadian criminal organizations exchanging their illicit drugs for other commodities (i.e. Canadian-grown marihuana and/or MDMA directly for cocaine and/or firearms). Although the preferred transportation for cross-border smuggling continues to be land-based, investigations have also identified the use of small aircrafts, helicopters and personal watercraft.

Trafficking Activity and Groups

Cocaine is one of the most commonly trafficked and distributed drugs in Canada, along with marihuana. According to various reports from the provinces and territories, the majority of Canadian criminal organizations are involved, to some degree, in cocaine trafficking.

Cocaine smuggling between the Americas (including the Caribbean) and Canada is diverse: while there has been an increase in organized crime groups (OCGs) obtaining cocaine directly from sources, the use of brokers as intermediaries between Canadian criminal organizations and Colombian cocaine producers is a continuing trend.

Several OCGs, such as traditional organized crime, Outlaw Motorcycle Gangs, Indo-Canadian crime groups, and groups with origins in Latin America, maintained international connections which facilitate the smuggling of cocaine into Canada. Criminal organizations with ties to Asia continued to be involved in smuggling cocaine into Canada, while expanding their activities to include shipping cocaine to countries in the Asia-Pacific region.

Sophisticated OCGs primarily located within large urban centres smuggle cocaine into Canada and subsequently redistribute the drug to other criminal networks located in medium and smaller centres. Criminal organizations in the Pacific region continue to supply other western provinces, while trafficking patterns in Central and Eastern Canada indicate that OCGs based in Ontario and Quebec are moving the drug to the Maritimes.

Seizure data indicated that cocaine was commonly trafficked between provinces using private vehicles with modified compartments for concealment purposes; other reported modes included the use of commercial transport trucks and domestic flights.

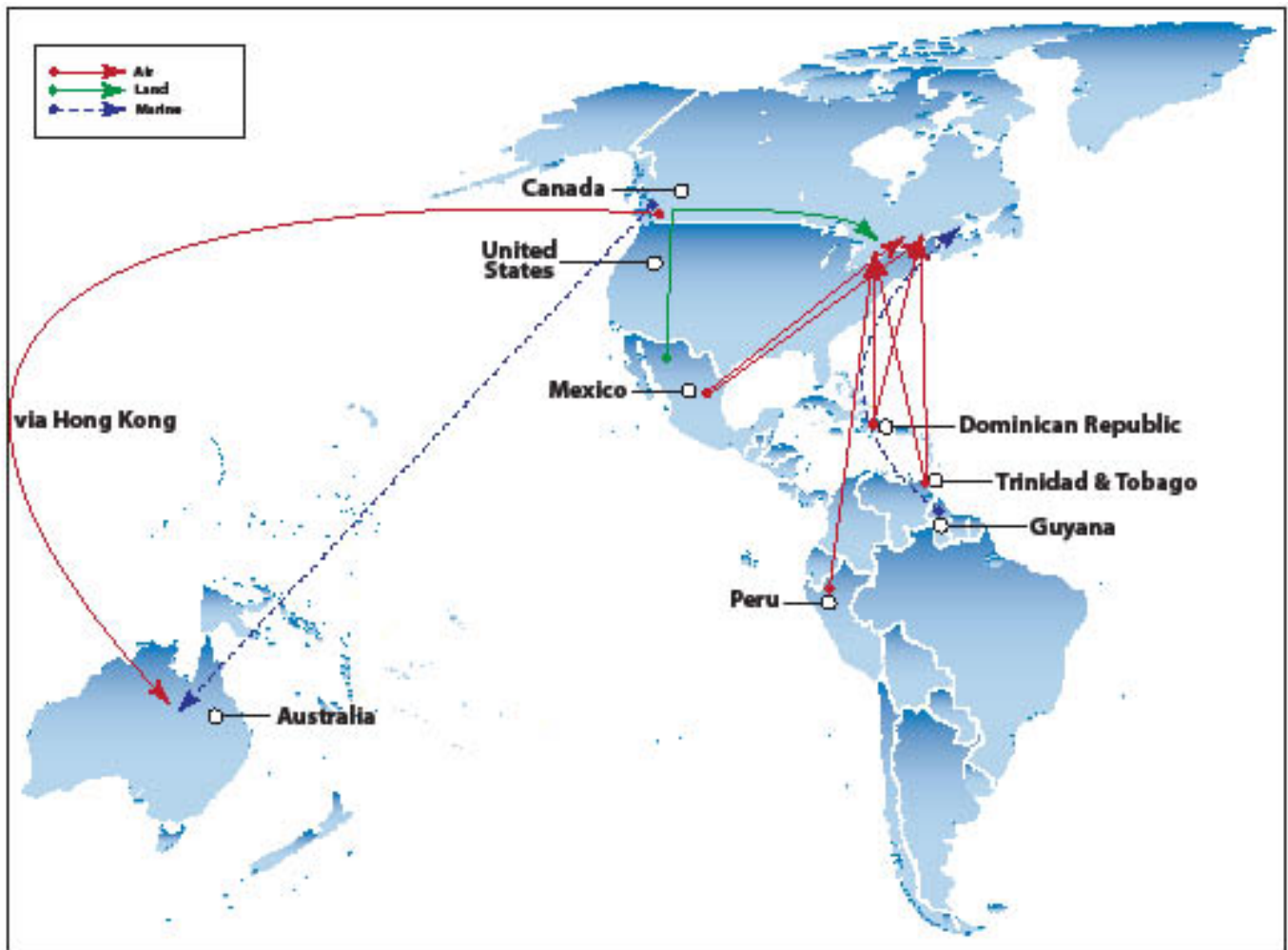
Major Seizures in Canada

- In February, 206 kilograms of cocaine concealed within the structure of a cab of a transport truck were seized at the Sarnia Blue Water Bridge POE (Ontario) by CBSA officers.
- In February, 138 kilograms of cocaine were seized at the Pacific Highway POE (B.C.) concealed within a shipment of fresh produce that originated in California.
- In December, 121 kilograms of cocaine were seized at the Pacific Highway POE (B.C.) by CBSA, concealed in a secret compartment within a tractor-trailer. Four days later at the same POE, 97 kilograms of cocaine were seized. The bricks of cocaine were found within boxes of bananas inside the trailer.
- In December, 275 kilograms of cocaine were seized in Saint John, New Brunswick from a marine container shipment that originated in Guyana.

¹⁵ The synthetic drugs included 214 kg of Ecstasy (MDMA) and 132.5 kg of methamphetamine.

International Seizures (en route to and/or originating in Canada)

- In December, two Canadians were arrested while loading 119 kilograms of cocaine onto a personal watercraft at Birch Point, Whatcom County in Washington. The cocaine originated in California and was destined for B.C..¹⁶



Cocaine trafficking patterns

¹⁶ The investigation was initiated by the Blaine Immigration and Customs Enforcement, Border Enforcement Security Task force with the assistance of multiple U.S. law enforcement agencies, as well as the RCMP Integrated Border Enforcement Team.



KHAT (*CATHA EDULIS*)

Key Findings

- Approximately 23 tonnes of khat were seized by various law enforcement agencies across Canada in 2008.
- In 2008, khat was primarily transported by international mail, which represented over half of the total quantity seized in Canada.
- There was an increase in the quantity of khat seized in Alberta as compared to 2007.

Demand

Khat refers to the leaves of the *Catha edulis Forsk*, a plant native to Eastern Africa and the Arabian Peninsula. The leaves contain amphetamine-like stimulants, namely cathinone and cathine, which are controlled substances in Canada. Cathinone levels are highest in freshly cut plants, and decline thereafter, ultimately leaving behind cathine, a stimulant much less potent than cathinone. Dried or dehydrated khat, commonly known as Arabian tea or Abyssinian tea, contains cathine.

Chewing khat induces a state of euphoria and elation, as well as an increased level of alertness, insomnia, anorexia, blood pressure, and heart rate. Repeated use can lead to paranoia and hallucinations, and can also lead to psychological dependence. However, given its significant time in transit, and corresponding decrease in freshness (and subsequently, potency), the potential for khat dependence is greatly reduced.

Chewing khat is most common among the Somali, Yemeni, Ethiopian and Kenyan communities. These communities are predominantly located in Ontario and Quebec, and to a lesser extent in Alberta and British Columbia. Traditionally, khat has been used by these populations during rituals, special events, and social gatherings. The effects of an average dose of fresh khat (100-200 g) typically lasts up to four hours.

Supply and Smuggling Patterns

In 2008, Kenya and Ethiopia remained the main source countries for khat. Khat, rarely imported directly from a source country, is generally smuggled into Canada aboard international commercial flights from European countries, which serve as transit countries. The United Kingdom, where khat is not a controlled substance, remained the primary transit country for shipments entering Canada in 2008. Other transit countries included the Netherlands, the United States, Germany, Belgium, and to a lesser extent, France, Switzerland, Afghanistan, Italy, Hong Kong, China, and India.

According to Health Canada, approximately 23 tonnes of khat were seized by various law enforcement agencies across Canada in 2008. This represents a decrease of five tonnes from 2007. Fewer than 10 percent of khat seizures involved air passengers; most involved postal and air modes, using courier and air cargo. In fact, the majority of dried khat seizures were effected at international mail processing centres in Toronto and Montreal.

Consistent with a new trend observed in 2007, there was an increase in the number of seizures in the Prairies, particularly in Alberta where the quantity of seized khat represents an increase of over 250 percent from 2007 (from 57 kg to over 200 kg).

An emerging trend of interest to law enforcement is a new form of khat which has emerged on the club scene in Israel under the name of hagigat. Hagigat, which is essentially a play on the Hebrew words *hagiga* meaning “celebration” and *gat* meaning “khat”, is a pill form of powder made from khat leaves and contains about 200 milligrams of cathinone. It is marketed as a natural organic stimulant. Despite its popularity in Israel, there is no evidence to indicate hagigat has appeared in Canada.

Trafficking Activity and Groups

In previous years, OCGs with ties to East African and Middle Eastern communities, both within Canada and abroad, were identified as responsible for the khat trade. In 2007, a joint investigation involving the RCMP, the Canada Border Services Agency (CBSA), and the Ottawa Police Service led to the dismantlement of a criminal organization involved in multiple shipments of khat. However, in 2008, there were no such criminal networks identified; instead, individual exporters, importers, couriers, and distributors appeared to be operating in loosely organized networks.

Smugglers continued to recruit drug mules as a means to transport khat into Canada, thereby avoiding arrest, while exposing the couriers to possible prosecution. These individuals are enticed by the incentives offered by smugglers, such as hotel accommodations and monetary compensation, which are granted upon successful delivery of the shipment of khat.

Major Seizures in Canada

- In February, CBSA officers became suspicious of a cargo shipment arriving at the Edmonton International Airport from London’s Heathrow Airport. An investigation ultimately led to the seizure of 135 kilograms of khat by officers of the Edmonton Police Service. Two men were charged with importing a controlled substance and possession for the purpose of trafficking.
- In June, 112 kilograms of fresh khat were seized at a Windsor, Ontario courier company. The khat originated from Kenya, and transited Memphis, Tennessee before arriving in the Greater Toronto Area (GTA).
- In September and October, 515 kilograms of dried khat were seized at the Montreal International Mail Processing Centre representing a total of 139 individual seizures.
- In December, CBSA officers seized 220 kilograms of fresh khat from an air cargo shipment at the Toronto Pearson International Airport. The shipment arrived via the Netherlands and was destined for an address in the GTA.



Khat seizure



OPIATES

Heroin

Key Findings

- Heroin consumption appears to have stabilized in North America, according to the United Nations 2009 World Drug Report.
- While India continued to be the primary source/transit country for seizures of heroin entering the Canadian market, Pakistan emerged as the number one country in terms of quantity of heroin seized in Canada.

Demand

Heroin is a semi-synthetic opiate drug made from morphine, which is a natural substance extracted from the seed pod of the *Papaver somniferum*, more commonly known as the opium poppy.

With an estimated 15 to 21 million opiate users worldwide, heroin consumption appears to have stabilized in North America. Overshadowed by the abuse of prescription opiates, heroin consumption remains one of the least common forms of drug use in Canada.

Supply and Smuggling Patterns

Unchallenged for a seventh consecutive year, Afghanistan remains the world's leading producer of opium. Despite reporting a six percent decrease in potential opium production, bringing its estimated total to 7,700 metric tonnes (after a record 8,200 metric tonnes in 2007), Afghanistan remains unparalleled in terms of its production.

According to the United Nations Office on Drugs and Crime (UNODC) World Drug Report, an estimated 60 percent of the opium produced in Afghanistan in 2008 was converted into morphine and heroin domestically. Afghani opium producers, conscious of the more profitable return on heroin, have elected to further process the opium into heroin — a process that requires large amounts of acetic anhydride. The seizure of an estimated 20 metric tonnes of acetic anhydride in and around Afghanistan in 2008 supports the above stated production estimate, as well as the UNODC's supposition that large consignments of acetic anhydride are being diverted from licit trade and smuggled into Afghanistan, as the country has no reported legitimate use for that chemical.

Southwest Asian heroin continues to dominate the Canadian market, followed by heroin produced in Southeast Asia and Latin America. While India continued to be the primary source/transit country for seizures of heroin entering the Canadian market, Pakistan emerged as the number one country in terms of quantity of heroin seized in Canada.

According to Health Canada, 102 kilograms of heroin were seized by various law enforcement agencies across Canada in 2008. Quantities seized varied from a few grams to a noteworthy 28 kilograms. Heroin was most frequently smuggled into Canada via the postal/courier mode, resulting in smaller individual shipments. In comparison, shipments smuggled using air and marine modes tended to be larger.

Trafficking Activity and Groups

Canadian users, dependent on foreign sources of opium and heroin, rely on an international network of organized crime groups (OCGs) for their supply. Investigative activity and seizure data in 2008 indicated the influence of Asian, Latin American and West African criminal enterprises, operating both within Canada and abroad.

Major Seizures in Canada

- In May, Canada Border Service Agency (CBSA) officers in Calgary, acting on intelligence received from the RCMP, detained two Canadian nationals returning from India via London's Heathrow Airport. The pair — a male and a female — were detained after eight kilograms of heroin were discovered in false compartments in their luggage and in the hollowed-out soles of women's shoes contained in the luggage.
- On October, CBSA officers in Halifax intercepted a marine shipment of towels that was found to contain over 27 kilograms of heroin secreted in the hollowed-out areas between the corrugated layers of cardboard that formed the side of the boxes. The Halifax-based National Ports Enforcement Team removed the heroin from the boxes and allowed the shipment, which originated in Pakistan, to continue to its final destination in Toronto, Ontario for a controlled delivery. Four individuals, three from the Greater Toronto Area (GTA) and one from British Columbia, were arrested by the RCMP after attempting to claim delivery of the commercial shipment.



Heroin seizure

International Seizures (en route to and/or originating in Canada)

- In May, British authorities seized a courier parcel of cricket pads originating in Afghanistan and destined for an address in the GTA. A total of six kilograms of heroin were discovered concealed inside the cricket pads. This is similar to a 2007 seizure at the Toronto Pearson International Airport of two parcels of cricket equipment, which originated in India and were destined for recipients in Ontario and Quebec.
- In September, German authorities intercepted a courier parcel containing a total of four kilograms of heroin concealed inside various pieces of decorative ceramic firewood. The parcel originated in Iran and was destined for the GTA.

Opium

Key Findings

- Authorities noted a surge in “doda”¹⁷ consumption based on a sharp increase in patients seeking treatment for opium addiction.
- Turkey remained the primary source/transit country for opium entering the Canadian market, followed closely by the Netherlands and Iran.
- Information received in 2008 indicated that Iranian drug traffickers were particularly active in the opium trade, supplying Canada with the majority of its opium.

Demand

The least potent of the opiate family, opium is collected from the milky resin released from incisions made into the un-ripened seed pod of the opium poppy. As the resin is exposed to air, it hardens and turns into a dark gum-like substance. Sold on the street as a powder or dark brown solid, opium can be smoked, ingested, or injected.

In 2008, a new upward trend in opium consumption emerged, which was marked by a sharp increase in patients seeking treatment for opium addiction. This prompted the medical community in Peel Region (Ontario) to warn authorities of a surge in doda consumption.

¹⁷ Opium powder is commonly known as “dode” or “doda”.

Opium powder is made by grinding the dried seed pod of the opium poppy into a fine powder. It is often taken with tea or hot water, and produces a quick high followed by a sense of well being.

Openly sold throughout Toronto, Ontario and Vancouver, B.C., opium powder can be purchased for as little as one dollar per gram, making it popular among young adults in search of a cheap and unconventional high. The popularity of the drug among truck drivers (particularly of South Asian descent) is attributed to the belief that it increases alertness and concentration.

The limited exposure of Canadians to opium powder, and the lack of mainstream information about the drug, has led to much confusion over its legality. This has created challenges for a number of Canadian law enforcement agencies. While all substances containing opium, its preparations, derivatives, alkaloids and salts are prohibited under the *Controlled Drugs and Substances Act*, there is a popular misconception that doda must contain a certain level of opiates to be considered illegal. In order to educate the public on this issue, Peel Regional Police released a Public Safety Alert, warning the public that doda does in fact contain opiates, thereby making it an illegal substance.

Supply and Smuggling Patterns

In 2008, global opium poppy cultivation decreased by 16 percent, due in large part to a 19 percent decrease in Afghanistan. This decline in cultivation, which occurred in spite of diminished eradication efforts, brought the total global area under poppy cultivation to an estimated 189,000 hectares.

According to Health Canada, approximately 108 kilograms of opium were seized in Canada in 2008. The majority of the drugs seized were smuggled into the country via air cargo, whereas the largest single quantity of opium seized arrived via marine shipment. Opium was also smuggled into Canada via the postal/courier mode, as well as through the air passenger stream. As in previous years, Turkey remained the primary source/transit country for opium entering the Canadian market, followed closely by the Netherlands and Iran. In 2008, an increasingly sophisticated array of concealment methods were used to smuggle opium into Canada, the

most notable being the concealment of opium in the bottom of olive jars.

Trafficking Activity and Groups

Organized crime groups with ties to the Middle East remain among the few groups in Canada that specialize in smuggling opium. Information received in 2008 indicated that Iranian drug traffickers were particularly active in the opium trade, supplying Canada with the majority of its opium.

Major Seizures in Canada

- In July, 36 kilograms of opium concealed in a commercial shipment of armoires declared as “furniture” were seized by CBSA officers at Toronto Pearson International Airport. The shipment, which arrived via air cargo, originated in Iran and transited Amsterdam and France before making its way to Canada.
- In September, CBSA officers at the Port of Vancouver randomly selected a 40-foot container for secondary examination. The container, which originated in Turkey, was destined for a commercial address in Surrey, B.C. Secondary examination revealed a shipment of 3,900 plastic jars each containing an estimated 1.6 kilograms of pickles and black olives. A number of the olive jars appeared to contain a gelatin-like substance which was tested for the presence of illegal substances. A total of 104 jars tested positive for opiates, revealing 30 kilograms of opium.

International Seizures (en route to and/or originating in Canada)

- In December, German authorities intercepted a courier parcel of bolts originating in Iran and destined for the GTA. Further examination of the parcel revealed two kilograms of opium concealed inside the bolts.

SYNTHETIC DRUGS

MDMA (Ecstasy)

Key Findings

- Record low domestic prices in 2008 indicated a steady supply.
- In 2008, there was an increase in trafficking of MDMA (Ecstasy) in powder form, including the first ever shipment of powder MDMA to the Asia-Pacific region.
- Global distribution of Canadian produced MDMA continued in 2008.

Demand

MDMA (Ecstasy), or N-methyl-3,4-methylenedioxymethamphetamine, is a synthetic hallucinogen with amphetamine-like properties. It is most commonly known by the street name “Ecstasy” and is sold in both powder and tablet forms. The tablet form is sold in different colours and typically bears a logo which has popularized the substance as a party drug.¹⁸

Since its introduction to North America over ten years ago, MDMA remains one of the most widely available and in-demand drugs in the Canadian illicit synthetic drug market. Although widespread marketing has exposed a broader consumer base to MDMA, young adults remain the largest consumer group of this drug. A continuous supply provided by economic-based clandestine laboratories operating within the country continues to drive demand.

While the user base for MDMA was reported as stable or to have increased in some regions of Canada in 2008, the national consumer market does not support the volume of supply generated by domestic production. Indications are that foreign market demand, especially from the United States and the Asia-Pacific region, supersedes the Canadian consumer population as the primary motivator for Canadian-based organized crime groups (OCGs) to produce mass supplies of MDMA.

Supply and Smuggling Patterns

In 2008, an estimated 99 percent of powder and tablets sold as MDMA in the Canadian illicit drug market originated from domestic manufacture. As in 2007, numerous, large shipments of Ecstasy from Canada to the United States and to the Asia-Pacific region reconfirmed the country’s role as a significant source of supply. Since 2005, the capacity rather than the number of clandestine laboratories synthesizing MDMA has determined the increase in domestic Ecstasy production for worldwide distribution. (See section on Clandestine Laboratories)



¹⁸ For the purposes of this document, MDMA (Ecstasy) or methamphetamine “logo tablets” are tablets that bear a logo (e.g. animal characters, stars, designer logo), usually located on one side of the pill. The use of a logo on these tablets is the central marketing strategy employed by synthetic drug traffickers to capture consumer markets.

Record low prices for MDMA tablets sold in Canada were strong indicators of an abundant and readily available supply. While an Ecstasy tablet in remote areas of the country could still sell for as high as \$50, the average price in 2008 was \$21. Surplus supplies, especially in core regions of production (British Columbia (B.C.), Ontario and Quebec), have reduced retail prices to as low as \$2 per tablet, which was previously the average production cost per dosage unit at the source.

Over the past five years, both licit and illicit substances have been identified in tablets marketed as Ecstasy, presenting unknown health risks to consumers.¹⁹ The increased presence of methamphetamine in Canadian-produced Ecstasy tablets has significantly raised the level of concern among law enforcement and health officials. Within the Quebec region, logo tablets containing only methamphetamine and locally marketed as meth have been produced for some time. In other parts of Canada, as well as within the United States, these same tablets have usually been marketed as Ecstasy.²⁰

Since 2005, seizures of MDMA at Canadian ports of entry (POEs) drastically declined due to the surge in domestic production. In 2008, however, the Canada Border Services Agency (CBSA) effected seizures at POEs totaling 23,648 tablets and 30 kilograms of MDMA, a significant increase from previous years. It is noteworthy that 95 percent of the amount seized was effected from outbound shipments en route to foreign destinations. The majority of the remaining five percent resulted from one single inbound seizure in which over 12,000 Ecstasy tablets (and 5 kg of cocaine) were found in unclaimed luggage on a flight originating in Trinidad and Tobago. Follow-up investigation determined that the suitcase containing the drugs belonged to a Canadian passenger who had transited the terminal. It is suspected that the MDMA actually originated in Canada and was exported to these Caribbean islands for cocaine bartering.

The highest rate of detected MDMA smuggling activity continued to take place at or near the Canada-U.S. border.

19 Given that tablets marketed as Ecstasy have contained less or even have been void of the actual substance, the purity of MDMA has generally been low over the last several years. However in 2008, Health Canada analyses of MDMA samples revealed an average purity of 65.6%, more than double from 2007 (30.4%). One explanation for the rising purity level is that as the cost of production has decreased and the availability of chemicals used to manufacture Ecstasy has increased, economics have afforded producers the opportunity to provide more pure MDMA in finished tablets.

20 Health Canada analyses of samples from seizures of methamphetamine tablets sold as methamphetamine have shown the tablets to also contain MDMA.

Ecstasy smuggling trends for 2008 were similar to those reported in 2007, showing southbound movement of MDMA shipments predominantly occurring at POEs in B.C., Ontario and Quebec. A relative decrease in cross-border MDMA smuggling was evident in 2008. According to U.S. law enforcement reporting, the amount of Ecstasy seized in 2008 at Canada-U.S. POEs significantly declined from 2007. In particular, in the Pacific region, Ecstasy seizures effected at U.S. border crossings dropped from a total of 2.4 million tablets in 2007 to 495,549 tablets in 2008.²¹ Nevertheless, the southbound flow of large amounts of MDMA tablets remains a continuing, high-level drug smuggling threat.

Private vehicles were utilized in the majority of land transport seizures; as noted in 2007, tractor trailers were again used to a much lesser extent compared to previous years. In a few cases, smugglers transported MDMA shipments across the border by foot and via snow mobile in attempts to circumvent law enforcement detection. A minority of incidents involved the postal/courier and marine modes. Concealment methods used to smuggle MDMA in vehicular transport in 2008 were similar to those observed previously and included: spare tires, trunks, ceilings, side walls, interior door trims, within seats, false and factory-made compartments, inside suitcases and duffle bags, and body carrying. Cross-border poly-drug smuggling involving Ecstasy was again observed in 2008, and involved more diversified drug commodities: MDMA shipments were inter-mixed with marihuana, cocaine and, to a lesser degree, methamphetamine, and heroin.

As in 2007, Canadian-produced MDMA also supplied the Asia-Pacific market. The primary foreign destination was Australia, where several large shipments were seized in-country, or intercepted en route by CBSA or other authorities. As observed in 2007, marine and air cargo were most frequently used to smuggle large shipments of Ecstasy to this part of the world.²² In a continuing trend, poly-drug shipments including Ecstasy were intercepted in foreign jurisdictions. In addition to the poly-drug

21 While this region experienced a significant decline in 2008, indications are that eastern border crossings aligned with the Ontario region experienced an increase in both the number of seizures and the amount of MDMA seized. Accurate figures for these POEs were not available at the time of writing.

22 Australian authorities also seized over one kilogram of tablets from unclaimed luggage belonging to an airline passenger who had arrived on a flight originating in Vancouver. CBSA discovered approximately 5,000 Ecstasy tablets inside a courier parcel declared as gifts and clothing, destined for the Philippines. The drug was found concealed within a child's booster seat.

shipments seized in the course of Project OSPA²³, in August, a small poly-drug shipment containing MDMA tablets and cocaine was intercepted by CBSA in Vancouver, B.C.. The shipment was to be transported via air cargo to Karachi, Pakistan. In October, CBSA discovered 30 kilograms of MDMA powder concealed inside marble table tops that were destined for Australia via air cargo. Prior to 2008, all detected foreign seizures of MDMA in the Asia-Pacific region had involved the tablet form of the drug.

Trafficking Activity and Groups

Trafficking activity linked to the Canadian MDMA trade at both the national and global levels continued, in 2008, to pose significant threats that have designated synthetic drug production and trafficking as national operational priorities for the RCMP.²⁴ Anchored by British Columbia in the West and Ontario and Quebec in the East, the illicit synthetic drug trade, within these regions, is dominated by OCGs which are responsible for Canada's current status as a major source country for MDMA.²⁵

Investigative reporting for 2008 indicated greater national distribution of MDMA as well as increased seizure activity across the country. RCMP divisional reporting indicated a wider availability of powder MDMA, either in bulk or capsule forms. While the number of seizures involving amounts greater than 100,000 dosage units were less than in 2007, large quantities of MDMA in both powder and tablet forms were seized from lab sites. In addition, one seizure resulting from a highway traffic stop in Manitoba alone yielded 835,000 tablets. Follow-up investigation revealed a direct connection between the tablets seized in this incident and a lab in B.C.. Reports from the Northwest region provided further evidence that B.C. was the primary source of supply for MDMA sold in

these provinces.²⁶ In 2008, successful law enforcement investigations resulted in nationwide seizures of MDMA totaling an estimated 1.5 million tablets and 273 kilograms.²⁷ These figures underscore the entrenched MDMA trade in Canada, as well as the sustainability of this drug's popularity and its central role in the illicit synthetic drug trade at the global level.

A number of trends and incidents in 2008 indicated the ongoing dominance of organized crime in the Ecstasy trade, such as: increased seizure activity nationally; the interception of 2.8 tonnes of MDP2P (a primary precursor for MDMA manufacture); dismantling of numerous industrial-sized labs; and, continued international trafficking. Criminal networks comprising individuals of Chinese descent continued to figure prominently in the Canadian market, and were again key players in the global trade. Indo-Canadian groups and networks of individuals with ancestral links to Vietnam were still actively involved in cross-border MDMA trafficking and escalated the trading of Canadian-produced MDMA for cocaine in the U.S.. Other OCGs such as those with links to Eastern Europe, Outlaw Motorcycle Gangs, and high-level street gangs showed strong competitive involvement in all aspects of the market. The continued emergence of independent criminal enterprises specializing in precursor/essential chemical importation, diversion, and trafficking for synthetic drug manufacture was evident in 2008.



MDMA (Ecstasy)

²³ See the section on Cocaine for further details on Project OSPA at page 20.

²⁴ The RCMP's Synthetic Drug Initiative under the National Anti-Drug Strategy was developed in 2008 targeting organized crime groups engaged in synthetic drug production and trafficking (particularly MDMA) affecting Canada as well as the global situation.

²⁵ Canada's status as a major drug source country for MDMA also pertains to the methamphetamine trade: over the last several years Canada has emerged as a significant source country for methamphetamine destined for the Asia-Pacific region. (See section on Methamphetamine)

²⁶ Northwest Region encompasses the provinces of Alberta, Manitoba, Saskatchewan, Nunavut and the Northwest Territories. MDMA produced in B.C. has been strongly linked to seizures and investigative activity in Alberta, Manitoba, and Saskatchewan.

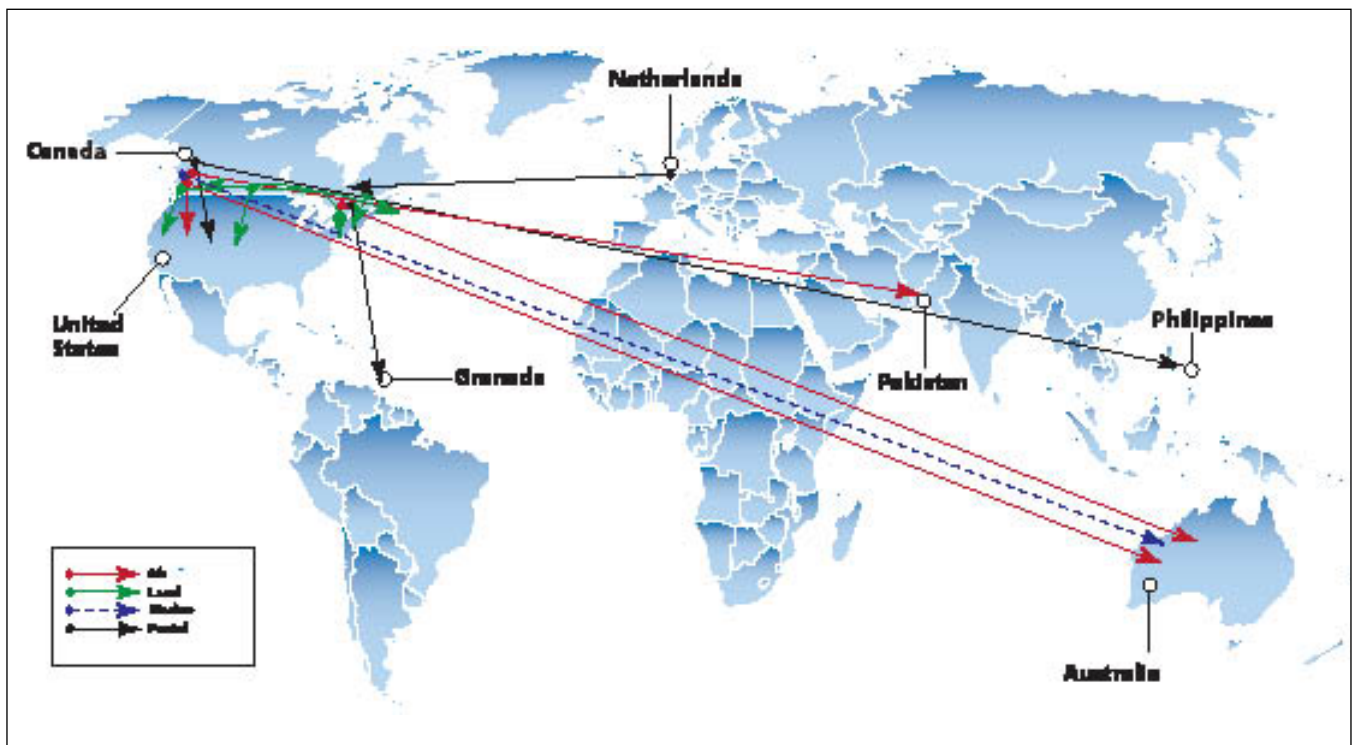
²⁷ Lab seizures in 2008 reaped large quantities of synthesized MDMA powder as well as logo tablets (see Clandestine Synthetic Drug Laboratories section). In fact, investigative reporting and seizure information from 2008 showed that MDMA traffickers increased their distribution of the drug in powder form.

Major Seizures in Canada

- In April, 15,000 tablets of MDMA were seized in Dartmouth, Nova Scotia from three individuals located in a public parking lot.
- In July, 15,000 tablets of MDMA were seized in Swift Current, Saskatchewan from a vehicle during a highway traffic stop.
- In August, 835,000 tablets of MDMA were seized from a motor home intercepted while travelling eastward from B.C. to Ontario.
- In August, 132,000 tablets of MDMA were seized in Princeton, B.C. from a vehicle travelling from Vancouver.

International Seizures (en route to and/or originating in Canada)

- In May, 27 kilograms of methamphetamine, 93 kilograms of MDMA tablets, and 45 kilograms of cocaine were seized from a marine cargo shipment of foot spas by U.S. authorities in New York. The shipment was seized in transit and was further destined for Melbourne, Australia. This was followed by the seizure of 66 kilograms of methamphetamine, 121 kilograms of MDMA tablets and 124 kilograms of cocaine, in June 2008 that was smuggled in an identical manner.
- In November, 209,000 tablets of MDMA were seized at Highgate Springs POE (Vermont) from a vehicle travelling from Canada.



MDMA (Ecstasy) trafficking patterns

Methamphetamine

Key Findings

- In 2008, Canada remained a source country for methamphetamine, a significant amount of which was exported to the Asia-Pacific region, specifically Japan and Australia.
- Organized crime groups continued to dominate methamphetamine production and trafficking within Canada, as well as smuggling to foreign countries.

Demand

Methamphetamine is a powerful, addictive central nervous system stimulant, which can be injected, smoked, snorted or ingested. “Crystal meth” is also methamphetamine, and is simply a different form (rock-like crystals) which is typically smoked. This form of methamphetamine is usually high in purity.

As with MDMA consumption, the methamphetamine user base in Canada does not support the volume of supply generated by domestic laboratories. Though a wider consumer base has been exposed to this drug in recent years, drug education and awareness programs and media attention have had a positive impact on lowering the number of new meth users. Public knowledge of the addictive nature of methamphetamine has generally limited its user base.

While both powder and crystal forms of the drug remained widely available in 2008, distribution and consumption of methamphetamine tablets are more difficult to gauge. Demand for methamphetamine in tablet form originated in and has mostly been confined to the Quebec region, where producers have held a monopoly on selling meth logo tablets as methamphetamine. Traffickers in Quebec as well as in other provinces may or already have begun to create a wider demand for the drug in tablet form, particularly in the Atlantic region and in U.S. markets where the tablets are sold under the pretext of being Ecstasy. It is common practice for traffickers to produce Ecstasy tablets containing a cocktail of other substances, including methamphetamine. In recent years, the presence of meth in tablets sold as

MDMA on the Canadian illicit market has increased.²⁸ However, despite increased awareness and knowledge of such practices, consumers continue to purchase these substances without truly knowing the contents.

Supply and Smuggling Patterns

The ready availability of methamphetamine in 2008 indicated a flourishing market. There was also a slight decline over the year in the average price per gram of methamphetamine, reflecting an abundant and increased flow of supply. In 2008, an estimated 99 percent of methamphetamine available in the Canadian illicit drug market originated from domestic manufacture. Patterns for inter-provincial trafficking of methamphetamine were consistent with previous years, showing the predominant use of land-based transportation to traffic shipments across regions. For example, a courier package containing 10 kilograms of crystal methamphetamine was transported from Ontario to British Columbia (B.C.) via commercial land transport.

Cross-border methamphetamine smuggling remained limited and stable. Tightened border measures between Mexico and the United States, as well as recent precursor controls in Mexico have impacted the country’s role as the primary source of methamphetamine destined for the U.S. market. Reporting from the United States indicate that there has been some increase in U.S. production as a result of the situation in Mexico. Further disruption to the Mexican supply chain may potentially create a greater U.S. demand for Canadian-produced methamphetamine. A possible indicator of this trend is demonstrated by a poly-drug seizure, effected in May, of five kilograms of meth with almost 73,000 tablets of MDMA. The drugs were concealed in the spare tire of a private vehicle travelling from Canada to the U.S..

Canada’s status as a source country of methamphetamine for foreign markets was again apparent in 2008. Organized crime groups (OCGs) operating economic-

²⁸ The inclusion of methamphetamine or other substances in logo tablets held out as Ecstasy presents challenges for health officials and law enforcement alike. When these tablets are seized they are either field tested or classified on the basis of how they are marketed. Only further forensic analysis can reveal the actual substance. This process can be lengthy and delay results and, therefore, final classification of the actual substance(s) seized, as well as the percentages of the different components, is not necessarily reported in a timely manner.

based labs in both western and eastern Canada continued to produce ample supplies of methamphetamine for consumer markets in the Asia-Pacific region. Shipments were seized in or en route to Japan, Australia and New Zealand.

A continuing trend in international smuggling is the use of marine cargo to transport larger quantities of methamphetamine.²⁹ Project OSPA³⁰ established that the grouping of shipments of methamphetamine, MDMA and cocaine was one of the varying methods utilized by transnational OCGs to smuggle drug commodities across the globe. Air passengers/couriers were again employed in 2008 to transport smaller quantities (< 7 kg) of methamphetamine inside their luggage. All seizures involving air passengers were effected either in or en route (outbound from Canada) to Japan. The postal system was also used to transport smaller shipments of methamphetamine to foreign destinations. In December 2008, New Zealand authorities discovered approximately three kilograms of methamphetamine concealed inside a postal package declared as “Land Rover Nudge Bars” sent from Vancouver, B.C.. Over the last several years, quantities of methamphetamine ranging from one to three kilograms have been detected by CBSA in air cargo or postal mode destined for the Middle East region (Iran). In 2008, two postal parcels, both declared as toys and destined for the same private address in Iran, were found to contain a total of three kilograms of methamphetamine.

Trafficking Activity and Groups

At the national level, RCMP investigative activity pointed to increases in intra- and inter-provincial trafficking in several regions of the country. Organized crime groups concentrated in the Pacific and Central regions of Canada were directly linked to ongoing large-scale production of methamphetamine, which was trafficked within and from these regions to the wider domestic market. According to information provided by Health Canada, a substantial increase from 2007 in reported seizures of tablets identified as methamphetamine reflected the increasing presence of meth in logo tablets either sold as Ecstasy or as methamphetamine.

²⁹ Although air cargo has been used frequently in past years to transport methamphetamine shipments from Canada to the Asia-Pacific region, there were no such incidents reported in 2008.

³⁰ See the section on Cocaine for further details on Project OSPA.

Methamphetamine trafficking from Canada to world regions continued in 2008, although the number of seizures and total amount seized showed a slight decline from 2007. Crime networks learned from their successes in the global MDMA trade, and applied these capabilities to large-scale methamphetamine production, precursor chemical smuggling and global trafficking. They have become largely responsible for the burgeoning meth trade over the last several years, taking advantage of the growing demand for methamphetamine in the Asia-Pacific region. This was apparent from the numerous seizures of economic-based laboratories manufacturing large quantities of meth and of international methamphetamine shipments in or en route to Asian-Pacific countries. In particular, Japan and Australia have emerged over the last several years as key consumer countries of Canadian-sourced methamphetamine.

In 2008, trafficking activities associated with the Canadian methamphetamine trade continued to support sustained high levels of production and distribution. Increased smuggling of chemicals used in the manufacture of methamphetamine, abundant supply output from economic-based labs, significant exports of meth to foreign markets, and a viable domestic trade, remained trademarks of organized crime.

Crime networks with ancestral links to China again dominated the national meth trade, particularly in the B.C. and Ontario regions, as well as controlled the Canadian supply chain to the international market. The transnational nature of such groups has enabled them to easily access global resources and rapidly diversify their drug trafficking ventures based on market demand and supply. Other Canadian-based crime groups have also intensified their involvement in the methamphetamine trade in recent years and, in 2008, continued to demonstrate their vested interests in meth production and trafficking. Crime groups with connections to Outlaw Motorcycle Gangs (OMGs), high-level street gangs and those with independent affiliations were found to be operating at advanced levels of meth production and distribution within the Pacific and Central regions of the country. In the Quebec region, networks with origins in the Middle East re-emerged in the synthetic drug trade, focusing on meth production and trafficking. Crime groups with links to OMGs and independent groups with less structured associations were more common in

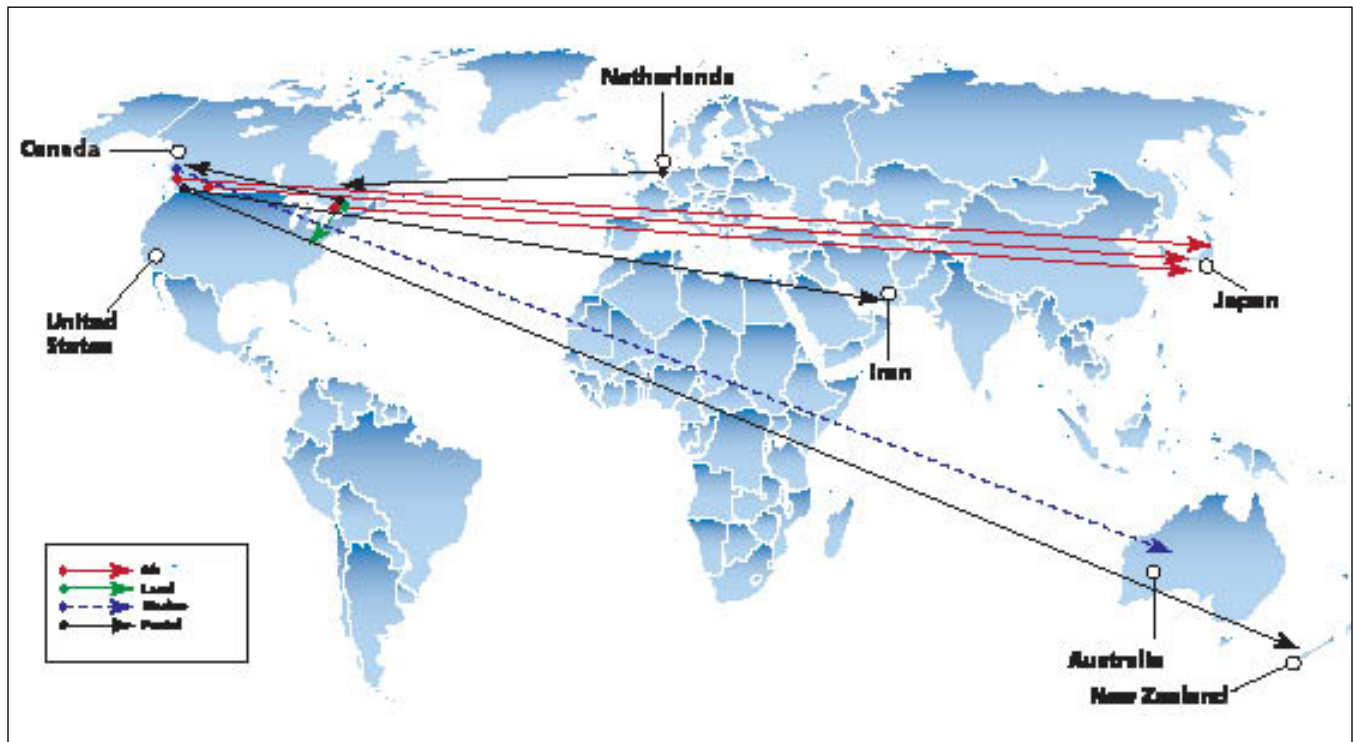
the Atlantic and Northwest regions. Indo-Canadian crime networks and independent criminal enterprises continued to specialize in precursor chemical (ephedrine) smuggling associated with methamphetamine production (see Precursor section).

Major Seizures in Canada

- In August, 10 kilograms of methamphetamine were seized in Coquitlam, B.C. from a courier package shipped from Mississauga, Ontario.
- In October, three kilograms of methamphetamine were seized in Vancouver from two outbound parcels destined for Tehran, Iran.
- In October, seven kilograms of methamphetamine were seized in Vancouver from false compartments of two suitcases belonging to an airline passenger en route to Japan and India.

International Seizures (en route to and/or originating in Canada)

- In April, seven kilograms of methamphetamine were seized in Osaka, Japan from two false-bottomed suitcases belonging to an airline passenger arriving from Canada.
- In May, 27 kilograms of methamphetamine and 27 kilograms of cocaine were seized by Australian authorities from a marine cargo shipment of foot spas originating in Canada. This seizure was tied to Project OSPA.³¹
- In May, five kilograms of methamphetamine and 72,900 tablets of MDMA were seized from a private vehicle by U.S. authorities at the Ambassador Bridge port of entry in Detroit (Michigan). The drugs were concealed inside a spare tire.
- In December, three kilograms of methamphetamine were seized by New Zealand authorities from a postal package originating in Vancouver.



Methamphetamine trafficking patterns

³¹ See the section on Cocaine for further details on Project OSPA.

Other Synthetic Drugs

Key Findings

- As in previous years, drug traffickers continued to supply traditional synthetic drugs such as amphetamine, LSD, PCP, and psilocybin to the Canadian market.
- Interception in and en route to Canada of large marine cargo shipments containing norephedrine (a primary precursor in the production of amphetamine), suggested that amphetamine was re-emerging on the Canadian drug scene.
- International smuggling of ketamine increased in 2008; Southwest Asia was the primary source region for the Canadian illicit market.
- BZP was increasingly detected in bulk form for conversion into tablets or as an ingredient in tablets marketed as MDMA (Ecstasy). An emerging trend of “mimic”³² MDMA tablets containing only BZP was noted in late 2008.

Demand

While MDMA (Ecstasy) and methamphetamine continued in 2008 to dominate the Canadian illicit synthetic drug market, trafficking of other synthetic drugs was ever-present and significant. Global demand for psychoactive substances is at an all-time high. Regional demographics continued to dictate the varying levels of demand and availability for other illicit synthetic drugs including gamma hydroxybutyrate (GHB), ketamine, traditional substances such as amphetamine, LSD, PCP, psilocybin, and diverted pharmaceuticals.

Demand and availability trends for GHB and ketamine remained stable in 2008. Consumption of these substances continued to be most prevalent among young adults primarily engaged in the club/party drug scene.³³ Health Canada laboratory analyses reconfirmed that ketamine is also used as an ingredient in other stimulant drugs and was found in samples represented as MDMA, amphetamine and cocaine. As in previous years, drug traffickers continued to supply traditional synthetic drugs such as amphetamine, LSD, PCP, and psilocybin to the Canadian market. A reported increase in clandestine manufacture of amphetamine could indicate an emerging trend of greater availability and a higher demand for the drug.

32 A ‘mimic’ Ecstasy tablet is one that is marketed as MDMA and is purported to have the same or similar effects. The appearance of these tablets, available in many different colours and bearing a multitude of logos, is also meant to imitate MDMA (Ecstasy) tablets.

33 As an analogue of PCP, ketamine has become popular in the illicit market due to the similarity in hallucinogenic effects.

A stable and entrenched trade in diverted pharmaceuticals has existed in Canada since the 1950s. The introduction and development of a ‘high-tech’ pharmaceutical industry provided a wide variety of new and potent substances that had not been previously available. In 2008, prescription drugs categorized as synthetic opiates (opiate derivatives),³⁴ benzodiazepines, erectile dysfunction medications, stimulants and depressants, and anabolic steroids continued to be most in demand and available on the illicit market for prescription drugs.

Increased demand from traffickers for medications that have been commonly used in dentistry, notably benzocaine, lidocaine, and procaine,³⁵ was reflected in 2008 law enforcement reporting. Health Canada laboratory analyses of drug samples showed frequent use of these substances as cutting agents in cocaine, as well as heroin, amphetamine, methamphetamine, and MDMA. Similarly, OCGs increasingly procured substances containing piperazine derivatives³⁶ which are currently not regulated in Canada. These drugs have been increasingly used as ingredients in MDMA tablets and were also found in analyzed samples of cocaine, amphetamine, and methamphetamine. In particular, 1-benzylpiperazine (BZP) has emerged as a common ingredient in tablets sold as MDMA and, in late 2008, began to be utilized as the primary ingredient in “mimic” Ecstasy tablets.

Supply and Smuggling Patterns

The majority of GHB distributed in Canada is domestically manufactured, though small amounts of the drug are occasionally imported from foreign countries. In 2008, Canada Border Services Agency (CBSA) continued to intercept sizeable shipments of gamma-butyrolactone (GBL),³⁷ indicating ongoing and significant domestic production of GHB. Individuals smuggling the drug and

34 Wide abuse and availability of diverted oxycodone (OxyContin®) continued in 2008.

35 These substances are not controlled under the CDSA however they are regulated under the *Food and Drugs Act*.

36 Piperazine derivatives have been used to treat certain medical conditions, and are also used in the manufacture of plastics, resins, pesticides, brake fluid, and other industrial materials. Recently, several piperazine derivatives have been advertised as safe, legal recreational alternatives to controlled drugs that produce stimulant and hallucinogenic effects. In particular, the combination of 1-benzylpiperazine (BZP) and trifluoromethylphenylpiperazine (TMFPP) is believed to mimic the effects of MDMA (Ecstasy). Official research and studies of these substances have shown that they are not a safe alternative to illicit drugs such as MDMA. In late 2008, Health Canada initiated steps to schedule a group of piperazine derivatives under the *Controlled Drugs and Substances Act* (CDSA).

37 GBL is the primary precursor for GHB synthesis.

its precursor from international sources did so primarily via postal mode. In one case, marine mode was utilized for an extra-large shipment of GBL. Smuggling of GHB via land transport between Canada and the United States was reported, however remained limited as in previous years. Ketamine available in the Canadian illicit synthetic drug market is either diverted from domestic licit sources or smuggled from foreign countries. In 2008, international smuggling of the drug increased. Southwest Asia³⁸ figured prominently as a source region for ketamine destined for the Canadian illicit market. The drug was smuggled in both liquid and powder forms, with smaller shipments transported via postal and air passenger mode while larger shipments were conveyed via air cargo. The majority of CBSA interceptions took place at Toronto Pearson International Airport and the Toronto International Mail Centre. Smuggling of outbound ketamine shipments from Canada occurred, however remained limited.

Traditional substances such as LSD, PCP, psilocybin, and amphetamine continue to have an important presence in the Canadian illicit synthetic drug trade; it is believed that such drugs are still produced domestically. While seizures of LSD or PCP labs have not occurred within the last decade, law enforcement information points to continuing production within the country. Production of psilocybin (magic mushrooms) is ongoing although no major operations were reported dismantled in 2008. Clandestine amphetamine manufacture resurfaced and was confirmed by lab seizures in British Columbia and Quebec. It is not clear whether the drug was being produced for sale as amphetamine or to be marketed as another substance and/or as a component in other controlled drugs. Illicit manufacture of amphetamine has not been detected in Canada for at least a decade. In 2008, interceptions in and en route to Canada of large marine cargo shipments containing norephedrine, a primary precursor in the production of amphetamine, provided more evidence of this drug's re-emergence.

Traditional methods of diverting prescription drugs from licit sources continued in 2008: double doctoring; theft from licit sources of supply (e.g. hospitals, pharmacies); and, re-sale of personal prescriptions. Reported seizure activity indicated that international smuggling continued

to occur, albeit to a lesser degree compared to 2007. Thirty-eight kilograms of alprazolam, a benzodiazepine used to treat anxiety and panic disorders, were seized from an air cargo shipment originating in India; this shipment also contained 141 kilograms of ketamine. A multi-thousand dosage unit shipment of OxyContin[®] was seized from a Canadian who imported the drug from India via courier service and then attempted to export the drug to the United States.

China was again identified as a source country for postal/courier shipments of Viagra[®] and anabolic steroid powder smuggled into Canada. Counterfeit versions of erectile dysfunction medication, notably Viagra[®] and Cialis[®], have been imported into the country from foreign sources; however, supply is also believed to originate from domestic labs primarily located in Quebec. In 2008, the United States and countries in Europe and Asia continued to be sources of supply for anabolic steroids destined for Canada. Black market anabolic steroids have been a problem for decades; however, due to demand from specific user groups, such as those within the sports/fitness community, supply and smuggling patterns will likely remain relatively stable. According to CBSA, postal (courier) mode continued to be the most frequently employed means of smuggling anabolic steroids into Canada.

Law enforcement reporting in 2008 indicated that supplies of lidocaine, benzocaine and procaine are diverted either from licit domestic or foreign sources using the internet, air cargo and postal system to smuggle shipments. Smuggling and supply patterns for non-scheduled drugs, notably piperazine derivatives, showed significant importations of bulk powder for conversion into tablets.³⁹ It is believed that China is an important source of supply for these powder shipments. As unregulated substances, such tablets are available from domestic sources which promote and sell them as safe, legal alternatives to more dangerous street drugs such as MDMA and methamphetamine.⁴⁰

Trafficking Activity and Groups

Apart from MDMA and methamphetamine, ketamine, GHB, and diverted pharmaceuticals (notably opiate derivatives) were the most actively trafficked synthetic

38 CBSA seized three separate postal shipments of 50 millilitres of ketamine originating in Pakistan while another similar shipment originated in India. Two air cargo seizures in October and December totaled 241 kilograms of ketamine also originating in India. India was also the source country linked to several other seizures involving smaller amounts of the drug.

39 In 2008, BZP was the most frequently detected piperazine-related substance imported into Canada in powder form for conversion into tablets.

40 In April 2008, New Zealand scheduled BZP. Law enforcement reporting indicated that as a result of the new controls, commercial vendors of the drug shipped excess stock of BZP tablets to Canada. (Source: CBSA)

drugs in 2008. Organized crime groups, using existing weaknesses linked to enforcement action and legal controls, have increasingly obtained non-scheduled piperazine derivatives for use in poly-drug or ‘mimic’ MDMA tablets. In October 2008, over 200,000 tablets presumed to be Ecstasy were seized by U.S. authorities at the Blaine, Washington port of entry (POE) from a commercial transport truck travelling from British Columbia (B.C.). Follow-up analysis of the seized tablets revealed that they contained only BZP and not MDMA as originally believed. This is an emerging trend that should be closely monitored.

As in past years, independent crime groups were significantly associated with trafficking activities related to ‘other synthetic drugs’. Outlaw Motorcycle Gangs, organized crime with links to East Asia, and Indo-Canadian crime groups continued to be active in various aspects of trafficking synthetic drugs such as GHB, ketamine, diverted pharmaceuticals, counterfeit prescription drugs, piperazine-derivatives, and traditional substances.

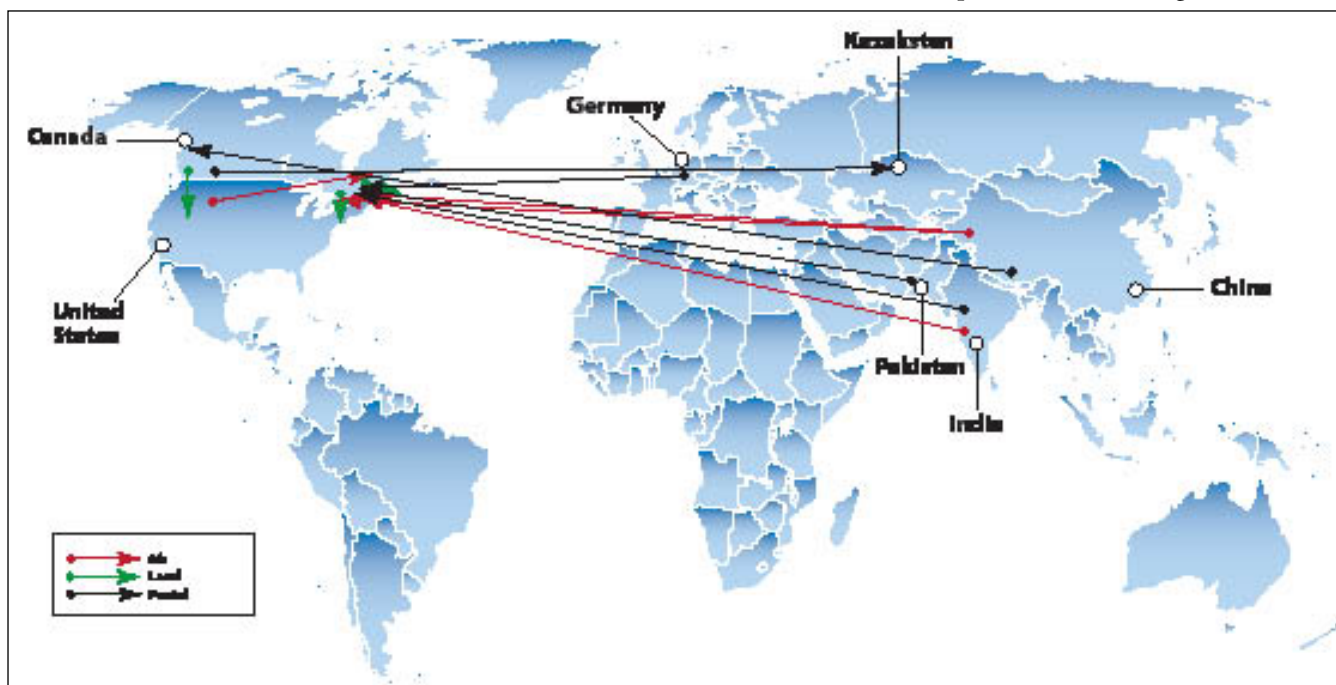
Major Seizures in Canada

- In March, CBSA at Hamilton International Airport seized 8,798 dosage units of Viagra® from a courier parcel originating in China and destined for a private residence in Hamilton, Ontario.

- In June, eight litres of GHB were seized from a private residence in Montreal, Quebec.
- In August, 45 kilograms of ketamine were seized at Toronto Pearson International Airport from a Federal Express parcel originating in Germany. The shipment was declared as nutritional supplements and was destined for a private residence in Toronto, Ontario.
- In November, 25,000 OxyContin® tablets were seized in Sydney, Nova Scotia from a private vehicle.
- In December, 100 kilograms of ketamine were seized at Toronto Pearson International Airport from air cargo originating in India.

International Seizures (en route to and/or originating in Canada)

- In January, U.S. authorities in Anchorage, Alaska seized a total of 40 kilograms of BZP powder from six shipments actually declared as 3-Trifluoromethylphenylpiperazine⁴¹ originating in China. The packages were destined for various private residences in Toronto and Montreal. Subsequent analysis identified the powder as BZP.
- In October, U.S. authorities seized in excess of 200,000 tablets of BZP from duffle bags secreted among a shipment of toilet paper inside a commercial transport truck travelling from B.C..



Other Synthetic Drugs trafficking patterns

⁴¹ Also known as TMFP, this synthetic drug (which is currently unregulated in Canada) is piperazine-based and physiological effects that are similar to those of MDMA.

Precursor and Essential Chemicals

Key Findings

- China and India continued to be the primary source countries for regulated and unregulated precursor and essential chemicals for the production of synthetic drugs.
- In 2008, the demand for unregulated chemicals increased, while the demand for regulated chemicals remained stable.

Demand

In 2008, the demand for regulated precursor and essential chemicals for the production of illicit synthetic drugs remained stable as compared to 2007, while the demand for unregulated chemicals increased. The regulated chemicals most in demand in Canada were ephedrine, MDP2P, red phosphorus and gamma-butyrolactone (GBL). Ephedrine and red phosphorus are used in the production of methamphetamine, MDP2P is used in the production of Ecstasy, and GBL is used in the production of gamma-hydroxybutyric acid (GHB).

The unregulated chemicals most in demand were methylamine, sodium borohydride, and iodine crystals.

Supply and Smuggling Patterns

The main source for regulated and unregulated chemicals continues to be countries located in Asia. In 2008, India and China were the primary suppliers of regulated and unregulated chemicals for the production of synthetic drugs, while Europe continued to be the primary origin for GBL.

Of the chemicals regulated by the *Precursor Control Regulations* (PCR), the quantity of ephedrine seized in Canada exceeded any other regulated chemical, with the exception of one seizure of MDP2P and one seizure of norephedrine (see paragraph below). Over 1,900 kilograms and 375,000 dosage units of ephedrine were seized in 2008. The number of ephedrine seizures effected in Canada was approximately the same as 2007; generally, the 2008 ephedrine seizures were smaller and averaged around 50 kilograms. In October 2008, however, 807 kilograms of ephedrine were seized at the Port of Montreal. This single seizure was responsible for surpassing the 2007 total amount of seized ephedrine.

The total amount of red phosphorus seized decreased by almost two-thirds to 385 kilograms, despite an increase in the number of seizures in 2008.

There were also significant single seizures of two precursors: MDP2P (MDMA synthesis) and norephedrine (amphetamine synthesis). In April, 2.8 metric tonnes of MDP2P were seized at the Port of Vancouver; this was the first seizure of MDP2P since 2006. The second seizure was a 223 kilogram norephedrine shipment that originated in Croatia. While there have been small norephedrine seizures in the past, this is the largest seizure to date. Methylamine was the most commonly seized unregulated chemical in 2008, with approximately two tonnes seized in Canada. This unregulated chemical can be used in both methamphetamine and MDMA synthesis. In January, 17,000 litres of methylamine were inspected by the Canada Border Services Agency (CBSA) at the Port of Vancouver. The shipment originated in China and was destined for a business in Richmond, B.C.. The shipment was not seized, as methylamine is not currently regulated in Canada. Other unregulated chemicals seized included: sodium borohydride, sodium hydroxide and iodine crystals. In January, a 400-kilogram shipment of iodine crystals (which are used in the production of methamphetamine) was seized by CBSA. The shipment originated in China and was destined for an importer in B.C.. The shipment was ultimately released to its importer as iodine crystals are an unregulated chemical, and the chemical was accurately declared on the shipping manifest.

The increased demand and subsequent trafficking of unregulated chemicals is, in part, a reaction to the effectiveness of the *Precursor Control Regulations* and the involvement of the chemical industry in law enforcement efforts to monitor precursor chemicals.⁴² As law enforcement clamps down on regulated precursor chemicals, criminals continue to look for alternative production methods and chemicals that appear innocuous to border and law enforcement. The lack of regulations monitoring or controlling laboratory equipment (such as

⁴² Initiated in 2005, ChemWatch was designed to educate and train chemical producers, distributors, and retailers to recognize the tell-tale signs of orders from drug traffickers (who are obtaining chemicals for the illegal production of controlled substances), and to limit the accessibility of precursors. The program includes a 1-800 number for the chemical industry to report suspicious transactions to the RCMP for follow up investigation.

pill presses) ensures that the majority of the risk in illicit drug production lies in acquiring the chemicals. If the chemicals can be procured in a surreptitious manner, particularly if they are unregulated and not subject to the same level of scrutiny as regulated chemicals, the risk of discovery can be significantly lessened.

In 2008, large shipments of chemicals were transported using marine and air cargo, and were often declared and concealed among shipments of similar chemicals. A number of ephedrine seizures were declared as and concealed among table salt, whereas for MDP2P it was sodium hydroxide. The postal system was also often used to ship chemicals, albeit in smaller amounts, such as GBL which was often declared as wheel or industrial cleaner.

In 2008, there were 11 reported thefts of ephedrine and pseudoephedrine from licensed dealers in Alberta, British Columbia (B.C.), Ontario, and Quebec, which represented only 17 percent of the ephedrine seized. According to reports from western Canada, solvents were purchased in Alberta and shipped to B.C., the province with the largest drug production rate. Unlike the United States, Canada has not seen the phenomenon of smurfing,⁴³ likely due to the domestic availability of ephedrine. The use of the internet to acquire regulated and unregulated precursor chemicals continued to increase. A single search on the internet with the words “buy ephedrine” will turn up thousands of hits, and hundreds of retailers.

⁴³ Smurfing, in the context of synthetic drugs, occurs when a network of people buys small legal amounts of ephedrine (which are most often contained in cold remedies) from pharmacies and grocery stores for extraction and subsequent methamphetamine production.

Trafficking Activity and Groups

Illicit chemical brokering has continued to increase in profitability and sophistication. Organized crime groups are developing complex networks that facilitate the monitoring of chemical shipments from point of origin in foreign countries to final destination at clandestine drug laboratories in Canada.

As OCGs continue to adapt to legislative changes and law enforcement activities, new transit countries are being identified and used (in the trafficking of regulated and unregulated chemicals) in order to circumvent “flags” by customs and border agencies.

As in 2007, OCGs with links to Asia continued to be predominantly involved in the acquisition and trafficking of chemicals for methamphetamine and MDMA production, while Indo-Canadian organized crime groups were more involved in the trafficking of ephedrine. Outlaw Motorcycle Gangs continued to be involved in various aspects of the drug trade, from domestic precursor trafficking to production to distribution. In 2008, there were reports that Eastern European OCGs were involved in the trafficking of regulated precursor chemicals.

Major Seizures in Canada

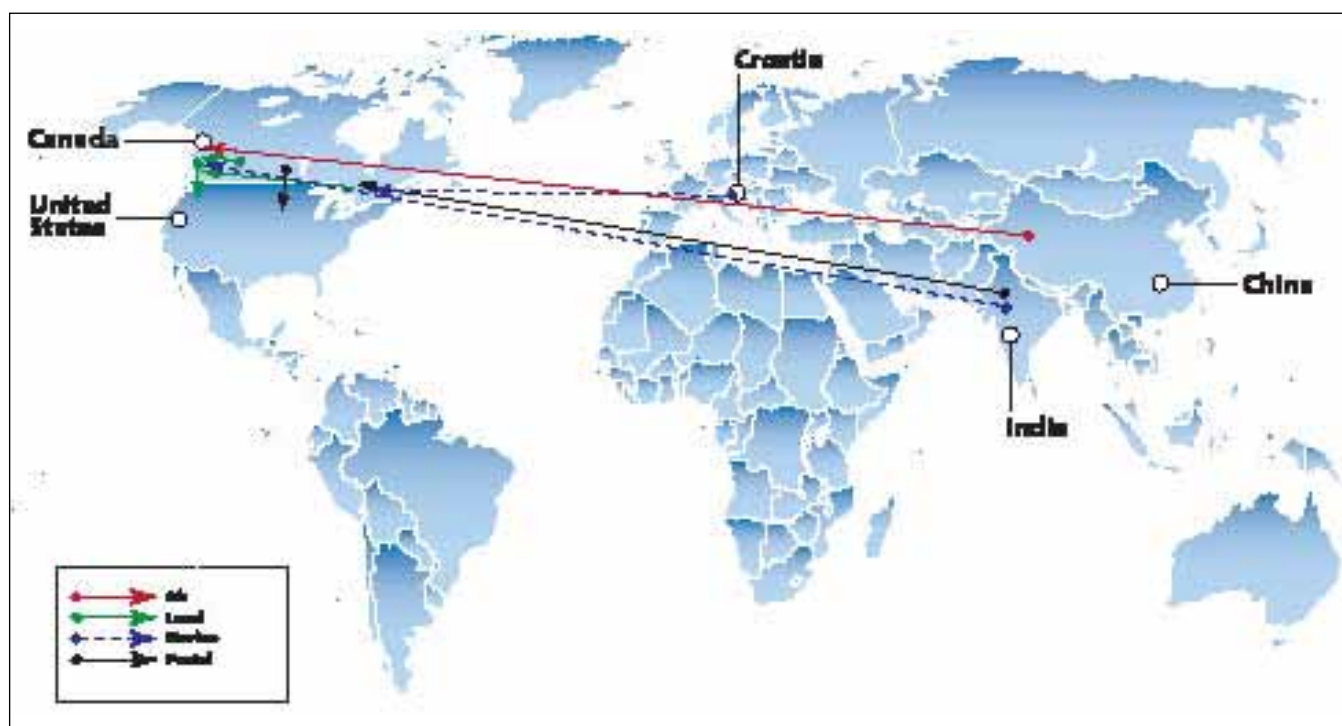
- In April 2007, 2.8 metric tonnes of MDP2P were seized by the Canada Border Services Agency (CBSA) at the Port of Vancouver. The shipment, which contained barrels of sodium hydroxide (an unregulated chemical) and barrels of MDP2P (a Class A precursor), was declared exclusively as sodium hydroxide.
- In June 2008, 223 kilograms of norephedrine, concealed inside and declared as a metal treatment machine, were seized at the Port of Montreal by CBSA. Earlier in the month, Croatian and Slovenian authorities had seized a similarly concealed shipment of norephedrine (192 kg) and a shipment of cocaine (561 kg) at a port in Croatia, and subsequently warned Canadian authorities of the third shipment (which was already en route to Canada) before its arrival in Montreal.
- In October, 807 kilograms of ephedrine were seized at the Port of Montreal. The ephedrine was concealed within a legitimate shipment of crystalline salt in a sea container. Originating in Pakistan, the shipment was to be shipped via rail to Toronto, Ontario.

International Seizures (en route to and/or originating in Canada)

- In September, 100 kilograms of ephedrine were seized in New Delhi, India by local authorities. The shipment was en route to Canada, and one Canadian citizen was arrested. In the week prior to this seizure, another Canadian citizen was arrested in a similar incident involving another 100 kilograms of ephedrine destined for Canada and originating in Mumbai, India.
- In September, 112,000 tablets of ephedrine were seized by Australian authorities in Sydney, Australia. The tablets were seized from a parcel that originated in Canada, and the bottles containing the ephedrine were labelled as caffeine.



Precursor Chemicals



Precursor chemicals trafficking patterns

Production of Synthetic Drugs: Clandestine Drug Laboratories

Key Findings

- Economic-based clandestine MDMA (Ecstasy) and methamphetamine laboratories remain the most common types of labs found in Canada.
- The number of clandestine labs seized in 2008 remained stable from 2007.
- In 2008, there was an increase in clandestine poly-drug laboratories.

Demand

First appearing in North America in the 1960s, clandestine laboratories (clan labs) are used to manufacture illicit synthetic drugs such as MDMA (Ecstasy) and methamphetamine. While the product being manufactured has changed over the decades, reflecting popular culture and associated demand, the profitability of such operations has ensured their continued existence. Clan labs in Canada continue to be economic-based operations; the user base does not support the supply generated by Canadian labs. As such, illicit synthetic drug production in Canada is fuelled by international demand which, according to the United Nation's World Drug Report, increased in 2008.

The high demand for regulated and unregulated precursor chemicals (see Precursor and Essential Chemicals section) is indicative of the clan lab situation in Canada. Like the brokering and trafficking of chemicals, clan lab operations are increasingly sophisticated, and lucrative.

Clandestine Laboratory Operations

As the domestic and international demand for illicit substances increases, the scale of production rises correspondingly. The number of clan lab operations in Canada has remained relatively stable over the past few years. In 2008, 43 clan labs were seized across Canada, of which the majority were manufacturing methamphetamine or MDMA.⁴⁴ Canadian police agencies also seized amphetamine, GHB and MDA labs.

There appears to be an increase in poly-drug laboratories, which are labs that produce more than one type of illicit drug in the same facility. The finished drugs may be marketed as individual substances, but are increasingly combined in poly-drug tablets that are often sold on the pretext of being another substance, often methamphetamine or Ecstasy (see MDMA (Ecstasy) section).

As in 2007, Canadian clan labs continued to be almost exclusively economic-based operations: less than 10 percent of the clan labs seized in 2008 were addiction-based labs (under one kilogram production capacity) and all of these addiction-based labs were methamphetamine labs. The majority of methamphetamine labs, and all MDMA labs seized in 2008 were economic-based labs.

Clandestine lab chemists in Canada continue to use the same production methods they have used in recent years. The "Cold Method" continues to be the most popular method for synthesizing MDMA, while the "Red Phosphorus Method" remains the most popular for synthesizing methamphetamine. The lab equipment used in clan labs in Canada tends to be a mix of homemade and professional equipment. As the production capacity of the labs continues to increase, there is a corresponding increase in the size of lab equipment (e.g. vessels, graduated cylinders, pill presses).

As in 2007, clan labs were primarily located in British Columbia (B.C.), Ontario and Quebec. Labs are found in a variety of locations, though most commonly in family dwellings. In recent years, however, labs have been increasingly found in urban areas. Labs can also be spread out between multiple locations: in March 2008, the RCMP effected a seizure of a large-scale clan lab that was a multi-site operation, with production of the drugs and storage of the required chemicals spread between a commercial warehouse and a private residence. Methamphetamine, and amphetamine, and ketamine were found on site when the poly-drug lab was seized.

⁴⁴ This number is based on information collected from various Canadian police agencies. Due to data collection challenges and the security of ongoing investigations, the total number of labs seized across Canada is likely to be slightly higher than 43 labs stated in this report.

Production Activity and Groups

Organized crime continues to be the dominant force in clandestine lab operations. Organized crime groups (OCGs) are integrated in all facets of the illicit drug trade in Canada. Individuals and groups, often with ties to organized crime, secure sources of precursor and essential chemicals, broker the smuggling of the chemicals into Canada, operate clandestine labs, and distribute the final product.

In 2008, there were few changes to the organized crime landscape in terms of the production of synthetic drugs. Organized crime groups with links to Asia continued to be heavily involved in MDMA and methamphetamine production, as well as regulated chemical brokering. Indo-Canadian and independent OCGs, as well as groups with links to the Middle East, were increasingly active in chemical brokering and smuggling (see Precursor Chemical section), as well as domestic trafficking of chemicals and drugs. Outlaw Motorcycle Gangs remained involved in all aspects of the synthetic drug trade — brokering, production and distribution.

Major Seizures in Canada

- In January, the RCMP seized a large-scale, poly-drug clandestine lab operation in Quebec. The multi-site operation spread production and tableting of the drugs between two commercial self-storage facilities. The lab was producing methamphetamine and Ecstasy, as well as tableting counterfeit Viagra® and Cialis® pills. In total, the lab was producing close to half a million tablets of various drugs.
- In April, Toronto Police Services seized a large, operational poly-drug clandestine lab operation, which was discovered in a commercial warehouse within the Greater Toronto Area (GTA). The total amount of drugs seized from the lab was 89 kilograms of methamphetamine and five kilograms of MDMA. Based on the chemicals and methamphetamine in solution found onsite, it is estimated that the potential methamphetamine yield would have been 4,000 kilograms.
- In June, the RCMP seized the largest MDMA clandestine lab operation ever discovered in Canada. The operational lab, which was extremely sophisticated, was found in a barn in rural B.C.; there were rooms dedicated to cooking, drying, and tableting the MDMA. The seizure included large quantities of regulated and unregulated production chemicals, lab equipment, and pill presses. Between finished tablets discovered on site and product that was in process or could be processed (based on the chemicals found), the potential yield was almost 2,000,000 MDMA tablets of varying purity.
- In October, the RCMP seized an operational MDMA lab from the basement of a private residence in Coquitlam, B.C.. The lab was very sophisticated, with expensive lab equipment, and had a production capacity that exceeded 10 kilograms (making it a super-lab). Police seized over seven kilograms of MDMA and a large quantity of regulated and unregulated chemicals.



PROCEEDS OF CRIME: STREET-LEVEL VALUE OF DRUGS SEIZED IN CANADA

Key Findings

- In 2008, the total street value of proceeds from drugs seized by Canadian law enforcement amounted to over \$2.4 billion CDN.
- More than \$2.2 billion CDN of those proceeds were attributed to cannabis and its derivatives.
- Between 2006 and 2008, law enforcement efforts prevented the equivalent of more than \$7.3 billion CDN in drugs from becoming available to users in Canada.

Money laundering is the process whereby money and assets obtained through criminal activity are disguised to obscure their origin. The goal of laundering money is to convert illicit proceeds of crime into what appear to be legitimate funds or assets. Prior to laundering proceeds of crime, there must be a predicate offence,⁴⁵ such as drug trafficking, from which the dirty money is derived. The movement of this dirty money is a precursor to money laundering. Money, obtained as the result of a crime such as a drug sale, moved domestically serves to distance it from the individual, and by extension the individual from the crime. Cash smuggling is an example of this same money being moved internationally, prior to it being laundered. Money laundering occurs in three stages; placement, layering, and integration. Placement involves introducing the dirty money into the financial system. Layering involves a series of transactions to disguise the origin of the funds. This could involve transactions such as false invoices, loan-back schemes, or wire transfers. Integration involves reintroducing the funds into the financial system with a legitimate appearance. The funds may be used to purchase assets such as real estate and legitimate businesses.

In 2008, the potential proceeds from drug seizures amounted to over \$2.4 billion CDN. Table 1 illustrates the quantity of drugs seized by Canadian law enforcement agencies in 2008, as well as the potential street level value of the drugs. The lowest reported street prices were used for these calculations.

⁴⁵ A predicate offence is the underlying criminal activity from which the proceeds of crime are derived.

Table 2: Potential Net Drug Proceeds at Street Level for 2008

Drug Type	Units	Price/Unit (CDN\$)	Proceeds
Cannabis Plant	1,828,861 plt	\$1000	\$1,828,861,000
Cannabis Herb	37,169,000 g	\$10	\$371,690,000
Hashish	899,000 g	\$10	\$8,990,000
Hashish Oil	761,000 g	\$10	\$7,610,000
Opium	108,000 g	\$50	\$5,400,000
Heroin	102,000 g	\$160	\$16,320,000
Cocaine	2,263,000 g	\$50	\$113,150,000
MDMA (Ecstasy)	273,000 g	\$200	\$54,600,000
	1,494,769 tablets	\$5	\$7,473,845
Methamphetamine	109,000 g	\$50	\$5,450,000
	52,142 tablets	\$5	\$260,710
Khat (<i>Catha edulis</i>)	22,710,000 g	\$0.50	\$11,355,000
TOTAL			\$2,431,160,555

Cannabis Derivatives

Cannabis derivatives, which include the plant, herb, hash and hash oil, represented just over 90 percent of the total potential street value of drug seizures in 2008. From 2006 to 2008, cannabis derivatives have consistently represented upwards of 90 percent of the value of drug seizures in Canada. Seizures of the cannabis plant comprised the majority of seizures in this category, with over 1.8 million plants seized at an approximate value of \$1,000 CDN per plant.

Opium

The number of opium seizures has remained stable for the past three years; however, the lowest price of opium appears to have increased from \$30 to \$50 per gram. As a result, the seizure value has increased, and represents approximately \$5.4 million CDN for 2008.

Heroin

For the last few years, the amount of heroin seized appears to be consistent. Although the value of heroin seizures represented less than one percent of the value of all drugs seized in 2008, it still represents a large amount at over \$16 million CDN.

Cocaine

Just over 2,200 kilograms of cocaine were seized in 2008, representing over \$110 million CDN in potential street value at a price of \$50 per gram. Approximately four percent of the value of drugs seized in Canada was from cocaine.

MDMA (Ecstasy)

The amount of MDMA seized in 2008 by tablet and weight amounts to a value of over \$62 million CDN. MDMA was calculated at \$200 per gram and \$5 per tablet. The cost per unit increases depending on the area in which it is sold.

Methamphetamine

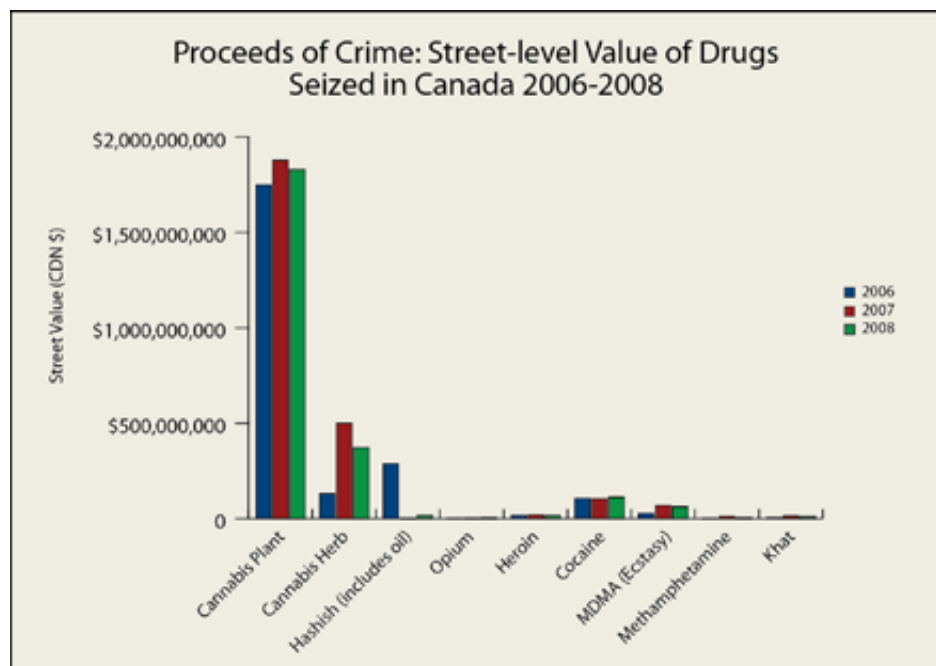
The street price per gram of methamphetamine is largely dependent on the area in which it is sold, and can vary from \$50-\$150 CDN. In 2008, 109,000 grams and 52,142 tablets were seized, amounting to an estimated street value of \$5,710,710 CDN.

Khat (Catha edulis)

Across Canada the street cost of khat is \$0.50 per gram, with the exception of Newfoundland and Labrador where it is \$25-\$30 per gram. In 2008, approximately 23 tonnes were seized, translating to potential proceeds of \$11,355,000 CDN.

Chart 4 demonstrates the potential street value of drugs seized in Canada from 2006-2008 (see Table 2 for the specific amounts). Heroin seizures have been gradually increasing; however, because the street price has decreased in some areas, the potential proceeds of crime have decreased.

Chart 4



Despite some changes with specific drugs, the overall potential proceeds from drug seizures remained consistent from 2006 to 2008. Based on available seizure data and street level drug prices, law enforcement was able to prevent the equivalent of more than \$7.3 billion CDN in drugs from reaching the streets from 2006 to 2008. These drug seizures have a direct financial impact to organized crime resulting in lost revenue and profit.

Table 3: Proceeds of Crime: Street-level Value of Drugs Seized in Canada

Drug	2006	2007	2008
Cannabis Plant	\$1,749,057,000	\$1,878,178,000	\$1,828,861,000
Cannabis Herb	\$131,540,750	\$499,180,000	\$371,690,000
Hashish (includes oil)	\$287,905,770	\$3,420,000	\$16,600,000
Opium	\$3,740,490	\$4,440,000	\$5,400,000
Heroin	\$16,784,280	\$20,160,000	\$16,320,000
Cocaine	\$107,040,000	\$105,200,000	\$113,150,000
MDMA (Ecstasy)	\$28,102,735	\$68,872,960	\$62,073,845
Methamphetamine	\$4,095,420	\$12,025,000	\$5,710,710
Khat	\$6,990,056	\$14,135,000	\$11,355,000
TOTAL	\$2,335,256,501	\$2,605,610,960	\$2,431,160,555

APPENDIX A

Table 4: Canada Drug Seizure Data

	2006	2007*	2008
Cocaine	2,676 kg	2,630 kg	2,263 kg
Hashish	27,730 kg	227 kg	899 kg
Hashish Oil	1,060 kg	115 kg	761 kg
Heroin	93 kg	112 kg	102 kg
Khat	13,917 kg	28,270 kg	22,710 kg
Marihuana	1,749,057 plt / 13,154 kg	1,878,178 plt/ 49,918 kg	1,828,861 plt/ 37,169 kg
MDMA (Ecstasy)	3,000,347 units	1,374,592 units	1,494,769 units
Methamphetamine	58.506 kg	170,500 g / 9,000 tablets	109 kg / 52,142 tablets
Opium	124 kg	148 kg	108 kg

** The seizure data provided in the 2007 report is based on information collected from a variety of sources, including RCMP databases, Canada Border Services Agency (CBSA) information, and Health Canada's Controlled Drugs and Substances Database (CDSDB). Any significant increases or decreases in quantities seized in 2007 do not necessarily reflect changes in either production or law enforcement efforts.*

Endnotes

- i European Monitoring Centre for Drugs and Drug Addition, "Brief glossary of chemical and biochemical terms", online: EMCDDA | Glossary <<http://www.emcdda.europa.eu/publications/drug-profiles/glossary>>.
- ii United Nations Office on Drugs and Crime, World Drug Report 2009 (New York: United Nations, 2009)
- iii Statistics Canada, Police-reported crime statistics in Canada, 2008 by M. Wallace (Ottawa: Minister of Industry, 2009)
- iv Ibid
- v United Nations Office on Drugs and Crime, Crime, Violence, and Development: Trends, Cost and Policy Options in the Caribbean (New York: United Nations: 2007).
- vi Supra at iii
- vii Statistics Canada, Trends in police-reported drug offences in Canada, by M. Dauvergne (Ottawa: Minister of Industry, 2009)
- viii Statistics Canada, Police-reported crime statistics in Canada, 2008 by M. Wallace (Ottawa: Minister of Industry, 2009)
- ix Supra at ii
- x Ibid
- xi Ibid

