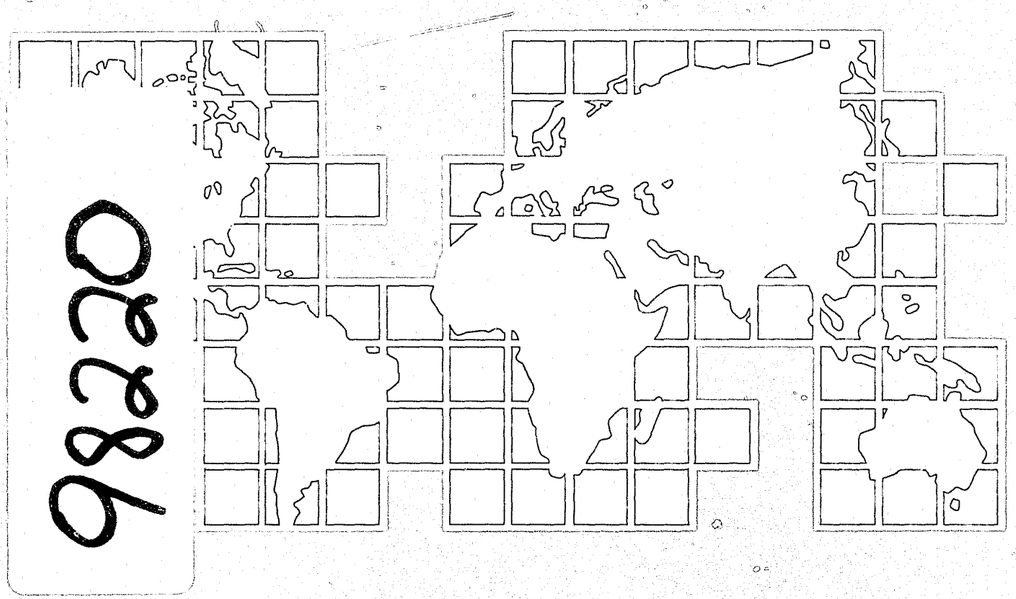
Royal Canadian Mounted Police

National Drug Intelligence Estimate 1981



RCMP National Drug Intelligence Estimate 1981

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RCMP National Drug Intelligence Estimate 1981

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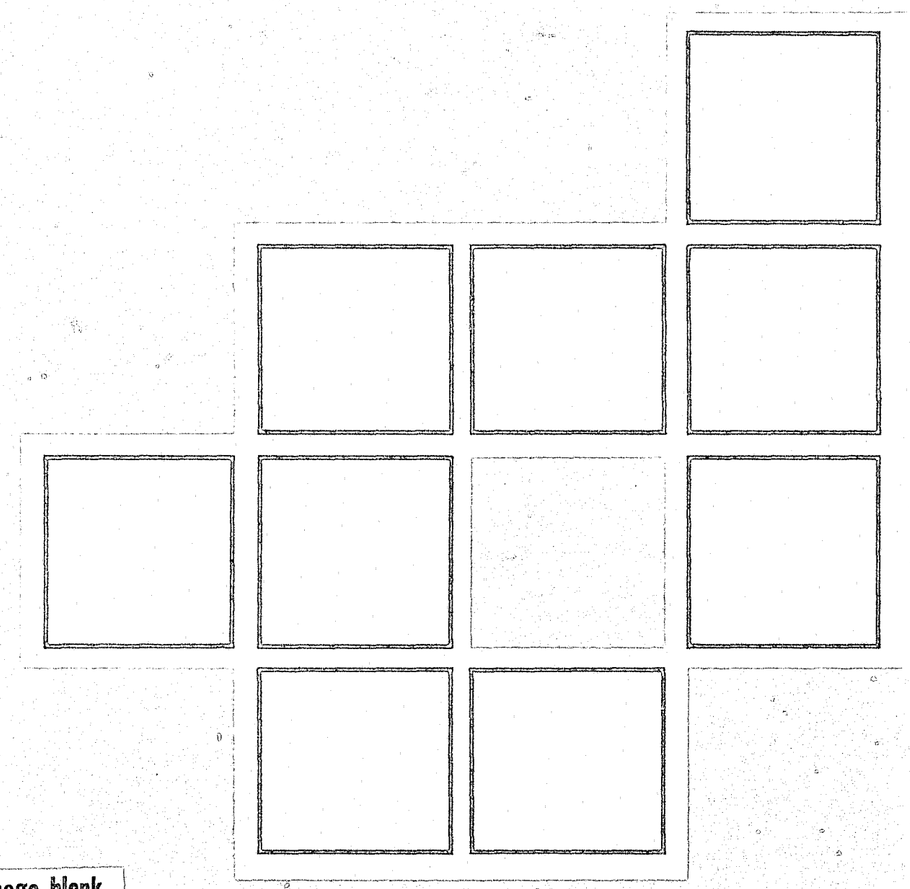
Introduction

The *RCMP National Drug Intelligence Estimate (NDIE)* is designed to present a comprehensive annual review of the origin, volume, trafficking routes, modes of transport and smuggling methods of all drugs on the illicit Canadian market as well as the drug money flow associated with this illegal enterprise. The major purpose of this, the first *NDIE,* and subsequent estimates, is to co-ordinate the collection, collation, analysis and dissemination of foreign and domestic narcotics intelligence of interest to policymakers, agencies and individuals working in the field of drug law enforcement. Users of this intelligence estimate should bear in mind that the production, traffic and use of illicit drugs pose special problems, particularly where quantitative estimates are concerned. As only limited statistical data are available concerning these illegal activities, assessments are by necessity based on intelligence gained from investigations, foreign and domestic production and consumption estimates, and known crime statistics. Therefore, statistical methods which may yield only approximate estimates must often be used. However, as our methodology for measuring the supply of drugs to the illicit Canadian market becomes increasingly sophisticated, more precise systems of measurement should develop.

Research for the *NDIE* commenced in early 1982 at the direction of the Officer in Charge, Headquarters, Drug Enforcement Branch, and is composed principally of intelligence contained in the Monthly Drug Intelligence Trend Reports (MDITR's) submitted by the RCMP Drug Intelligence Co-ordinators in all domestic regions and the annual Foreign Drug Situation Reports (FDSR's) submitted by RCMP Foreign Liaison Officers. Significant contributions from the Bureau of Dangerous Drugs (BDD), Health Protection Branch (HPB), Health and Welfare Canada, other Canadian law enforcement agencies and the Addiction Research Foundation of Ontario (ARF) are also incorporated in the *NDIE.* In addition, the assistance and encouragement received from the Office of Intelligence, United States Drug Enforcement Administration (DEA), from the conception to the completion of this estimate, is deserving of special mention.

As the illicit traffic and use of narcotics and other dangerous drugs is a serious and growing concern in Canada, the development of an accurate estimate of the current situation and trends is a key element of the success of the federal drug enforcement and prevention strategy. An accurate assessment of the magnitude and dimensions of the illicit drug problem in Canada is a fundamental starting point for rational policymaking as well as public debate. In the absence of reliable and comprehensive intelligence assessments, substantial misconceptions can develop and resources can be misallocated. Moreover, early detection and subsequent action aimed at controlling emerging problem areas become extremely difficult and estimates of major current developments and trend forecasts are much more likely to be based on conjecture.

Chapter 1:
Executive Summary



Executive Summary

Heroin

Canada's heroin user population is estimated at 20,000 persons, of which approximately 60% are located in the province of British Columbia. The balance of the user population is primarily located in the provinces of Ontario and Quebec. The Canadian cities with the largest user populations are Vancouver, Montreal and Toronto. Estimates of the amount of pure heroin required by Canada's heroin user population range from 175 to 255 kilograms annually. Approximately 90% of the heroin entering Canada arrives via air passenger or air cargo at Vancouver, Montreal and Toronto Ports of Entry (POE's). Sea and land conveyances account for the remaining 10%. The ports of Vancouver and Montreal were the most active areas in 1981 for shipments entering Canada by sea conveyance. Heroin also enters Canada overland through numerous POE's along the 6,400 kilometre U.S./Canada border. This is the most common mode of entry employed to smuggle Mexican heroin into Canada.

During 1981, heroin abuse and availability indicators, as well as consumption trend information, suggested that heroin was in extremely limited supply throughout Canada until the fourth quarter of the year. Although the retail level price for heroin has remained constant since 1977 at $35.00 per single dosage unit in Vancouver, Montreal and Toronto, purity levels have decreased from an average 9% to 10% in 1977 to 3.5% to 4% in 1981. Therefore, the price of heroin has actually risen two to three times over this period of time, indicating heroin was in limited supply during most of 1981. The most notable trend associated with the low availability and declining quality of heroin available on the illicit market was the sizable increase in the diversion of licit narcotic supplies into the illicit market. Drug users and traffickers turned to the legally manufactured narcotics to supplement the declining supplies of heroin. The narcotics most frequently diverted into the illicit market include: codeine, hydromorphone, meperidine, hydrocodone and oxycodone.

The limited supply of heroin in Canada throughout most of 1981 was largely due to the prolonged shortage of Southeast Asian (SEA) heroin available on the illicit market in Canada following two consecutive drought-diminished harvests in Southeast Asia's opium growing region known as the Golden Triangle. The importance of this single factor cannot be downplayed as Southeast Asia as a region is the principal source of heroin to the illicit market in Canada, accounting for an estimated 66% of the market share in 1981. The drought in Southeast Asia ended in the summer of 1980, resulting in an approximate 20% increase in the area under cultivation. The 1980/81 opium harvest produced an estimated 600 to 650 metric tons of opium, up from an estimated 160 to 170 and 200 to 225 metric tons produced in the 1978/79 and 1979/80 harvest years respectively. The 1981/82 harvest in the Golden Triangle region is expected to equal or surpass the 1980/81 yield.

Intelligence indicates that increasing amounts of heroin from Southwest Asia (SWA) also began entering the Canadian market during the final quarter of 1981. This region, comprised of Iran, Afghanistan and Pakistan, has in recent years become an increasingly important source of heroin to the world market. The last three years have favoured an expansion of narcotics smuggling in Southwest Asia. The Iranian Revolution and the Soviet invasion of Afghanistan were accompanied by a breakdown in authority which led to narcotics law enforcement agencies losing their ability to regulate the production and trafficking of opiate narcotics

throughout the region. Pakistan is however Southwest Asia's largest producer of opium. In response to government pressures, production was cut back to 125 metric tons in 1980 from an estimated 800 metric tons in 1979. Although there was a significant reduction in the 1980 opium crop, there were sufficient stockpiles left over from the 1979 harvest to fill this gap. As well, Pakistan's tribally-governed Northwest Frontier Province (NWFP) is also a principal site of clandestine laboratories for the conversion of opium into morphine and heroin. It is anticipated that the present turmoil in Southwest Asia will continue to provide the opportunity for the manufacture and smuggling of SWA heroin to the world market.

India and Mexico, although only minor sources of opiate narcotics to Canada in 1981, may increase their market shares in the coming years. The stockpile of unsold legally produced opium in India, totalling approximately 2,600 metric tons is cause for concern in view of the potential diversion of a portion of this opium into the illicit world market. This factor, coupled with the recent rise in clandestine narcotics laboratory seizures points to the increasing involvement of India as a source country for illicit narcotic supplies. In spite of the belief that Mexico is not likely to increase its market share in Canada in the near future, Mexico should be viewed as a source country for expanded opiate production in the event of any radical disruption of the Southeast Asian or Southwest Asian narcotic supplies.

Cocaine

Cocaine was widely available in Canada in 1981 and was subject to increasing abuse levels throughout the year. The levels of accessibility were particularly evident in British Columbia, Ontario and Quebec. It is estimated that almost one-quarter of a million Canadians used cocaine in 1981. The primary factor which has kept cocaine from being used to an even greater extent is its relative high cost at both the wholesale and retail levels. Average purity of cocaine samples rose from 40% in 1979 to 52% in 1981, while prices remained relatively stable. Cocaine freebasing became more popular especially in the west of Canada where freebased cocaine with a purity of 98% was available. The most popular method of administration was, however, snorting the drug.

In 1981, the major source country for cocaine destined to Canada was Peru with approximately 48% of the market share. While Colombia supplied the principal quantity of cocaine to the rest of North America, it was only identified as the source for 39% of Canada's illicit cocaine. The remaining major source country for cocaine destined to Canada's illicit market was Bolivia with 13% of the market share. During the first quarter of 1981 there were indications that Brazil had become a manufacturing site for cocaine hydrochloride, however the impact of this development did not become evident in this country during the year. There was a significant increase in the cultivation of the coca bush in Colombia in 1981, however the coca leaves cannot be harvested for the first three years, therefore the effects of this increase will not be felt in Canada until 1984. The primary destinations for cocaine entering Canada in 1981 were Montreal, Vancouver and Toronto. A large portion of the cocaine leaving South America was transshipped via the South Florida corridor to many Canadian and other North American cities. The drugs entered that area by commercial or private vessel and commercial or private aircraft. A secondary transshipment point, utilized principally for cocaine destined to Ontario and Quebec, was New York City. For cocaine destined to Canada's West Coast area, the primary transshipment points were Los Angeles and San Francisco.

The vast majority, 90%, of the cocaine smuggled into Canada in 1981 entered by commercial aircraft. A smaller portion, 8%, arrived by land, while only 2% arrived by sea. The commercial airline importations included air cargo shipments, couriers carrying the drugs and first class mail or parcels arriving from South

America. However, first class mail is generally only utilized for small quantities of cocaine, usually under 30 grams. The most popular method used by couriers was the body carry in which the cocaine is placed in packages which are then taped to the body. Another popular, yet very dangerous method, was the internal body carry with the cocaine most often being placed in condoms and swallowed or inserted into the body cavities. The danger in this method is the always present possibility that the condoms will burst causing an immediate, and often fatal, cocaine overdose. Hollowed out statues and books, handicrafts and clothing were also frequently utilized by couriers entering Canada with cocaine.

Chemical Drugs

The primary sources of chemical drugs on the Canadian illicit market are: domestic clandestine laboratories, diversion from the licit Canadian distribution system, and illicit imports of clandestinely manufactured and diverted drugs from other countries. Domestic clandestine laboratories account for the largest market share of the MDA, PCP and methamphetamine, while the principal source of LSD is from clandestine laboratories located in the United States. Diversion of chemical drugs from both the licit Canadian distribution system and the licit international distribution system are the principal sources for most commercial drugs, such as hydromorphone, oxycodone, pentazocine, amphetamine, methaqualone and diazepam. Analysis of geographical data indicates the problem of diversion is most acute in Ontario, British Columbia, Quebec and Alberta.

The principal chemical drugs illicitly manufactured in Canada are (in order of importance): methamphetamine, PCP, MDA and LSD. During the period 1977 to 1981, the RCMP seized a total of 22 clandestine chemical drug laboratories. The most active area for clandestine laboratory activity was Ontario, accounting for 41% of the laboratories seized, followed by Quebec, (32%) and British Columbia (18%). In 1981, clandestine laboratories in Canada were operating almost exclusively to meet domestic demand and only nominal amounts of illicitly manufactured chemical drugs reached foreign markets. Intelligence indicates that the production and distribution of illicit chemical drugs were principally controlled by outlaw motorcycle gangs. Although the involvement of these criminal organizations has traditionally been confined to methamphetamine production and distribution, there is evidence to suggest that outlaw motorcycle gangs are now branching out into other drug activities.

Diversion of licit drugs from foreign countries to Canada has shown a dramatic rise since 1980. Canada is being utilized as a transit point for large shipments of drugs diverted from manufacturers in Europe destined for the illicit market in the United States. This trend surfaced in 1980, with the seizure of 862 kilograms of bulk diazepam together with 345,000 dosage units of this Schedule F drug. In 1981, the RCMP seized 6.7 metric tons of methaqualone (Schedule G drug) powder diverted from a licit European manufacturer destined for the United States. Canada is expected to be increasingly used as a transit point for large shipments of diverted chemical drugs from foreign manufacturers to the U.S. market in the near future.

The abuse of chemical drugs as substitutes for heroin constitutes a significant but not major part in the total demand for these substances. Increasing numbers of heroin users have acknowledged the use of substitute drugs, especially during prolonged periods of low heroin availability. However, as heroin availability levels are expected to rise in 1982/83, the abuse of these substances as heroin substitutes should begin to decline. Drug abuse indicators also reflected a significant increase in the abuse of "look-alike" drugs in 1981. Look-alikes are non-prescription drugs, closely resembling the more commonly abused Schedule G drugs such as

diethlypropion and the amphetamines. These drugs however contain only non-controlled substances, most often ephedrine-based in combination with pseudoephedrine, caffeine and phenylpropanolamine (PPA). The United States is believed to be the principal supplier of look-alike drugs to the Canadian market. Abuse and availability indicators suggest that these substances will continue to be a significant enforcement and abuse problem in Canada in 1982.

Cannabis

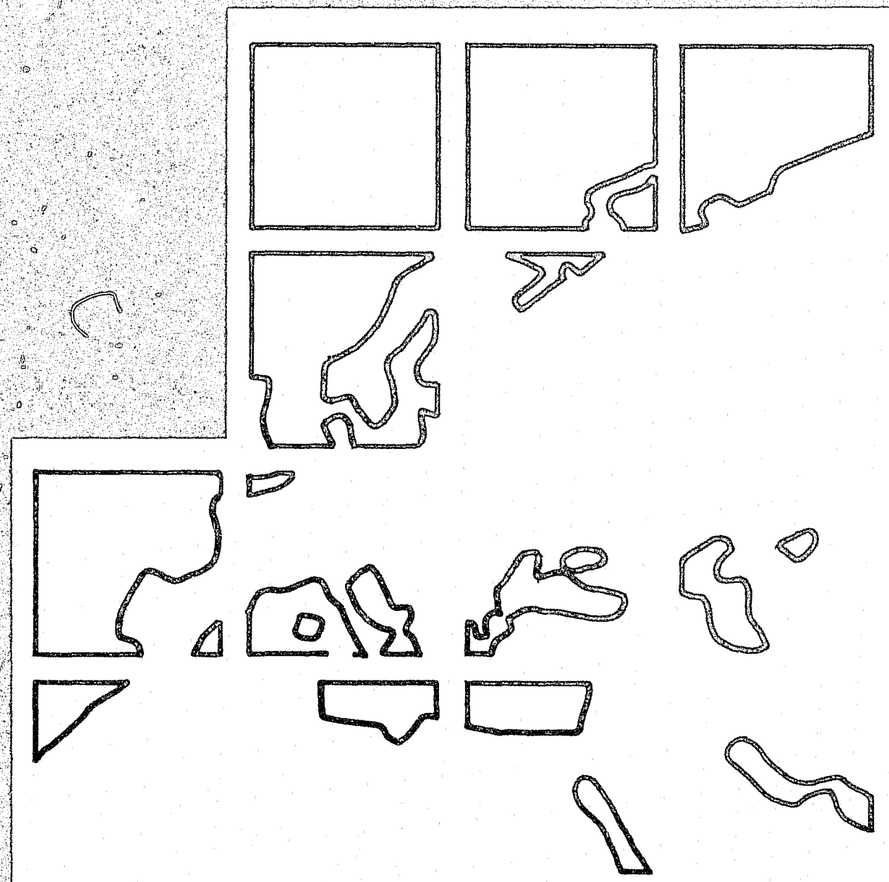
The most widely available and extensively used illicit drugs of abuse in Canada in 1981 were the cannabis derivatives; marihuana, hashish and liquid hashish. While these drugs were more frequently encountered in the more densely populated areas, there were virtually no communities in this country which remained untouched by cannabis abuse. Estimates indicate that in 1981 approximately three million Canadians, one-third of whom were teenagers, had used cannabis products in the last year.

Hashish seizures, the highest ever recorded by the RCMP, surpassed marihuana seizures in 1981, pointing to a possible shift towards the more potent cannabis products. A large increase in the amount of liquid hashish seized in 1981 over 1980 is also indicative of this trend. While the number of persons charged by the RCMP for cannabis-related offences in general did not change significantly in 1981 from previous years, the number of persons charged for cannabis importation did drop noticeably. This decrease is believed to be a result of revised RCMP policy guidelines regarding importation charges. The increased demand for more potent types of cannabis products has led to a worldwide development of a number of new varieties of marihuana high in tetrahydrocannabinol (THC) content. The most commonly encountered of these varieties was sinsemilla marihuana which has been encountered increasingly in Canada, the United States and Jamaica. This variety sold for as much as $2,800.00 a pound in Canada. Domestic cultivation of marihuana appeared to be on the increase in all regions of Canada, but principally in the province of British Columbia. Hashish and liquid hashish, being of less bulk than marihuana and considerably more potent, make their trade more cost-effective at the importation and trafficking levels. One pound of high quality hashish sold for $3,500.00 in Canada in 1981, while one pound of liquid hashish sold for up to $8,000.00.

Cannabis cultivation in Colombia more than doubled from 1979 to 1980, retaining that country's status as the major source of the world's marihuana supply. Jamaica's marihuana and liquid hashish production also increased considerably, making it a major supplier of cannabis products to Canada. The most significant increase was perhaps that of Lebanon's hashish and liquid hashish yield which in 1980 held 26% and 10% of the Canadian market shares respectively. In 1981 these figures increased to 92% of the hashish and 90% of the liquid hashish destined to Canada's illicit market. Other cannabis producing countries supplying the Canadian market in 1981 were Mexico, Afghanistan, Pakistan, Thailand and the United States.

Intelligence also indicates that the favoured method of transporting large quantities of marihuana to the domestic market from Colombia is the mothership operation, entering Canada on both the East and West Coasts. Smaller quantities of Colombian marihuana entered Canada concealed in cargo shipments, luggage, body packs and parcel post. The major market shares of the hashish and liquid hashish reaching Canada were transported in large cargo shipments from Lebanon by sea, either via the United Kingdom or the United States. Smaller shipments of these drugs were transported in much the same manner as the smaller amounts of marihuana. Couriers carrying marihuana or liquid hashish originating from Jamaica and destined to Canada most frequently entered this country either through Toronto International Airport or Mirabel International Airport. Also, varying amounts of the cannabis derivatives entered Canada overland via the United States, either having been produced in that country or else having been previously imported into the United States in bulk.

Chapter 2: Trend Indicators Through 1984



Trend Indicators Through 1984

Heroin

- Heroin availability in Canada will in all likelihood, increase through the mid-1980's. The bumper opium harvests in 1980/81 and 1981/82 in Southeast Asia (SEA), the principal supplier of heroin to the Canadian market, may draw new users into heroin abuse. SEA heroin, now predominant and becoming increasingly available on Canada's West Coast, may intensify the heroin distribution and abuse problem in that area, where approximately 60% of Canada's user population is located. Abuse trends in Vancouver, the principal centre for heroin activity in Canada, will likely worsen with the rising availability of SEA heroin. The Golden Triangle region of Southeast Asia is expected to hold the greatest market share of the heroin available on the Canadian market through 1984.
- Political turmoil and a breakdown of regional and international law enforcement mechanisms, which largely contributed to the initial development of Southwest Asia's (SWA) rise as a major heroin supplier to the Canadian market, will likely continue to create opportunities for the manufacture and smuggling of large quantities of SWA heroin to the Middle East, Europe and North America over the next several years. Although opium production dropped substantially in 1980/81, in an exceptional year, this region can produce two to three times as much opium as Southeast Asia. Southwest Asia as a region, is expected to supply up to 40% of the illicit Canadian heroin market during the 1980's.
- The extensive opium poppy eradication campaign mounted by the Mexican government should prevent Mexico from becoming a significant source of supply for heroin destined to Canada in the near future. However, should the demand for narcotic supplies rise to any great extent, or in a situation of a shortage or elimination of the Southeast Asian or Southwest Asian supplies, there will be increased pressure by criminal syndicates to expand the illicit production of heroin in Mexico. Therefore, Mexico should be viewed as a key country for expanded opiate production in the event of any radical change in global heroin production.
- India should be looked upon as a potential source of heroin and morphine to Canada in the coming years. The huge stockpile of unsold legally produced opium in India causes some concern in view of possible diversion into the illicit narcotics market. As well, clandestine laboratories manufacturing morphine sulphate and heroin were seized in India during 1981. This clearly indicates the increasing involvement of India as a source area for illicit narcotic supplies.
- The significant rise in the diversion of licit narcotics into the illicit market over the past several years should begin to decline with the forecasted increase in the availability of heroin in 1982/83. However, what may be developing is a secondary user population in Canada made up of individuals solely dependent upon narcotic supplies diverted from the licit market. If this premise should prove to be true, diverted narcotics will become an increasing abuse and enforcement problem in future.

Cocaine

- Cocaine availability and abuse are forecasted to rise in all regions of Canada through 1984, with the most noticeable increases expected in Vancouver, Toronto, Montreal and other densely populated areas of the country. It is also anticipated that the abuse of cocaine will begin to emerge in the smaller communities in Canada and that abuse will encompass most socio-economic groups rather than being confined to the upper income groups.
- The Reagan Administration's South Florida Task Force, put in place in early 1982, may significantly reduce the use of the South Florida corridor as a principal transshipment point for cocaine destined to Canada. This initiative will force drug traffickers to seek out alternate routes from South America.
- Canadian drug traffickers are expected to travel directly to Peru and Bolivia to obtain cocaine in an effort to increase their profits. Both countries should have greater illicit stocks of cocaine available due to Colombia's increased domestic cultivation of the coca bush over the past several years, thereby necessitating the importation of less coca paste from Peru and Bolivia. Bolivia, in particular, will increase its market share in Canada through 1984.
- Brazil will emerge as a source country for cocaine hydrochloride manufactured from coca leaves produced in Peru and Bolivia. The major transshipment points for cocaine bound from Brazil to Canada will be Rio de Janeiro and Sao Paulo. These routes will be used, to a large extent, by Canadian drug traffickers who prefer to enter Canada through Mirabel International Airport.
- Cocaine "freebasing" is expected to be encountered more frequently through 1984, particularly on Canada's West Coast. There may also be a resultant increase in overdoses from the administration of freebased cocaine.
- Prices for cocaine, both at the wholesale and retail levels, will remain relatively stable. However, due to greater availability, purity at the street level is expected to rise slightly.

Chemical Drugs

- Although demand for narcotic substitutes should decline somewhat with the rising availability of heroin, abuse of Schedule F and Schedule G drugs is expected to increase in those areas experiencing shortages of heroin. Armed robberies and break and entries to obtain licitly manufactured drugs are expected to increase in the areas experiencing a high incidence of drug diversion. The problem will be most acute in the provinces of Ontario, British Columbia, Quebec and Alberta.
- Diversion of licit drug supplies from legitimate foreign manufacturers is likely to increase in the near future. Canada could increase in importance as a transit point for large shipments of methaqualone and diazepam diverted from licit manufacturers in Europe destined for the United States. Indicators also point to Canada being used more frequently in future as a transit point for non-controlled precursor chemicals en route to the U.S. market. The increasing legal control measures and more vigilant law enforcement action aimed at controlling diverted drugs into the United States should only serve to exacerbate this growing problem area. Clandestine laboratories in Canada will continue to operate almost exclusively to meet domestic demand requirements and only nominal amounts of illicitly produced chemical drugs will reach foreign markets. However, clandestine laboratories in the United States supply the major share of the LSD available on the Canadian market and this

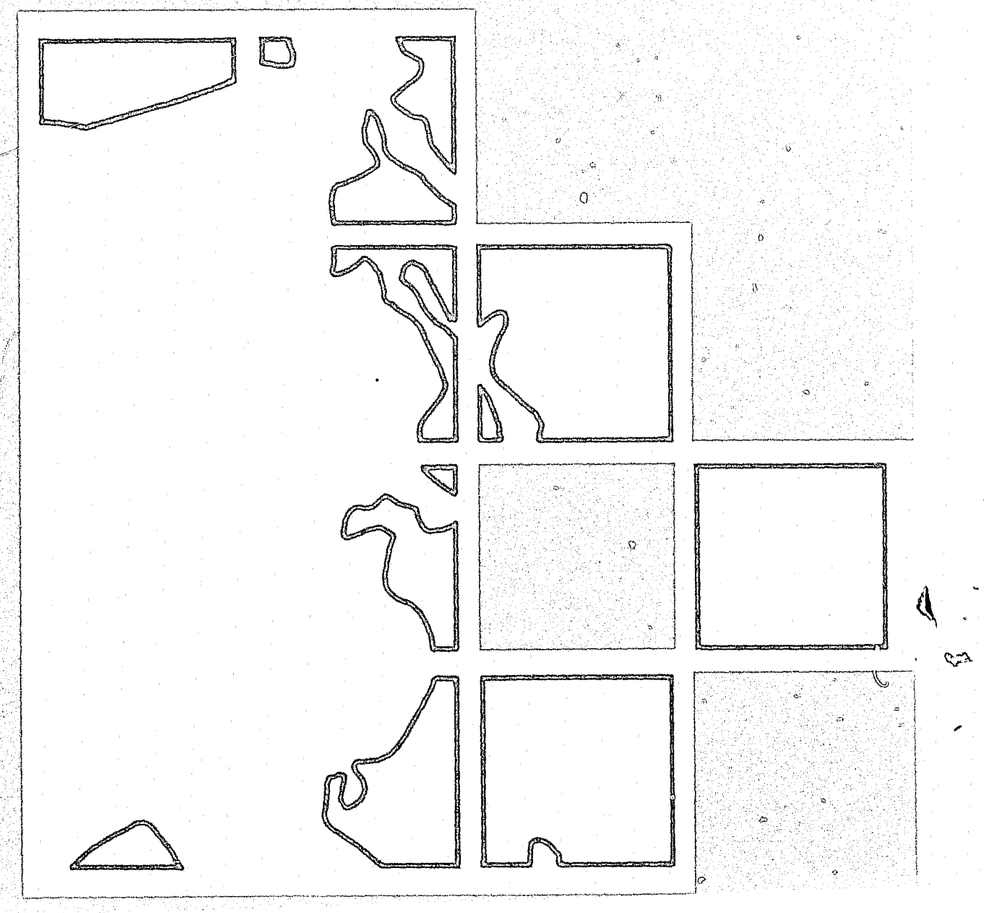
situation is expected to continue through 1984. Although indicators reflect that a decrease in LSD availability occurred in 1981, an accompanying decline in street dosage levels, allaying the users' fears of negative side effects, could result in increased abuse levels in future. LSD abuse is however not expected to return to the previous levels recorded during the mid-1960's.

- Methamphetamine, MDA, PCP and LSD will continue to be the principal chemical drugs manufactured in clandestine laboratories in Canada. Ontario, Quebec and British Columbia will remain the most active areas for the illicit production of chemical drugs. The involvement of outlaw motorcycle gangs in the production and distribution of chemical drugs is expected to escalate through 1984. These organized criminal groups are also expected to branch out further into other drug activities in future.
- Look-alike drugs are expected to become an increasing problem area in Canada through 1984. The absence of legal controls dealing with these substances may lead to increasing abuse levels of look-alike drugs in future. The United States will remain the principal source of look-alike drugs for the Canadian market.

Cannabis

- The cannabis derivatives will continue to be the most readily available and widely used illicit drugs of abuse in Canada.
- Mothership loads of marihuana originating in Colombia will enter Canada on both the East and West Coasts. A large portion of this marihuana will be ultimately destined for the United States, but due to the South Florida Task Force it will be rerouted through Canada.
- The higher potency varieties of marihuana, as well as hashish and liquid hashish, will be increasingly in demand in Canada. However, due to the current economic situation, greater quantities of the lower priced, low potency, domestically grown marihuana may be cultivated. This increased demand is also expected to produce an increase in the number of domestic clandestine laboratories manufacturing liquid hashish.
- Large cargo shipments of hashish from Lebanon are expected to reach Canada transshipped via Europe and the northern United States. These shipments, in the multi-ton range, will primarily be destined for the Montreal area from which point further distribution will be undertaken. Indicators suggest that Lebanon will continue to supply the largest portion of Canada's hashish.
- Lebanon will also continue to supply the major market share of liquid hashish to the Canadian illicit market, entering primarily through the Montreal area. There will also be a substantial quantity of liquid hashish finding its source in Jamaica and entering Canada through Toronto International Airport due to the large number of direct flights which exist between Jamaica and Toronto.

Chapter 3: Heroin



Heroin

Abuse and Availability Trends

The severe drought in Southeast Asia (SEA) during the 1978/79 and 1979/80 opium growing years and the consequent decline in SEA heroin supplies significantly affected abuse patterns and availability levels in Canada. The importance of this single factor cannot be downplayed as Southeast Asia as a region is the primary source of heroin to the illicit Canadian market. During the period 1977 to 1981, this region supplied an estimated 54% to 90% of the Canadian market. (See Figure 9.)

This decline in heroin availability on the Canadian market was reflected in the drop in the number of persons charged by the RCMP after 1977. During that year, the RCMP charged a total of 1,074 persons with narcotic-related offences, the highest number of charges recorded in the period 1977 to 1981. The number of persons charged sharply dropped after 1977, coinciding with the decline in SEA heroin supplies to Canada. Another factor influencing the drop in the number of persons charged was a realignment of the RCMP's enforcement priorities, which in 1977 began placing a greater emphasis on upper echelon narcotics traffickers and importers as opposed to concentrating enforcement efforts at the user level. Investigations at the importation and trafficking levels are often lengthy in duration and require sophisticated enforcement methods. As a consequence, this factor accounts in part for the decline in the number of charges, particularly at the user level, since 1977. However, the decline in persons charged began a reverse trend in 1981, when RCMP statistics recorded a 10.6% increase over 1980. In 1981, the RCMP charged 541 persons with narcotic-related offences, while in 1980, a total of 489 persons were charged with similar offences. This reversal is believed attributable to the increase in the diversion of licit narcotics into the illicit market as well as a rise in the availability of heroin in the final quarter of 1981. The increased heroin availability was a consequence of the bumper opium crop harvested in Southeast Asia in 1980/81.

Figure 1:

*Number of persons charged with narcotic-related offences, 1977-1981**

Charge	1977	1978	1979	1980	1981
Possession	609	186	164	206	174
Trafficking**	441	224	216	197	160
Importation	15	23	12	9	34
Cultivation	6	—	—	—	—
NCA Regulations Sec. 3(3) Double Doctoring	1	45	45	66	167
Criminal Code Forgery	2	5	4	11	6
Total	1,074	483	441	489	541

** Persons charged by the RCMP only.*

***Includes Possession for the Purpose of Trafficking offences.*

Note: Number of persons charged with phencyclidine (PCP)-related offences are also contained in Figure 1 as PCP is included in the Schedule of the Narcotic Control Act.

RCMP heroin seizure statistics from 1977 to 1981 reflect a similar trend. In 1977, prior to the severe drought in Southeast Asia, the RCMP seized 18.135 kilograms of heroin in Canada. Since 1977, seizure levels have not begun to approach previous record levels. However, parallelling the rise in the number of persons charged with importation offences, the amount of heroin seized by the RCMP also increased in 1981 over 1980, as shown in Figure 2. In 1981, the RCMP seized 7.154 kilograms of heroin compared with 6.587 kilograms seized in 1980.

Figure 2:

*Amount of heroin seized in Canada, 1977-1981 – Weights in kilograms**

1977	1978	1979	1980	1981
18.135	4.306	2.804	6.587	7.154

**Heroin seized by the RCMP only.*

Canada has an estimated heroin user population totalling 20,000 persons, of which approximately 60%, or 12,000 users, are located in the province of British Columbia. The balance of the user population is primarily centred in the provinces of Ontario and Quebec. The Canadian cities with the largest user populations are Vancouver, Montreal and Toronto.

Estimates indicate that 175.2 to 255.5 kilograms of pure heroin are consumed by Canada's heroin user population annually. This estimate is based on the accepted standard that 24 milligrams of pure heroin is the minimum daily dosage required to produce dependence. However, it is believed that daily dosage levels in Canada range from 30 to 35 milligrams. Therefore, the amount of pure heroin required by the user population in Canada would probably fall in the 200 to 250 kilogram range as shown in Figure 3.

Figure 3:

Amount of pure heroin required by user population in Canada, 1981

Daily Dosage Level	Annual Requirement of Pure Heroin
24 mg × 365 days × 20,000 users	175.2 kilograms
30 mg × 365 days × 20,000 users	219.0 kilograms
35 mg × 365 days × 20,000 users	255.5 kilograms

Heroin purity and availability levels analyzed over the period 1979 to 1981 show that heroin was in extremely limited supply until the fourth quarter of 1981. At that time the effect of the bumper SEA opium crop was felt, particularly on Canada's West Coast. As well, increased amounts of heroin from Southwest Asia (SWA) were arriving in eastern Canada. Although the street level price for heroin has remained relatively constant since 1977 at $35.00 per single dosage unit in Vancouver, Toronto and Montreal, purity levels have dropped from an average 9% to 10% in 1977 to 3.5% to 4% in 1981. Therefore, the drug was actually two to three times more expensive in the year under review than it was several years ago, which indicates that heroin was in short supply at the street level during 1981. However, with the increased flow of heroin from Southeast Asia and the recent influx of Southwest Asian heroin, a corresponding increase in heroin availability and purity is expected in 1982/83.

The scarcity and generally poor quality of heroin available on the illicit market in recent years has led users to search out alternative sources of supply. Drug users and traffickers turned to the licitly manufactured drugs to supplement declining supplies of heroin. The Bureau of Dangerous Drugs (BDD), Health and Welfare Canada provides data concerning the thefts and losses of narcotic drugs which by law must be reported to the BDD. The principal means by which thefts and losses

occur are through pharmacy break and entry, armed robbery, theft from physicians' bags and stock loss. The narcotics most frequently subject to thefts or other losses include codeine, hydrocodone, meperidine, oxycodone and hydromorphone. In 1977 there were 735 incidents in which narcotics were stolen or otherwise lost in Canada. By 1980, this figure had increased by 80.5% to 1,327 incidents as shown in Figure 4. The number of narcotic losses should begin to decline with the increasing availability of heroin in 1982/83. However, what may be developing is a secondary user population in Canada made up of individuals solely dependent upon narcotic supplies diverted from the licit market.

Figure 4:

*Reported thefts and other losses involving narcotic drugs, 1977-1980**

Year	Break and Enter	Pilferage (Grab)	Armed Robbery	Breakage (Unexplained Loss)	Diversion	Loss in Transit	Total
1977	547	130	28	—	—	30	735
1978	745	140	63	—	—	37	985
1979	841	95	65	36	13	19	1,069
1980	929	148	170	36	31	13	1,327

**Figures not available for 1981 at time of printing.*

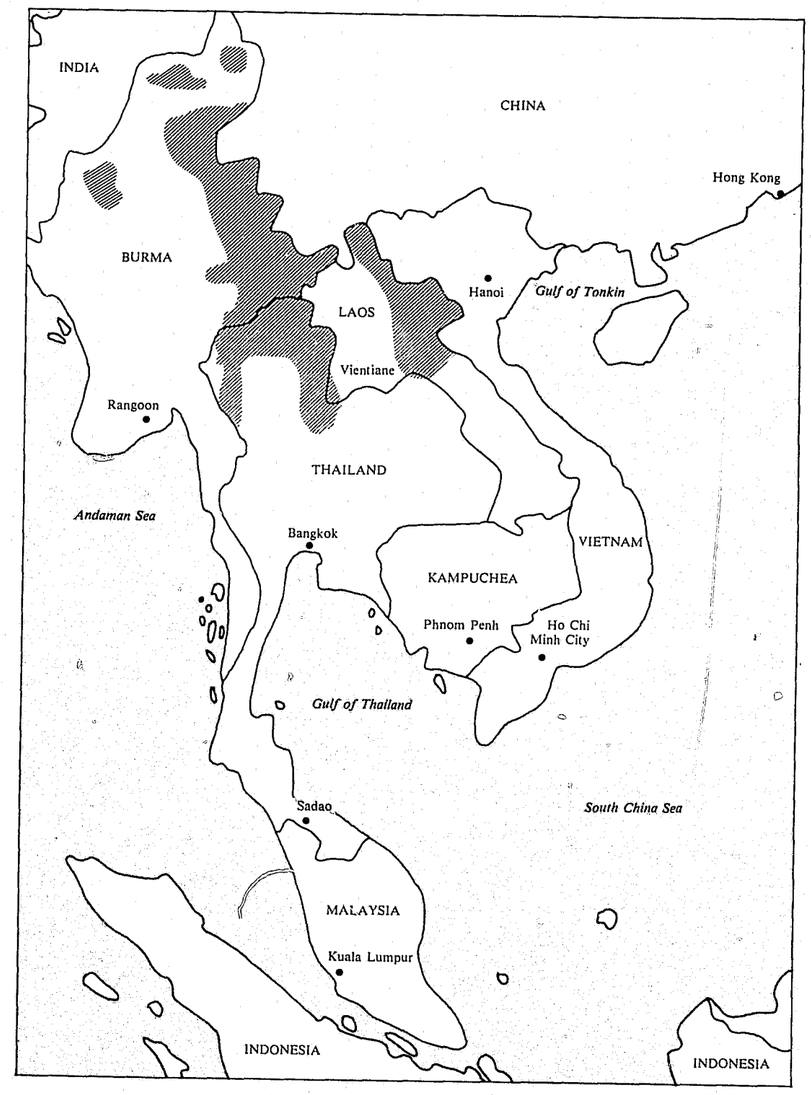
Developments in Source Countries

Southeast Asia

Following two consecutive drought-diminished harvests, Southeast Asia's (SEA) opium growing region known as the Golden Triangle produced an estimated 600 to 650 metric tons of opium in 1980/81. This region, comprised of the rugged Shan hills of northern Burma, the mountain ridges of northern Thailand, and the Meo highlands of northern Laos, produced roughly 160 to 170 and 200 to 225 metric tons of opium in the 1978/79 and 1979/80 harvest years respectively. Prior to 1975, an estimated 750 to 1,000 metric tons of opium were produced annually in the Golden Triangle. From 1975 to 1978, production dropped to 500 metric tons. Intelligence indicates that peak production years up to 1975 were due in part to the reduction in the Turkish opium yield, the flourishing Hong Kong market and the large indigenous addict population in SEA. The significant drop in production after 1975 was believed due to communist government takeovers in Vietnam, Laos and Cambodia (now Kampuchea), an increase in the emphasis on narcotics suppression in Hong Kong, and frequent infighting among the various rebel groups in the Shan and Kachin states of Burma. The dramatic drop since 1978 was due, for the most part, to the prolonged drought in the growing area.

The drought ended in the summer of 1980 and the opium growing conditions were once again ideal. This resulted in an approximate 20% increase in the area under cultivation. Thai hilltribes engaged in opium poppy cultivation harvested three crops during the 1980/81 year – the harvests took place in November, January and February. Intelligence indicates the first harvest was of relatively poor quality and was destined solely for the producers' consumption. The remaining harvests were of superior quality and were destined for the illicit world market. The total Thai harvest, which represents a minor portion of the overall opium output of the Golden Triangle, was estimated at 45 metric tons; a marked increase over the previous year's harvest of 15 tons. Reports from the major growing areas in Burma and Laos are somewhat sketchy, but it is known that a bumper crop was expected.

Figure 5:



Opium poppy growing areas in the Golden Triangle region of Southeast Asia, 1981

Estimates of the current Burma harvest have been as high as 500 metric tons.

Intelligence indicates up to a dozen clandestine heroin laboratories are in operation in the Golden Triangle region. Five of the laboratories are operated by the opium warlord, Chan Chi Fu, also known as Khun Sa, the leader of the Shan United Army (SUA). On August 12, 1981 the Thai police seized a clandestine heroin laboratory near the Burmese border recovering equipment, chemicals and 3.6 metric tons of prepared opium. The laboratory was being run by members of the Chinese

irregular forces and the Thai authorities believed they were operating inside the Burmese border. Subsequent to the dismantling of this laboratory, Burmese authorities seized a clandestine heroin laboratory north of Mae Sai, Thailand on August 15, 1981.

The 1980/81 bumper opium crop led to a significant reduction in wholesale narcotic prices in SEA. For example, in Hong Kong, from January to August, 1981 the wholesale price of No. 3 heroin plummeted approximately 46% and the wholesale price of heroin base dropped 33%. In contrast, opium prices remained relatively stable, principally because there is little demand for it in Hong Kong, with only 6% to 7% of the addict population using opium. No. 3 heroin is the favoured narcotic of abuse in Hong Kong, with approximately 90% of the addict population dependent upon it. There are an estimated 40,000 to 45,000 addicts registered with the Central Registry of Drug Addicts in Hong Kong, compared with approximately 34,200 in 1979 and 26,400 in 1978.

Figure 6:

*Narcotics wholesale prices in Hong Kong, 1980-1981 — Price per kilogram**

Date	No. 3 Heroin	Heroin Base	Morphine	Raw Opium	Prepared Opium
January, 1980	47,700	16,000	13,800	4,100	6,900
January, 1981	26,400	32,400	29,800	4,100	7,700
August, 1981	14,150	21,700	n/a	3,100	5,700

**All prices quoted are in Canadian dollars.*

The Golden Triangle region is expected to produce another bumper opium crop as the 1982 harvest comes to a close. Intelligence reports from the growing area indicate that this year's harvest will total more than 600 metric tons – equivalent to, or surpassing, the 1981 opium yield. Of this estimated 1982 yield, approximately 400 metric tons are believed consumed by the domestic market in SEA. A total of 200 metric tons of opium,which converts to 20 metric tons of heroin, are diverted to the illicit world market. Of this amount, intelligence indicates that European countries receive 50%, Hong Kong 30%, North America 15% and Australia/New Zealand 5%. As well, a portion of the heroin sent to Europe and Hong Kong is diverted to the North American market; however, the exact amount is not known.

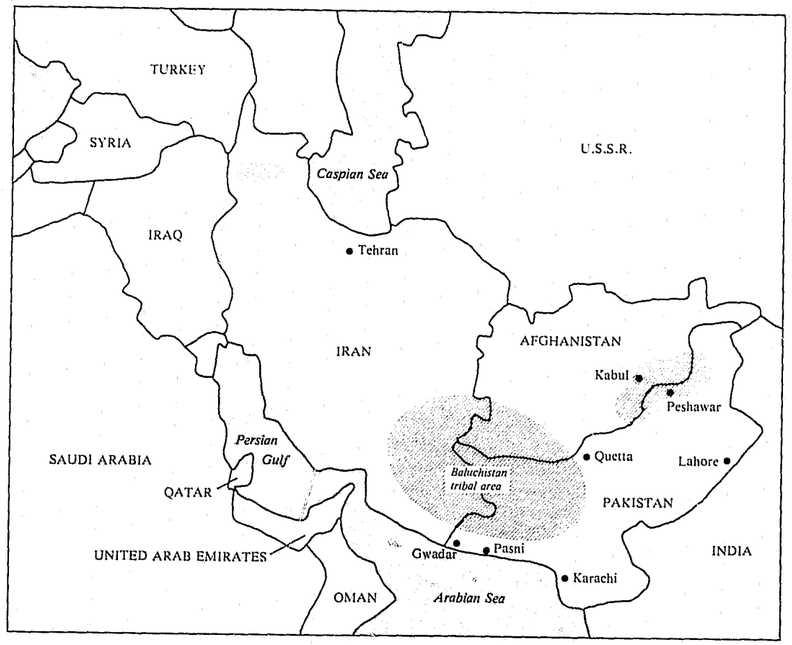
Southwest Asia

In recent years the wild borderland region of Southwest Asia (SWA) between Iran, Pakistan and Afghanistan has become an increasingly important source of opium to the illicit world market. In this area known as the Golden Crescent, the heroin industry is now emerging to a greater extent. The mountainous, semi-desert area between the three countries has little natural resources, few industries and only small amounts of fertile agricultural land. It is for these reasons that many of the Pathans and Baluchis, the predominant inhabitants of this region, have become involved in the narcotics trade. In the vast areas of unguarded borderland, smuggling has become the only viable occupation; dealing in imported goods free of state duties or smuggling opium which is produced by local farmers.

The last three years have favoured an expansion of narcotics smuggling in Southwest Asia. The Iranian Revolution rendered border checkpoints relatively ineffective and the Soviet invasion of Afghanistan in December, 1979 left its long borders virtually unguarded. Even Pakistan, though not in the midst of revolution like Iran or under foreign occupation like Afghanistan, has had serious border policing problems. None of the three governments has yet proved successful in curbing the smuggling of narcotics in this region.

Intelligence estimates indicate that increasing amounts of opiate narcotics originating from Southwest Asia are currently smuggled out to world markets in the Middle East, Europe and North America annually. During the 1979 opium growing year, Southwest Asia is reported to have produced as much as 1,600 metric tons of opium, approximately twice as much opium as the region normally produces during an average year. Pakistan is the principal opium producing country, supplying the major share of the opium in SWA. In response to the problem, the government of Pakistan issued an order banning cultivation and the use of opium. While enforcement problems are enormously complicated by the tribal structure in the growing region, the order proved successful during its first year. Production fell from an estimated 800 metric tons in 1979 to 125 metric tons in 1980. Although there was a sharp reduction in the 1980 opium crop, there were sufficient stockpiles left over from the 1979 harvest to fill this gap.

Figure 7:



Opium poppy growing areas in the Golden Crescent region of Southwest Asia, 1981

Clandestine laboratories for the conversion of opium into morphine and heroin have been seized in Pakistan's Northwest Frontier Province (NWFP); however, it is believed that production still continues in this area. These laboratories are a considerable threat to international enforcement efforts as the opium conversion process in the source country greatly facilitates the transportation and smuggling of both morphine base and heroin to world markets. Technical aid for this industry has been provided by experts from European-based international drug syndicates. The enormous profits from drug smuggling will likely continue to attract international organized crime syndicates because this trade can be conducted in the relative safety of the tribally-governed regions of Pakistan. The suggestion being put forward by narcotics experts is to control the problem at the production level – the source of opium would be cut off if other cash crops were to be substituted for opium poppies. However, this has yet to be accomplished and can be expected to be an unpopular policy with the tribal population of both farmers and smugglers alike.

Internal chaos and a breakdown of regional and international law enforcement mechanisms contributed greatly to the initial development and expansion of the SWA heroin problem. It is anticipated that the present turmoil will continue to create opportunities for the manufacture and smuggling of SWA heroin to the Middle East, Europe and North America. Southwest Asia is expected to supply Canada with up to 40% of the heroin for its illicit market during the 1980's.

India

The stockpile of unsold legally produced opium in India continues to cause some concern in view of possible diversion into the illicit narcotics market. Government officials in India are reportedly considering a bold initiative to dispose of the opium stocks, totalling approximately 2,600 metric tons and valued at $117 million, to provide some relief to the distress being caused to the poppy growers and those dependent on the opium industry. The proposal consists of three distinct elements:

- a substantial reduction in opium prices to meet the challenge from producers and traffickers of illicit opium;
- international action to persuade importing countries to buy only from traditional suppliers – India and Turkey; and
- pressure new producing countries to restrict poppy cultivation so as to meet only their domestic requirements.

This initiative has already met with some success at international forums. Resolutions adopted by the United Nations Economic and Social Council (ECOSOC) in 1981 appealed to the governments of importing countries to support traditional suppliers and restrict the production programs in countries which have recently undertaken opium poppy cultivation. However, to what extent and how soon the resolutions are put into effect by the countries concerned remains to be seen.

According to Central Bureau of Narcotics statistics, the area under poppy cultivation in India has been substantially reduced from 63,684 hectares in 1978 to 35,166 hectares in 1980. Opium production has been reduced from 1,646 metric tons to 933 metric tons during the same period. The reduction of both the area under cultivation and opium production continued into 1981. Production yields have increased from 25.85 kilograms to 26.54 kilograms per hectare; however, exports have declined significantly from over 1,000 metric tons in 1976 to approximately 450 metric tons in 1980, and gross exports for 1981 appear bleak from preliminary estimates. This development is even more unsettling in view of the substantial reduction in the international price of opium from $60.00 to $45.00 per kilogram. In past years India supplied opium for medical and scientific purposes to more than 30 major buyers in 20 countries, commanding almost 95% of the world market share. In 1980, only 11 countries (less than 50% of the world market) imported opium from India, and in reduced quantities.

In April, 1981 three clandestine narcotics laboratories were seized in India. Two of the laboratories were manufacturing morphine sulphate as well as heroin, while the third was producing only morphine sulphate. The laboratories were all located in the Ghazipur region. The first, seized April 4, resulted in the arrest of two subjects, one of whom was the chemist, and the seizure of 300 grams of morphine. The second laboratory, seized on April 5, may have been linked, through a major Indian trafficker, to organized crime figures in North America. The third laboratory, located only 40 kilometres from Ghazipur, was seized on April 11. The chemist indicated that his products were solely for the European and North American markets. Ghazipur is located approximately 900 kilometres southeast of

New Delhi, in the heart of the licit opium growing area and is also the location of one of the two opium alkaloid plants operated by the Indian government. These three seizures coincide with the opium harvest season which runs from March to mid-April. This clearly indicates the increasing involvement of India as a source area for illicit narcotic supplies. In view of these developments, India should be looked upon as a potential source of heroin and morphine to Canada in the coming years.

Mexico/Central America

Although Mexico/Central America supplies only a small percentage of the Canadian market, this region is a major supplier to the United States market. The United States National Narcotics Intelligence Consumers Committee (NNICC) estimates that Mexico supplied 25% of the heroin to the U.S. in 1980. In 1976, Mexico was the major source of heroin for the U.S. market, with 67% of the total market share. The highest market share that Mexico has held in Canada was in 1977, when 11% of the heroin seized in Canada or en route to Canada originated from Mexico.

Illicit opium poppy cultivation in Mexico is increasing and areas under cultivation have spread to almost all the states in the Republic. Nevertheless, the traditional tri-state area of Sinaloa, Durango and Chihuahua maintains the lead in opium poppy cultivation. Recent seizures of brown heroin in the United States (particularly in west, southwest and mid-west U.S.) indicate Mexican brown heroin continues to be the dominant form of heroin within these areas, though in varying amounts and purity. Also, heroin traffickers who had previously steered towards cocaine as a merchandising commodity during the prolonged shortage of opium and heroin in 1979/80 are believed to be returning to their original contacts and sources of supply.

Intelligence reports indicate that opium poppy growers are concealing poppy cultivation in deep gullies, under trees and mixed with other crops in an attempt to avoid detection by enforcement authorities. To further increase the opium yield, the pods are scored as many as 10 times and the stems of the poppy plants are smashed and then wrung out for the liquid content of opium. The opium is estimated at 10 kilograms per hectare, which converts to approximately one kilogram of heroin. Estimates indicate that about one metric ton of heroin was produced in Mexico in 1980, a slight drop from the previous year's output. The laboratories producing heroin have been reported in existence throughout Mexico, but most frequently in Guadalajara.

The discovery of opium poppy fields in Guatemala, and participation by Mexican growers, substantiate intelligence claiming that Mexican poppy growers have been operating outside of the traditional growing areas within Mexico in recent years. In January, 1981 a total of 50,000 poppy plants were seized and destroyed in Guatemala, only a few kilometres from the Mexican border. The Guatemalan farmer involved stated that this was his first attempt at cultivating opium poppies, and that Mexican growers from the neighbouring state of Chiapas provided the poppy seed and returned periodically to oversee the operation. Due to the fact that the cultivation was recent and limited in scope, it is too early to predict if this represents a trend. There is no intelligence indicating that opium processing laboratories are operating within Guatemala. The narcotic supplies are believed to be shipped in the form of opium gum to Mexico then processed into heroin for ultimate shipment to the North American market (principally the United States).

International/National Trafficking Patterns — Movement

Southeast Asia

The Golden Triangle of Southeast Asia has been the main source area for heroin destined to the Canadian market since the early 1970's. An analysis of RCMP seizure data for 1981 indicates that Southeast Asia supplied approximately 66% of the market in Canada during that year as shown in Figure 9. Bangkok is the principal staging area for heroin supplies outward bound; however, as no direct air connections exist between Thailand and Canada, a number of indirect routes have surfaced. Reports indicate that narcotics traffickers are making increasing use of a southern route through the village of Hat Yai, just north of the Malaysian/Thai border, to get drug shipments from the Golden Triangle to the world market. The traffickers are trekking south because the chemicals used to refine heroin are reportedly more easily available in Malaysia and also because smuggling narcotics out of Bangkok is becoming increasingly difficult due to the stepped-up anti-narcotics campaign being mounted by the Thai government. As well, a high percentage of the raw opium produced in the northern region of the Golden Triangle is transformed into an impure form of morphine called "pee jue". (Ten kilograms of raw opium can produce one kilogram of pee jue.) The pee jue is then smuggled by mule caravan to one of the many heroin refineries in the Thai/Burma border area. These refineries reduce the pee jue to heroin or morphine and package it for entry into the illicit narcotics market.

Hong Kong has been an important transshipment point for SEA heroin entering the Canadian market. During the first half of 1981 there was a marked change in the wholesale and retail distribution of illicit narcotics in Hong Kong. A sharp decrease in prices, linked to the increased availability of narcotic supplies, sparked a trafficking boom which resulted in increased stocks and larger distribution syndicates being established. This trend continued into the second half of 1981, and, in August, a single seizure of heroin base totalled 21.53 kilograms. However, this is not to affirm that traffickers are generally now less cautious. The system of distributing drug stocks among several storage areas and reducing stock levels to a minimum that was established in 1980, is still practiced. In fact, it is uncommon for more than three or four kilograms to be stored in a single location.

Manufacturing heroin in Hong Kong by the traditional method of acetylation has virtually disappeared. With heroin refineries located in the Golden Triangle producing heroin base for export, the only requirement in Hong Kong is for the diluting or cutting of heroin base into consumable No. 3 heroin. Heroin base continues to be the favoured drug of import because of the following factors: its light weight, the high profits for small quantities, easy concealment, and simple conversion into No. 3 heroin. The refining processes in Hong Kong have remained relatively simple, as laboratories have primarily been concerned with the conversion of heroin base. This is basically a cutting process, involving only the use of heat and hydrochloric acid. The favoured cutting or bulking agents used by Hong Kong traffickers are caffeine and considerably smaller amounts of quinine, strychnine and barbitone. Street level dosage units in Hong Kong range from 20% to 30% in purity and are not as prone to unusual diluents as is often the case in Canada. Legislation in Hong Kong dealing with manufacturing dangerous drugs is presently geared towards the acetylation process; however, with the advent of manufacturing by cutting or diluting heroin base, the laws are being amended to embrace this new production method.

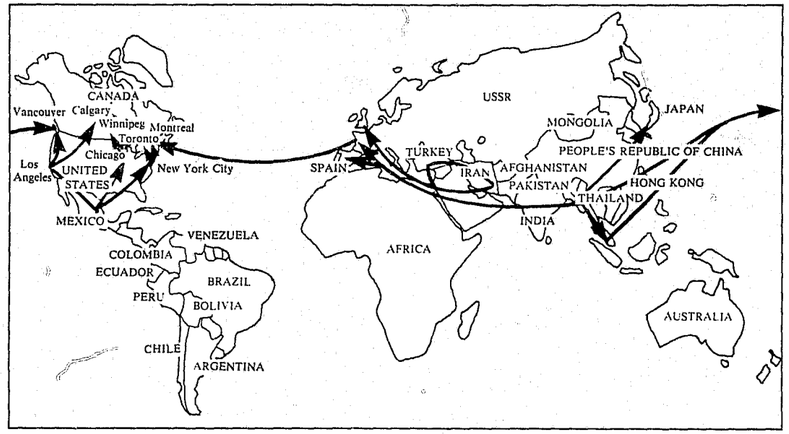
The majority of illicit drug imports into Hong Kong continue to arrive by air and pass through Kai Tak airport in the possession of couriers or in air cargo. Imports through transit countries are increasing in frequency as traffickers attempt to avoid the direct Bangkok/Hong Kong link. The Philippines, Taiwan, Singapore, Malaysia and Japan are the most often used transit countries; and more recently the People's Republic of China (PRC). Four cases involving the People's Republic of China were noted in 1981; two in Bangkok prior to departure for the PRC by air, and one arrest/seizure each in Beijing (Peking) and Guangzhou (Canton), believed destined to Hong Kong. The following modes of entry are being employed to smuggle narcotics via the PRC to Hong Kong:

- Air — Several Asian airlines now have regular flights into China at Guangzhou, Beijing and Shanghai. From these points there are further air routes to Hong Kong, mainly CAAC (PRC National Carrier) or Cathay Pacific. Other international airlines fly to and from China which would provide possible circuitous routes to other countries, i.e. France, Switzerland, United Kingdom, United States, Canada, etc.
- Sea — Regular freighter traffic and ferry service between Hong Kong and Guangzhou, carries on average approximately 800 persons daily. A hovercraft service from Hong Kong/Whampoa travels the Pearl River towards Guangzhou several times per day, carrying 60 persons per trip. As well, there is some passenger service from Shanghai and Swatow. In addition, and difficult to control, is the coming and going of a large fleet of fishing vessels. The Portuguese colony of Macau, 60 kilometres across the Pearl River estuary, also provides access by sea transport from the PRC.
- Land — Man Kam To border is now the main crossing point for commercial vehicle traffic and Lo Wu border is the most active point for train and pedestrian traffic. The Hung Hom train station in Kowloon is the disembarkation point of two through non-stop trains from Guangzhou daily, carrying 1,200 to 1,400 passengers.

These modes of entry account for an average of 8,000 to 9,000 persons arriving in Hong Kong daily from the PRC. This number swells to approximately 80,000 persons daily at holiday or festive occasions, i.e. Chinese New Year or Ching Ming (religious-ancestral worship). The future traffic will involve even greater numbers of persons with the continuing development of industry in large economic zones surrounding Hong Kong.

Europe is increasingly becoming the major transit point for SEA heroin destined to the Canadian market. Intelligence indicates that Paris, France may develop as a key transit point for heroin destined to the European and possibly North American markets. Other key transit countries in Western Europe used to smuggle narcotic supplies to North America include Italy, Spain, the Netherlands, Belgium, the Federal Republic of Germany (FRG) and England. Moreover, the Bangkok/Western Europe via Eastern Europe trafficking route will be more frequently used to smuggle narcotics to Canada in 1982. Enforcement authorities in Southeast Asia believe that the availability of narcotic supplies in the region will increase with another bumper opium harvest predicted for 1982 in the Golden Triangle. It is reasonable to assume that this increase in availability will bring about a parallel increase in attempts to smuggle narcotics into Canada from Southeast Asia.

Figure 8:



Major heroin trafficking routes into Canada, 1981

Southwest Asia

Southwest Asia surfaced as a significant source of narcotics to the Canadian market in 1978; which coincides with the beginning of the drought in the Golden Triangle opium growing area. During that year, SWA heroin accounted for 46% of the market share; however, in 1981, that figure dropped to 34% as shown in Figure 9. Until 1978, only a small percentage of the heroin available in Canada was Southwest Asian in origin. However, before Southwest Asia became a source of heroin to the world market, the region had an acute indigenous problem, located principally in Iran. As heroin became an increasingly valuable commodity in Europe and North America, Southwest Asia, besides being a major source of supply, also became a transit area for opium and morphine en route to processing and trafficking centres outside of this region. The majority of the narcotics from Iran, Afghanistan and Pakistan are moved along one of two traditional routes; the northern route or the southern route. The northern route skirts the northern border areas of Iran, along the Caspian Sea coast west to the Tabriz-Oroumieh areas for staging and onward movement into Turkey. The southern route follows the major overland vehicle and train routes from the tri-border area of southeastern Iran to Tehran, where it links up with the northern route for onward movement into northwestern Iran.

Figure 9:

Estimated percentage shares of heroin on the Canadian market from principal foreign sources, 1977-1981

Source Area	1977	1978	1979	1980	1981
Southeast Asia	74%	54%	90%	68%	66%
Southwest Asia	15%	46%	10%	32%	34%
Mexico	11%	Negligible	Negligible	Negligible	Negligible
Total	100%	100%	100%	100%	100%

The ongoing wars in Southwest Asia led to the opening of a new smuggling route from the tri-border opium growing area; the runs are now made in large part by way of Baluchistan, Pakistan. Intelligence indicates that narcotic shipments are being moved by way of trucks being operated by Afghani resistance fighters. The convoys make detours around major cities such as Quetta and Kalat. These

runs make their way towards the ports of Jiwani, Gwadar and Pasni, situated along Pakistan's Makran Coast. From these points the narcotic supplies are dispatched by sea to Karachi, the Iranian port of Bandar Abbas, or direct to Europe. The port of Bandar Abbas is an important distribution centre in Iran; heroin originating from domestic laboratories in Zahedan is also shipped from this point. Although not confirmed, it is possible that the drug runs via Baluchistan are being organized by the same trafficking syndicates who formerly made their runs through Afghanistan into Iran, and have now joined the Afghani resistance groups in Pakistan to pursue their old trade in exile.

Although heroin produced within Turkey was eliminated from the international narcotics trade after the 1972 poppy ban, Turkey is still being used as a principal transshipment point for SWA heroin. Opium grown in the tri-border area is smuggled into Turkey, where it is converted to heroin in clandestine laboratories, then shipped to the European and North American markets. Enforcement authorities in Turkey are applying vigourous measures to fight the traffickers who have taken advantage of Turkey's geographic position as a land bridge between the major producing and consuming countries. Intelligence indicates that the Kurdish population of Turkey, Iran, Iraq and Syria has become specialized in the production of SWA heroin; operating primarily in eastern Turkey and Iran, where several clandestine laboratories have been dismantled. The old Turkish morphine base distribution networks appear to be intact and have organized trafficking via two primary routes:

- Shipments of heroin transit Europe via the southern shores of the Mediterranean Sea through Lebanon (it appears this route is now being used primarily to move morphine base rather than heroin to Lebanon and Europe); and
- Eastern Turkish or Iranian manufactured heroin transits Europe via the Balkan route, with Istanbul-based organizations shipping the heroin supplies, often by land routes, to western Europe via Greece, Bulgaria, Yugoslavia, Austria, Switzerland, Italy or the Federal Republic of Germany (FRG). Initially the couriers utilizing this route were Turkish nationals but, with the success which

Figure 10:

SOUTHEAST ASIAN HEROIN

Farmer —10 kg of opium — $500.00 - $800.00
Laboratory (Tri-border area) — 1 kg of No. 4 heroin (pure) $4,500.00 - $5,000.00
Distribution Centre (Bangkok) — 1 kg of No. 4 heroin (pure) $8,000.00 - $11,500.00
Canada —1 kg of No. 4 heroin (pure) — $225,000.00
—1 ounce of No. 4 heroin (pure) — $17,000.00
—1 gram of No. 4 heroin (pure) — $600.00 - $1,000.00
—1 bundle (25 caps) of No. 4 heroin (3.7% pure) — $375.00 - $450.00
—1 capsule of No. 4 heroin (3.7% pure) — $35.00 - $50.00

SOUTHWEST ASIAN HEROIN

Farmer —10 kg of opium — $600.00 - $1,000.00
Laboratory (Tri-border area) — 1 kg of heroin (pure) $9,000.00 - $12,500.00
Trafficker— 1 kg of heroin (pure) — $15,000.00 - $18,750.00
Europe —1 kg of heroin (pure) — $50,000.00 - $75,000.00
Canada —1 kg of heroin (pure) — $225,000.00
—1 capsule heroin (3.7% pure) — $35.00 - $50.00

Representative prices for Southeast Asian and Southwest Asian heroin at successive stages of trafficking, 1981

Note: Prices for heroin in Canada at the ounce, gram, bundle and single dosage unit levels do not fluctuate greatly, regardless of country of origin.

the Yugoslavian Drug Bureau and Customs had in 1980, when 300 kilograms of heroin were seized at one border point alone, the Turkish-based groups now often resort to employing European couriers.

Heroin from Southwest Asia captured the greatest market shares in several European countries in 1981, including Italy, the United Kingdom and the Federal Republic of Germany (FRG). HM Customs and Excise reports indicate a total of 86.79 kilograms of heroin were seized in the United Kingdom in 1981. An estimated 73% of the heroin seized originated in Southwest Asia, almost a reversal of the market share held by Southeast Asia up until that year. In order to stem the traffic of SWA heroin to Western Europe, the FRG enacted legislation in October, 1980 that required all Turkish nationals to obtain a visa prior to entry into the FRG. Shortly thereafter, France, Switzerland, Belgium, Luxembourg and the Netherlands passed similar legislation. In spite of the steps taken by the countries being inundated with SWA heroin, Southwest Asia is expected to increase its share of the illicit world market in 1982.

Mexico

As a source of narcotics to Canada, Mexico accounts for a negligible percentage of the market share. The last period in which Mexico supplied any sizable amount of heroin to the Canadian market was in 1977, when Mexican heroin accounted for 11% of the heroin seized in Canada or en route to Canada as shown in Figure 9. The Mexican heroin that enters Canada usually transits the United States, with Los Angeles, Seattle, Chicago and New York the key transshipment points. Mexican heroin has been routed to the cities of Vancouver, Calgary, Winnipeg, Toronto and Montreal.

The supply of heroin from Mexico to the United States has also declined substantially in recent years. In 1976, Mexico supplied an estimated 67% of the U.S. market, while in 1980, Mexico accounted for only 25% of the market share. (Southwest Asia is now the major supplier of heroin to the United States, supplying an estimated 60% of the market in 1980.) Mexican heroin enters the North American market for the most part by land penetration along the California and Texas border areas. Mexican traffickers are employing most of the traditional routes and modus operandi in smuggling narcotics. Small body carries, private vehicles, use of private boats in coastal waters and border lakes, and the use of private aircraft are being encountered in varying degrees of sophistication. In early 1980, Mexico also surfaced as a transit country for shipments of SEA heroin to the United States. The primary route for such shipments was Bangkok via Canada (Vancouver) to Mexico. From Mexico the heroin was further transported overland to the United States.

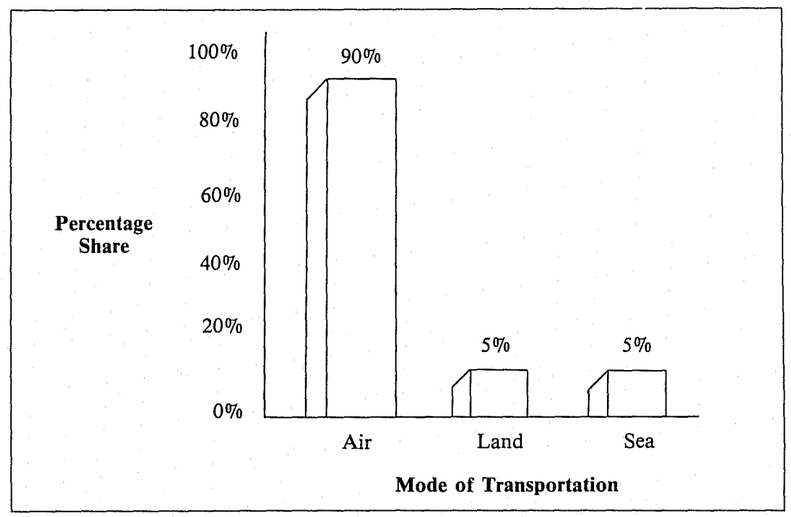
Mexico is not likely to increase its market share in Canada in the near future. However, if the North American demand for narcotic supplies rises, or in a situation of a shortage or elimination of the Southeast Asian or Southwest Asian supplies, there will be mounting pressure to expand the illicit production of heroin in Mexico. The rise to prominence of the Mexican market as the Turkish sources terminated after the 1972 poppy ban illustrates the flexibility of the international heroin networks. Thus, Mexico should be viewed as a key country for expanded opiate production in the event of any radical change in global heroin production.

Canada

Organized crime controls the illicit narcotics trade in Canada to a large extent. Each of the three primary threat areas (Vancouver, Toronto, Montreal) has its unique organizations; but they all have a common purpose, the importation and distribution of heroin. In Vancouver, the major Canadian centre for heroin distribution and consumption, the market is controlled by Chinese, Italian and Czechoslovakian organizations. In addition to supplying the province with heroin, Vancouver is also a major source of heroin for markets in Alberta and as far east as Ontario. Although SEA heroin dominates the Vancouver market, the potential for SWA and Mexican heroin supplies to increase in future exists. Heroin activity in Toronto is principally controlled by Italian organizations. Ontario-based criminal syndicates in recent years have generally operated on a smaller scale than those based in the Vancouver area. The heroin available in this region is both SEA and SWA in origin, with occasional amounts of Mexican heroin entering this market via the United States. Montreal is the centre for heroin importation and distribution organizations in the province of Quebec. The heroin trade in Montreal is dominated by French Canadian and Italian criminal syndicates. Montreal's importance as a transshipment point for heroin destined to the U.S. market was eroded with the termination of the French Connection and the rise of Southeast Asia as the principal source of heroin to the Canadian market. However, with the increase in SWA heroin entering Canada via Montreal, a reversal of this trend may occur in 1982/83.

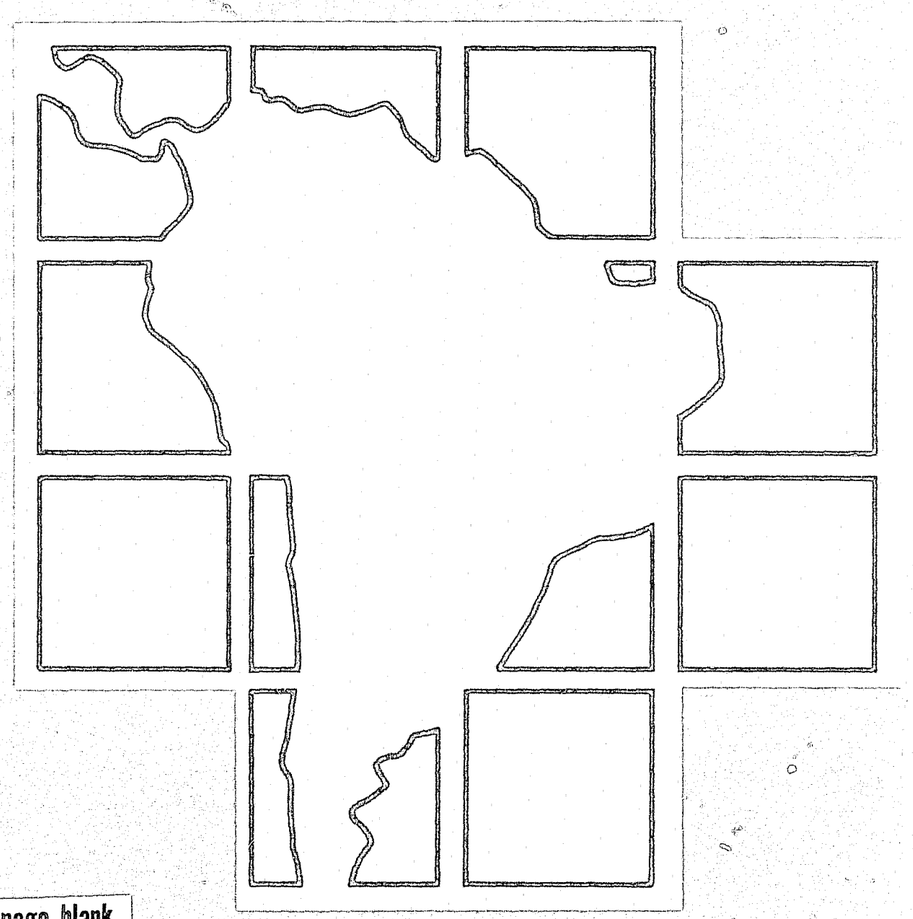
An estimated 90% of the heroin entering Canada arrives via air passenger or air cargo at Vancouver, Toronto and Montreal. Sea and land conveyance accounts for the balance as shown in Figure 11. Shipments by sea enter primarily at the ports of Vancouver and Montreal. Intelligence indicates that this mode of transit, popular with the French Connection in the early 1970's, is being used more often to smuggle SWA heroin into Canada and is expected to be more frequently employed in 1982. Other shipments of heroin enter Canada at various Ports of Entry (POE's) along the 6,400 kilometre U.S./Canada border. Mexican heroin is usually brought into Canada using this conveyance mode.

Figure 11:



Movement of heroin into Canada by mode of transportation (estimated percentage shares, 1981)

Chapter 4: Cocaine



Cocaine

Abuse and Availability Trends

Cocaine was widely available in Canada in 1981 and the abuse of this drug continued to increase throughout the year. A number of factors are believed to have contributed to this phenomenon. There has been a marked increase in the social acceptability of cocaine, due in part to extensive media exposure glamourizing this drug. Cocaine has made the progression from being the drug of choice by certain members of society in upper income groups to its present day status of widespread abuse by most socio-economic groups. This acceptance, coupled with the enormous profits which can be realized from the sale of cocaine, has been instrumental in increasing both its abuse and trafficking activity.

The number of persons charged by the RCMP with cocaine-related offences over the years 1977 to 1981 bear out this increase in activity. (See Figure 12.) In this five year period, a total of 2,801 persons were charged with such offences by the RCMP. As can be seen, in 1980 a total of 597 persons were charged, while in 1981 this figure increased by more than 35% to 809. The rise in the number of persons charged can be seen as both a reflection of the intensified efforts by enforcement authorities to intercept this drug, as well as an indication of the magnitude of the cocaine problem. RCMP seizure statistics over this same time frame reflect a similar trend. (See Figure 13.) While 1981 seizures are approximately 11% lower than those in 1980, the 1981 figure is still an increase of more than 44% over the seizures made in 1979. While enforcement statistics are not the only gauge of the accelerating problem, they are important measurement tools of the effectiveness of enforcement programs.

Figure 12:

*Number of persons charged with cocaine-related offences, 1977-1981**

Charge	1977	1978	1979	1980	1981
Possession	225	131	199	258	348
Trafficking**	269	207	257	304	410
Importation	23	53	31	35	51
Total	517	391	487	597	809

** Persons charged by the RCMP only.*
***Includes Possession for the Purpose of Trafficking offences.*

Figure 13:

*Amount of cocaine seized in Canada, 1977-1981 – Weights in kilograms**

1977	1978	1979	1980	1981
27.287	26.175	26.618	43.147	38.528

**Cocaine seized by the RCMP only.*

A number of other agencies are also engaged in programs which aid in measuring the problem to a greater extent. Health Protection Branch, a division of Health and Welfare Canada, has analyzed numerous samples of cocaine over the years. Their figures indicate that while in 1979 the average purity level of cocaine, determined by quantitative analysis, was approximately 40%, by 1981 this figure had risen to 52%. This rise in purity, when taken in conjunction with a number of

other factors such as price at street level, reflects an increase in the availability and abuse of cocaine.

Other measurement tools include surveys such as one conducted in 1981 by the Addiction Research Foundation of Ontario (ARF). The study indicated that 4.8% of the total number of persons surveyed had used cocaine at least once in the previous 12 month period. Those surveyed were a number of Ontario students in grades 7, 9, 11 and 13. (See Figure 14.) Projecting these percentages for ages 13 to 18 inclusive onto Statistics Canada Census figures for 1981 indicates that approximately 126,000 students in this age group across Canada had used cocaine during this period. Another study conducted by the ARF in 1979 indicated that 0.5% of their survey population aged 18 years and over had used cocaine in the 12 month period preceding the study. This figure projected onto the population of Canada 18 years of age and over results in a figure of approximately 92,000 persons. However, due to the fact that RCMP indicators show cocaine abuse has risen significantly from 1979 to 1981, it is estimated that for 1981 this figure may have increased substantially. Taking these two studies in concert it is possible to estimate that upwards of 225,000 persons 13 years of age and over in Canada in 1981 had used cocaine at least once in the previous 12 month period.

Figure 14:

Prevalence of cocaine use by Ontario students by age groups in 1981

Drug type	13 and under	14-15	16-17	18 and over
Cocaine	2.5%	5.4%	5.6%	3.6%

Cocaine is used primarily by sniffing the crystals of this drug into the nasal passages. This form of abuse is usually referred to as "snorting". The intravenous injection of cocaine is a second method of administration, although seldom seen in Canada. A new phenomenon which has recently surfaced relating to the use of cocaine, particularly on the West Coast of the United States and is encountered on occasion in Canada, is known as "freebasing". This involves an elaborate chemical process removing the impurities and cutting agents, leaving a pure or nearly pure smokable base or "freebase". In freebasing, cocaine is first dissolved in water. A solvent, usually ether or ammonia, is added to release the cocaine alkaloid from the salts and other adulterants. A stronger base is then added to neutralize the acid. The cocaine crystals are then drawn off the top and allowed to dry. This process, because it requires the heating of ether or similar flammable solvents, creates an extreme hazard of explosion. Freebasing removes only the sugar base substances such as lactose or mannitol. It will not remove other salts such as lidocaine or procaine. In its freebase form the cocaine is not water soluble, therefore the only method of ingestion which can be used is smoking the substance. Cocaine freebasers are more likely to develop an extreme psychological dependency on the drug. Overdose from this form of administration can result in cardiorespiratory arrest.

Overall, the supply of cocaine is plentiful in all areas of Canada with street level purities ranging from 16% to 98%. Cocaine prices for 1981 were dependent primarily upon the area of purchase and the availability of the drug. A general range for cocaine sold at the gram level in Canada was between $125.00 and $225.00. An ounce sold for between $3,000.00 and $4,000.00 in 1981, while one pound sold for approximately $40,000.00, again depending upon the area of purchase. A kilogram of high quality cocaine sold in Canada in 1981 for as much as $100,000.00. This same kilogram could have been purchased in South America for about $25,000.00.

Developments in Source Countries

All of the cocaine destined for Canada emanates from South American nations. The countries of Peru, Bolivia, Colombia, and to a lesser degree Ecuador, are the principal sources of supply. Cocaine use has had a long history, extending back into prehistory, especially in Peru. The drug has been used medicinally and socially in industrialized nations for about a century. The licit medical use of cocaine today is largely restricted to ear, eye, nose and throat surgery, although a number of licit, synthetic cocaine-like compounds exist on the market for these uses.

The coca bush, *Erythroxylon coca,* is widely cultivated in the mountainous upland areas in Bolivia and Peru. The Bolivian variety contains higher concentrations of cocaine than the Peruvian variety. The coca leaves, usually harvested three times a year, are dried in a storage area, making them suitable for chewing (the method of ingestion followed by the local populace) or for processing into refined cocaine. In the illicit traffic the coca leaves undergo two chemical processes. The first results in the production of coca paste or crude cocaine while the second produces cocaine sulphate or hydrochloride, the finished product. It is in this form that it appears on the Canadian illicit market.

Peru

Traditionally Peru has been a producer of coca bushes, however the authorization for their growth is restricted to certain areas of the country. Coca use is restricted exclusively to the native population for therapeutic and industrial purposes. Empresa Nacional de la Coca (ENACO) has the responsibility for the commercialization of coca leaves for which it also has the monopoly. This organization was created to control the illegal use of the coca bush and its derivatives. The most recent figures available for the national production of coca leaves registered by ENACO through the census of farmers totalled 9,747 metric tons from 17,862 hectares under cultivation. (Approximately 250 to 500 kilograms of coca leaves are required to produce one kilogram of cocaine hydrochloride.) However, national and international drug trafficking syndicates have persuaded a number of Peruvian farmers to grow coca illegally in different parts of the country. It is estimated that the illegal production of the coca bush is more than double the legal national production. According to estimates made by ENACO and from other sources, the illegal production of coca leaves could be as high as 20,000 metric tons from approximately 36,000 hectares under cultivation. The main areas of Peru where the coca bushes are grown are Cuzco, with approximately 59%; Huanuco, with approximately 17%; and Ayacucho, with approximately 15%.

In an attempt to solve the problem of illicit cocaine production in Peru a new law (Law 2209) was established. This law restricts illicit drug trafficking and encourages the cultivation of crops such as coffee, cacao and rice by farmers previously growing coca bushes illegally. The coca bush is illicitly grown in the rugged mountain and jungle areas of Peru. With increasing frequency these areas have also become the sites for clandestine laboratory production of coca paste. Between July and December, 1981, the only period for which data are available, 10 clandestine laboratories producing coca paste and 11 clandestine laboratories producing cocaine hydrochloride were seized in Peru. The output of these laboratories varied with the complexity of the operation. A number of the laboratories were producing up to 16 kilograms of high quality cocaine hydrochloride per month, while others were producing as little as 500 grams per month.

Based on a sampling of seizures of cocaine made in Canada or en route to Canada in 1981, Peru supplied approximately 48% of the cocaine destined for this country's illicit market. Due to the immense profits which can be realized from direct shipments of cocaine hydrochloride to the North American and international markets, Peru is expected to increase its hold on the illicit cocaine trade in the future.

Figure 15:

Major areas under coca cultivation in Colombia, Peru and Bolivia, 1981

Bolivia

In Bolivia it is legal to cultivate the coca bush but illegal to process cocaine. However, here too there is extensive cultivation of this crop for the illicit market. The U.S. Drug Enforcement Administration (DEA) estimates that Bolivia's production level is four times as much coca as can legally be consumed in that country. Intelligence indicates that land prices in the prime coca growing area in Chapare rose from the equivalent of $3,200.00 in January, 1980 to $5,900.00 in December, 1980 for 20 hectares. It is estimated that some 60,000 families in Bolivia are dependent upon the coca industry for their livelihood. In December, 1980 coca dealers were paying growers $450.00 per bale for the leaf for processing into coca paste. The same bale would have been worth only $270.00 if it was sold to the indigenous population for chewing. The dealers who transport the bales of coca leaves sell them in Santa Cruz to the processors for $1,320.00 per bale.

A dramatic increase in coca leaf production was experienced in Bolivia from 1979, when an estimated 15,000 metric tons were produced, to 1980, when production increased to 36,000 metric tons. The 36,000 metric tons of coca leaves could produce an estimated 72 metric tons of cocaine hydrochloride. Based on U.S. estimates, the monetary value of Bolivia's cocaine exports may now surpass the value of the country's largest legal industry, tin. RCMP data indicate that Bolivia supplies approximately 13% of the cocaine destined to Canada's illicit market. Canadian and other North American entrepreneurs realize greater profits by travelling directly to the production countries such as Bolivia to obtain their supply of cocaine. For this reason Bolivia is expected to increase production of cocaine destined for the illicit world market.

Colombia

Colombia's importance in the traffic of cocaine has been well documented. While Colombia has until recently only been a minor producer of coca leaves, it is known to be a major importer of coca paste and base from Bolivia and Peru. (Estimates indicate Colombia produces 3,000 metric tons of coca leaves annually.) In numerous clandestine laboratories, these products, under the control of well-organized Colombian syndicates, are refined into cocaine hydrochloride. Colombian authorities are now finding coca plantations in the southern areas or "departamentos" of Cauca, Narino and Putumayo as well as in Caqueta and Meta.

There was a significant increase in the number of coca bushes seized by the Colombian National Police in the January to October, 1981 period compared to the number of bushes seized in 1980. This new trend is felt to be a reflection of the increased cultivation of the coca bush. With this trend in mind, as well as Colombia's continuation in the laboratory production of the finished product, it is possible to speculate that Colombia will import less coca paste from Bolivia and Peru. This would leave Bolivia and Peru in a position to increase their own production of cocaine hydrochloride. The price of the coca paste is approximately $2,500.00 per kilogram. The finished product, cocaine hydrochloride, sells for approximately $25,000.00 per kilogram in the cities of Bogota, Cali and Medellin. The criminal element in Colombia is the most sophisticated and by far the best organized of any in South America. They have the necessary international contacts and expertise required to move significant quantities of cocaine to the illicit world market.

International/National Trafficking Patterns — Movement

Colombia is responsible for processing approximately 50% of the world's illicit cocaine supply. The exportation of the drug from Colombia and its importation into North America, the major importer of cocaine, is handled primarily by the Colombians themselves. In this way they are able to increase their profit margin by handling both the wholesale and retail ends of the operation. They are also, as a result, more insulated from foreign enforcement efforts. Based on a sampling of seizures of cocaine either made in or destined to Canada in 1981, it is estimated that Colombia supplies approximately 39% of Canada's illicit cocaine. However, with more drug organizations dealing directly with Peruvian and Bolivian sources, this percentage is expected to decrease in the future.

The cocaine destined for Canada begins its journey at the cultivation area. The coca leaves are often manufactured at the source into coca paste and sometimes cocaine hydrochloride. The problem facing the trafficker, the movement of the coca paste or cocaine northwards, results in several options. Peru's virtually uncontrolled border areas with Colombia and Ecuador encourage clandestine transport. A substantial portion of the paste produced in the northern regions of Peru is shipped to Guayaquil, Ecuador or down the Amazon river to Leticia on the Colombian border or to laboratories in the Amazon jungle area of Brazil. From Peru the coca paste is occasionally moved southwards to laboratories in northern Chile or westwards into Bolivia. Commercial and private vehicles, aircraft, boats (both ocean-going and river), motorcycles, burros and individuals travelling on foot are just a few of the innumerable smuggling methods used by traffickers to move coca paste out of Peru. When the cocaine hydrochloride is produced in Peru and obtained there by the Canadian traffickers, it is, almost without exception, brought to this country by air. Based on a sampling of seizures recorded in the Automated Interim Drug System (AIDS) in 1981, approximately 48% of the cocaine destined to Canada emanates from Peru. The ultimate Canadian destinations for the majority of this cocaine are Montreal, Vancouver and Toronto. The most common routings are: South America - Miami - Montreal, South America - Miami - Toronto, South America - Miami - Vancouver, South America - New York - Montreal, and South America - New York - Toronto.

Figure 16:

Estimated percentage shares of cocaine on the Canadian market from principal foreign sources, 1981

Country	Percentage of Market Share
Peru	48%
Colombia	39%
Bolivia	13%

A recent investigation in Brazil indicates that that country may be becoming a trafficking and manufacturing site for cocaine. An abandoned plane was discovered in the Amazon jungle carrying 600 kilograms of coca paste when it crashed. The paste had been manufactured by a native tribe from the Amazon, the Xingu, under the direction of an international criminal organization. The tribe had been trained to manufacture the paste and then to further refine it into cocaine hydrochloride. Brazil has also surfaced as a source country for the purchase of cocaine by Canadians. In Brazil; Rio de Janeiro, Sao Paulo and Manaus appear to be the major exit points for cocaine destined for Europe and North America. Rio and Sao Paulo, both with major airports, service most major European and North American cities. Flights from Manaus also service cities in both France and the United States.

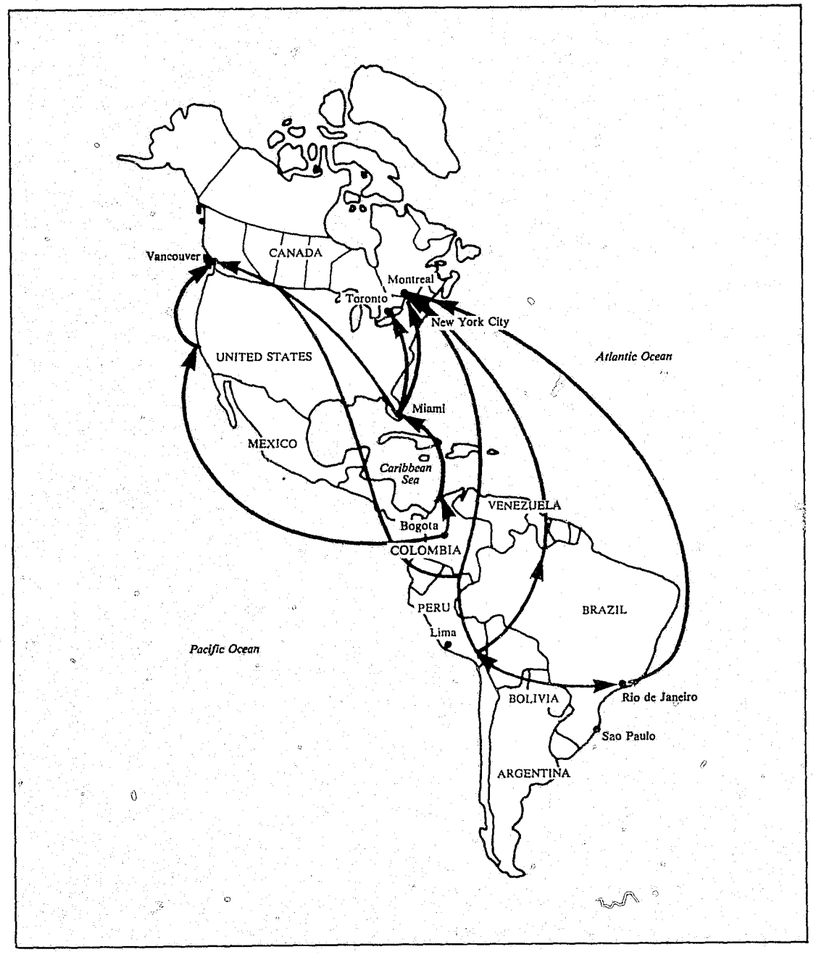
The city of Belem in northern Brazil is also used as a transit point for cocaine traffickers destined for Portugal and France. The main transshipment point for cocaine bound from Brazil to Canada is Rio de Janeiro.

Attempts are often made by Bolivian cocaine traffickers to cross into Argentina with drugs through that country's northern border; however, officials of the Argentine Gendarmaria Nacional have had considerable success in intercepting these shipments. Direct flights from La Paz, Bolivia and other major cocaine source areas enter Buenos Aires. From Buenos Aires direct flights depart for most major European and North American cities. Spain, Italy and France appear to be the most common European destinations for cocaine transiting Buenos Aires, while New York and Miami are the most common destinations in the United States. Buenos Aires is serviced twice weekly by flights to Vancouver via Santiago, Chile and Lima, Peru with connections in Lima to a weekly flight to Toronto. More recently Aerolineas Argentina has commenced a weekly flight from Buenos Aires to Montreal with brief stops in Rio de Janeiro and New York. Because of the seeming preference of eastern Canadian cocaine traffickers to enter Canada at Mirabel International Airport, there has been an increased use of this flight by Montreal-based traffickers. The majority of these individuals board the flight in Rio de Janeiro, with cocaine either obtained in Bolivia or Rio itself.

Coca paste and cocaine hydrochloride produced in Bolivia also leave the country in an unlimited variety of ways, in much the same manner as in Peru. A substantial quantity of coca paste finds its way from Bolivia to Colombia for refinement into cocaine hydrochloride, however a portion is also produced in Bolivia. Commercial airlines carry couriers and importers directly to Canada. Non-Bolivian cocaine buyers often have some prior knowledge of the identity and location of cocaine sources. The newcomer, with little previous experience or connections will simply wait until approached by a local trafficker. Intelligence indicates that the wait is not often lengthy. There is no limit to the number of routes used to smuggle cocaine out of Bolivia. At international airports customs officials often pay little attention to items destined for export. Non-Bolivians may travel directly to Bolivia to obtain the drugs but will take a circuitous route back to their point of origin, disguising their visit to Bolivia by stopping off at non-cocaine producing countries. Approximately 13% of the cocaine destined to Canada is believed to be obtained in Bolivia. For some time, political unrest in that country has caused this routing to be almost discontinued. Now that the political situation has stabilized somewhat, the trend towards Canadians travelling directly to Bolivia to obtain cocaine is expected to increase.

Because of its location at the northern end of South America with both Caribbean and Pacific coasts and inland connections with Ecuador, Brazil, Peru and Venezuela, Colombia is a natural transit point for the cocaine trade originating to the south. The Caribbean coast offers 800 kilometres of ports, coves, deserted beaches and natural airstrips for the smugglers to use. Ships that are loaded in the Guajira Peninsula area usually travel northwards to unload at a Caribbean island or further north to the Florida area. In 1980, a total of 142 cases involving cocaine, cocaine laboratories, coca leaves and coca bush cultivation were undertaken by the Colombian National Police. Between January and October, 1981, a further 105 cases involving the same products were undertaken. This is only the surface of the problem in that country. Colombian cocaine is estimated to be a major industry worth some $500 million annually to Colombia's economy. Numerous routes have been noted ranging from direct Bogota – Miami – Canada flights to the most roundabout routes imaginable. Cocaine most often leaves Colombia from Bogota, Medellin, Cali, Barranquilla or Buenaventura. While direct routes are used, diversionary routes by way of Central America, various Caribbean islands, the United States and Europe are also common.

Figure 17:



Major cocaine trafficking routes into Canada, 1981

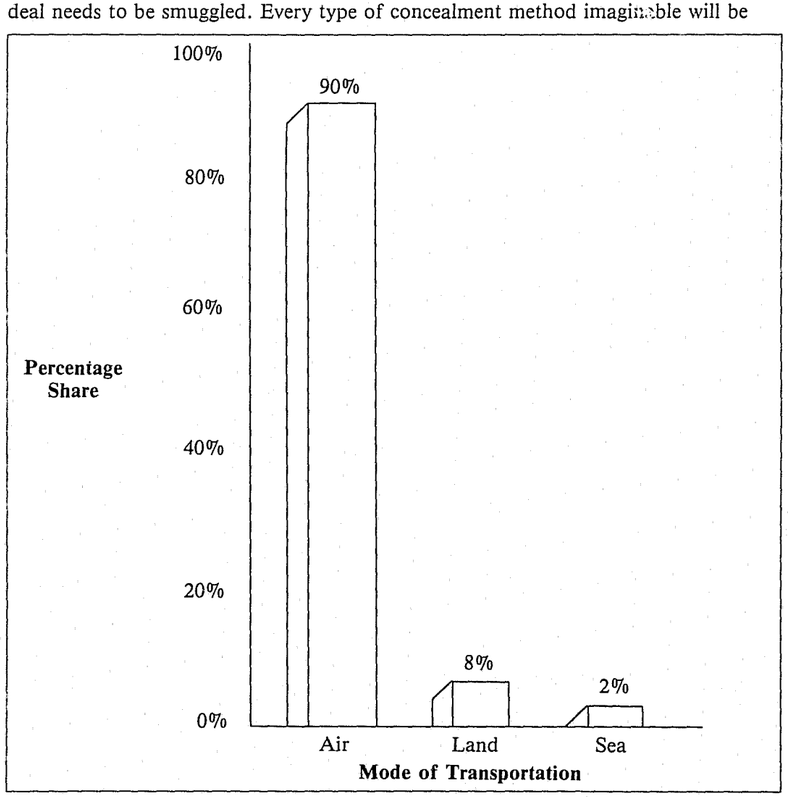
Guatemala has emerged as a transshipment area for cocaine originating in South America destined for Mexico and North America. The geographic location of Guatemala, midway between northern South America and the southern border of the United States makes it a natural fuel stop for private aircraft carrying contraband. Belize and Costa Rica also play similar roles. Costa Rica has approximately 240 unsupervised landing strips which make it a favoured intermediate refueling and storage area for trafficking organizations. Intelligence indicates that a number of clandestine laboratories which convert coca paste into cocaine hydrochloride are operational in Costa Rica.

Panama continues to be a significant transit country for cocaine originating from South America destined for the North American market. This trend is supported by frequent arrests of drug couriers at Panama International Airport. Intelligence also indicates that Panama is a transit country for cocaine base en route

to Colombia for processing prior to delivery to North American-based trafficking organizations. In the same manner as Central America, the Caribbean is also frequently used as a transshipment and storage area for cocaine destined to the North American market. In recent years Jamaica, the Bahama Islands, Antigua, Barbados, Haiti, the Netherlands Antilles and the Virgin Islands have all been utilized as transit areas for cocaine destined to Canadian locations. In 1981, approximately 20% of the cocaine destined to Canada is estimated to have passed through the Caribbean area.

Estimates indicate that over 70% of the cocaine is transshipped to Canada via the United States. This however does not rule out the possibility that the cocaine had previously transited Central America or the Caribbean. The most frequently recorded cities in the United States which are used as transshipment points for cocaine destined to Canada are Miami, New York and West Coast cities such as Los Angeles, San Francisco and Seattle. The most common method of smuggling cocaine into Canada is by couriers travelling on commercial aircraft. The courier may use the body carry method; the cocaine is placed in packages which are then taped to the courier's body under the clothing, placed in condoms and swallowed, or inserted in the body cavities. Cocaine has also been frequently concealed in false-sided luggage. Another common method is to conceal the drug in objects carried by the courier, such as hollowed out statues, books, handicrafts and clothing. The fact that small amounts of cocaine can produce immense profits means that not a great deal needs to be smuggled. Every type of concealment method imaginable will be

Figure 18:



Movement of cocaine into Canada by mode of transportation (estimated percentage shares, 1981)

used by enterprising cocaine couriers. The postal system is also used extensively for smuggling small amounts of cocaine, usually under 30 grams. The cocaine is placed in a wrapper of some sort, often cellophane or plastic, and then placed in a card or a letter and mailed first class to Canada. Under present legislation, first class mail cannot be searched, even with a search warrant. Intelligence indicates that large amounts of cocaine as well as heroin enter Canada in this manner annually. Air cargo is another frequently used method of concealment for cocaine. The drugs are concealed in shipments as diverse as bags of cement or accessories for motor vehicles, boats and aircraft. At times the cocaine is made into a solution which is then soaked into cloth or animal skins. When the article arrives at its destination the cloth or skin is processed to remove the cocaine.

Cocaine smuggling can be an enormously profitable enterprise if successful and the illicit trade attracts organized criminal groups as well as individual entrepreneurs. Figure 19 presents an indication of the general price progression for cocaine from the farmer cultivating the coca bushes in South America to the street level in Canada.

Figure 19:

SOUTH AMERICA

Farmer —250–500 kg of coca leaves — $1,000.00 - $2,000.00

Laboratory —250–500 kg of coca leaves ⟶ 2.5 kg of coca paste — $3,600.00 - $6,000.00

—2.5 kg of coca paste ⟶ 1 kg of cocaine base — $9,500.00 - $13,000.00

—1 kg cocaine base ⟶ 1 kg of cocaine hydrochloride — $18,000.00 - $25,000.00

CANADA

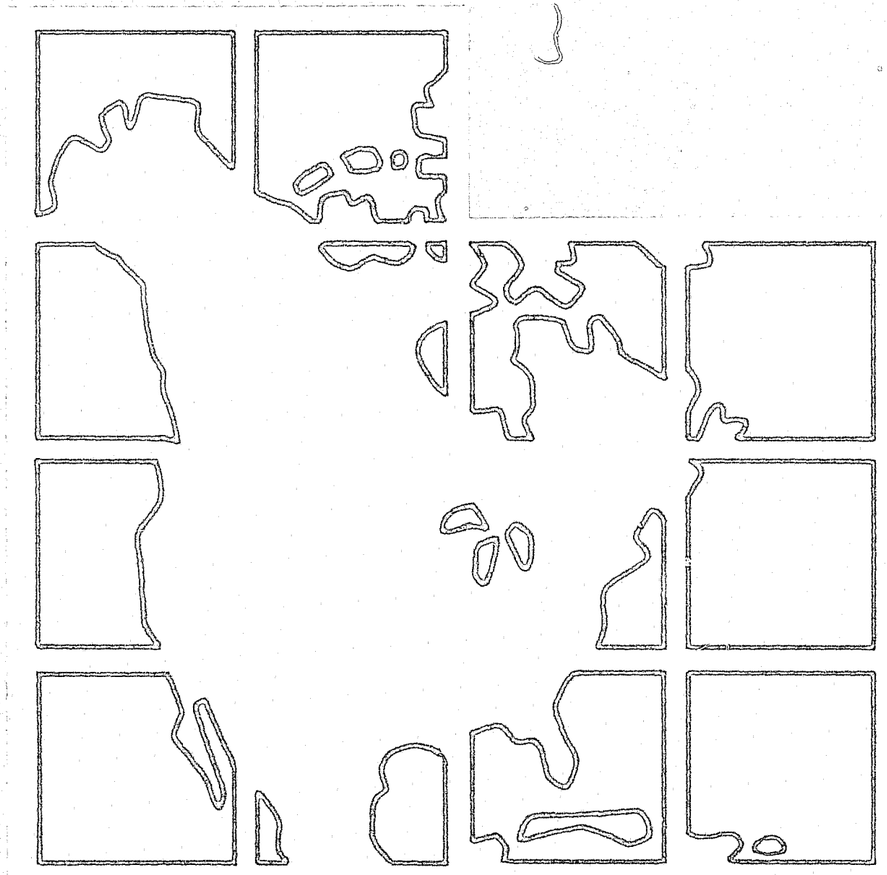
Wholesale —1 kg pure cocaine hydrochloride — $100,000.00

Retail —1 kg ⟶ 4,000 g of 25% purity @ $200.00 per gram — $800,000.00

—1 kg ⟶ 8,000 g of 12.5% purity @ $200.00 per gram — $1,600,000.00

Representative prices for cocaine at successive stages of trafficking, 1981

Chapter 5:
Chemical Drums



Chemical Drugs

Abuse and Availability Trends

The major chemical drugs of abuse in Canada fall into three general categories:

- Schedule F – Prescription Drugs,
- Schedule G – Controlled Drugs, and
- Schedule H – Restricted Drugs.

Drugs listed under Schedule F most often subject to abuse include diazepam (Valium), chlordiazepoxide, flurazepam and propoxyphene (Darvon). Schedule G drugs most often found in illicit use include methamphetamine, amphetamine, pentazocine (Talwin), methaqualone, methylphenidate, diethylpropion, phentermine and the barbiturates. The principal Schedule H drugs of abuse are LSD, MDA and psilocybin. (Note: Although the chemical phencyclidine (PCP) which is listed under the Narcotic Control Act is subject to considerable abuse, especially in the provinces of Ontario and Quebec, precise figures on its abuse levels cannot be defined as RCMP statistical data to 1981 have PCP included in the broad category of Other Narcotic Control Act Drugs. It therefore cannot be accurately determined what the extent of PCP abuse is in Canada in the areas of the amount of this drug seized and the number of persons charged for phencyclidine-related offences. However, this deficiency has been corrected, and specific data concerning PCP will be available for subsequent abuse and availability estimates.)

Under present law there are no possession offences for either Schedule F or Schedule G drugs. However, it is an offence to sell a Schedule F drug without a prescription, and offences dealing with Schedule G drugs include trafficking and possession for the purpose of trafficking. Almost all drugs listed under Schedule F and Schedule G enter the illicit market from diversion or theft of licit stocks, with the exception of methamphetamine, which is principally produced in clandestine laboratories in Canada. Schedule H drug offences include possession, trafficking and possession for the purpose of trafficking. The drugs under this schedule are generally manufactured in clandestine laboratories, both within Canada and internationally, as is the case with LSD. Psilocybin is however obtained for the most part from domestic free-growing hallucinogenic mushrooms, primarily on Canada's East and West Coasts.

An analysis of the number of persons charged with Schedule F drug offences between the years 1977 and 1981 shows a significant decline in 1981 over 1980, which was the peak year for Schedule F drug offences. (See Figure 20.) In 1980, 237 persons were charged with such offences, while in 1981, only 17 charges were registered, a decline of 92.8%. However, when 1981 statistics are compared with data from the preceding four years, this decrease is not as substantial. Schedule G drug offences have been gradually declining since 1978, when 350 persons were charged with offences under this schedule, to 152 persons charged in 1981, a decline of 56.6% over this period. Schedule H drug offences peaked at 1,394 in 1980 then declined to 1,033 in 1981, a decrease of 25.9%. However, abuse and availability indicators reflect a levelling-off period has occurred, and although offence figures are not anticipated to reach 1979 or 1980 levels, they will remain above the levels reached in 1977 and 1978.

Figure 20:

*Number of persons charged with chemical drug-related offences, 1977-1981**

Drug Category	Charge	1977	1978	1979	1980	1981
Schedule F Prescription Drugs	Sale without prescription	21	90	39	237	17
	Trafficking**	312	316	307	220	147
Schedule G Controlled Drugs	Forgery	12	34	18	7	5
	Total Schedule G	324	350	325	227	152
	Possession	475	419	493	578	368
Schedule H Restricted Drugs	Trafficking**	507	455	828	816	665
	Total Schedule H	982	874	1,321	1,394	1,033
Total		1,327	1,314	1,685	1,858	1,202

* *Persons charged by the RCMP only.* ***Includes Possession for the Purpose of Trafficking offences.*

During the period 1977 to 1981, analysis of RCMP seizure data reflects highly fluctuating levels of chemical drug abuse and availability. (See Figure 21.) RCMP seizures involving Schedule F drugs reached a record level in 1980 as a result of a single seizure totalling 862 kilograms of diazepam (Valium) powder together with 345,000 dosage units. Although RCMP seizure data for 1981 show a decline from 1980, there was an additional seizure of 500 kilograms of diazepam powder together with 600,000 dosage units made by the Montreal Urban Community Police Department (MUCPD) in 1981 that is not recorded in Figure 21.

Analysis of methamphetamine and amphetamine seizure statistics also reflects fluctuating abuse levels between 1977 and 1981 as shown in Figure 21. However, seizures of both drugs increased substantially in 1980 over every year since 1977. This upswing was shortlived; in 1981, methamphetamine seizures dropped to a record low since 1977 and seizures of amphetamine also declined, although to a lesser degree. RCMP data indicate that these drugs were replaced to a large extent by the arrival of vast quantities of "look-alike" drugs available on the market in 1981. Look-alikes are legally manufactured, non-controlled drugs which resemble several of the more common Schedule G drugs of abuse. Abuse of barbiturates has not been seen as a major enforcement problem and is not anticipated to become a sizable problem area in future. The Schedule G drug that is expected to show a substantial increase in availability and abuse is methaqualone. In 1981, a record seizure of 6,750 kilograms of this chemical was made in Canada; however, intelligence indicated that the bulk of the drug was destined for the U.S. market. (Note: This trend is examined in further detail in a subsequent section of this chapter dealing with international/national trafficking patterns.)

Seizures of Schedule H drugs have also fluctuated widely from 1977 to 1981. MDA seizures peaked in 1979 at 15.570 kilograms and 11,486 dosage units and dropped to .335 kilograms and 767 dosage units in 1981, the lowest seizure level recorded since 1977. Other Schedule H drug seizures reached peak levels in 1979 and 1980, then declined to a five year low in 1981. LSD seizures declined in 1981 from 1980 and are not expected to return to the record levels of abuse seen during the mid-1960's. However, with the recent decline in street dosage levels, allaying the users' fears of negative side effects, LSD abuse is expected to increase in 1982. During the 1960's to more recent years, average street doses of LSD commonly ranged from 100 to 700 micrograms, whereas single dosage units are now averaging 20 to 25 micrograms.

Purity and price are also important indicators of trends in the abuse of chemical drugs. A decline in purity and/or a rise in price are indicators of decreasing availability levels and conversely, a rise in purity and/or a decline in price is an indication of increasing availability levels. The illicit drug market like the legitimate commodities market follows the economic principle of supply and demand. The following review compares purity and prices on the illicit market for 1980 and 1981. The street level purity of methamphetamine dropped from an average of 10% in 1980 to an average of 6% in 1981, while the retail street level price per single dosage unit remained unchanged at $3.00 to $5.00. A decline in purity would indicate that methamphetamine was less available at the street level in 1981. MDA also showed a similar trend, with street level purity averaging 9.5% in 1981, dropping from previous levels averaging 14.5%. However, the price per dosage unit increased in some regions from a range of $10.00 to $12.00 in 1980 to a range of $10.00 to $20.00 in 1981. Both indicators point to reduced availability levels of MDA in 1981 from 1980. The purity and price of PCP at street level remained unchanged in 1981 at 1% to 6% and $3.00 to $5.00 per dosage unit, suggesting a stable market concerning this chemical. LSD has however declined in purity from 30 to 40 micrograms in 1980 to 20 to 25 micrograms in 1981, while prices have remained at $4.00 to $5.00 per dosage unit. Although these data indicate a decrease in availability, the decline in the potency of street doses may lead to increased abuse levels as previously noted.

Figure 21:

*Amount of chemical drugs seized in Canada, 1977-1981 — by kilograms (and single dosage units in parenthesis)**

Drug Category	Drug Type	1977	1978	1979	1980	1981
Schedule F Prescription Drugs	Total Schedule F	16.662 (43,214)	6.073 (167,867)	374.300 (33,035)	864.931 (434,518)	11.801 (151,136)
Schedule G Controlled Drugs	Methamphetamine	27.721 (19,306)	5.319 (56,047)	18.733 (2,486)	34.969 (1,709)	1.052 (2,154)
	Amphetamine	.400 (13,328)	1.172 (13,175)	.204 (3,847)	7.157 (81,824)	.677 (132,426)
	Barbiturates	1.268 (24,164)	.334 (41,687)	5.073 (15,039)	.338 (64,570)	.590 (10,645)
	Other Schedule G	5.064 (26,717)	34.926 (554,058)	62.184 (86,401)	3.694 (187,833)	6,754.847 (45,755)
	Total Schedule G	34.455 (83,515)	41.751 (664,967)	86.194 (107,773)	46.158 (335,936)	6,757.166 (190,980)
Schedule H Restricted Drugs	LSD	6.790 (34,781)	1.618 (80,230)	3.516 (145,281)	.438 (191,758)	.189 (125,884)
	MDA	3.311 (7,036)	5.784 (3,589)	15.570 (11,486)	1.507 (1,734)	.335 (767)
	Other Schedule H	11.599 (27,136)	18.090 (10,055)	46.520 (3,476)	47.534 (4,564)	5.627 (1,208)
	Total Schedule H	21.700 (68,953)	25.492 (93,874)	65.606 (160,243)	49.479 (198,056)	6.151 (127,859)
Total		72.815 (195,682)	73.316 (926,708)	526.100 (301,051)	960.568 (968,510)	6,775.118 (469,975)

**Chemical drugs seized by the RCMP only.*

Another indicator used to gauge the extent of drug abuse in Canada is sample population surveys. Figure 22 shows the prevalence of chemical drug use among Ontario students by age groups in 1979 and 1981. The drug categories surveyed included barbiturates, methamphetamine, stimulants, tranquillizers, LSD and other hallucinogens. In general, almost every drug category recorded declining abuse levels from 1979 to 1981. The major exception was in LSD use, which increased in every group except those 13 and under. As previously mentioned, this trend may be

explained in part by the recent decline in LSD dosage levels, allaying the users' fears of adverse effects. Overall, prevalence of use was highest in the 16-17 age group. The most often used drugs in this group were non-prescription stimulants, LSD and prescription barbiturates.

Figure 22:

*Prevalence of chemical drug use by Ontario students by age groups in 1979 and 1981**

Drug Type	Year	Age Group and Percentage Use** 13 and under	14-15	16-17	18 and over
Barbiturates (1)	1979	8.8	13.2	15.3	14.1
	1981	6.4	13.6	14.2	13.3
Barbiturates (2)	1979	2.6	6.9	11.3	5.4
	1981	1.1	8.5	13.2	3.9
Methamphe-tamine (speed)	1979	2.0	3.7	4.4	4.3
	1981	1.0	3.2	4.3	2.4
Stimulants (1)	1979	3.9	5.9	7.8	5.7
	1981	4.2	6.9	6.7	4.9
Stimulants (2)	1979	3.9	10.1	17.9	10.1
	1981	3.2	11.9	18.6	8.3
Tranquillizers (1)	1979	5.4	5.7	8.5	8.5
	1981	3.4	7.6	9.6	7.6
Tranquillizers (2)	1979	2.4	6.0	8.6	6.6
	1981	1.4	6.1	6.7	2.2
LSD	1979	3.6	8.3	13.9	8.4
	1981	1.8	9.7	16.3	8.5
Other Hallucinogens	1979	1.7	4.0	9.2	7.2
	1981	0.7	4.4	7.2	4.5

** Surveys conducted by the Addiction Research Foundation of Ontario.*

***Percentage using chemical drugs at least once in past 12 months.*

(1) Prescription (2) Non-prescription

Despite the widely fluctuating abuse levels of chemical drugs during the period under review, there has been a progressive increase in the number of thefts and other losses involving both Schedule F and Schedule G drugs since 1977. (See Figure 23.) Thefts and losses of Schedule F drugs increased by 28.9% between 1977 and 1980 and 92.4% for Schedule G drugs over the same period. However, when assessing the rise in the number of thefts and losses of chemical drugs, the abuse of these substances as substitutes for heroin cannot be overlooked. Increasing numbers of heroin users have acknowledged the use of substitute drugs since the decline in heroin availability after 1977. During this same period the thefts and losses involving narcotic drugs increased by 80.5% as shown in Figure 4. In many instances the motivating factor behind the acquisition of these substances may have been to obtain narcotic substitutes, with the theft of the Schedule F or Schedule G drugs being of secondary consideration or simply taken in error. If this premise is correct, this trend should begin to decline as the availability of heroin increases on the Canadian market. Intelligence indicates that heroin availability levels will rise in 1982/83, which should lead to a decline in the number of licit drugs diverted into the illicit market.

Figure 23:

Schedule/ Year	Break and Enter	Pilferage (Grab)	Armed Robbery	Breakage (Unexplained Loss)	Diversion	Loss in Transit	Total
Schedule F							
1977	167	6	7	—	—	—	180
1978	188	7	2	—	—	1	198
1979	184	7	9	1	1	1	203
1980	201	7	22	—	—	2	232
Schedule G							
1977	315	21	12	—	—	8	356
1978	431	35	17	—	—	16	499
1979	405	37	37	14	5	14	512
1980	516	45	85	18	7	14	685

*Reported thefts and other losses involving Schedule F and Schedule G drugs, 1977-1980**

**Figures not available for 1981 at time of printing.*

Look-alike Drugs: Non-controlled Substances of Abuse

Drug abuse indicators reflected a sharp increase in the abuse of "look-alike" drugs in 1981. Look-alikes are non-prescription drugs which closely resemble the more commonly abused Schedule G drugs such as diethylpropion and the amphetamines. These drugs contain only non-controlled substances, usually ephedrine-based in combination with pseudoephedrine, caffeine and phenylpropanolamine (PPA). However, the negative effects associated with the abuse of these drugs lie not in the specific chemicals they contain but in the amount of each chemical. Whereas a typical diet-aid capsule may contain between 25 to 50 milligrams of PPA and 100 to 200 milligrams of caffeine, a look-alike capsule often contains 50 milligrams of PPA together with 200 to 500 milligrams of caffeine. In Canada there are approximately 60 legal manufacturers marketing products containing ephedrine that are primarily used in the treatment of disorders such as hay fever, acute sinusitis, bronchial asthma and narcolepsy. These products are sold over-the-counter (OTC) without the requirement of a prescription. A similar situation also exists in the United States and intelligence indicates that the U.S. is the principal source of look-alike drugs for the Canadian market.

The abuse of look-alike drugs was documented in Canada as early as 1974 when ephedrine and its related compounds were being offered for sale as MDA in British Columbia. Although the look-alikes have been on the market for about a decade, the abuse of these substances did not reach a pandemic level until 1981. The absence of legal controls on these substances has resulted in the street sale of more than 60 identified products under a variety of names. Look-alike drugs have been offered for sale as cocaine, PCP, methamphetamine and diazepam (Valium) under such street names as "Pseudococaine", "Black Beauties", "Pink Hearts" and "Valm No. 10". A national survey conducted by the RCMP in 1981 to determine the extent of look-alike abuse in Canada indicated that these substances will continue to pose severe enforcement and abuse problems in 1982. Seizures of hundreds of thousands of dosage units and price quotations for kilogram amounts is an indication of the high availability of look-alike drugs. Prices range from $.50 to $5.00 per dosage unit to $8,000.00 per kilogram, depending on regional supply and demand.

Domestic Production and International/National Trafficking Patterns — Movement

The principal sources of chemical drugs on the Canadian illicit market are: domestic clandestine laboratories, illicit imports of clandestinely manufactured and diverted drugs from other countries, and diversion from the licit Canadian distribution system. Domestic clandestine laboratories account for virtually all of the methamphetamine, MDA and PCP, while the major source of LSD is from clandestine laboratories operating in the United States. Most commercial drugs, such as hydromorphone (Dilaudid), oxycodone (Percodan), pentazocine (Talwin), amphetamine, methaqualone and diazepam (Valium), enter the illicit market through diversion (break and enter, armed robbery, pilferage, double doctoring, forged prescriptions). Large volumes of commercial chemical drugs, especially methaqualone and diazepam, enter the Canadian market diverted from legitimate manufacturers in foreign countries.

Domestic Clandestine Laboratories

During the period 1977 to 1981, a total of 22 clandestine chemical drug laboratories were seized in Canada by the RCMP as shown in Figure 24. (Another 13 clandestine liquid hashish laboratories were seized during this period and are discussed in the following chapter dealing with the cannabis derivatives.) The principal chemical drugs illicitly manufactured in Canada are (in order of importance): methamphetamine, PCP, MDA and LSD. Ontario was the most active province, accounting for 41% of the laboratories seized, followed by Quebec, (32%) and British Columbia (18%).

An examination of associated RCMP intelligence data indicates that Canada was a major exporter of illicit methamphetamine and PCP to the U.S. market from the mid-to-late 1970's. This situation changed dramatically as clandestine laboratory activity in the United States escalated towards the end of the last decade. The U.S. National Narcotics Intelligence Consumers Committee (NNICC) in their 1980 *Narcotics Intelligence Estimate* noted that 183 clandestine laboratories were seized in 1978 in the United States, 237 in 1979 and 234 in 1980. (U.S. seizure statistics include liquid hashish laboratories, which accounted for 2.7% of laboratory seizures in 1978, .7% in 1979 and .5% in 1980.) Since 1980, clandestine laboratories in Canada have been operating almost exclusively to meet domestic demand and only nominal amounts of illicitly produced chemical drugs reach foreign markets. There are no indicators to suggest that a return to the export levels of the mid-1970's will occur. The situation for 1982/83 will remain relatively unchanged from 1981, with clandestine chemical production primarily supplying the domestic market.

Clandestine laboratories in the United States supply the major share of the LSD available on the Canadian market. A 1981 study conducted by the U.S. Drug Enforcement Administration (DEA) estimated that a California-based syndicate is responsible for approximately 90% of the worldwide LSD supply. This group has been particularly responsive to the rising demand for LSD during the past two years. Since 1976, they have assumed a major role in the production and distribution of LSD through their control over the illicit importation of ergotamine tartrate (an essential LSD precursor chemical) into the United States, as well as through their franchising of LSD production rights. Unlike LSD syndicates in past, this organization has relied exclusively on legitimate European pharmaceutical companies for supplies of ergotamine tartrate. Intelligence indicates that this syndicate has control over LSD tableting as well as blotter operations. The blotter

Figure 24:

*Domestic clandestine chemical drug laboratory seizures, 1977-1981**

Year	Drug Type	Location of Laboratory
1977	MDA	Ladysmith, British Columbia
	PCP	Montreal, Quebec
1978	PCP	Trinity Bay, Newfoundland
	PCP	Windsor, Ontario
	MDA	Maple Ridge, British Columbia
	STP	Hamilton, Ontario
	LSD	Eastman, Quebec
1979	PCE	Rivieres des Prairies, Quebec
	MDA	Port Daniel, Quebec
	Methamphetamine	Rawdon, Quebec
	Methamphetamine	Penetanguishene, Ontario
	Methamphetamine	Edmonton, Alberta
1980	Phenylpiperidine	Surrey, British Columbia
	LSD	Alexandria, Ontario
	DMA	Mississauga, Ontario
	PCP	Montreal, Quebec
	Methamphetamine	London, Ontario
	Methamphetamine	Toronto, Ontario
	Methamphetamine	Montreal, Quebec
1981	MDA	Kitchener, Ontario
	THC	White Rock, British Columbia
	Mescaline	Chapleau, Ontario

**Clandestine chemical drug laboratories seized by the RCMP only.*

Note: Liquid hashish laboratories are contained in the following chapter dealing with the cannabis derivatives.

operations are more diverse than tablets, with the LSD in liquid form shipped to intermediaries in California and then to other areas of the United States where LSD demand is great, and from these points to foreign markets. These intermediaries produce the LSD blotters for subsequent distribution by LSD trafficking organizations. Blotter operations can be as unsophisticated as using syringes to drop the liquid LSD on paper squares to a more sophisticated method of immersing papers in an LSD liquid solution and sending them to a commercial press for printing. The blotter designs can be changed at will in order to add an element of security to the organization's operation. A chief consideration regarding pattern or design change is consumer preference. Based on 1979 statistics, the DEA estimates that over 20 million dosage units of LSD are being consumed annually in the United States, with a like amount being consumed internationally. At an average of $3.00 per dosage unit in the United States, LSD traffickers are generating illegal worldwide profits of approximately U.S. $120 million annually. Moreover, a small amount of precursor chemicals are required to produce a large amount of finished product; approximately 2 kilograms of ergotamine tartrate is needed to produce enough LSD to meet the entire U.S. demand. (One kilogram of ergotamine tartrate can produce approximately one-quarter kilogram of LSD, which is equal to 10 million single dosage units at 25 micrograms per unit.) The neutralization of this organization by U.S. enforcement authorities would have a dramatic impact on the overall abuse and availability of LSD, both in Canada as well as in the United States.

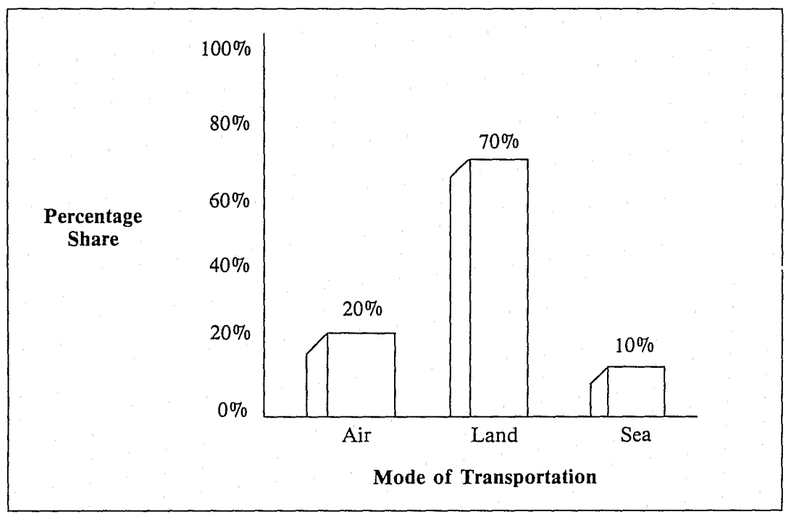
In Canada, the principal groups controlling the production and distribution of illicit chemical drugs are outlaw motorcycle gangs. The existence of criminal gangs is not a new phenomenon in Canada. The expertise and protection afforded by the group lessens the risk of detection by law enforcement and increases the profitability margin of many criminal activities. However, outlaw motorcycle gangs are perhaps the most violent faction of all criminal elements of organized crime. Although the involvement of these organizations has traditionally been confined to methamphetamine production and distribution, recent data indicate outlaw motorcycle gangs are branching out into other drug activities.

Diversion of licit drugs from both domestic and foreign manufacture into the illicit market is a serious and growing problem in Canada. During the period 1977 to 1980, Bureau of Dangerous Drugs (BDD) and RCMP data reflected progressive increases in the number of criminal offences for drugs of legal origin as well as increases in the number of incidents of known diversion of drugs from the legal distribution system. Analysis of geographic data compiled by the BDD indicates the problem of diversion is most acute in Ontario, British Columbia, Quebec and Alberta. Pharmacies are the primary victims of diversion efforts and the drugs most often diverted are the semi-synthetic narcotics (Dilaudid and Percodan), pentazocine (Talwin), morphine, codeine, barbiturates and diazepam (Valium).

During the period 1977 to 1980, there were a total of 813 incidents of theft and other loss of Schedule F drugs and 2,052 incidents of theft and other loss of Schedule G drugs from pharmacies, hospitals, practitioners, licenced dealers and other sources in the licit drug distribution system. As well, there were 4,116 such incidents involving narcotic drugs over this period. (See Figures 4 and 23.) The most notable trend which surfaced during this time frame was the significant increase in break and entries, armed robberies and grab thefts. Break and entries increased by 69.8% for narcotic drugs, 63.8% for Schedule G drugs and 20.4% for Schedule F drugs between 1977 and 1980. The number of incidents involving armed robberies increased by 507% for narcotic drugs, 608% for Schedule G drugs and 214% for Schedule F drugs. Incidents of grab thefts also increased in every drug category, however to a lesser degree than incidents involving break and entry and armed robbery.

Diversion of licit drugs from foreign countries to Canada has increased significantly since 1980. RCMP intelligence indicates that Canada is being utilized as a transshipment point for large amounts of drugs diverted from licit European manufacturers destined to the United States market. (Indicators also show that Canada is being used more frequently as a transit point for non-controlled precursor chemicals en route to the United States.) This trend surfaced in 1980, with the seizure of 862 kilograms of bulk diazepam together with 345,000 dosage units. The diazepam was diverted from a commercial manufacturer in Italy and was routed via Toronto to Montreal where it was seized before entering the U.S. market. In 1981, MUCPD seized 500 kilograms of bulk diazepam and 600,000 dosage units following the same routing as the previous seizure. In both instances the diazepam was being manufactured into fraudulent "Lemmon 714" (methaqualone) tablets for distribution on the illicit market in the United States. Also during 1981, the RCMP seized 6.7 metric tons of methaqualone powder diverted from a legal manufacturer in Austria destined for the United States. Intelligence indicates that more vigilant law enforcement, together with increasing legal control measures in the United States, will result in Canada being used increasingly as an transshipment point for diverted drugs and chemical precursors to the U.S. market in 1982.

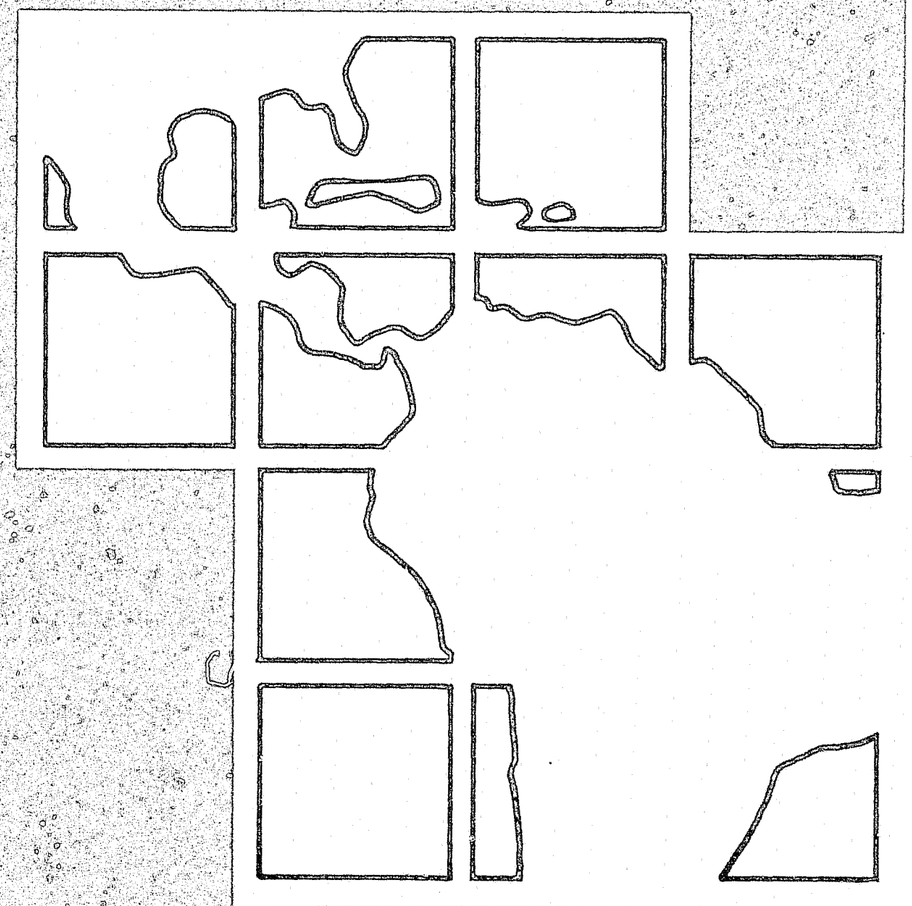
Figure 25:



Movement of chemical drugs into Canada by mode of transportation (estimated percentage shares, 1981)

Analysis of seizure incidents relating to chemical drugs entering Canada from foreign sources indicates that 70% of the incidents involved drugs being transported by land conveyance. However, bulk shipments of chemical drugs usually enter Canada via sea or air conveyance modes. (See Figure 25.) Shipments by land enter Canada primarily through Montreal, Toronto-Southern Ontario and the Vancouver-Lower Mainland area, while air shipments enter the country at Mirabel International Airport, Toronto International Airport and Vancouver International Airport. The most active area for shipments of chemical drugs via sea conveyance is believed to be Montreal.

Chapter 6: Cannabis



Cannabis

Abuse and Availability Trends

The cannabis derivatives; marihuana, hashish and liquid hashish, are the most readily available and most widely abused illicit drugs in Canada. Marihuana has traditionally been the most popular of the cannabis products; however, 1980/81 saw a shift towards solid and liquid hashish as the drugs of choice. There was a dramatic 79% decrease in the quantity of marihuana seized in 1981 over that seized in 1980. This is believed due to two major factors. The first, as mentioned, is an increasing consumer preference for hashish and liquid hashish over marihuana. The other major factor contributing to the decrease in the amount of marihuana seized is the fact that no large mothership operations were intercepted in Canada in 1981. The capture of a mothership usually results in the seizure of a minimum of 10 metric tons of marihuana. Mothership loads of cannabis products which enter Canadian waters are not always destined for the domestic market, however significant quantities do find their way to this country's user population.

The main source country for hashish seized in 1981 was Lebanon, which increased its market share from 26% in 1980 to 92% in 1981. Intelligence indicates that Lebanon's production of hashish increased in 1980/81 by between 400% and 800% over 1979. This same situation also holds true for liquid hashish, with Lebanon identified as the source country in 90% of the liquid hashish seizures in 1981 as compared to 10% in 1980.

Figure 26:

*Amount of cannabis seized in Canada, 1977-1981 — Weights in kilograms**

Drug Type	1977	1978	1979	1980	1981
Marihuana	21,560	21,004	34,668	33,879	7,147
Hashish	1,495	1,173	1,477	11,993	13,952
Liquid Hashish	18.4	259.6	261.7	143.7	583.0
Total	23,073.4	22,436.6	36,406.7	46,015.7	21,682.0

*Cannabis derivatives seized by the RCMP only.

In contrast with the seizure statistics, the number of persons charged by the RCMP between 1980 and 1981 for cannabis-related offences did not change significantly, in particular in the areas of possession and trafficking offences. Importation charges have however dropped by approximately 45%. This is considered to be a result of revised policy guidelines adopted in late 1980 of not charging individuals with importation offences unless they appear to be involved in large commercial ventures. There was a similar 43% decrease in the number of persons charged by the RCMP with cannabis cultivation in 1981 when compared with 1980.

Figure 27:

*Number of persons charged with cannabis-related offences, 1977-1981**

Charge	1977	1978	1979	1980	1981
Possession	20,398	15,871	16,292	18,427	18,208
Trafficking**	5,114	4,113	4,197	4,159	4,132
Importation	194	247	230	155	85
Cultivation	184	199	117	122	69
Total	25,890	20,430	20,836	22,863	22,494

* Persons charged by the RCMP only. **Includes Possession for the Purpose of Trafficking offences.

The Addiction Research Foundation of Ontario (ARF) has, in recent years, conducted surveys to determine the extent of drug use in Canada. In the area of cannabis use they have identified a peak user group between 16 and 17 years of age. When comparing the years 1979 and 1981 it is interesting to note that cannabis use in all reported age groups decreased significantly. (See Figure 28.) It is estimated that in 1981 approximately three million Canadians, one-third of whom were teenagers, had used cannabis products in the past year. While use and availability is likely to be more prevalent in the more densely populated areas, there are virtually no communities in Canada which remain untouched by cannabis abuse.

Figure 28:

*Prevalence of cannabis use by Ontario students by age groups in 1979 and 1981**

Age Group	Percentage Use	
	1979	1981
13 and under	9.6%	5.7%
14-15	28.1%	25.3%
16-17	49.5%	45.5%
18 and over	45.1%	37.1%

*Percentage using cannabis at least once in past 12 months.

Due to increased consumer demand, more potent varieties of marihuana have been developed in the various producing regions of the world, including Canada. Marihuana is most frequently sold by country name; for example, Colombian, Jamaican, Thai, Mexican, etc. The country of origin generally determines the price to be charged since each country, and sometimes different areas in one country, are known to produce particular potencies of marihuana. The level of potency refers to the tetrahydrocannabinol (THC) content of the marihuana. Sinsemilla (spanish word meaning "without seeds") marihuana, most often associated with California, has become increasingly popular in Canada and is consequently very expensive. This type of plant can be grown from any variety of marihuana, however only the female plants are cultivated. The male plants are destroyed, keeping the female plants from being pollinated and therefore unable to produce seeds, which results in a higher THC content being attained. At street level the price for a pound of marihuana can vary from $150.00 for the poor quality domestically produced variety to as much as $2,800.00 for the exotic varieties. Prices depend largely on supply and demand and fluctuate widely in any given area throughout the year.

Hashish too is usually sold by its country of origin, however colour is also an important indicator to the consumer, since the darker the hashish the more potent it is held out to be. This factor has led numerous traffickers to attempt to change the appearance of the lighter coloured resin to resemble the darker varieties. There is rarely an attempt to dilute solid hashish due to its consistency. It is usually found in slab, ball and rope forms or in small cubes. Hashish, when sold by the pound, can vary in price from $1,500.00 to $3,500.00 depending upon the availability and quality of the drug. Prices for hashish fluctuated widely throughout 1981, indicating diverse quality and availability levels across Canada. Liquid hashish is the most stable in the area of price of the cannabis derivatives available for sale on the illicit drug market in Canada. The country of origin is rarely indicated when the drug is being sold, unlike marihuana and solid hashish. There was little fluctuation in the price of liquid hashish in 1981, with one pound selling for between $4,500.00 and $8,000.00. The price was primarily dependent upon area of sale and availability of the drug. At the street level a one gram vial of liquid hashish sold for between $25.00 and $50.00.

Developments in Source Countries

Colombia

Cannabis can be grown in almost any region in the world. There are however prime growing areas which supply the largest portion of the world's illicit cannabis. These areas include Colombia, Jamaica, Lebanon, Afghanistan, Pakistan, Thailand, Mexico and the United States. Colombia is estimated to supply 50% of the world's marihuana. In the 1979 growing season an estimated 14,000 metric tons of marihuana were cultivated. This figure more than doubled to approximately 30,000 metric tons in the 1980 growing season. There are generally two harvests per year, estimated to be worth approximately $2 billion to the Colombian economy. The principal growing areas in Colombia are the departments of Guajira, Cesar and Magdalena. Secondary growing areas include the departments of Meta, Vichada, Bolivar, Vaupes, Valle del Cauca, Cauca, Sucre and Antioquia. The Guajira Peninsula, located at the northernmost point in the country, has a warm humid climate, ideal for the cultivation of marihuana. The harvest months are March and April, and September and October.

The coastline of the Guajira, indented with many bays and inlets, provides ideal ports for small ships to anchor so that they may be loaded with marihuana. The ships that are loaded in the Guajira usually head north to unload at a Caribbean island or else sail further north to the United States or Canada. The Guajira Peninsula has always been an area neglected by the Colombian authorities because of its remoteness and sparse population. Dealing in contraband has largely been the economic history of this area. It has traditionally been the gateway for smuggled commodities entering and leaving Colombia. Colombian authorities estimate that 80% of the marihuana grown is cultivated in the Guajira. The remaining 20% originates in the other principal and secondary growing areas mentioned above.

The vast grassy plain area of Colombia known as the Llanos, in the southern region of Colombia, provides ideal terrain for the takeoff and landing of small aircraft involved in the transport of marihuana. In 1981, investigations by the Colombian National Police revealed the existence of approximately 700 illicit landing strips throughout Colombia. The movement of small aircraft is more closely monitored in the northern Guajira than in the Llanos, making air shipment of marihuana less of a risk from the plains area. The small aircraft loaded with marihuana in the Llanos often fly to the port of Buenaventura on the west coast of Colombia where the marihuana is transferred to motherships destined for Canada or the United States. There was a large increase in the amount of marihuana seized by the Colombian National Police in the period January to October, 1981 compared to the entire 1980 calendar year. (See Figure 29.) This significant increase in marihuana seizures can be explained, at least in part, by increased pressure on and increased financial aid to Colombia by the United States government.

Figure 29:

*Amount of marihuana seized by the Colombian National Police, 1980-1981**

Form of Drug	1980	1981
Marihuana	282,514 kg	2,073,788 kg
Plants	316,591 kg	562,745 kg

**January to October, 1981 only.*

Jamaica

The 1981 cannabis crop yield in Jamaica was estimated at 4,350 metric tons having an estimated worth of approximately $100 million to Jamaica's economy. Although a portion of the total yield is consumed domestically, the vast majority reaches the international market. The annual yield has increased by 129% since 1979 as shown in Figure 30. It is evident that the illicit production and subsequent sale of cannabis has become increasingly important to Jamaica's economy.

Figure 30:

*Annual cannabis yield in Jamaica, 1979-1981**

Year	Hectares	Metric Tons
1979	850	1,900
1980	1,215	2,725
1981	1,940	4,350

**Based on two harvests per year.*

The island of Jamaica is approximately 6,750 square kilometres in size. It lies directly south of Cuba and has a climate which is especially conducive to the growth of high grade marihuana. The primary growing areas in Jamaica for marihuana are the parishes of St. Ann, St. Elizabeth and St. Thomas, with a secondary area encompassing the parishes of Westmoreland, Trelawny and Manchester. In St. Ann the fields are located in a hilly area known as the "cockpit country" which is extremely difficult to penetrate. The organizations responsible for the export of marihuana are generally concentrated on the north coast in the Montego Bay area. They are well organized and operate with relatively little fear of prosecution. These organizations are most commonly involved in mothership-type operations or aircraft loads intended for North American distribution. Smaller amounts of marihuana are freely sold to the tourist population by the numerous entrepreneurs who frequent the beaches and tourist resorts.

Jamaica's geographic location and topography make it highly suitable for sea and air operations. Fishermen located in the countless coves and bays ferry the marihuana to larger vessels. Numerous airports and private airstrips make air operations relatively simple. Pilots have even been known to use straight stretches of highway as landing strips. In the most frequently used areas the government has countered this by implanting rails along the shoulders of the highways. Jamaica is also a major producer of liquid hashish. Numerous seizures of this drug have been made from traffickers and tourists returning to Canada from either Kingston or Montego Bay. The shipments from this country destined to the Canadian market tend to be under 10 kilograms.

Lebanon

From 1979 to 1981, hashish seizures increased by more than 800% in Canada. In 1981, it was estimated that more than 90% of the hashish destined to this country originated in Lebanon. Due to the uncertain political situation in Lebanon in 1981, regulation of the production and smuggling of illicit drugs was not a priority concern of the Lebanese government. The primary cannabis growing area in Lebanon, the Bekaa Valley, was expected to have a bumper crop in 1981. Approximately 80% of the cultivated land in the upper Bekaa and the hills of Hermel were planted with cannabis. Prior to the civil war in Lebanon, only 10% of the cultivated land was being used for the production of cannabis.

Estimates of Lebanon's annual hashish yield vary from 2,000 metric tons to 4,000 metric tons. If the estimate of 4,000 metric tons is valid then a high percentage of the prime growing region is under cultivation. Local inhabitants begin planting the cannabis plants in April for intended harvest in the middle of September. Intelligence indicates that major Lebanese growers have established contacts with large scale hashish traffickers following a period of relatively low demand after the civil war. In recent years there has been an increasing demand both in Europe and North America for hashish in general, and Lebanese hashish in particular. It is not possible at this time to predict what effects 1982's political strife and war will have on hashish production in Lebanon. Beirut is the most active port out of which consignments of hashish by vessel are shipped. However, with the extensive destruction in that city, shipments must now be rerouted and several have reportedly been lost in transit. Large quantities of liquid hashish are also manufactured in Lebanon. This country is estimated to be the principal source for liquid hashish worldwide. Shipments which had originated in Lebanon of up to 170 kilograms were seized in Canada in 1981.

Afghanistan

Afghanistan was until recently considered to be a major world source of hashish with an estimated annual yield in 1979 of 300 to 400 metric tons. However, since the Soviet invasion of this country in December, 1979 hashish production has dropped dramatically. The estimated yield for 1980 was approximately 40 metric tons and figures for 1981 are not available. Cannabis cultivation has been reported in almost every area of Afghanistan, however the main growing provinces are: Balkh, Herat, Jalalabad, Qandahar and Kunduz. The growing season runs from April to December, therefore allowing only one harvest per year. The cannabis is refined into hashish in rural communities and sold to middlemen in the larger metropolitan areas. Limited government resources for narcotic enforcement allow for very little intervention.

Pakistan

Pakistan is estimated to have produced approximately 220 metric tons of hashish both in 1979 and 1980. Illicit cultivation of cannabis takes place in Baluchistan and the Northwest Frontier Province (NWFP); the northern regions of Dir and Hazara, Quetta, Pishin and Zhob in Quetta division; Nasirabad in Sibi division and Kalat and Lasbela in Kalat division. There have been no government programs undertaken to eradicate these crops. The largest portion of the hashish produced in Pakistan is controlled by Pathan tribesmen. This group exists virtually outside government control. They collect the cultivated cannabis plants and transport them to factories set up to produce hashish in tribally-controlled towns in the Khyber Pass area. This situation is expected to continue in 1982/83. Pakistan is also a producer of liquid hashish, however there are no estimates available on the amount produced annually. It is only considered to supply a minor share of Canada's illicit market.

Mexico

Mexico also produces a sizable quantity of marihuana annually. While difficult to calculate, it is estimated that production in 1979 was approximately 3,000 metric tons. This quantity is considered to be higher than the yield in 1980 due to the fact that in that year extensive crop eradication programs were undertaken in Mexico. A large percentage of Mexico's marihuana plantations was sprayed with the herbicide paraquat. In 1981 the spraying program was not as extensive and therefore fewer crops were destroyed. As a result it is possible that production of marihuana in that year again reached or surpassed the 3,000 metric tons produced in 1979. The climate and terrain of Mexico make marihuana cultivation possible in most areas of the country. There are however three states which are considered to be the prime producers of this crop: Sinaloa, Durango and Chihuahua. Another state which produces high quality marihuana is Oaxaca which is located on the Pacific coast in the south of Mexico. While in the majority of Mexico only two crops are harvested annually, in Oaxaca the growing conditions are so ideal that three crops can be harvested each year. Mexican marihuana sold on the illicit Canadian market is most commonly called "Mexican Red Hair".

United States

The United States has in recent years emerged as a producer of high grade marihuana, a portion of which is supplied to the illicit market in Canada. The most common growing areas are Hawaii, in particular the island of Maui, and California. In the latter state there are six counties which are known for extensive cultivation of marihuana: Del Norte, Humboldt, Lake, Mendocino, Riverside and San Diego. The estimated yield of marihuana in the United States in 1979 and 1980 was 700 to 1,000 metric tons annually. The most common type of marihuana being grown in Hawaii and California is the sinsemilla variety. Although California's state legislature has made the commercial possession, cultivation and sale of marihuana a felony, domestic cultivation in that state has increased dramatically according to enforcement authorities. The estimated production for 1981 is not available. Intelligence indicates that marihuana growers in Hawaii have become highly sophisticated in the use of irrigation and fertilization systems. Many plots have been located on state and privately owned land which is accessible only by helicopter. Despite several years of eradication efforts, high quality marihuana continues to be grown in a number of areas in Hawaii.

Thailand

In addition to the aforementioned countries, Thailand is also a source of marihuana to Canada. The major growing area for marihuana in Thailand is reported to be the Nakhon Phanom Province, located in northeast Thailand. Production estimates for Nakhon Phanom Province are not known. The marihuana cultivated in this area generally appears on the illicit Canadian market in the form of Thai sticks which are often higher in THC content than other less exotic varieties of the drug. Thai sticks usually consist of dried marihuana leaves and buds which have been wrapped around small bamboo sticks and may vary in weight from one to 10 grams.

International/National Trafficking Patterns — Movement

Colombia

Marihuana destined to Canada from Colombia is most frequently shipped in large quantities ranging from several kilograms to multi-ton shipments. The latter usually take the form of mothership operations. During the past several years, the use of motherships for maritime drug smuggling has evolved into one of the most popular methods of transporting large quantities of marihuana and other contraband into Canada and the United States. Motherships can be coastal freighters, fishing boats and at times, private sailing or motor vessels. These larger vessels offload their contraband at sea to other smaller craft which then deliver their cargo to the mainland. In recent years, several motherships have been intercepted off both the East and West Coasts of Canada. One such operation off the west coast of Vancouver Island in 1979, resulted in the seizure of more than 30 metric tons of marihuana which had originated in Colombia. While mothership operations may be the most cost effective method for moving large quantities of drugs into Canada, they also require an initial outlay of hundreds of thousands of dollars. This means that only a few criminal organizations in Canada are equipped to undertake such ventures. The most common routes for mothership loads of cannabis leaving Colombia are via the Pacific Ocean from Tunaco and Buenaventura to Central America and the West Coast of North America. Alternatively, the vessels travel via the Caribbean and Atlantic Ocean, leaving from the ports of Turbo, Cartagena, Barranquilla or Santa Marta. Their destinations are most often the Caribbean islands, Florida or the East Coasts of the United States and Canada.

Another common method for smuggling cannabis out of Colombia is by private aircraft. The country is dotted with hundreds of illegal airstrips and it is virtually impossible for law enforcement authorities to identify and regulate them all. Pilots and smugglers often take enormous risks to move large quantities of marihuana out of Colombia. They not only are in danger of being apprehended, but they also overload their planes and many crash while taking off. Every year dozens of planes are lost in Colombia and in the coastal waters off Colombia. The marihuana may be flown to the Caribbean where it will continue its journey northwards by boat or else to the southern United States where it will travel overland to other points in the United States and Canada. One load may be separated into many allotments, each destined to a different area where it will again be divided and further dispersed. Smaller amounts of Colombian marihuana may be concealed in cargo shipments sent by commercial vessels or airlines to Canada or else concealed in luggage or handicrafts carried by returning traffickers and tourists. The latter is however less likely due to the fact that it is not cost effective to carry small amounts of marihuana back from South America. The more likely commodity in such a case would be cocaine.

The Reagan Administration's new policy in the United States to involve the Coast Guard and Armed Forces to combat drug smuggling activities may significantly reduce the use of the U.S. as a transshipment area for drugs originating from Colombia destined for the Canadian market. Drug trafficking organizations may make more frequent use of direct routings to Canada in an attempt to avoid U.S. enforcement measures.

Jamaica

Cargo shipments of marihuana and liquid hashish from Jamaica destined to Canada are not uncommon. Both Air Canada and Air Jamaica have several flights a week into Toronto and seizures of cannabis concealed in cargo shipments have been made involving both these airlines. This cargo can take almost any form, from wooden boxes or barrels filled with marihuana, to metal cans containing litres of liquid hashish. Shipment by private aircraft has also become more common in recent years. Pilots are forced to deal with middlemen rather than directly with the farmers who produce the marihuana. The price paid to the middleman may be from 50% to 200% higher than what the farmer would receive; however, in return for the extra money, the middleman arranges for the airstrip or harbour to be used as well as for armed security and people to load the aircraft as expeditiously as possible. Intelligence indicates that a DC-3 can be loaded with marihuana in as little as 30 minutes.

Figure 31:

Estimated percentage shares of cannabis derivatives on the Canadian market from principal foreign sources, 1981

Country	Drug Type & Percentage Share		
	Marihuana	Hashish	Liquid Hashish
Colombia	50%	—	—
Jamaica	20%	—	6%
Thailand	20%	—	—
Lebanon	—	92%	90%
Pakistan	—	3%	3%
Other	10%	5%	1%
Total	100%	100%	100%

Figure 32:

Representative prices for marihuana at successive stages of trafficking, 1981

Level and Weight	Source Area			
	Colombia	Jamaica	Thailand	United States
Source 1 pound	$20.00 – $30.00	$25.00 – $100.00	$125.00	sinsemilla $1,200.00 – $1,500.00
Trafficker (Canada) 1 pound	$650.00 – $1,200.00	$400.00 – $500.00	$2,500.00	sinsemilla $2,200.00 – $2,800.00
Street (Canada) 1 ounce/unit	$65.00 – $100.00	$35.00 – $40.00	$25.00 – $30.00 per stick	sinsemilla $250.00 – $300.00

There is no evidence to suggest that large scale mothership operations such as are being undertaken in northern Colombia are frequently being staged from Jamaica. There are certainly smaller scale mothership operations which are destined to Florida and the southern Atlantic seaboard of the United States. Thousands of coves and bays along Jamaica's coastline provide ideal concealment for loading small vessels with marihuana. More frequently, marihuana and liquid hashish are smuggled from Jamaica to Canada by couriers travelling on commercial airlines. Marihuana is often concealed in luggage or handicrafts and liquid hashish is usually concealed internally or in body packs. Concealment methods are limited only by the smugglers' imagination. These couriers most often enter Canada through Toronto due to the large number of direct flights which enter that city. Other couriers travel from Jamaica to Montreal via Miami or other more circuitous routes. Smaller amounts of both marihuana and liquid hashish enter Canada overland via the United States, often having been part of major shipments from Jamaica to that country. An additional quantity reaches Canada via the postal system concealed in cards, letters and parcels.

Lebanon

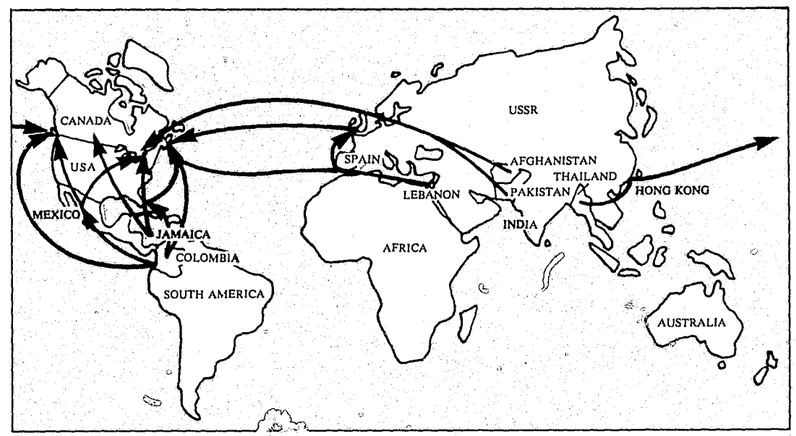
Hashish and liquid hashish destined to Canada from Lebanon are most frequently smuggled by commercial cargo vessels. Recent disruptions in Beirut have decreased smuggling activity from the port area of that city to a large extent, forcing smugglers to find other ports at which to load the contraband. Intelligence indicates that in the past the principal method of smuggling cannabis out of the Bekaa Valley region in Lebanon was through private airport facilities. It is now far more common for the drugs to go out through a string of illegal ports that have recently come into existence along the Mediterranean coastline north of Beirut. These illegal ports have reportedly siphoned millions of dollars worth of licit cargo shipments away from government docks. The cargo ships bearing the drugs often travel from Lebanon to the United Kingdom or other European ports and then direct to Canada. They may also travel to the East Coast of the United States where the cargo is offloaded and shipped overland, most frequently to Montreal. Smaller quantities of hashish and liquid hashish are smuggled by couriers and returning tourists. The drugs may be concealed in luggage, body packs or other items carried by the traffickers and travellers who are frequently of Lebanese nationality.

Figure 33:

Representative prices for hashish at successive stages of trafficking, 1981

Level and Weight	Source Area		
	Lebanon	Pakistan	Afghanistan
Source			
1 pound	$20.00 – $60.00	$12.00 – $75.00	$40.00 – $80.00
Trafficker (Canada)			
1 pound	$1,500.00 – $3,000.00	$2,000.00 – $3,500.00	$2,000.00 – $3,500.00
Street (Canada)			
1 ounce	$150.00 – $300.00	$200.00 – $300.00	$200.00 – $350.00
1 gram	$10.00 – $20.00	$10.00 – $25.00	$10.00 – $25.00

Figure 34:



Major cannabis trafficking routes into Canada, 1981

Pakistan

From Pakistan's Northwest Frontier Province (NWFP) the hashish and liquid hashish are sent by the Pathan tribesmen to the major cities such as Karachi and Lahore. Commerce in illicit drugs is conducted in these cities with the drugs being sold to foreign traffickers seeking to smuggle the contraband back to Europe and North America. Cannabis originating from Pakistan is usually concealed in small cargo shipments of furniture, rugs, handicrafts, musical instruments, etc., or is carried in false-sided luggage by couriers. Karachi is known as the principal port where multi-ton shipments of hashish are loaded onto vessels destined to the world market. Many other ports operate in Pakistan with smaller craft carrying varying amounts of hashish to larger ships anchored in international waters.

Mexico

While intelligence indicates that Mexican marihuana has been available on the Canadian illicit market for some time, there have been few seizures where Mexico was identified as the source country. Marihuana reaching Canada from Mexico is first transported either by air or overland to cache sites in the southern United States. From these cache sites smaller amounts are dispersed to various cities such as Los Angeles and San Francisco. The marihuana destined for the Canadian market is obtained from these transshipment points and then smuggled into this country by private vehicle or by commercial airline. This variety has been reported more often in the western region of Canada. Mexico also acts on occasion as a transshipment point for marihuana and cocaine produced in Colombia and destined for the North American market. Approximately 50 tons of Colombian marihuana was seized in 1981 off the coast of the Yucatan Peninsula from vessels en route to the United States.

Figure 35:

Representative prices for liquid hashish at successive stages of trafficking, 1981

Level and Weight	Source Area		
	Jamaica	Lebanon	Pakistan
Source 1 pound	$500.00 – $1,000.00	$250.00 – $400.00	$950.00 – $1,100.00
Trafficker (Canada) 1 pound	$4,500.00 – $8,000.00	$4,500.00 – $8,000.00	$4,500.00 – $8,000.00
Street (Canada) 1 ounce	$400.00 – $700.00	$400.00 – $700.00	$400.00 – $700.00
1 gram	$25.00 – $50.00	$25.00 – $50.00	$25.00 – $50.00

United States

Increasingly, large crops of sinsemilla marihuana are being produced in California and Hawaii. It is not known what percentage of Canada's illicit market is supplied by the United States, but it is not believed to be large. It is however known that this variety of marihuana is available in limited quantities in Canada, particularly in the West. Due to the high purchase price of marihuana originating from the United States and the risk of transporting drugs across the U.S./Canada border, the attraction of sinsemilla marihuana originating from the United States is somewhat diminished. RCMP data indicate that sinsemilla marihuana grown in California is most often transported overland in private vehicles or on commercial airlines concealed in luggage. Direct flights from Hawaii to Vancouver are believed to be the principal mode of transit utilized to smuggle Hawaiian sinsemilla into Canada.

Thailand

Marihuana is the most frequently smuggled drug out of Thailand after heroin. The vast majority of the marihuana is transported in large quantities by cargo vessels, trawlers or private yachts. The shipments are usually of at least one metric ton and are transshipped primarily via Hong Kong. Cannabis from Thailand enters the West Coast of Canada and seldom travels further east than Alberta.

Canada

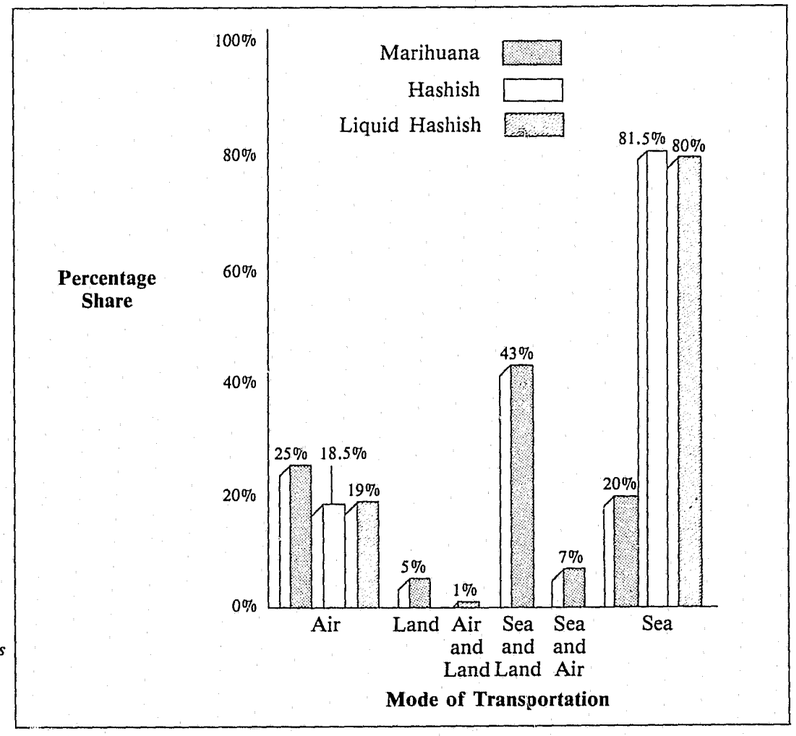
Cannabis is available in every populated area in Canada with few exceptions. Marihuana, hashish and liquid hashish are primarily transported into the major centres such as Vancouver, Toronto and Montreal when smuggled via cargo. Large vessel shipments and mothership operations utilize the west coast of Vancouver Island and the east coast of Nova Scotia due to the large number of secluded coves dotted along both coastlines. Every city with an international airport in Canada has experienced the importation of cannabis. The areas not serviced by major airports are reached by courier services or the postal system.

Canada is also, on a limited scale, a producer of marihuana. The climate for growing marihuana is more favourable in British Columbia, however most regions

of the country reported some cultivation of this crop in 1981. Due to the growing conditions and shorter growing season, the THC content of the domestic marihuana is considerably lower than that of the majority of the imported varieties. In 1981, more than 24,000 cannabis plants were destroyed in Canada by the RCMP. Approximately 50% of the plants were seized in the province of British Columbia. Recent data indicate that marihuana growers in that area are developing a variety of sinsemilla marihuana in an effort to upgrade the quality of their crops. Increased enforcement efforts are being made by law enforcement authorities in an attempt to locate and eradicate such crops whenever they are found. Domestic marihuana is usually sold in the area in which it is cultivated or else is transported to areas where marihuana is in limited supply or cultivation is not feasible.

Another cannabis derivative occasionally produced in Canada is liquid hashish. This drug is obtained by extracting the tetrahydrocannabinol (THC) from hashish using a chemical solvent such as alcohol. The THC and active principles are selectively dissolved and separated from the non-active portion of the resin. The solvent is then partially evaporated to concentrate the liquid hashish solution. The process can also be undertaken using marihuana instead of hashish as the base product. This produces what is commonly known as "marihuana oil" Since 1977, a total of 13 clandestine laboratories producing either liquid hashish or marihuana oil have been seized in Canada by the RCMP. More than 50% of these laboratories were seized in Ontario while the next largest number, just over 23% were seized in Manitoba. British Columbia was third with more than 15%, followed by Quebec, with approximately 8% of the seizures. (See Figure 37.)

Figure 36:



Movement of cannabis into Canada by mode of transportation (estimated percentage shares, 1981)

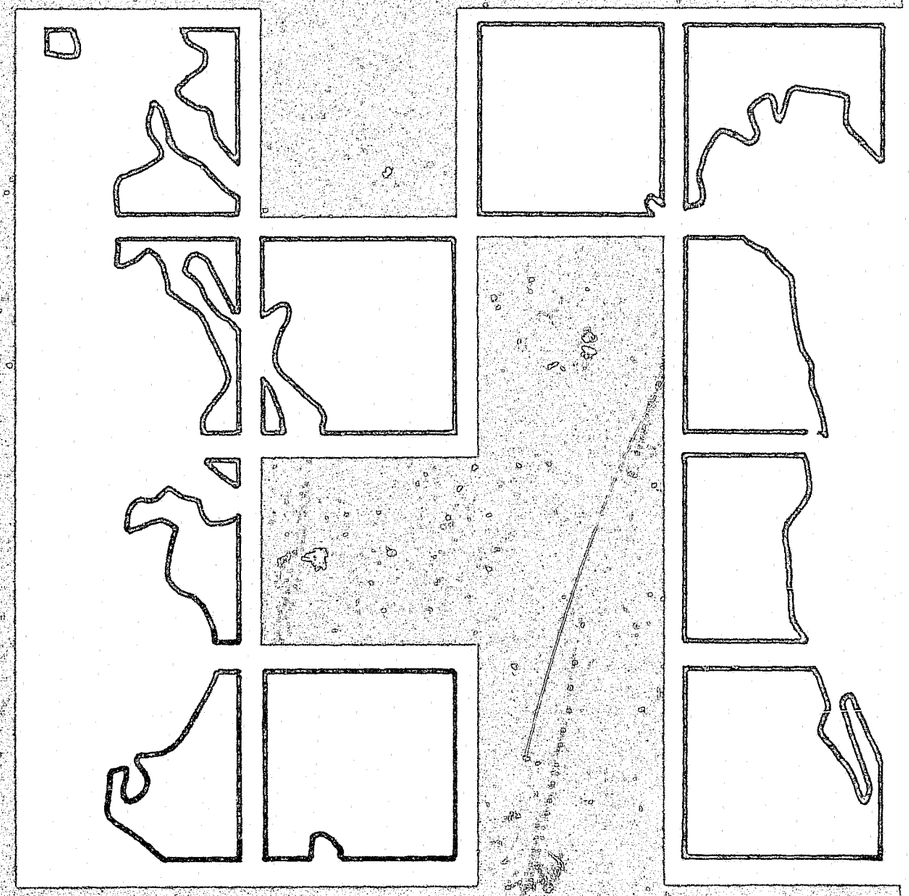
Figure 37:

*Domestic clandestine liquid hashish laboratory seizures, 1977-1981**

Year	Location of Laboratory
1977	Brossard, Quebec Kitchener, Ontario Winnipeg, Manitoba
1978	Winnipeg, Manitoba Winnipeg, Manitoba Toronto, Ontario
1979	Guelph, Ontario
1980	Oshawa, Ontario Belleville, Ontario Kingston, Ontario Victoria, British Columbia
1981	Nanaimo, British Columbia Hamilton, Ontario

**Clandestine laboratories seized by the RCMP only.*
Note: Includes both liquid hashish and marihuana oil laboratories seized.

Chapter 7: Drug Money Flow



Drug Money Flow

It is difficult to accurately assess the overall impact that the illicit drug trade has on the economy of Canada. As the traffic in drugs is an illicit commerce in which no detailed accounts are maintained, law enforcement authorities can only rely on intelligence gained from investigations, consumption and production estimates, and drug seizure and arrest statistics with which to gauge the money flow associated with this illegal enterprise. Therefore, estimates of the money flow generated by the drug trade are based on domestic consumption where the number of users and their daily intake can be determined, foreign production where the proportion of the final product destined for the Canadian market can be approximated and pricing the value of drug inflows from foreign sources, domestic production and diversion from licit sources to the illicit market. Although these are crude methods of measurement, they are the only ones available at this time. As our methodology for measuring the drug money flow generated from the drug trade becomes increasingly sophisticated, more precise systems of measurement should develop.

Illegal drug sales generated an estimated $8 billion in retail sales in 1981 as shown in Figure 38. A comparative estimate conducted by the National Narcotics Intelligence Consumers Committee (NNICC) in the United States in 1980 (the last year for which figures were available at time of printing) estimated the retail value of drugs supplied to the illicit U.S. market at $79 billion in that year.

Figure 38:

Estimated retail value of drugs supplied to the illicit Canadian market, 1981

Drug Type	Retail Value (Millions of Canadian Dollars)	% of Total
Heroin	$2,250	27.9%
Cocaine	$ 475	5.9%
Cannabis	$5,075	62.8%
Chemical Drugs*	$ 275	3.4%
Total	$8,075	100%

**The retail value of chemical drugs should be viewed as a minimum figure due to the fact that there was a significant decline in the number of clandestine laboratories seized in 1981 compared with the previous three years and preliminary data suggest clandestine laboratory activity will increase substantially in 1982. As well, the retail value of phencyclidine (PCP) was not included in this estimate as RCMP statistical data to 1981 have PCP included in the broad category of Other Narcotic Control Act Drugs. Therefore, an accurate estimate of the amount of PCP seized or consumed in Canada could not be determined. This deficiency has been corrected and the retail value of PCP will be included in subsequent estimates.*

Anti-Drug Profiteering Program

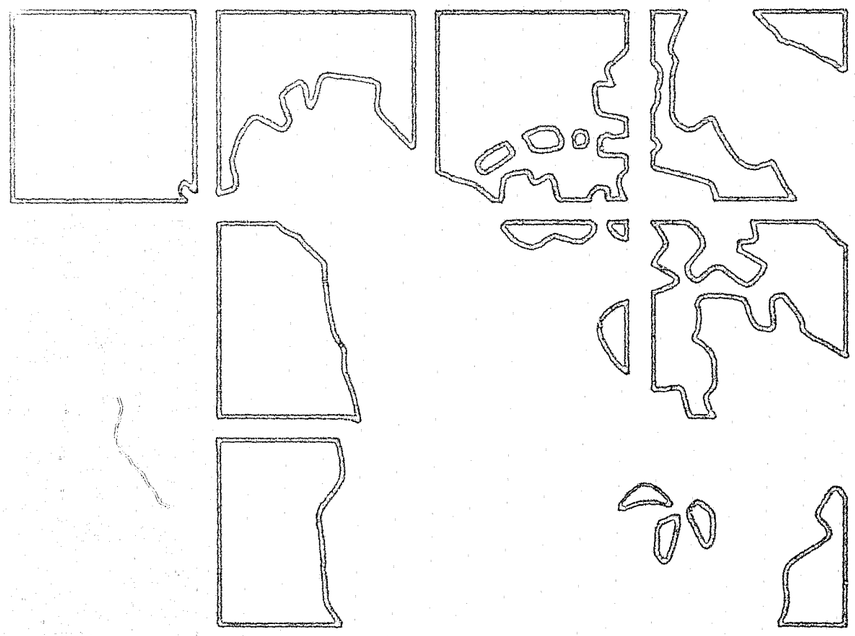
Major drug syndicates in Canada, as elsewhere in the world, operate for one purpose only; that is, for financial gain and the accompanying power it brings. Monies generated from retail level drug sales in Canada eventually find their way back to the top levels of the Canadian-based syndicates, then on to the traffickers and syndicate heads in other countries where the illicit drugs are produced and made available for the world market. Without this financial flow, the drug syndicates simply cannot function at either the supply or the demand side of the operation. Historically, drug investigations in Canada, as well as in most other countries, have concentrated solely on the illicit distribution systems and trafficking methods. Seizure of the drugs and arrest of the couriers and users were the only measures of control that were initially taken. More recently, Canadian investigations have

utilized conspiracy laws to include the planners and organizers of the drug trade. The financial flow resulting from the illicit drug trade, however, has never been the object of attack in Canada. Until now, the profits from transactions have been allowed to flow undetected to all levels of organized crime. Illicit profits are often laundered into quasi-legitimate business enterprises, thus establishing a respectable operational base for the syndicates to develop additional illegal operations.

While the existing legal system and accompanying criminal laws in Canada were never designed to attack the financial resources of organized crime, a number of measures are available to identify cash flows and laundering systems resulting from illicit drug transactions in existing legislation under the Narcotic Control Act (NCA), Food and Drugs Act (FDA) and Section 312 (possession of property obtained by crime) of the Criminal Code. The establishment of a program to concentrate on anti-drug profiteering is the first stage in the development of a long-term effective legal system for the seizure of proceeds of crime. Amendments to present Canadian laws will likely be necessary if the vast profits generated by the illicit drug trade are to be attacked and criminal organizations involved in this trade dismantled. In December, 1981, the Commissioner, RCMP, approved a new initiative to be undertaken by the Drug Enforcement Branch that will concentrate on seizing assets from drug traffickers or persons funding drug trafficking activities. A total of 14 federal law enforcement positions have been strategically allocated to regions where the impact of this initiative will be most effective.

International Considerations

If the RCMP is to maintain an effective drug law enforcement program, co-operation with source and transshipment countries is absolutely necessary. The United Nations Single Convention on Narcotic Drugs, 1961, to which Canada is a signatory, is indicative of the universal concern over the illicit drug problem. Canada is therefore obligated to stem the flow of illicit drugs in whatever legal manner necessary from foreign countries to Canada. In this regard, legislation is required to provide law enforcement agencies with the statutory tools with which to disrupt and remove illicit drug trafficking organizations. Additionally, the laws must be capable of operating extra-territorially to provide the means for uncovering the laundering systems in foreign jurisdictions, including the tax havens. Furthermore, they must blend through an internationally acceptable system to provide the power and authority to seize and forfeit those funds regardless of where they are eventually found.



Major Drug Seizures in 1981

Canadian-Related Seizures

Heroin

March	149 grams SWA heroin seized in Montreal en route from Bombay, India via New York City.	February	474 grams seized in Toronto en route from Santa Cruz, Bolivia via Miami, Florida.
April	102 grams SEA heroin seized in Edmonton, Alberta en route from Bangkok, Thailand and Korea.	March	590 grams seized at Mirabel International Airport en route from South America via Mexico City destined for Montreal.
April	102 grams SEA heroin seized in Vancouver destined for Victoria, B.C. Origin in Bangkok and transshipped via Tokyo.	March	2 kilograms seized in Toronto en route from Lima, Peru via New York City.
May	144 grams SEA heroin seized in Vancouver en route from Singapore and Tokyo.	April	1.154 kilograms seized in Montreal en route from Bogota, Colombia via New York City.
July	908 grams SEA heroin seized in Red Deer, Alberta en route from Hong Kong.	April	3.126 kilograms seized in Toronto en route from South America via Barbados.
October	1.7 kilograms SEA heroin seized in Vancouver en route from Hong Kong.	May	1.5 kilograms seized in Montreal en route from Lima, Peru via Barbados.
November	320 grams SEA heroin seized in Winnipeg en route from Bangkok, Thailand.	June	2.041 kilograms seized in Toronto en route from Colombia.
		September	821 grams seized in Courtenay, B.C. en route to Victoria, B.C. from South America via Seattle, Washington.
		September	900 grams seized in Vancouver.
		December	454 grams seized in Victoria, B.C. en route from Seattle, Washington.

Cocaine

January	1.635 kilograms seized in Montreal en route from Santa Cruz, Bolivia via Miami, Florida.
January	1.175 kilograms seized in Vancouver destined for Victoria, B.C. Obtained in Nevada and transshipped via Seattle, Washington.
January	1.362 kilograms seized in Vancouver en route from Lima, Peru.

Chemicals

January	1.484 kilograms PCP seized in Barrie destined for Toronto.
January	3,500 dosage units LSD seized in Oshawa.
January	1,573 dosage units LSD seized in Windsor.
March	Clandestine MDA laboratory seized in Kitchener.
March	1,240 dosage units LSD seized in Chatham.
April	1,001 dosage units LSD seized in Orillia.
April	1,888 dosage units LSD seized in Montreal.
May	8,000 dosage units LSD seized in Windsor.
May	3,600 dosage units LSD seized in Windsor.
June	2,000 dosage units LSD seized in Belleville.
July	Clandestine mescaline laboratory seized in Chapleau, Ontario. Large amounts of precursor chemicals and first-stage mescaline seized.
August	16,670 dosage units LSD seized in Windsor.
August	4,800 dosage units LSD seized in Stratford.
September	Clandestine synthetic THC laboratory seized in the Vancouver-Lower Mainland area.
October	6,750 kilograms methaqualone in powder form seized in Toronto en route from Austria via Rotterdam. Destined for the United States.
November	1,000 dosage units LSD seized in Kelowna.

Marihuana

February	91 kilograms seized in Mississauga, Ontario en route from Florida.
April	60 kilograms seized in Moncton, N.B.
April	697 kilograms seized in Victoria, B.C. en route from Thailand.
April	76 kilograms seized in Victoria, B.C. en route from Thailand.
June	90 kilograms seized in Toronto.
June	60 kilograms seized in Toronto en route from Kingston, Jamaica.
June	227 kilograms seized in Toronto en route from Kingston, Jamaica.
October	59 kilograms seized in St. Stephen, N.B. en route from Maine destined for Nova Scotia.
November	99 kilograms seized in Lethbridge, Alta. en route from Florida destined for Calgary.
November	462 kilograms seized in Victoria en route from Thailand.
December	203 kilograms seized in Toronto en route from Kingston, Jamaica.

Hashish

February	64 kilograms seized in Montreal en route from Bombay, India via Zurich, Switzerland.
February	1,632 kilograms seized in Montreal en route from Beirut, Lebanon via New York City.
March	33 kilograms seized in Ottawa, Ontario en route from Beirut, Lebanon via

April	32 kilograms seized in Moncton, N.B. en route from Maine.
April	20 kilograms seized in Calgary, Alberta en route from California.
May	172 kilograms seized in Montreal en route from Singapore.
June	507 kilograms seized in Montreal en route from Singapore.
July	1,464 kilograms seized in Montreal en route from Beirut, Lebanon via London, England.
August	500 kilograms seized in Montreal en route from Lebanon via New York City.
September	31 kilograms seized in Kamloops, B.C.
October	1,346 kilograms seized in Montreal en route from Beirut, Lebanon via New Jersey.
October	2,678 kilograms seized in Montreal en route from Beirut, Lebanon via New Jersey.
October	23 kilograms seized in Halifax en route from Sudan via the United States.
November	469 kilograms seized in Orillia, Ontario en route from Lebanon via Michigan destined for Toronto.

Liquid Hashish

February	163 kilograms seized in Montreal en route from Beirut, Lebanon via New York City.
March	7 kilograms seized at Toronto International Airport en route from Montego Bay, Jamaica destined for Carlyle, Saskatchewan.
July	163 kilograms seized in Montreal en route from Beirut, Lebanon via London, England.
August	6.7 kilograms seized in Winnipeg, Manitoba en route from Kingston, Jamaica destined for Edmonton, Alberta.
October	170 kilograms seized in Montreal en route from Beirut, Lebanon via New Jersey.
November	14 kilograms seized in Toronto en route from Karachi, Pakistan via Paris, France.

END