



United States • Canada Border

**DRUG  
THREAT  
ASSESSMENT**

October 2004



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## ACRONYMS

CBCF	United States / Canada Cross-Border Crime Forum
CBP	United States Customs and Border Protection
CBSA	Canada Border Services Agency
CDS	Canada Drug Strategy
CISC	Criminal Intelligence Service Canada
DEA	United States Drug Enforcement Administration
DHS	United States Department of Homeland Security
EPIC	El Paso Intelligence Center
FAC	Foreign Affairs Canada
FINTRAC	Financial Transactions and Reports Analysis Centre of Canada
FinCEN	United States Financial Crimes Enforcement Network
GBL	Gamma-Butyrolactone
GHB	Gamma-Hydroxybutyrate
IBETs	Integrated Border Enforcement Teams
ICE	United States Immigration and Customs Enforcement
MDMA	3,4-methylenedioxymethamphetamine (Ecstasy)
NDIC	United States National Drug Intelligence Center
OMGs	Outlaw motorcycle gangs
ONDCP	White House Office of National Drug Control Policy
PSE	Pseudoephedrine
PSEPC	Public Safety and Emergency Preparedness Canada
RCMP	Royal Canadian Mounted Police
THC	Delta-9-tetrahydrocannabinol





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## EXECUTIVE SUMMARY



Canada and the United States are firmly committed to the fight against illicit drugs and their two-way movement across our shared border. The strong relationship between our two governments, and in particular, our respective law enforcement agencies on this issue is a model of international cooperation.

Since the last *United States – Canada Border Drug Threat Assessment* in 2001, our two countries have significantly enhanced bilateral cooperation on border security issues, including drug trafficking. Through successful binational fora such as the Cross-Border Crime Forum and Project North Star, Canada and the United States have increased intelligence-sharing and joint training opportunities for law enforcement officials. Investigative cooperation has also been expanded, through the establishment of new Integrated Border Enforcement Teams and notable enforcement initiatives such as Operation Northern Star and Operation Candy Box / Project Okapi / Project Codi. The result: greater success in seizing illicit drugs crossing the Canada-U.S. border and apprehending those that traffic them.

Despite our best efforts, drug trafficking still occurs in significant quantities in both directions across the border. The principal illicit substances smuggled across our shared border are marijuana, cocaine, precursor chemicals and steroids. **Marijuana** is the most widely produced, trafficked and consumed illicit drug in both Canada and the United States. Seizures of marijuana from Canada to the United States have increased significantly and are mainly in bud form, although this represents only a small percentage of overall U.S. seizures. **Cocaine** enters both countries by a variety of routes originating in South America. About 25% of the seized cocaine intended for Canadian markets either transited or was intended to transit the United States. While cocaine use appears to have stabilized, it remains a principal drug threat to our two countries. Recent domestic and international law enforcement efforts, coupled with new Canadian regulations to govern the import and export of **precursor chemicals**, have had a positive impact in reducing the cross-border trafficking of these chemicals that can be used in the production of synthetic drugs such as methamphetamine. Significant amounts of **anabolic steroids** originating mainly from Mexico continue to transit the United States en route to Canada.

Other illicit substances such as heroin, MDMA (Ecstasy), methamphetamine, and hashish also pose a threat to the United States and Canada, but levels of cross-border trafficking are proportionately low. **Heroin** from South America and Mexico dominate U.S. markets while Canada's heroin supply comes primarily from Southeast Asia. **MDMA (Ecstasy)** is widely available in both countries although consumption rates appear to be in decline. Of increasing concern in both Canada and the United States

is the rising prevalence of **methamphetamine**, the supply of which is primarily domestically produced. There is relatively little cross-border **hashish** smuggling.

Traffickers of each of these illicit substances can be individuals, but are increasingly part of organized crime groups. Smugglers use a variety of conveyances, from personal vehicles to watercraft to commercial aircraft in order to transport illicit drugs in both directions across our shared border.

The problem of illicit drugs and their smuggling across our shared border will persist, as will the need for our countries to work together to combat it. Continual improvements in cooperation and information-exchange between U.S. and Canadian law enforcement authorities will be essential in combating this mutual threat.

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## INTRODUCTION



The United States and Canada are bound together by a common border that stretches across 5,525 miles or 8,891 kilometres of land and water. Our two countries share the largest trading relationship in the world: with more than US\$1.3 billion in commerce and 300,000 people crossing the Canada-U.S. border each day, a secure and efficient border is critical to our mutual economic growth and prosperity.

However, like all international boundaries, criminal elements exploit our shared border to profit from a variety of illicit activities, including the smuggling of drugs, firearms and explosives, money laundering and human trafficking. Recognizing that public safety and economic security are mutually reinforcing, the United States and Canada are firmly committed to addressing transnational crime and border security issues. Both countries have identified the fight against illicit drug abuse, production and trafficking as being among our top priorities.

Significant progress in law enforcement cooperation has been made since the last *United States – Canada Border Drug Threat Assessment* was conducted in 2001. As this document demonstrates, cooperation between the law enforcement communities in Canada and the United States is excellent across all jurisdictions. Work is ongoing through binational bodies such as the Cross-Border Crime Forum to enhance and expand intelligence-sharing, investigative collaboration, and joint training opportunities. However, despite our best efforts, our two countries face a number of significant drug threats that require domestic and bilateral attention.

While our two countries may explore different domestic approaches to managing drug issues, for example, in our sentencing laws, the United States and Canada recognize that they ultimately share the same objectives: to reduce the supply and consumption of illicit drugs and the serious consequences that they pose to our societies, our citizens, and particularly, our youth. As a result, Canada and the United States are united in their resolve to work together more closely toward these very important goals. The renewal of the *United States – Canada Border Drug Threat Assessment* is a testament to this mutual commitment.



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## DRUG THREATS



### MARIJUANA



Marijuana is the most widely produced, trafficked and consumed illicit drug in the world, a trend reflected in both Canada and the United States. In the United States, abuse indicators show downward trends among youth; however, overall demand remains at high levels. In Canada, demand among the total population is stable at high levels and may be increasing among youth.

Most marijuana trafficking activity is southbound, although it is smuggled in both directions across the border. While Canadian-produced marijuana accounts for only approximately 2% of overall U.S. marijuana seizures at its borders, the two governments are very concerned about an upward trend in seizures, which have increased 259% since 2001. Both countries also recognize that, despite their best efforts, law enforcement seizes only a portion of marijuana smuggled across the border, although this is true for all illicit activities. Law enforcement reporting indicates that most southbound seizures are in bud form (“sinsemilla”), which generally has higher potency levels than other forms of marijuana. Factors contributing to the rise in drug seizures along the border include enhanced cooperation between Canadian and U.S. law enforcement officials and the tightening of border controls in both countries since 2001, although the U.S. enforcement presence along the U.S.-Canada border remains far below other U.S. border regions.

### PRODUCTION

Throughout the United States and Canada, marijuana cultivation is an evolving and thriving industry. Given the benefits associated with year-round cultivation and better shielding from law enforcement and poachers, indoor grow operations are increasingly being utilized by independent producers and organized crime groups and are prevalent in both countries. However, outdoor grow operations continue to be a concern for both countries.

In Canada, the Royal Canadian Mounted Police (RCMP) estimates that annual Canadian marijuana production ranges between 960 and 2400 metric tons. While viewed as a nationwide problem, marijuana is primarily cultivated in British Columbia, although significant production levels are now reported in Ontario and Quebec. According to RCMP seizure data, 1,102,198 marijuana plants were seized in 2000, 1,367,321 in 2001,

1,275,738 in 2002, and 1,400,026 in 2003. Of particular concern is the apparent increase in indoor grow operations across the country, ranging from a few plants grown in a closet to sophisticated, multi-thousand plant installations operated by criminal organizations. In January 2004, Canadian law enforcement uncovered the largest indoor grow operation to date inside a former brewery in Barrie, Ontario, seizing a total of 20,100 marijuana plants.

Law enforcement reporting indicates that marijuana is also cultivated both indoors and outdoors throughout the United States. A preliminary White House Office of National Drug Control Policy estimate suggests that annual U.S. marijuana production ranges between 3,100 and 7,100 metric tons. Several U.S. Government research projects are underway to improve the accuracy of U.S. production estimates. Outdoor marijuana cultivation occurs in every U.S. state and territory, including on public lands, but appears to be of particular concern in California, Hawaii, Kentucky and Tennessee. On July 18, 2003, officials from the Salt Lake County Sheriff's Office and the U.S. Forestry Service reported seizing more than 8,700 cannabis plants in the Mt. Olympus Wilderness Area of the Wasatch-Cache National Forest in Utah. According to the Drug Enforcement Administration (DEA) Domestic Eradication and Suppression Program data, the number of indoor and outdoor cultivated marijuana plants eradicated in the United States increased from 2,814,903 plants in 2000, 3,304,760 plants in 2001, 3,341,840 plants in 2002, and 3,608,341 plants in 2003. More than 90% of the plants eradicated during these years came from outdoor plots; however, indoor cultivation is of particular concern in California, Washington and Florida.

### THC CONTENT IN CANADIAN- AND U.S.-PRODUCED MARIJUANA

Increasingly, Canadian-produced marijuana is being referred to as 'high-grade' or 'high-potency' marijuana, with the media reporting Delta-9-tetrahydrocannabinol, or THC, levels averaging 20% or higher. This perception is based in part on U.S. law enforcement reporting which suggests that most marijuana seizures at the Canadian border are in bud form. Marijuana buds generally contain higher levels of THC than the remainder of the plant.

A comparison of THC levels in Canadian-produced and U.S.-produced marijuana is problematic because each country collects the data differently:

United States authorities classify seized marijuana samples in three ways: 'ditchweed', which is very low quality marijuana and includes marijuana growing wild and hemp; 'commercial-grade', which includes buds, leaves, stems, and seeds from male and female plants; and, 'sinsemilla', which consists of only the buds and flowering tops from unpollinated female plants. Commercial-grade marijuana produced in the United States and Mexico is the most prevalent type of marijuana available throughout the United States. Sinsemilla, which is much higher in potency than commercial-grade marijuana given its composition, follows commercial-grade marijuana in prevalence and commands a higher price. The average THC content of all submitted samples of U.S.-produced marijuana (including ditchweed) was 3.57 percent in 2001, 3.24 percent

**THC CONTENT IN CANADIAN- AND U.S.-PRODUCED MARIJUANA** *(continued)*

in 2002, and 2.31 percent in 2003. In those same years, the average THC content in submitted samples of U.S.-produced sinsemilla was 7.9 percent in 2001, 7.3 percent in 2002, and 7.4 percent in 2003.

In Canada, marijuana exhibits are submitted for THC analysis for court purposes and are therefore comprised almost exclusively of the flowering heads or buds of the female cannabis plant, which in the United States would be classified as sinsemilla. Because Canada tests only sinsemilla, and not commercial-grade marijuana or ditchweed, it is difficult to compare THC averages between the two countries. The average THC content of marijuana samples analyzed in Canada in 2001 was 8.7 percent, in 2002 was 8.3 percent, and in 2003 was 9.6 percent. Of more than 15,000 samples analysed since 1989, only 81 (0.5%) had a THC level of 20% or higher.

Both Canada and the United States have recorded abnormally high levels of THC in a limited number of samples, demonstrating that both countries have the capability of producing high-potency marijuana. The highest THC level analyzed in Canada came from a 2000 sample with 30 percent THC. The highest U.S. sample was 33 percent THC from a 1997 sample.

Levels of THC in marijuana grown in Canada and the United States have increased over the last decades. The increasing average potency of marijuana is a concern for both countries and potentially raises a heightened risk of marijuana use and dependence. Further studies would likely be required to confirm the impact of high-potency marijuana on abuse rates.

**CROSS-BORDER DISTRIBUTION AND TRANSSHIPMENT**

While the majority of marijuana cultivated in both the United States and Canada is produced to support domestic demand, the importation of foreign-produced marijuana is an issue for both countries.

Despite cultivation within Canada, marijuana smuggled into the country from foreign sources accounts for an important share of the Canadian market. Between 2000 and 2003 inclusive, Canadian authorities seized a total of 7.8 metric tons of marijuana at Canadian ports of entry. Of this quantity, 1.23 metric tons (16%) either transited or originated in the United States. For example, in September 2003, Canada Border Services Agency (CBSA) officers seized 50 kilograms of marijuana along with 3.5 kilograms of cocaine from the trailer of a commercial motor vehicle at the Ambassador Bridge port of entry in Windsor, Ontario. The cocaine was concealed inside a large block of compressed marijuana located within the commercial shipment. Additionally, U.S. and overseas authorities seized a total of 4.3 metric tons of marijuana destined for Canada between 2000 and 2003. Of this quantity, 1.3 metric tons (30%) were either in transit or were intended to transit the United States. In June 2002, U.S. authorities seized 346.3 kilograms of Jamaican marijuana from a sailboat in Florida that were to be smuggled to Canada via the United States by land.



The vast majority of foreign-produced marijuana available in the United States is cultivated in Mexico, followed by Canada, and to lesser extents, Colombia and Jamaica. The smuggling of Canadian-produced marijuana into the U.S. is a serious concern for both countries. Consolidated U.S. Immigration and Customs Enforcement (ICE) and U.S. Customs and Border Protection (CBP) data indicate that law enforcement officials seized a total of 632 metric tons (1,393,876 pounds) of marijuana entering the United States in FY2002, and 701 metric tons (1,547,505 pounds) in FY2003. In FY2001, U.S. law enforcement seized 4.4 metric tons of marijuana entering from Canada. Of the total quantities seized in FY2002 and FY2003, 12.2 metric tons and 15.8 metric tons entered the United States from Canada respectively.

Smuggling occurs both through and between ports of entry. For example, in September 2003, CBP inspectors at the Blaine, Washington port of entry seized nearly 1.5 metric tons of Canadian-produced marijuana concealed in a tractor-trailer. Primary U.S. market areas supplied with Canadian-produced marijuana include Chicago, Los Angeles, San Diego, Miami, New York, Phoenix, Tucson, and Seattle.

## CRIMINAL GROUPS AND ORGANIZATIONS

Over the last five years, organized criminal groups based in Canada have emerged as suppliers of marijuana to the United States, exercising control over production, transportation and financing. Many of these groups traffic several types of drugs. There is evidence that the proceeds generated from the sale of Canadian-produced marijuana in the United States are sometimes used to finance other illicit activities, including the purchase of cocaine and other drugs to smuggle northbound into Canada. DEA reporting indicates that traffickers occasionally exchange cocaine at a rate of four to eight pounds of Canadian-produced marijuana for one kilogram of cocaine.

The involvement of outlaw motorcycle gangs (OMGs) in the marijuana trade is well documented in law enforcement and intelligence reporting. However, DEA reporting indicates that in the United States, the threat of marijuana smuggling across the Canada-U.S. border posed by Vietnamese and other Asian criminal organizations has surpassed that posed by OMGs. These groups are highly organized and transport large quantities of marijuana across the border into the United States.

To address the organized crime element behind the proliferation of marijuana grow operations in Canada, the RCMP is establishing enforcement teams across the country to identify and dismantle these threats. A National Coordinator oversees the activities conducted by these special investigative teams, which are currently active in British Columbia, Alberta, and Quebec. Additional teams to cover Ontario and Canada's Atlantic provinces are expected to be operational in April 2005.



## COCAINE



Demand for powdered and crack cocaine remains high in both the United States and Canada. Most of the cocaine destined for either country is shipped directly from the source country in South America. Although cocaine moves in both directions across our shared border, most smuggling activity is northbound.

### PRODUCTION

Colombia is by far the largest source of coca in the world, with Peru and Bolivia also identified as significant source countries. Coca is not cultivated in the United States or Canada. Cocaine is produced in illicit laboratories that are primarily located in source countries.

### CROSS-BORDER DISTRIBUTION AND TRANSSHIPMENT

Cocaine destined for Canada originates mainly in South America. Shipments can transit one or more countries prior to entering Canada; Jamaica, Haiti and the United States are the principal transshipment points. Approximately 25% of the seized cocaine destined for Canadian markets either transits or is intended to transit the United States. Cocaine transiting the United States en route to Canada is generally shipped through the Caribbean and Mexico.

Between 2000 and 2003 inclusive, Canadian authorities seized a total of 4.7 metric tons of cocaine at Canadian ports of entry. Of this quantity, 1.1 metric tons (23%) transited Jamaica immediately prior to entering Canada, 970 kilograms (21%) transited Haiti. The United States ranked third as a transit country, with 600 kilograms (13%) seized during this period, of which 384 kilograms (64%) were seized in the land commercial stream (transport trucks), and 213 kilograms (36%) were seized in the land passenger stream (private vehicles).

Traffickers often ship cocaine from U.S. distribution centers, including Houston and Los Angeles, along major highways to Canadian land ports of entry in Ontario, including Windsor, Sarnia, and Sault Ste. Marie. For example, in November 2002, Canadian authorities at the Huntingdon, British Columbia port of entry seized 57.1 kilograms of cocaine concealed under the cab steps of a commercial motor vehicle. More recently, in September 2003, Canadian authorities at the Blue Water Bridge port of entry in Sarnia, Ontario, seized 53 kilograms of cocaine from the cab of a commercial motor vehicle.

Also between 2000 and 2003, U.S. and overseas authorities seized a total of 8.3 metric tons of cocaine destined for Canada. Of this quantity, 2.6 metric tons (31%) were either in transit, or were intended to transit the United States. For example, a July 2002 investigation in California led to the seizure of 150 kilograms of cocaine intended to be transported up the coast of California to British Columbia by land vehicles. U.S. authorities seized a total of 76 metric tons (168,185 pounds) of cocaine entering the United States in 2002 and 83 metric tons (183,761 pounds) in 2003.

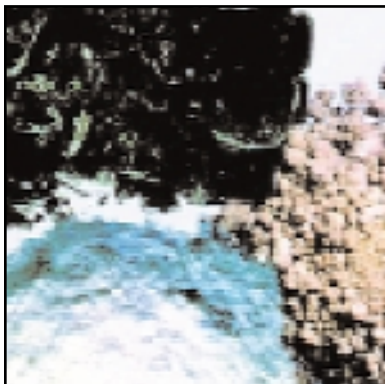
Law enforcement reporting indicates that relatively little cocaine is smuggled from Canada into the United States. Consolidated ICE and CBP seizure data show that U.S. officials seized 198 kilograms of cocaine in FY2001, 342 kilograms in FY2002, and 207 kilograms in FY2003 entering the U.S. from Canada. During the latter two years, most of the cocaine was seized at or near the Blaine, Washington port of entry (64 kilograms in FY2002 and 131 kilograms in FY2003). Private vehicles were the primary conveyance from which most of the drugs were seized. For example, in March 2003, CPB agents near Blaine, Washington seized 61.2 kilograms of cocaine from a private vehicle.

## CRIMINAL GROUPS AND ORGANIZATIONS

Colombian drug trafficking organizations and Italian organized crime groups are the most influential smugglers of cocaine into eastern Canada. OMGs supply their wholesale and mid-level distribution operations through associations with these organizations. Moreover, organizations based in Canada are often involved in the cross-border movement of cocaine purchased from U.S.-based brokers.

In western Canada, the predominant transporters and distributors of cocaine are members of OMGs, particularly the Hells Angels. OMG members coordinate with Mexican and Colombian suppliers in the United States to transport cocaine shipments along Interstate 5 into British Columbia. They also coordinate cocaine smuggling into the Port of Vancouver and surrounding areas. Smaller quantities are sometimes obtained by trading marijuana for cocaine with distribution groups based in the United States.

## HEROIN



Heroin is a highly addictive substance, and is the most widely abused of the opiate drugs. Demand for heroin in the United States is widespread, but abuse rates appear to be trending downward for most age groups. In Canada, officials report that demand remains stable. Smuggling occurs in both directions across the border, but this accounts for only a very small portion of the heroin consumed in either country.

## PRODUCTION

Heroin is refined from opium, which is produced primarily in four source regions: Southwest Asia (primarily Afghanistan), Southeast Asia (primarily Burma and Laos), South America (primarily Colombia), and Mexico. While South American and Mexican heroin dominate the U.S. market, Southeast Asian heroin is the most prevalent in Canada. Southwest Asian heroin is seen to a limited extent in the United States and Canada.

## CROSS-BORDER DISTRIBUTION AND TRANSSHIPMENT

Canadian authorities estimate that 1 to 2 metric tons of heroin are smuggled into Canada yearly. Between 2000 and 2003 inclusive, Canadian authorities seized a total of 305 kilograms of heroin at Canadian ports of entry. Southeast Asian heroin accounted for approximately 235 kilograms (77%) of the total, and 205 kilograms (67%) of this was smuggled by ship directly from China. Most of the remainder is smuggled directly into Canada from Cambodia or Thailand via the air passenger stream (commercial aircraft). However, South American heroin is making inroads into the Canadian market.

Of the total heroin seized at Canadian ports of entry between 2000 and 2003, 9.8 kilograms (3%) transited the United States. All of these seizures occurred in the land passenger stream. Additionally, between 2000 and 2003, U.S. and overseas authorities seized a total of 65 kilograms of heroin destined for Canada. Of this quantity, 35 kilograms (54%) were either in transit, or were intended to transit, the United States. For example, in January 2003, FBI agents in New York seized 5 kilograms of heroin destined for Toronto. An Asian crime group was involved.

U.S. authorities seized a total of 2,541 kilograms (5,603 pounds) of heroin entering the United States in 2002, and 2,140 kilograms (4,719 pounds) in 2003. According to U.S. interagency estimates, the annual demand for heroin in the United States is estimated at 13 to 18 metric tons, of which 75% is supplied by sources in Mexico and South America. Sources in Asia supply the remaining 25%, some of which transits Canada en route to U.S. markets.

U.S. law enforcement occasionally seizes heroin transshipped through Canada. Consolidated ICE and CBP data indicate that law enforcement officials seized 12 kilograms entering from Canada in FY2001, 5 kilograms in FY2002 and 4 kilograms in FY2003. Most of the seizures involved overland conveyances.

## CRIMINAL GROUPS AND ORGANIZATIONS

Southeast Asian traffickers dominate the heroin trade in Canada, primarily ethnic Chinese, and increasingly, Fukinese criminal groups. These traffickers generally conduct operations with similar ethnic groups; however, U.S. law enforcement agencies report that ethnic Chinese criminal groups have also supplied wholesale quantities of heroin to Italian and Dominican criminal groups in Canada and the United States. There is also evidence that Southwest Asian crime groups are importing heroin to Canada, although on a much smaller scale.

Law enforcement reporting indicates that various criminal groups, notably Asian groups, transship multipound quantities of heroin in both directions across the border. U.S. officials in Rouses Point, New York, report that West African and Iranian criminal groups also transship Asian heroin through Canada into the United States.

## PRECURSOR CHEMICALS



Synthetic drug producers require a continuous supply of precursor chemicals. Ephedrine and pseudoephedrine (PSE) are in the greatest demand as they are the primary precursors for methamphetamine. Until recently, the flow of large quantities of PSE from Canadian supply sources to methamphetamine 'super labs' in the United States heightened law enforcement concerns regarding the cross-border trafficking of PSE.

In January 2003, Canada implemented new Precursor Control Regulations to respond directly to the increasing diversion of precursor chemicals to the clandestine manufacturing of illicit substances. The new regulatory framework addresses the cross-border trafficking of precursor chemicals by requiring a license and a permit for all imports and exports of Class A precursor chemicals, which include PSE and ephedrine. The implementation of these new regulations together with U.S. and Canadian law enforcement efforts have had a substantial positive impact in reducing the trafficking of these substances (see section on Bilateral Cooperation for more detail on these law enforcement successes).

## PRODUCTION

PSE and ephedrine are primarily produced in China and India. Both the United States and Canada use the bulk materials to manufacture pharmaceuticals, cleaning solvents, fragrances, and paint.

## CROSS-BORDER DISTRIBUTION AND TRANSSHIPMENT

The integrated nature of the pharmaceutical industry in Canada and the United States supports a legitimate cross-border trade in substances containing precursor chemicals such as PSE and ephedrine. For example, in many cases, substances are imported from the United States to Canada to custom-manufacture finished products that are then exported back to the United States.

Between January 9, 2003 and December 31, 2003, licensed dealers in Canada were authorized to import 49,407 kilograms of PSE and to export 43,860 kilograms of PSE between Canada and the United States. Over this same period, licensed dealers were authorized to import 0.67 kilograms of ephedrine hydrochloride. There have been no legal exports of this substance to the United States.

National and international law enforcement efforts, such as Operation Mountain Express, have been successful in discouraging cross-border precursor chemical smuggling. In 2003, the DEA and RCMP announced the arrest of over 65 individuals in ten cities throughout the U.S. and Canada as part of Operation Northern Star. This 18-month joint investigation specifically targeted the illegal pseudoephedrine trade.

Subsequent to these law enforcement efforts and the implementation of Canada's Precursor Control Regulations in 2003, U.S. officials are now reporting a large decrease in seizures of PSE arriving from Canada. However, traffickers continue to attempt chemical diversion from legitimate importers and have sought to supplement or replace PSE with ephedrine. This is reflected in both law enforcement intelligence and recent seizures at U.S. ports of entry. Data show that increasing amounts of ephedrine have been imported into Canada mainly from China and India during the last several years, and authorities suspect that some of this is being diverted to the domestic production of synthetic drugs and/or smuggled into the United States.

Gamma-Butyrolactone (GBL) is a precursor chemical for Gamma-Hydroxybutyrate (GHB), which is often used for drug-facilitated sexual assaults. The demand for GHB kits remains high with the Internet being a primary vehicle through which they are made available to clients worldwide. As a result, cross-border trafficking of GHB kits and its precursor chemical GBL is also of concern. In 2002, a joint RCMP-DEA investigation led to the dismantling of an organized crime group in Quebec involved in selling GHB over the Internet to customers in the United States. Also in 2002, Canadian law enforcement uncovered a large GHB kit mail order operation in Ontario. A major legitimate chemical company has discontinued selling GBL; however, there appears to have been a rise in importations sourced mainly from European countries as well as Israel. Canada is seeking to regulate GBL under the Precursor Control Regulations.

## CRIMINAL GROUPS AND ORGANIZATIONS

Intelligence indicates organized crime groups are still involved in diverting precursor chemicals both within and between Canada and the United States for the production of illicit drugs. It is notable that criminal organizations are moving shipments of ephedrine and possibly PSE in powder form, rather than in tablet form. Middle Eastern organizations continue to control PSE and ephedrine diversion, while OMGs and Mexican criminal groups appear to be taking on an expanding role in this illegal trade.



## METHAMPHETAMINE



Methamphetamine is a particularly dangerous stimulant drug with a high potential for abuse and dependence. There are indications that in the United States and Canada, methamphetamine use appears to be increasing. Law enforcement reports indicate that cross-border smuggling of methamphetamine occurs in both directions across the border, but is limited.

### PRODUCTION

Methamphetamine is manufactured in clandestine laboratories with various production capacities using precursor chemicals obtained through illegal means (see section on Precursor Chemicals). It can also be manufactured using medications containing ephedrine or pseudoephedrine that can be purchased 'over-the-counter' in local stores or via the Internet. While most methamphetamine labs are fairly small in size, 'super labs' produce 10 pounds or more of methamphetamine in one production cycle.

In Canada, law enforcement intelligence indicates that the abuse of methamphetamine has increased, particularly in Western Canada. The number of methamphetamine labs dismantled by Canadian law enforcement has varied each year since 2000, with 24 labs seized in 2000, 13 in 2001, 25 in 2002 and 39 in 2003. In 2000, the first 'super lab' was uncovered in Vancouver, British Columbia.

Most of the methamphetamine available in the United States is domestically produced, with production occurring primarily in the western and central states. Data from the National Clandestine Laboratory Seizure System (NCLSS) of the El Paso Intelligence Center (EPIC) indicate that the number of reported methamphetamine laboratory seizures in the United States has increased annually from 7,035 in 2000, to 8,572 in 2001, to 9,203 in 2002, to 10,051 in 2003. At the same time, 'super lab' seizures in the United States fell from 146 in 2002 to 136 in 2003. Mexico, and to a much lesser extent, Southeast Asia are the principal source areas for foreign-produced methamphetamine available in the United States.

### CROSS-BORDER MOVEMENT AND TRANSSHIPMENT

Law enforcement reports indicate that limited methamphetamine smuggling occurs in either direction across the border.

Between 2000 and 2003, Canadian authorities seized a total of 6,510 pills and 14.1 kilograms of methamphetamine at Canadian ports of entry. Of these quantities, 2,310 pills and 2.65 kilograms had transited the United States, mostly in one May 2003

shipment, when CBSA officers at Vancouver International Airport discovered 2.6 kilograms of methamphetamine concealed within a mini-bar fridge that had been shipped to Canada from Hawaii via air courier. Additionally, in September 2000, California Highway Patrol seized 23,000 dosage units from a passenger vehicle en route to British Columbia.

Intelligence gaps make it difficult to pinpoint the extent of methamphetamine trafficking from Canada into the United States. In the United States., methamphetamine seizure statistics are not recorded separately in consolidated ICE and CBP data. Kilogram to multi-kilogram quantities have been smuggled from Canada to the United States primarily via package delivery services. According to the El Paso Intelligence Center (EPIC) Internal Database (EID), from 2000 to 2002, U.S. law enforcement seized 147,250 methamphetamine tablets arriving from Canada, of which 111,650 were seized in one incident at a package delivery service facility in Louisville, Kentucky.

### CRIMINAL GROUPS AND ORGANIZATIONS

Intelligence confirms the growing involvement of organized crime in methamphetamine production and trafficking, particularly Mexican criminal groups in the United States and OMGs and Asian organized crime groups in Canada. Each of these groups is entrenched in the cross-border methamphetamine trade.

### MDMA (Ecstasy)



MDMA (Ecstasy) (3,4-methylenedioxymethamphetamine) consumption rates appear to be declining in Canada and the United States. However, the drug continues to be widely available in most regions of both countries. Enforcement activities and intelligence reveal that limited quantities of MDMA are smuggled in both directions across the border. As such, cross-border smuggling likely accounts for only a small portion of the MDMA consumed in the two countries.

### PRODUCTION

Is most often manufactured in Western Europe, primarily due to the availability of precursors and essential chemicals, as well as international transportation hubs in this region. As a result, MDMA imported directly from Europe accounts for the bulk of Ecstasy available in the U.S. and Canadian markets. In fact, most criminal investigations of MDMA seized in the United States demonstrate that the drug shipments originated in the Netherlands and, to a lesser extent, Belgium.

In Canada, an increase in laboratory seizures over the last few years indicates increasing MDMA production, particularly in the provinces of British Columbia, Ontario and Quebec. All MDMA labs uncovered in Canada since 2000 were set up to produce multi-kilogram amounts. Canadian law enforcement dismantled 6 labs in 2000, 8 labs in 2001, 11 labs in 2002 and 12 labs in 2003.

Limited production of MDMA occurs in the United States; law enforcement officials dismantled 8 labs in 2000, 11 labs in 2001, 11 labs in 2002, and 7 labs in 2003. The production capabilities of these labs range from small amounts (gram quantities) to kilogram quantities.

In addition to synthesis labs, sophisticated tableting operations are increasingly being discovered in Canada. In a 2003 Canadian investigation involving the dismantling of major organized crime MDMA tableting operations, intelligence determined that the pill presses seized at the sites originated from legitimate sources in China and the United States. The United States has regulations in place requiring the registration of pill presses; however, registration is not required in Canada.

## CROSS-BORDER MOVEMENT AND TRANSSHIPMENT

The majority of MDMA smuggled into Canada is shipped directly from Western Europe. The total amount of MDMA tablets seized at Canadian ports of entry has soared, from multi-thousand quantities in the 1990s to over 2 million in 2000, almost 1.9 million in 2001, and 1.8 million in 2002. In 2003, Canadian authorities seized 5.64 million tablets at ports of entry, representing a 213% increase over 2002. Seizures in 2003 also included 270 kilograms of pure powder MDMA (equivalent to 2.7 million tablets upon processing), which were seized from a marine container at the Port of Vancouver pursuant to a controlled delivery from the Port of Montreal.

Between 2000 and 2003, Canadian authorities seized 7,005 tablets of MDMA inbound from the United States at Canadian ports of entry. The vast majority (6,384 tablets or 91%) was seized in the land passenger stream. The largest seizure occurred in June 2003, when CBSA officers at the Lacolle, Quebec port of entry seized 5,180 tablets of MDMA from a private automobile.

Additionally, between 2000 and 2003, U.S. and overseas authorities seized a total of 594,048 MDMA tablets and 165 kilograms of MDMA in powder form (equivalent to 1.65 million MDMA tablets upon processing) destined for Canada. Of this quantity, a total of 1,000 tablets were seized in transit to Canada by U.S. authorities. This seizure occurred pursuant to a single enforcement action in July 2003, involving a passenger vehicle that was crossing from Niagara Falls, New York to Niagara Falls, Ontario.

According to consolidated ICE and CBP data, U.S. border enforcement officials seized a total of 7,274,181 MDMA dosage units in 2000, 7,259,636 dosage units in 2001, and 3,911,200 dosage units in 2002. Most U.S.-bound seizures from Canada during this period occurred at the Detroit, Michigan, Champlain, New York, and Sumas, Washington ports of entry. Although consolidated seizure statistics are not yet available for 2003, in



October 2003, law enforcement officials seized 100,000 MDMA tablets from a private aircraft arriving from British Columbia at the Portland International Airport in Oregon.

In March 2004, as a result of Operation Candy Box / Project Okapi / Project Codi, Canadian and U.S. law enforcement jointly dismantled a large criminal network producing MDMA in Canada and distributing it in the United States. More information on these operations can be found in the section on Bilateral Cooperation.

## CRIMINAL GROUPS AND ORGANIZATIONS

Members of Asian, Eastern European and Israeli organized crime groups, as well as OMGs, particularly the Hells Angels Motorcycle Club, are involved in cross-border MDMA trafficking. Asian crime groups based in Canada are known to be extensively involved in the production and importation of MDMA for the North American market. There is mounting evidence of increased cross-border activity involving U.S. and Canadian criminal organizations.

## HASH / HASHISH OIL



Demand for hashish and hashish oil in Canada is higher than in the United States, with use concentrated mainly in Ontario, Quebec and the Atlantic Provinces. There is relatively little demand for hashish or hashish oil in the United States; consequently, U.S. law enforcement authorities rarely encounter these drugs.

## PRODUCTION

Most hashish seized in Canada originates from Southwest Asia, while Jamaica is the primary source country for hashish oil.

## CROSS BORDER MOVEMENT AND TRANS-SHIPMENT

Most seizures of hashish in Canada are of large quantities from marine containers at the ports of Montreal and Halifax. Between 2000 and 2003 inclusive, Canadian authorities seized a total of 34.8 metric tons of hashish at Canadian ports of entry. Of the total seized by Canadian officials, only a minute amount (1 kilogram) transited the United States. However, also between 2000 and 2003, U.S. and overseas authorities seized 23 metric tons of hashish destined for Canada. For example, in January 2000, U.S. authorities intercepted 10.6 metric tons of hashish hidden in a marine container

en route to Montreal from Newark, New Jersey, (which constituted almost all of the 10.8 metric tons of hashish seized in 2000).

Between 2000 and 2003 inclusive, Canadian authorities seized 1.8 metric tons of hashish oil at Canadian ports of entry. Of this quantity, 1.58 metric tons were seized at Pearson International Airport in Toronto, Ontario off direct flights from Jamaica. These seizures constitute 90% of the total hashish oil seized at all Canadian ports of entry during the period.

Shipments of hashish oil transiting the United States en route to Canada are often transported to Florida by boat and then transported overland to Canada, particularly to southern Ontario. Of the 1.8 metric tons seized between 2000 and 2003 at Canadian ports of entry, 100.5 kilograms (6%) transited the United States. For example, in April 2002, CBSA officers seized 4 kilograms of hashish oil from an inbound parcel at the Federal Express warehouse at Pearson International Airport in Toronto. Additionally, between 2000 and 2003, Canadian authorities seized a total of 1.3 metric tons of hashish oil inland, of which 300 kilograms (23%) had transited the United States.

Further, between 2000 and 2003, U.S. and overseas authorities seized a total of 1.4 metric tons of hashish oil destined for Canada. Of this quantity, 869 kilograms (64%) were either in transit, or were intended to transit, the United States. For example, in June 2002, the DEA, assisted by RCMP intelligence, intercepted a personal watercraft that had departed Jamaica en route to Florida carrying 356 kilograms of hashish oil along with 346 kilograms of marijuana that was destined for Canada.

U.S. authorities seized a total of 10,855 kilograms of hashish in 2000 (10,600 kilograms of which was seized in Newark, New Jersey en route to Montreal, Quebec), 180 kilograms in 2001, 624 kilograms in 2002, and 155 kilograms in 2003. Regarding hashish oil, U.S. authorities seized a total of 128 kilograms in 2000, 250 kilograms in 2001, 661 kilograms in 2002 and 87 kilograms in 2003.

## CRIMINAL GROUPS AND ORGANIZATIONS

Montreal-based criminal groups specialize in the large-scale smuggling of hashish and monopolize its distribution. Occasionally, independent brokers in the United States and Canada have orchestrated multi-ton shipments of hashish from Pakistan directly to Montreal via mothership or container.

Jamaican organized criminal groups in Ontario are responsible for the smuggling of most hashish oil through Pearson International Airport in Toronto, Ontario directly from the Caribbean. Traffickers transporting hashish oil through the United States to Canada are usually linked to Canada-based criminal groups operating in southern Ontario and the Atlantic provinces. Canadian traffickers dealing with brokers based in Jamaica and Florida smuggle hashish oil by sea and overland routes.

## STEROIDS AND OTHER DRUGS

The trafficking of steroids and other drugs in both directions across the border does not pose a threat comparable to that of other, more prevalent, substances. Nevertheless, it is a concern, particularly in terms of steroids entering Canada. U.S. authorities cannot estimate the threat posed by steroid smuggling based on available data.

Between 2000 and 2003, Canadian authorities seized 2,442,538 dosage units of steroids at Canadian ports of entry, mainly originating from or transiting Thailand (824,612 dosage units), the United States (705,265 dosage units), Russia (148,614 dosage units) and Poland (121,521 dosage units). DEA reporting indicates that most of the anabolic steroids that transit the United States en route to Canada originate in Mexico. DEA and RCMP reporting also show incidences of steroids shipped from Eastern Europe to Canada, with further distribution through mail services to customers in the United States. Steroids are readily available on the Internet.

Other drugs smuggled in various small quantities in both directions across the border include amphetamines, barbiturates, diazepam, flunitrazepam, ketamine, khat, LSD, MDA, mescaline, methadone, methaqualone, morphine, PCP, psilocybin, oxycodone and other prescription drugs.



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## CROSS-BORDER MOVEMENT OF ILLICIT DRUG PROCEEDS AND MONEY LAUNDERING



Drug trafficking is the main source of revenue for most organized crime groups. To conceal their illegal financial activities, drug traffickers smuggle illicit drug proceeds across our shared border and integrate their profits into the legitimate economy through money laundering.

Given the clandestine nature of the activities, it is difficult to determine the extent of currency smuggling and money laundering between Canada and the United States. However, reporting from U.S. and Canadian law enforcement and border agencies has revealed certain typologies in the movement of illicit funds across our shared border.

The physical movement of currency and monetary instruments (such as stocks, bonds, bank drafts, travelers' checks, and money orders) occurs in both directions across the border. Currency smuggling occurs through ports of entry via private and commercial vehicles (sometimes, illicit currency is concealed in gasoline tanks), package delivery services, and individual couriers on buses or other forms of public transportation. Currency is also smuggled between ports of entry by backpackers, boats and snowmobiles. As well, money launderers reportedly use money exchange services and duty free shops to facilitate money laundering.

Electronic funds transfers between Canadian and U.S. banks, and currency-to-wire / wire-to-currency transactions also account for a significant portion of reported suspicious activities. Financial institutions in the United States have reported transactions involving large single deposits or multiple currency deposits that funded large wire transfers to accounts at Canadian and foreign banks. In addition to suspicious transactions, Canadian financial entities and money services businesses must report to Canada's Financial Transactions Reports and Analysis Centre (FINTRAC) all international electronic funds transfers of CDN\$10,000 or more. Through its analysis of these reports, FINTRAC has identified significant flows, suspected to be linked to money laundering, moving both northbound and southbound between Canada and the United States.

To address these serious issues, legislation in both the United States and Canada prohibits the physical smuggling and electronic transmittal of illicit criminal proceeds. Both countries have implemented similar reporting requirements for financial service providers handling large and suspect transactions and for persons crossing the border with large amounts of currency and / or monetary instruments. The U.S. Financial Crimes Enforcement Network (FinCEN) and Canada's FINTRAC collect and analyze

## CROSS-BORDER CURRENCY SEIZURES

U.S. and Canadian officials have seized significant amounts of currency transported illegally across our shared border.

In 2003, Canadian officials seized CDN \$9.77 million (USD \$7.5 million) in suspected proceeds of crime inbound from the United States. The vast majority of this (CDN\$9.28 million) was seized in the highway mode, with the remainder seized in the air cargo and land passenger streams. Canadian authorities also seized CDN \$382,043 in outbound currency at the U.S.-Canada land border in the passenger stream.

Consolidated ICE and CBP data indicate that in FY2003, U.S. officials seized just under USD \$2 million in undeclared outbound currency and USD \$4.3 million in inbound currency along the U.S.-Canada border.

this reporting, and, where appropriate, disclose relevant financial intelligence to law enforcement on activities suspected of being related to money laundering or terrorist financing.

For example, in the United States, bulk cash smuggling is a felony under the *USA PATRIOT Act*. All persons entering or leaving the country with currency or other monetary instruments equal to or greater than USD\$10,000 must file a report with U.S. Customs, which is transmitted to FinCEN. In January 2003, the Canada Border Services Agency implemented the Cross-Border Currency Reporting Initiative, which also requires persons importing or exporting currency or monetary instruments equal to or in excess of CDN\$10,000 to file a report with the CBSA. This information is sent to FINTRAC for analysis.

Both countries also require financial service providers to report large and/or suspicious electronic fund transfers. In Canada, under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, financial entities, money services, and foreign exchange dealers must report all international electronic fund transfers of CDN\$10,000 or more to FINTRAC. In the United States, under a regulation stemming from the Annunzio-Wylie Anti-Money Laundering Act, financial institutions are required to obtain and retain for a period of five years certain information about the originator and beneficiary of all wire transfers of USD\$3,000 or more. Under the PCMLTFA, reports of electronic funds transfers, records of which must be kept for five years, must include the originator information. In an effort to decrease the viability of front companies to launder drug proceeds, both the U.S. and Canada also require financial service providers to establish customer identification programs to verify and retain client information.

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## BILATERAL COOPERATION



Both Canada and the United States place a high priority on working with international partners to combat transnational drug trafficking. As demonstrated by the ongoing initiatives and recent joint operations described below, Canadian and U.S. law enforcement work together closely to aggressively pursue drug traffickers on both sides of the border and beyond.

### BILATERAL INITIATIVES

- The **Canada-United States Cross-Border Crime Forum (CBCF)** was established in 1997 to improve bilateral cooperation and information sharing. Co-chaired by Canada’s Minister of Public Safety and Emergency Preparedness and the U.S. Attorney General, the CBCF brings senior law enforcement and justice officials together annually to discuss transnational crime issues including drug smuggling, money laundering, telemarketing fraud, and cyber-crime. Provincial and state governments also participate in the CBCF, as do police at the federal, state/provincial and local levels. CBCF working groups meet throughout the year to develop joint strategies and initiatives including binational threat assessments (such as this document) and collaborative operations.
- Through the Cross-Border Crime Forum, **Integrated Border Enforcement Teams (IBETs)** were developed and are now an international model of cooperation. An IBET is comprised of Canadian and U.S. law enforcement agencies, including immigration and customs personnel, who work together on a daily basis with provincial / state and local enforcement agencies to address regional crime issues. First established on the West Coast in 1997, IBETs currently operate in 14 geographic regions along or near the Canada-U.S. border, working in an integrated land, air and marine environment. IBETs have effectively disrupted drug smuggling rings, confiscated weapons, liquor, tobacco, vehicles, and made numerous arrests, and have intercepted criminal networks attempting to smuggle illegal migrants across the border.
- **Project North Star** is a binational multi-agency forum that further strives to enhance existing communication, cooperation and partnerships between Canadian and U.S. law enforcement personnel. The aim is to promote and improve cross-border networking, intelligence gathering and sharing, targeting, prosecution, training and coordinated planning among local, state/provincial and federal law enforcement. This cooperation also facilitates the exchange of “best practices” and effective utilization of assets and resources.



- The signing of the **Canada-U.S. Smart Border Declaration** in December 2001 demonstrated our shared commitment to building a safe, secure border that is open to legitimate commerce and people but closed to terrorists and criminals, including drug traffickers. Joint law enforcement initiatives, such as the Shared Border Accord, the CBCF and the IBETs are promoted in the Declaration, and supported by the accompanying 32-Point Smart Border Action Plan.

## JOINT OPERATIONS

- **Operation Mountain Express** dismantled criminal networks across the United States that were trafficking multi-ton amounts of pseudoephedrine to U.S.-based methamphetamine producers. In 2002, the RCMP and Canada Customs collaborated with the U.S. DEA, U.S. Customs Service and the Internal Revenue Service on Phase III of Operation Mountain Express to also target Canadian bulk suppliers of pseudoephedrine. With all three phases taken together, Operation Mountain Express resulted in over 300 arrests, the seizure of over 30 tons of pseudoephedrine, 181 pounds of methamphetamine, 9 clandestine methamphetamine laboratories, and over \$16 million in U.S. currency. The investigation also had a significant impact on the availability of pseudoephedrine in the United States, resulting in a dramatic decrease in the bulk shipment of pseudoephedrine from Canada.
- In April 2003, the DEA and RCMP announced the arrest of over 65 individuals in 10 cities throughout the United States and Canada as a result of **Operation Northern Star**. These arrests were the result of an 18-month international investigation, which also targeted the illegal importation of pseudoephedrine. This investigation employed a comprehensive strategy that targeted the entire methamphetamine trafficking process, including: suppliers, brokers and transporters of precursor chemicals, methamphetamine manufacturers and distributors, and the money launderers that help conceal their criminal proceeds.
- **Operation Candy Box / Project Okapi / Project Codi**, which was executed on March 31, 2004, represents the largest single binational enforcement action ever taken against MDMA traffickers. This two-year investigation resulted in the dismantling of a criminal network operating in both Canada and the United States that was responsible for the production of MDMA and marijuana in Canada, the distribution of these drugs in the United States, and the laundering of illicit funds through Canada and Vietnam. Over 130 individuals in 19 cities were arrested, and more than 877,000 MDMA pills, 120 kilograms of MDMA powder, over \$6 million in currency, and more than 1,000 marijuana plants were seized by U.S. and Canadian law enforcement.
- **Operation Pipeline, Operation Convoy and Operation JETWAY** have established successful joint training courses and facilitate information sharing among over 100 law enforcement agencies across federal, state/provincial and municipal levels throughout the United States and Canada.



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## CANADIAN AND U.S. DRUG CONTROL EFFORTS



### CANADA

In 1987, the Government of Canada adopted a comprehensive federal strategy to address the serious threat to health and public safety posed by drug use in Canada. In May 2003 the Government of Canada announced the renewal of its Drug Strategy and a commitment to invest \$245 million in additional funding over five years. The Canada Drug Strategy (CDS) takes a balanced approach to reducing both supply and demand. Canada is committed to dealing with the root causes of substance abuse and is focussing on prevention, education, treatment and increased enforcement responses for those who are involved in the production and trafficking of illegal drugs.

The Canada Drug Strategy has identified six key objectives to guide its ongoing development, implementation and enhancement, including: (1) promote healthy decision-making, especially among younger Canadians, in order to, at least, increase the age of initiation/first use of alcohol and other drugs; (2) decrease the prevalence of harmful drug use; (3) decrease the incidence of communicable diseases related to substance use and abuse; (4) increase the use of alternative criminal justice measures; (5) reduce the illicit drug supply and address new and emerging drug trends; and (6) decrease avoidable health, social and economic costs.

Highlights of the Drug Strategy include: community-based initiatives to address a range of prevention, health promotion, treatment and rehabilitation issues; public education campaigns on substance abuse with a focus on youth and other vulnerable communities; new funding for research activities on drug trends to enable more informed decision-making; and a biennial national conference with all stakeholders to set research, promotion and prevention agendas; and new resources to help decrease the supply of drugs.

Also under the renewed CDS, new resources were directed to help decrease the supply of illicit drugs. For example, in January 2004, the RCMP established dedicated investigative teams to target and dismantle grow operations and clandestine laboratories that produce synthetic drugs such as methamphetamine in Canada. These teams are placed throughout the country where organized crime operations are most prevalent. Recently, a National Coordinator was selected to oversee their efforts. Investments have also been made to address the serious issue of drug impaired driving by training more officers in drug recognition expertise (DRE). The CDS also increases support for the RCMP's national prevention and drug awareness initiatives, which target youth in particular on the risks associated with drug use.

Although the CDS is a federal initiative, the Government of Canada works closely with provincial, territorial and municipal partners to develop innovative prevention, treatment and harm reduction programs, identify best practices and disseminate information across the country. The Canadian Centre on Substance Abuse also plays an important role to support and build linkages among organizations involved in addressing drug-related issues.

## UNITED STATES

The current U.S. Drug Control Strategy was initiated in 2002. It offers a balanced approach to reducing drug use among teenagers and adults. The strategy focuses on three national priorities: 1) stopping use before it starts through education and community action; 2) healing America's drug users by getting treatment resources where they are needed; and 3) disrupting the market by attacking the economic basis of the drug trade.

Because prevention is a priority, the U.S. Government promotes an initiative that provides funding to support schools in the design and implementation of school based drug testing, assessment, referral, and intervention programs. It further aims to continue funding under the Office of National Drug Control Policy's media campaign that conveys drug-free communities program by establishing approximately 100 new local community anti-drug coalitions working to prevent substance abuse among young people.

Treatment for drug users is also a priority and the U.S. Government intends to expand the drug treatment system over the next five years. It also intends to increase the scope and quality of drug court services to improve retention in, and successful completion of, drug court programs. The Drug Strategy also supports an increase in key research efforts, including basic research on the nature of addiction, development of science-based behavioral interventions, medications development, and the rapid translation of research findings into practice.

When it was launched in 2002, the U.S. National Drug Strategy set ambitious performance-based goals: 1) to lower the rate of drug use by 10% over two years; and 2) to lower the rate by 25% over five years. The most recent survey reporting indicates that the two-year goal has been met and exceeded. The survey demonstrated an 11% drop between 2001 and 2003 in the use of illicit drugs by teenagers. Among teens, some drugs such as LSD have dropped to record low levels of use. Others are at the lowest levels of use in almost a decade.

As part of the Strategy, U.S. Government efforts to disrupt the illicit drug market will also be enhanced, and DEA's funding for the Priority Targeting Initiative—designed to disrupt or dismantle priority target organizations—will be increased. Staffing increases in priority areas are being made: the U.S. Attorney workforce, the Organized Crime Drug Enforcement Task Force Fusion Center, and the Internal Revenue Service, in order to facilitate both investigations and prosecutions. Finally,

the U.S. Government will continue to support the Andean Counterdrug Initiative that provides support to Colombia, Peru, Bolivia, Ecuador, Brazil, Venezuela, and Panama. The funding will assist in enforcement, border control, crop reduction, alternative development, institutional building, and justice and human rights issues in the region.



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## OUTLOOK



Much work remains to be done to combat cross-border drug trafficking. It is clear that the excellent working relationship between the Canadian and U.S. governments and law enforcement agencies will remain an essential element to our success in this fight. Moreover, our countries' continued commitment to enhancing information sharing through bodies such as the Cross-Border Crime Forum, expanding joint initiatives, such as the highly successful Integrated Border Enforcement Teams, and frequent bilateral collaboration on investigations, such as Operation Candy Box / Project Okapi / Project Codi, will strengthen our ability to address current and emerging threats:

- **Marijuana** will likely remain a top issue for bilateral discussion. While our two countries may explore different domestic approaches to managing drug issues, the United States and Canada ultimately share the same goals of reducing the supply and consumption of marijuana and other illicit drugs. However, the United States remains concerned that it may see an increase in Canadian-produced marijuana in U.S. markets—a concern that Canada shares. Members of Asian criminal groups, the Hells Angels Motorcycle Club, and independent smugglers will remain the dominant transporters of Canadian-produced marijuana into the United States, due to their established smuggling infrastructures and distribution networks. To address marijuana cultivation and trafficking in Canada, Canadian law enforcement has strengthened their efforts to dismantle marijuana grow operations and the organized crime groups that support them.
- While the availability and usage rates of **cocaine** in Canada and the United States are currently stable, the drug will remain a serious issue for both countries. Cocaine transiting the United States en route to Canadian markets will remain a serious issue for Canada. The potential for production levels to increase in Colombia, Peru and Bolivia remain key concerns.
- The smuggling of **heroin** between Canada and the United States will likely continue to account for only a small proportion of the amounts imported into either country. Mexico and South America will likely remain the primary sources of heroin for the United States, as will Southeast Asia for Canada. Although most heroin from Afghanistan is consumed in Europe and Central and Western Asia, it is possible that the dramatic rise in Afghan production may provide an alternative source for heroin for Canadian and U.S. markets.
- Canada's Precursor Control Regulations and successful law enforcement operations will likely continue to reduce the diversion of **precursor chemicals**

such as pseudoephedrine for illicit purposes, including methamphetamine production. However, so long as the demand for synthetic drugs continues to grow, precursor smuggling will remain a concern for both countries. In the short term, well-entrenched Middle Eastern criminal groups will remain the dominant smugglers of pseudoephedrine and ephedrine from Canada into the United States. Enforcement efforts at the Canada-U.S. border could compel U.S.-based methamphetamine producers, particularly representatives of Mexican drug trafficking organizations who operate methamphetamine ‘super labs’ in the U.S., to seek alternative sources of supply.

- The threat posed by cross-border **methamphetamine** smuggling is likely to remain proportionately low in the near future, given that most of the supply in both countries is domestically produced. However, of concern is that the domestic availability and use of the drug appears to be rising. Law enforcement in both countries will continue to target clandestine laboratory operations and methamphetamine traffickers to address this problem.
- Given that Europe continues to supply the bulk of **MDMA** for U.S. and Canadian markets, the cross-border smuggling of MDMA is also likely to remain limited. However, while the number of MDMA production laboratory seizures in the United States remains stable, the number of laboratory seizures in Canada is rising. Members of outlaw motorcycle gangs, (particularly the Hells Angels Motorcycle Club and the Bandidos), Asian and Eastern European criminal groups, and various independent dealers will remain the principal smugglers of MDMA.
- The trafficking of **anabolic steroids** will remain a concern, particularly for Canada, as large quantities continue to transit the United States en route to Canadian customers.