



United States–Canada Border Drug Threat Assessment

December 2001



Solicitor General Solliciteur général
Canada Canada

Product No. 2002-R0423-001
December 2001



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Published by:

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Foreword

Canada and the United States of America enjoy a political, economic, and social partnership unique in the world. The concrete expression of this is the magnitude of the free flow of people and goods across the border between the two countries. The benefits from this relationship are of critical importance to the day-to-day conduct and the growth of the two nations. This is why the Canadian and United States governments are committed to improving the efficiency of the border and maintaining it as open as possible.

While it is critical to facilitate travel and trade, however, it is also important to ensure that criminal organizations do not profit from this openness. In this regard, the two-way movement of drugs and drug traffickers across the border is a particular mutual concern.

The ability of our countries to counter the threat posed by drugs and drug traffickers depends on the information we possess and the processes in place to use this information effectively. Maintaining the close partnership that exists between United States and Canadian law enforcement authorities is the best strategy to prevent the movement of drugs in both directions and to apprehend drug traffickers. An agreed, coordinated, regional approach is clearly the most effective way to secure our shared border.

During the Fourth Canada–United States Cross-Border Crime Forum, held in Washington, D.C., in June 2000, it was agreed to undertake a joint assessment of the common threat posed by the cross-border drug trade. The enclosed report, “United States–Canada Border Drug Threat Assessment,” is the result of that agreement. Numerous agencies involved in fighting drugs participated in its preparation. The National Drug Intelligence Center was critical in the production of the final report.

This assessment has confirmed that illicit drugs are being transported in both directions across the border to meet demand in both our countries. Its preparation has also served to highlight the importance of collecting and sharing data and intelligence on the drug problem to truly understand the magnitude of the threat posed by drugs. Effective strategic decision making depends on this.

The agencies and departments involved in this assessment are committed to addressing this common threat together.

Acknowledgements

The agencies responsible for the preparation of this report, which include the National Drug Intelligence Center, the Department of the Solicitor General Canada, the Canada Customs and Revenue Agency, and the Royal Canadian Mounted Police, wish to acknowledge the contributions made to this study by the following entities:

Criminal Intelligence Service Canada
Bureau of Alcohol, Tobacco and Firearms (United States)
Department of Foreign Affairs and International Trade (Canada)
Drug Enforcement Administration (United States)
El Paso Intelligence Center (United States)
Federal Bureau of Investigation (United States)
Financial Crimes Enforcement Network (United States)
Health Canada
Immigration and Naturalization Service (United States)
U.S. Border Patrol
U.S. Department of State
U.S. Coast Guard
U.S. Customs Service

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United States–Canada Border Drug Threat Assessment

Executive Summary

Drug smugglers transport drugs across the border between the two nations by many methods, the most common of which is overland by commercial and private vehicle. Traffickers, particularly marijuana smugglers, also cross the border from Canada to the United States on foot. Smugglers transport drugs across marine borders, particularly along the St. Lawrence River, across the Great Lakes, and between Washington State and British Columbia. In addition, smugglers use aircraft to transport marijuana across the border. Drug traffickers in both countries increasingly are shipping drugs and precursor chemicals through mail and express parcel delivery services.

To address the threat to both nations from cross-border drug trafficking, the United States and Canada have adopted similar drug demand reduction goals. Numerous federal, state, provincial, and local law enforcement and intelligence community agencies are working bilaterally to suppress drug smuggling and use. Some of the more successful cross-border cooperative efforts include the Canada–United States Cross-Border Crime Forum, the Integrated Border Enforcement Teams, and the Intelligence Collection Analysis Teams.

The principal illicit substances smuggled into the United States through Canada are marijuana, heroin, and precursor chemicals. Canada increasingly is becoming a source country for high-grade **marijuana**, and organized Asian criminal groups as well as outlaw motorcycle gangs control facets of production and distribution. Higher purity **heroin**, primarily Southeast Asian, is transshipped through Canada to the United States where ethnic Chinese criminal groups operating on both sides of the border control distribution. Criminal groups divert **precursor chemicals**, which are currently unregulated in Canada, to facilitate their production of synthetic drugs, primarily methamphetamine, in the United States; however, regulations to address this are forthcoming.

The principal drugs smuggled to Canada through the United States are cocaine, liquid hashish, and marijuana. Considerable amounts of **cocaine** transit the United States en route to Canadian distribution centers. Much of the cocaine is controlled by Italian and Colombian criminal organizations as well as outlaw motorcycle gangs. **Liquid hashish**, smuggled in large quantities through the United States, is destined for consumption primarily in the eastern provinces of Canada. In addition, **marijuana** is transported from the U.S. Southwest and Southeast Borders through the United States for distribution in Canada.

Despite collaborative antidrug efforts by both countries, cross-border drug smuggling likely will continue, particularly if the demand for illicit substances remains at current levels or increases. The smuggling of Canada-produced marijuana, high purity heroin, and precursor chemicals from Canada to the United States probably will increase in the near future to meet the increasing U.S. demand for those substances. Cocaine, liquid hashish, and marijuana likely will remain the principal cross-border smuggling threats to Canada from the United States.

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United States–Canada Border Drug Threat Assessment

Introduction

The United States and Canada have always been close allies, sharing the longest undefended border in the world. The movement across the border of nearly 200 million people and billions of dollars' worth of goods and services annually demands a continued cooperative relationship. Both countries are committed to facilitating cross-border travel and commerce while ensuring the security of their borders and the safety and health of their citizens.

A primary concern to the United States and Canada is the threat posed to both nations by criminal activity occurring along the border between the two countries. The nature and scope of this activity is diverse; however, the primary threat at the border is drug smuggling.



Figure 1. Some areas of the U.S.–Canada Border are difficult to monitor.

Illicit substances smuggled across the border from Canada to the United States include marijuana, precursor chemicals, and, to a lesser extent, methamphetamine. Smuggled through Canada en route to the United States are heroin and, to a lesser extent, MDMA (3,4-methylenedioxymethamphetamine), cocaine, and various other drugs.

Illicit substances smuggled from the United States to Canada include LSD and steroids. Transported through the United States en route to Canada are cocaine, liquid hashish, marijuana, hashish, and, to a lesser extent, MDMA and various other drugs.

The U.S.–Canada border presents unique challenges for border enforcement agencies. It is geographically complex: it encompasses approximately 6,000 kilometers and comprises vast, densely forested areas, many lakes, including the Great Lakes, and numerous rivers. In many areas, border demarcation is virtually nonexistent, amounting to no more than a ditch.

The waterways and airfields along the border compound the difficulties facing border control agencies. The Great Lakes and St. Lawrence River account for approximately 9,000 kilometers of shoreline, including hundreds of isolated islands and long stretches of remote wilderness. These waterways are home to a significant number of

recreational and commercial vessels. In addition, there is a considerable level of private aircraft traffic between Canada and the United States.

A considerable concern within the U.S. law enforcement community is the manning levels along the border. For example, there are 300 U.S. Border Patrol (USBP) agents assigned to patrol the U.S.–Canada border. In contrast, approximately 8,000 USBP agents patrol the approximately

3,000-kilometer border between the United States and Mexico.

The existence of Indian/First Nations Reservations or territories near, on, or straddling the border poses jurisdictional challenges because of the unique legal status of such lands. Various organized criminal groups, such as the Hells Angels, reportedly have used Reservation lands to smuggle drugs and other commodities and to launder money.

Drug Threats

Marijuana

Marijuana is the most widely abused and commonly available illicit drug in the United States. Most of the marijuana available in the United States is produced domestically or is imported from Mexico and Colombia. However, Canada increasingly is becoming a source country for high-grade marijuana to the United States.

Cross-Border Marijuana Distribution

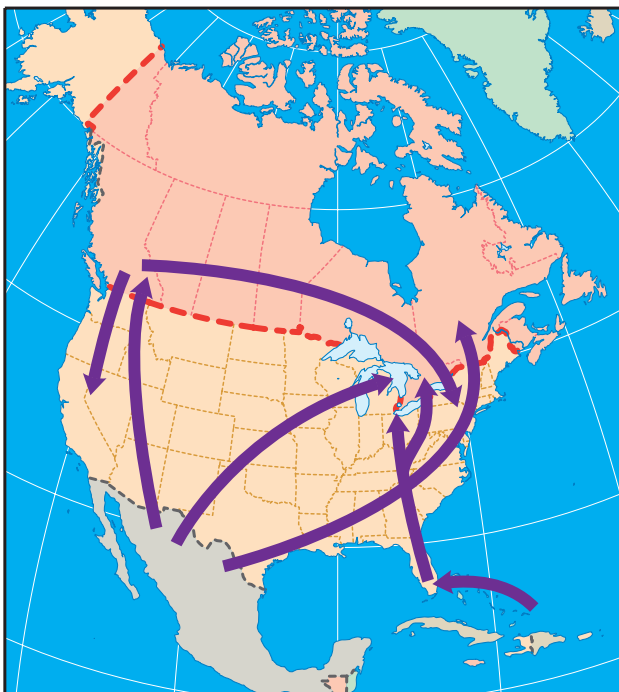


Figure 2. Canada-produced marijuana exported to the United States typically is high in quality.

A number of international publications have reported that approximately 50–60 percent of the marijuana produced in Canada is smuggled into the United States annually. However, in-depth analysis and consultations between officials of both countries have concluded that these estimates cannot be substantiated through current reporting.

Production and Transshipment

Cannabis is cultivated throughout the United States at outdoor and indoor locations. According to preliminary 2000 Drug Enforcement Administration (DEA) reporting, outdoor growing operations are large-scale problems in many states, particularly in California, Hawaii, Kentucky, and Tennessee. Indoor growing operations also are becoming a large-scale problem, such as in Alaska, California, Florida, and Washington. However, because of the discreet nature of cannabis cultivation, there are no generally accepted estimates for domestic marijuana production.



NDIC

Figure 3. An indoor growing operation.

While domestically produced marijuana accounts for a significant share of U.S. marijuana markets, there are four notable foreign sources of marijuana to the United States: Mexico, Colombia, Canada, and Jamaica. Drug trafficking organizations in Mexico and Colombia produce an estimated 10,000 metric tons of marijuana yearly; approximately 7,500 metric tons of that marijuana is intended for U.S. markets. Although criminal groups based in Canada supply far less marijuana to the United States than their Mexican or Colombian counterparts, most of the marijuana supplied from Canada is high-grade marijuana, for which there is a growing demand in the United States. Seizure data and anecdotal evidence suggest that multi-metric ton quantities of Canada-produced marijuana reach U.S. markets yearly. Nevertheless, marijuana transported from Canada clearly amounts to only a small

percentage of all marijuana smuggled into the United States. As with Canada-based criminal groups, Jamaican groups also supply multi-metric ton quantities of marijuana to the United States.

The U.S. Customs Service (USCS) reports that the number of inbound passenger-related marijuana seizures at ports of entry (POEs) along the U.S.–Canada border increased from fiscal year (FY) 1999 (1,228 seizures) to FY2000 (1,758 seizures) and that the amount of marijuana seized increased from 0.35 metric ton to 3.25 metric tons, respectively. The number of inbound cargo-related marijuana seizures also increased during the same time frame, but the amounts seized decreased. During FY1999, there were 44 cargo-related marijuana seizures at POEs totaling approximately 0.48 metric ton, while in FY2000, 62 cargo-related marijuana seizures at POEs totaled approximately 0.24 metric ton. These seizures are relatively inconsequential when compared with the 1,200 metric tons of marijuana seized in the United States by federal authorities in 2000.

Between 1996 and 2000, the Canada Customs and Revenue Agency (CCRA) reports that more than 3.7 metric tons of marijuana transshipped through the United States were seized at Canadian POEs. Of that amount, 3.3 metric tons were discovered in vehicles at land POEs.

The Royal Canadian Mounted Police (RCMP) estimates that annual Canadian marijuana production is at least 800 metric tons, a considerable portion of which is consumed in Canada. Because of the profitability and relatively low risk involved, cannabis cultivation has become a thriving industry in Canada. The primary growing area for cannabis in Canada is British Columbia, although production has spread since the mid-1990s to the eastern provinces of Ontario and Quebec. Cannabis cultivation also has increased in other Canadian provinces. High-grade marijuana produced in British Columbia commonly is referred to as “BC Bud,” while such marijuana produced in Quebec is called “Quebec Gold.”

The size of cannabis grow operations in Canada varies widely, from a few plants grown in a closet to several thousand plants hidden in warehouses or underground bunkers. Large indoor grow operations with thousands of plants are not uncommon. In most cases, these operations are under the purview of organized crime and are often sophisticated and highly automated. Canadian cannabis cultivators, both organized groups and independent growers, appear to be opting more frequently for indoor operations, which allow for year-round cultivation and offer better protection from law enforcement and poachers. Rental properties are preferred locations.

Significant differences exist between the United States and Canada with respect to criminal sentencing for drug offenses, particularly marijuana offenses. In Canada, cannabis cultivation is punishable by a maximum prison sentence of 7 years. Charges of illicit cultivation generally are accompanied by charges of possession for the purpose of trafficking, an offense that is punishable by life imprisonment. This being said, sentences exceeding 4 years of imprisonment are uncommon, even for large cases involving thousands of marijuana plants.

U.S. authorities have established the following mandatory minimum sentencing guidelines for marijuana offenses. The punishment for growing 100 or more cannabis plants or possessing more than 100 kilograms of marijuana is a minimum prison sentence of 5 years for first-time offenders. The punishment for growing 1,000 or more plants or possessing 1,000 or more kilograms of marijuana is a minimum prison sentence of 10 years for first-time offenders.

Marijuana produced in Canada is recognized for its potency, but there is a general misconception regarding the uniqueness of this marijuana. Growers in both Canada and the United States have access to the same strains of cannabis seeds and the same cultivation technologies. Therefore, growers in both countries are capable of producing the same quality of high-grade marijuana.



NDIC

Figure 4. Canada-produced marijuana smuggled in duffel bags.

Despite extensive cultivation in Canada, marijuana smuggled into the country from foreign sources still accounts for a share of the market and continues to pose a threat. Between 1996 and 2000, approximately 17 metric tons of marijuana were seized at Canadian POEs. Most wholesale quantities of marijuana are seized at airports, and the shipments originate in Mexico, South Africa, and the Caribbean Islands.

Marijuana also is smuggled into Canada from foreign sources via the United States. This is particularly the case with Jamaica- and Mexico-produced marijuana. The amount of marijuana seized both in the United States en route to Canada and in Canada after transiting the United States has exceeded 3 metric tons per year over the last several years.

The use of high-grade “BC Bud” as a currency with which traffickers in Canada buy cocaine in the United States is a practice still reported on a regular basis. Often, couriers attempting to return to Canada are arrested along the border with large quantities of cocaine. However, reports of the reputed exchange of Canadian marijuana for U.S. cocaine on a pound-for-pound ratio are false.

Criminal Groups and Organizations

Within the past 5 years, criminal groups based in Canada have emerged as suppliers of high-grade marijuana to the United States. Organized criminal groups such as outlaw motorcycle gangs (OMGs) transport shipments of Canada-produced marijuana to U.S. markets, and their wide-ranging involvement in the marijuana trade is well-documented in law enforcement and intelligence reporting. OMGs such as the Hells Angels, however, are now faced with fierce competition from Vietnamese

criminal groups in western Canada. These Vietnamese groups, as well as other Asian criminal groups, have been implicated in a number of cannabis cultivation operations in western Canada and in marijuana transportation to the United States. Also, many small-time, low-tech growers that began to appear a few years ago have now consolidated. This competition from other criminal groups has put an end to the monopoly traditionally held by the Hells Angels.

Demand

The demand for marijuana in the United States is high. According to the National Household Survey on Drug Abuse (NHSDA), there were 14.8 million illicit drug users aged 12 and older in the United States in 1999, of which 75 percent (11.1 million) used marijuana. The Monitoring the Future (MTF) Study shows the highest levels of marijuana use are among the nation's youth. According to 2000 MTF data, rates of lifetime use have remained stable since 1998 at a little over 20 percent for eighth graders, approximately 40 percent for tenth graders, and just under 50 percent for twelfth graders. Likewise, the rates of past year use increase the higher the grade level.

In 2000, 15.6 percent of eighth graders used marijuana in the past year, while the rate of past year use among tenth and twelfth graders was 32.2 and 36.5 percent, respectively.

There is a significant level of demand for marijuana in Canada, and as in the United States, particularly among youth. While rates of marijuana use in the total population have remained stable at approximately 23 percent for lifetime use and approximately 7 percent for past year use, student surveys reflect much higher marijuana use rates. Rates of past year use vary from 16 percent to 38 percent but are typically near 30 percent.

Cocaine

Cocaine is smuggled in both directions across the U.S.–Canada border, but chiefly from the United States to Canada. Highly organized criminal groups use the United States as a transit country through which to transport cocaine to Canada.

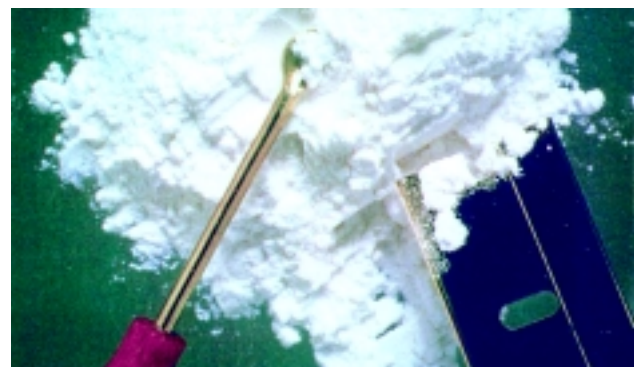


Figure 5. Powdered cocaine.

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Production and Transshipment

Coca is not cultivated in the United States or Canada. It is cultivated primarily in Colombia, Peru, and Bolivia. Cocaine is produced in illicit laboratories primarily in Colombia, and to a far lesser extent in Peru and Bolivia. Approximately 749 metric tons of cocaine were detected departing South America in 2000, of which 645 likely were destined for the United States. An estimated 130 metric tons were seized en route to the United States, leaving 515 metric tons potentially available. Over one-half of that cocaine was smuggled across the U.S. Southwest Border, with most of the remainder smuggled through U.S. maritime ports via private and commercial vessels.



Figure 6. Cocaine is frequently transported to the United States aboard commercial vessels.

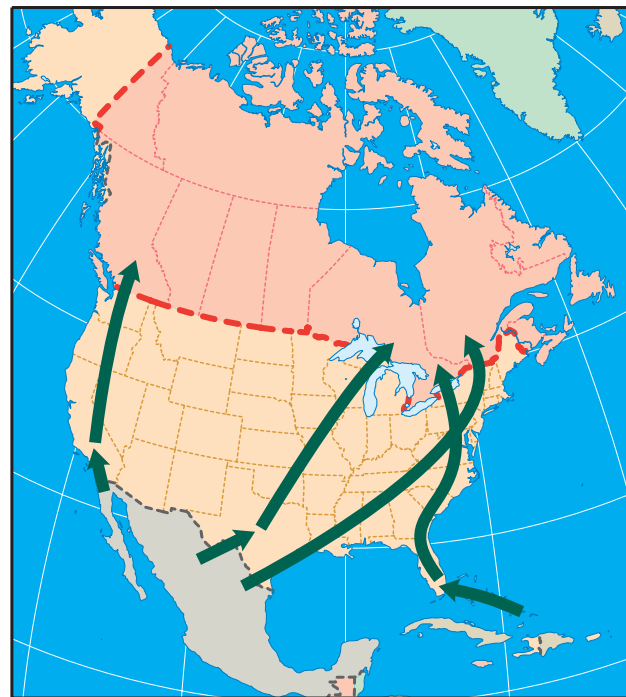
Overall, very little cocaine is transported to the United States from Canada. Seizures of cocaine arriving from Canada at U.S. POEs usually are personal-use amounts. Seizure activity is highest at the busiest border crossings—Blaine (WA), Detroit, Buffalo, and Rouses Point (NY)—which average one to three seizures per month.

As is the case in the United States, the cocaine smuggled into Canada is smuggled by a variety of routes originating from South America.

Criminal Groups and Organizations

Colombian trafficking organizations and Italian organized crime groups are the most influential smugglers of cocaine into eastern Canada. OMGs supply their wholesale and midlevel distribution operations through associations with these organizations. Dominican criminal groups operating

Cross-Border Cocaine Distribution



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A considerable portion of this cocaine is shipped to Canada via transit countries, including the United States. Approximately 4.5 metric tons of cocaine destined for Canada were seized in the last 5 years by law enforcement agencies in the United States. During the same period, 0.65 metric ton of cocaine that had transited the United States was seized at Canadian POEs, mostly from travelers at POEs in British Columbia, Quebec, and southern Ontario. Cocaine smuggled into Canada through the United States generally is shipped through Mexico, Texas, and Florida.

in the United States reportedly have become involved in trafficking cocaine into eastern Canada as well. Moreover, organizations based in Canada often are involved in the cross-border movement of cocaine purchased from U.S. based brokers.

The international investigation Project OMERTA revealed that Italian-Canadian organized crime groups with close ties to Sicily and Venezuela imported more than 4 metric tons of cocaine to Canada through the United States from 1992 to 1998.

Traffickers transport shipments of cocaine from U.S. distribution centers, such as Houston, along major highways to POEs near Detroit and Sault Ste. Marie, Michigan. For example, in May 1998, Texas Department of Public Safety officers stopped a Ford pickup truck on a highway north of Houston and discovered nearly 200 kilograms of cocaine in the cab. In the truck were two Canadian men who had acquired the cocaine near Houston from a Colombian trafficker operating in the United States. These men were planning to smuggle the cocaine into Canada via the POE at Sault Ste. Marie. The seizure led to the prosecution and conviction of a number of

members of a powerful Italian organized crime group in Canada (Project OMERTA).

In western Canada, the predominant transporters and distributors of cocaine are members of OMGs, especially 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 obtained by trading high-grade marijuana for cocaine with distribution groups along the U.S. West Coast.

Other criminal groups, including Asian, Portuguese, and Jamaican groups, also smuggle cocaine into eastern Canada. These groups are generally large-scale traffickers, smuggling quantities in excess of 100 kilograms.

Demand

The demand for both powdered and crack cocaine in the United States is high. Among those using cocaine in the United States during 2000, 3.6 million were hardcore users who spent more than \$36 billion on the drug in that year. Cocaine use is most common among young adults aged 20 to 34. According to the NHSDA, the number of users consuming cocaine monthly or more frequently remained steady, between 0.5 percent and 0.6 percent, from 1992 to 1999. This estimate is significantly lower than the nearly 6 million

individuals identified as regular cocaine users by the NHSDA in the mid-1980s.

Cocaine is the second most widely abused illicit drug in Canada. Rates of lifetime use of powdered and crack cocaine in Canada have remained stable at slightly more than 3 percent. However, there are indications that use of powdered cocaine and crack is decreasing. In 1994, individuals reporting use in the past year had dropped to 0.7 percent from the 1989 rate of 1.4 percent (this is the latest data available).

Heroin

The demand for heroin in the United States remains high. While most of the heroin in the United States is smuggled directly from Colombia or Mexico, a relatively small percentage of the total U.S. supply reportedly is smuggled from Southeast Asia through Canada into the United States by highly organized Asian criminal groups operating in both countries. Heroin demand in Canada is lower than in the United States, and the source of most of the heroin in Canada is Southeast Asia.

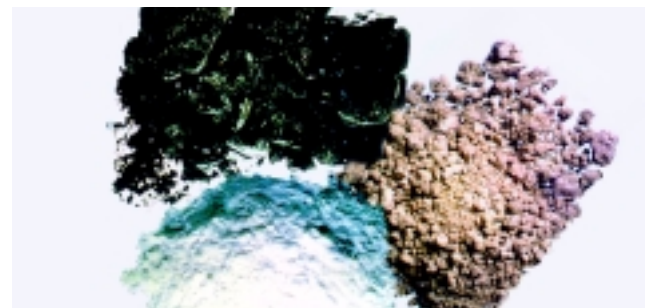


Figure 7. Clockwise from top: Black tar heroin, brown powdered heroin, and white powdered heroin.

DEA, NDIC

Production and Transshipment

Heroin is refined from opium, which is produced primarily in four source regions: South America, Mexico, Southeast Asia, and Southwest Asia. Most of the heroin available in the United States originates in Colombia and Mexico. Southeast Asian heroin and Southwest Asian heroin reportedly are available in lesser quantities in various areas of the country.

According to U.S. interagency estimates, the annual demand for heroin in the United States is approximately 18 metric tons, of which 75 percent is supplied by sources in Mexico and South America. Sources in Asia supply the remaining 25 percent, a relatively small percentage of which transits Canada en route to U.S. markets. However, there are no conclusive estimates as to the amount of heroin transiting Canada to the United States. When substantial seizures of heroin occur in Canada, it often is not possible to determine whether the entire shipment was to remain in Canada, or what portion, if any, was destined for U.S. markets.

Cross-Border Heroin Distribution

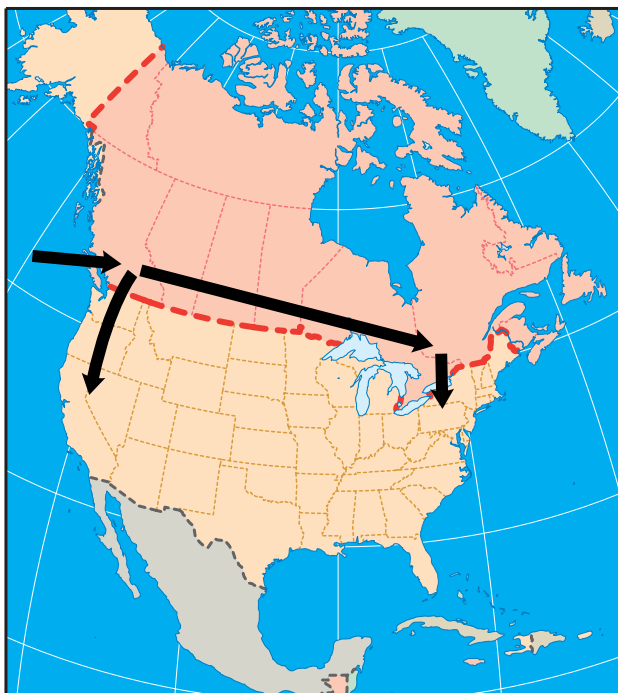


Figure 8. Heroin source regions.

The amount of heroin smuggled into Canada appears to have remained stable over the past 10 years. Canadian authorities estimate that 1 to 2 metric tons of heroin are smuggled into Canada yearly. Approximately 95 percent of the heroin smuggled into Canada originates in Southeast Asia. Consequently, Southeast Asian traffickers dominate the heroin trade in Canada. Unlike the United States, Canada has not experienced an influx of South American heroin.

Criminal Groups and Organizations

The primary traffickers of Southeast Asian heroin to Canada are ethnic Chinese, increasingly, Fukinese criminal groups. These traffickers generally conduct operations with similar ethnic groups; however, U.S. law enforcement agencies report ethnic Chinese criminal groups also have supplied wholesale quantities of heroin to Italian and Dominican criminal groups in Canada and the United States.

Demand

There were an estimated 980,000 hardcore heroin addicts in the United States in 1999, 50 percent more than the estimated 630,000 hardcore addicts in 1992. Active occasional users add an estimated 250,000 to 500,000 to the total number of heroin users. According to reporting from the 1999 NHSDA, an estimated 3.1 million individuals in the United States aged 12 and older had tried heroin in their lifetimes. The increase in the number of hardcore addicts in the United States

The USCS in Rouses Point, New York, reports that ethnic Chinese criminal groups as well as West African and Iranian criminal groups transship heroin through Canada into its area. Sources indicate that Fukinese traffickers primarily are responsible for Southeast Asian heroin transportation into New York City. This heroin is often transported through Canada.

likely is attributable to higher heroin purity, lower prices, and ready availability.

Canadian authorities report that there are an estimated 25,000 to 50,000 hardcore heroin addicts in Canada consuming between 1 and 2 metric tons of heroin annually. Most reside in major metropolitan areas, chiefly in Vancouver, Toronto, and Montreal.

Precursor Chemicals

Precursor chemical smuggling from Canada to the United States appears to be increasing. This threat is exacerbated by the current lack of regulatory controls in Canada governing the distribution and sale of precursor chemicals. Canada currently is preparing such regulations; however, the diversion of precursors and other chemical products remains a significant enforcement issue, particularly since several organized criminal groups reportedly are conducting illegal precursor chemical smuggling operations in the border area.

The RCMP recently established a National Precursor Chemical Diversion Program that should help curtail the diversion of chemicals from the supply industry to clandestine laboratories.



Figure 9. Precursor chemicals.

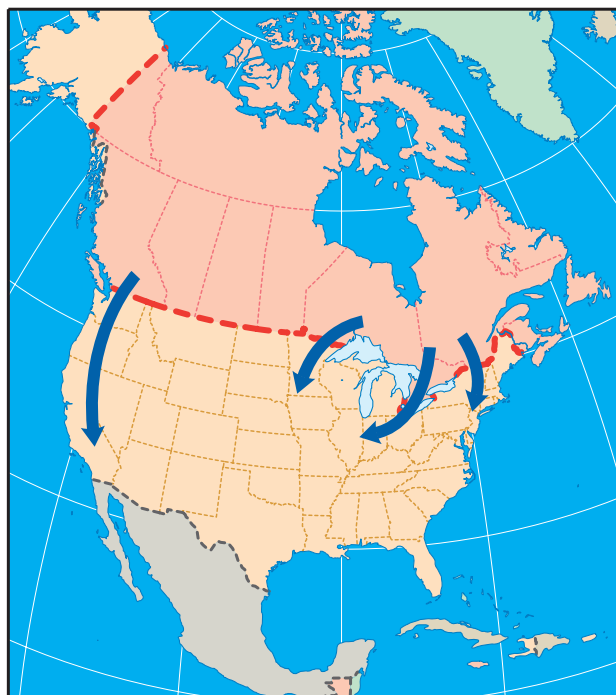
NDIC

Production and Transshipment

Synthetic drug producers require a continuous supply of precursor chemicals. Ephedrine and pseudoephedrine, the primary precursors for methamphetamine, are in the greatest demand by illegal drug manufacturers. Federal and state controls of ephedrine and pseudoephedrine in the United States have severely limited the ability of domestic methamphetamine producers to acquire these precursors in bulk. Consequently, they are turning increasingly to sources of supply in Canada. The DEA has identified a number of cases in which pseudoephedrine traceable to sources in Canada was found in methamphetamine laboratories in the United States. Further, law enforcement agencies in states along the U.S.–Canada border have reported increases both in the amount of precursor chemicals smuggled into their areas from Canada and in the number of laboratories seized.

Although pseudoephedrine is the most diverted substance smuggled across the border, other precursor chemicals such as sassafras oil, piperonal, GBL (gamma-butyrolactone), and hydriodic acid are also diverted from sources in Canada to illegal drug manufacturers operating in the United States. In March 1999, the USCS seized approximately 34 kilograms of hydriodic acid, a methamphetamine precursor. The hydriodic acid had been purchased from a chemical supply company in Ontario and driven into Buffalo by way of the

Cross-Border Precursor Chemical Distribution



Peace Bridge. The investigation and seizure—joint efforts by the RCMP, DEA, Internal Revenue Service, USCS, and by New York state and local authorities—resulted in the arrest of three individuals for methamphetamine manufacture and the identification of a methamphetamine laboratory in Chautauqua County, New York.

Criminal Groups and Organizations

Seizures of precursors smuggled into the United States through the Blaine POE have been linked to members of Mexican methamphetamine trafficking organizations in Texas and California. Mexican criminal groups predominate in Washington and Oregon because of the number of migrant workers transiting the area.

Members of OMGs are suspected of smuggling precursor chemicals in the Great Lakes area.



Figure 10. OMGs are often precursor chemical suppliers.

Demand

There is currently no means by which to conclusively quantify the demand for precursor chemicals in the United States or Canada.

Hashish

There is relatively little demand for hashish in the United States; consequently, U.S. law enforcement authorities rarely encounter this drug. Personal-use amounts are seized occasionally in the United States in the East, on the West Coast, and at POEs along the U.S.–Canada border.

Demand for hashish in Canada is higher, with use concentrated in the eastern regions (Ontario, Quebec, and Atlantic Provinces). Canadian law enforcement authorities estimate that 100 metric tons of hashish are smuggled into Canada annually. This level of smuggling is expected to continue because demand for hashish is high and the drug typically is not produced in Canada.

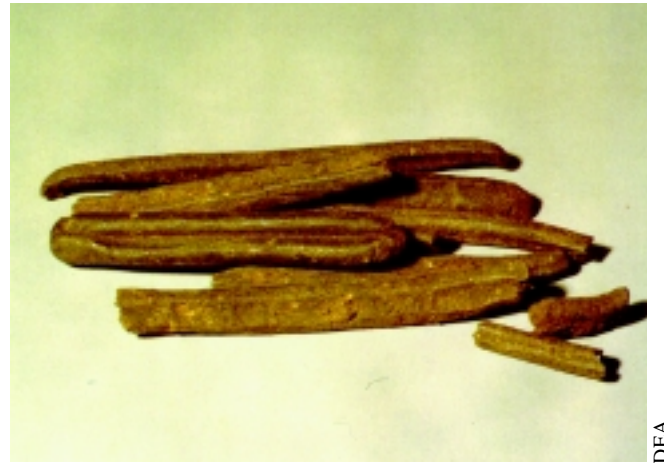


Figure 11. Hashish.

DEA

Production and Transshipment

Canadian authorities seized nearly 23 metric tons of hashish in 2000, and foreign authorities seized another 20 metric tons en route to Canada. Most hashish seized in Canada originates in Southwest Asia, and most seizures are of large quantities from marine containers at Montreal and Halifax.

Although shipments of hashish destined for Canada sometimes transit the United States, seizures of large amounts do not occur frequently. In January 2000, the USCS intercepted 10.6 metric tons of hashish hidden in a container of dates en route to Montreal. This seizure alone accounted for almost all the hashish seized in the United States in 2000.



Figure 12. The use of containerized cargo is a common hashish transportation method.

NDIC

Criminal Groups and Organizations

Montreal-based organized criminal groups specialize in large-scale smuggling of hashish and monopolize its distribution. U.S.-based trafficking

organizations have orchestrated multiton shipments of this drug from Pakistan directly to Montreal via mothership or container.

Demand

There is currently no means by which to conclusively quantify the demand for hashish in the United States or Canada.

Liquid Hashish

Liquid hashish (also known as liquid cannabis resin, cannabis oil, weed oil, marijuana oil, and hash oil) also is rarely encountered by U.S. law enforcement because demand for this drug in the United States is virtually nonexistent.

Canadian demand for liquid hashish is higher than in the United States and is concentrated in central and eastern Canada, particularly in the Toronto and Montreal areas. The RCMP estimates that 6 to 8 metric tons of liquid hashish are smuggled into Canada annually, and an increasing number of liquid hashish synthesis installations are being discovered.



Figure 13. Liquid hashish.

Production and Transshipment

Jamaica is the primary source country for liquid hashish. Approximately half the liquid hashish smuggled into Canada is believed to arrive at Pearson International Airport in Toronto. For example, most of the 3.6 metric tons of liquid hashish seized at Canadian POEs between 1996 and 2000 was from flights arriving at Pearson International Airport from Jamaica.

Canadian traffickers dealing with brokers based in Jamaica and Florida smuggle the rest of the liquid hashish available in Canada along sea and overland routes. The shipments most often are brought to Florida by small boats and then transported overland to Canada, particularly southern Ontario.

In 1999, Project OIL SLICK, a Canada-led investigation, resulted in the seizure of 1 metric ton of liquid hashish in Antigua from traffickers who had been smuggling annual shipments varying between 0.5 and 1.0 metric ton per year for at least 4 years. These traffickers transported the liquid hashish from the Caribbean to Canada by sailing a vessel along the U.S. East Coast and inland waterways through Albany into Lake Ontario and on to Kingston, Ontario. In June of 1999 in an unrelated investigation, almost 0.5 metric ton of liquid hashish was seized in Florida en route to Canada. The drugs were to be transported by tractor-trailer to Canada.

Those involved in this operation included Canadian, Jamaican, and U.S. smugglers. This group had previously imported at least one shipment of similar size to Canada each year for the previous 6 years.

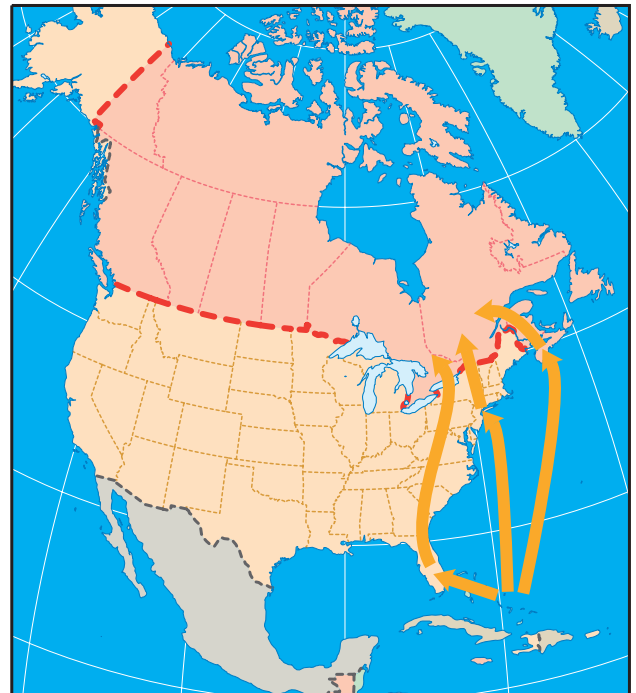
Criminal Groups and Organizations

Jamaican organized criminal groups based in Ontario control most liquid hashish trafficking, smuggling primarily through airports. Traffickers transporting liquid hashish through the United States to Canada usually are linked to Canada-based criminal groups operating in southern Ontario and in the Atlantic Provinces.

Demand

There is currently no means by which to conclusively quantify the demand for liquid hashish in the United States or Canada.

Cross-Border Hashish and Liquid Hashish Distribution



MDMA (Ecstasy)

Possibly no other drug represents a faster growing threat than MDMA, a stimulant and mild hallucinogen often referred to as ecstasy. U.S. Federal agencies report significant increases in MDMA trafficking, and many state and local law enforcement agencies identify increasing MDMA availability and use in their jurisdictions, particularly among young people. Nationwide, USCS officers seized approximately 9.3 million MDMA tablets in FY2000, up from 3.5 million in FY1999. Approximately 2 million tablets have been seized in just the first quarter of FY2001.

MDMA trafficking and use also are increasing in Canada, significantly raising the threat posed to the country by the synthetic drug trade. In 2000, more than 2 million doses of MDMA were seized at Canadian POEs, a dramatic increase over previous years.



Figure 14. MDMA tablets.

Production and Transshipment

Law enforcement authorities have discovered limited MDMA production in both the United States and Canada. Seized laboratory operations were relatively small, in part because most criminal groups and organizations in the United States and Canada that traffic MDMA obtain the drug from Western Europe, the recognized source for most of the world's supply of MDMA. Clandestine laboratories in the Netherlands and Belgium produce approximately 80 percent of the MDMA consumed worldwide.

MDMA is smuggled directly into the United States from European source countries by express

mail and courier or indirectly through transit countries, including Canada. U.S. traffickers reportedly cross the border to purchase MDMA from sources in Canada, or use Canada as a transshipment point for MDMA destined for the United States. According to RCMP reporting, couriers transporting MDMA to the United States overland through Canada primarily transit Montreal and Toronto. More than 200,000 MDMA tablets seized in the United States and Canada in 1999 were determined to be transiting or to have transited Canada en route to the United States.

Criminal Groups and Organizations

Israeli, Russian, and Dutch criminal groups have traditionally dominated MDMA smuggling. However, other criminal groups are beginning to emerge as MDMA traffickers in both the United States and Canada. For example, USBP reporting indicates the involvement of the Hells Angels and Colombian, Italian, and Dominican criminal groups in the U.S. northeast and suggests the involvement of Vietnamese criminal groups in the northwest. Arab criminal groups appear to be distributing MDMA in the Detroit metropolitan area. Additionally, Mexican criminal groups are emerging as MDMA traffickers in the United States. Canadian traffickers of MDMA range from individual entrepreneurs to organized criminal groups. Such groups include OMGs, Asian

criminal groups (notably in Ontario and British Columbia), and Italian criminal groups.

International criminal groups primarily are responsible for much of the production, transportation, and wholesale distribution of MDMA. But anecdotal information from state and local law enforcement agencies in the United States indicates that most of those involved in the retail distribution of MDMA are young Caucasian independent dealers who may also use the drug. The primary outlets for MDMA in both the United States and Canada are dance clubs and raves (all-night dance parties), which normally are attended by people of college and high school age.

Demand

There are no conclusive estimates of the demand for MDMA in the United States or of the total number of users; nonetheless, national demand indicators suggest that demand is growing at an alarming rate. NHSDA data reveal that lifetime MDMA use among respondents 12 and older rose from an estimated 2.7 million in 1994 to nearly 3.4 million in 1998. U.S. school-based studies such as the MTF further report that lifetime use among eighth through twelfth graders is

increasing. Among eighth graders, in particular, the increase between 1999 and 2000 (2.7% to 4.3%) was statistically significant.

The demand for MDMA in Canada is also increasing, and the drug appears to be preferred among adolescents and young adults particularly in Quebec, British Columbia, and Ontario. The results of a national study of Canadian university students in 1999 concluded that 2.4 percent of the

students had used MDMA in the past year. Currently, the only source of trend information is the Ontario Student Drug Use Survey, which

revealed that adolescent MDMA use increased from 0.6 percent in 1993 to 4.4 percent in 1999.

Methamphetamine

Methamphetamine is a significant drug threat in both the United States and Canada. The extent of the threat posed by cross-border methamphetamine smuggling is relatively unknown because

of significant intelligence gaps, including the lack of information regarding production groups and their operations.

Production and Transshipment

Methamphetamine is produced illegally in large amounts in the United States, Mexico, and Asia, but there are no conclusive estimates of total domestic or international production. Methamphetamine is produced at clandestine laboratories in Canada as well.

The two most frequently used methods of methamphetamine production—both capable of producing high quality d-methamphetamine—are commonly referred to as the “red phosphorus” method and the “Nazi” method. The red phosphorus method is used most frequently by Mexican organizations to produce large quantities of methamphetamine, while the Nazi method normally is used by independent producers to manufacture ounce quantities. Another method, using phenyl-2-propanone (P2P), generally is



Figure 15. Clandestine methamphetamine lab.

used by OMGs primarily in central and eastern Canada and in the Philadelphia and Southern New Jersey areas of the United States to produce less potent dl-methamphetamine.

Criminal Groups and Organizations

A substantial portion of the methamphetamine available in the United States is produced by Mexican organizations at clandestine laboratories located primarily in Mexico and California. On a smaller scale, other Mexican organizations, local independent producers, and OMGs operate clandestine laboratories in other areas of the United States including the southwest and portions of the south, midwest, and west. Asian criminal groups are involved in the methamphetamine trade, supplying tablets and crystal (ice) methamphetamine produced in Southeast Asia for distribution in the United States. For example, methamphetamine

tablets recently seized in northern California had markings consistent with tablets seized in Thailand.



Figure 16. OMGs such as the Hells Angels are historically major methamphetamine producers and distributors.

Demand

The demand for methamphetamine in the United States may be increasing. According to the NHSDA, the number of individuals aged 12 and older who reported trying methamphetamine in their lifetimes remained level between 1996 and 1998 at approximately 5 million. In 1999, however, the number increased to an estimated 9.4 million.

Other Drugs

In addition to MDMA, other dangerous drugs such as GHB (gamma-hydroxybutyrate), LSD (lysergic acid diethylamide), PCP (phencyclidine), khat (*Catha edulis*), and diverted pharmaceuticals also are smuggled across the border from Canada to the United States, although such smuggling appears to be minimal.

GHB, often associated with the crime of drug-facilitated sexual assault, has become very popular among young people who attend raves. Localized production of GHB by independent laboratory operators, usually young Caucasian males, in the United States and Canada is likely a larger threat to both countries than any cross-border smuggling of the drug.

In Canada, surveys conducted among high school students indicate an increase in methamphetamine use among that population. Data on fluctuations in use among the adult population are not available.

Use of LSD, a synthetic hallucinogen, appears to be increasing in several areas of the United States, especially among people of college and high school age. Law enforcement reporting indicates that some cross-border smuggling of LSD occurs in the New York area, although it is considered a low threat.

PCP smuggling from Canada to the United States and vice versa appears to be negligible, particularly since the drug is easy to produce locally from readily available, inexpensive precursor chemicals. PCP normally is associated with street gangs in the United States and with OMGs in Canada.

Use of khat, a plant with stimulant properties and native to Africa, is mostly limited to certain African ethnic groups, including Somalis. Small amounts of khat are smuggled on flights from Africa to the United States via Canada.

The diversion of OxyContin, a highly addictive and powerful pharmaceutical, is increasing in the United States. Small amounts of this drug appear to be diverted to the United States from Canada, most often via the St. Croix River and the Calais, Maine, POE.

Canadian authorities increasingly are concerned with the trafficking and use of GHB and ketamine. Other amphetamine-based drugs, such as MDA (methylenedioxyamphetamine) and PMA (paramethoxyamphetamine), have been encountered more frequently as well. These drugs usually are sold as MDMA. MDA production has increased in Canada, and several large laboratories were detected in 2000.



Figure 17. LSD and the prescription drug OxyContin.

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From 1996 to 2000, half of the seizures of wholesale quantities of drugs arriving at Canadian POEs from the United States involved steroids. Most of the steroids were discovered in mail and courier packages. The courier packages tended to originate in New York, South Dakota, Utah, Colorado, and New Jersey.

Small amounts of LSD, psilocybin, khat, methadone, barbiturates, and other controlled drugs arriving from the United States were seized in Canada from 1996 to 2000. However, these drugs do not pose a threat at the border comparable to that of other, more prevalent, drug types.

Drug Transportation Across the U.S.–Canada Border

Traffickers transport drugs across the U.S.–Canada border at monitored and unmonitored

points. These traffickers use a variety of methods including smuggling by land, sea, air, and mail.

Land

Along land borders, smugglers typically transport drugs by commercial, private, and rental vehicles; snowmobiles; and all-terrain vehicles. They also walk across the border carrying drugs in backpacks. Intelligence reports indicate that drug smugglers increasingly are using night vision optics and Global Positioning System equipment to navigate in remote areas. Drug shipments are secreted in duffel bags or luggage and in hidden compartments of commercial and private vehicles, or they are commingled with legitimate cargo in commercial vehicles crossing the border. For example, in February 2001, a bus driver from British Columbia was arrested for transporting 135 kilograms of Canada-produced marijuana into Washington State aboard a tour bus. The marijuana was secreted inside garbage bags located in the spare tire compartment of the bus. In another instance, Canada Customs in Montreal discovered 350 kilograms of cocaine concealed in pallets loaded with a shipment of coffee. The shipment, which originated in Brazil, was transported by vessel to the United States through the Port of

Philadelphia, Pennsylvania, in February 1997. The shipment was then transported by tractor-trailer to Canada through the St-Bernard-de-Lacolle POE at the northern end of Interstate 87.

Overland drug smuggling typically occurs along the Washington State–British Columbia border in the West, at the Detroit–Windsor and Buffalo POEs in the Great Lakes area, and along the Quebec and Ontario borders with New York, Vermont, and Maine in the East.

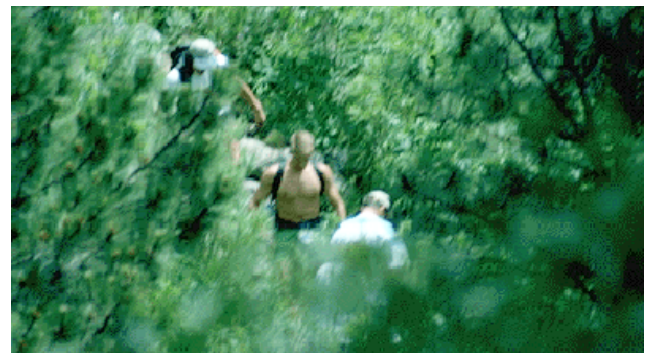


Figure 18. The largely unpatrolled border is vulnerable to smugglers such as backpackers.

Sea

Traffickers also transport drugs across the border using maritime smuggling methods. Drugs are commonly transported across marine borders in all types of pleasure craft, from cabin cruisers and sailing vessels to kayaks and per-

sonal watercraft. Maritime smuggling is most prevalent in the Washington State–British Columbia area, where traffickers smuggle drugs by hiding shipments on vessels and carrying drugs as passengers on the regional ferry systems.

For example, in February 2001, the United States Coast Guard (USCG) seized a Canadian fishing trawler in U.S. waters in the Strait of Juan de Fuca. The trawler was transporting approximately 2 metric tons of cocaine to Canada. Individuals on board were transported to Canada to face charges. In August 2000, members of the USCG boarded the pleasure craft *IKEA* less than 2 kilometers east of Sinclair Island. They discovered and subsequently opened two large duffel bags that contained Canada-produced marijuana. The marijuana was being transported to the United States for distribution.

The extent of maritime drug smuggling across the Great Lakes is largely unknown. Law enforcement and intelligence reports occasionally describe the smuggling of small amounts of drugs across the Great Lakes. To date, however, this type of information has been mostly anecdotal, and quantifying the maritime smuggling threat in the Great Lakes area has been difficult.

Air

Law enforcement reporting contains several examples of drug smuggling by aircraft from Canada to the United States. Drug smuggling by aircraft has occurred in a number of locations including from British Columbia to Washington State, from the Vancouver area across the Idaho and Montana borders, across Lake Erie into Pennsylvania, and from Quebec to Maine. El Paso Intelligence Center (EPIC) reporting indicates continued suspicious small aircraft activity in Maine near Jackman, 9 miles from the U.S.–Canada border, and at Rangely Airport, 21 miles from the border.

Marijuana traffickers use small private aircraft to transport Canada-produced marijuana to the United States. In January 2001, law enforcement authorities in the western United States arrested 13 members of a marijuana smuggling group that regularly transported and air-dropped BC Bud into Washington State via fixed-wing aircraft and a helicopter. Intelligence information from 1997 and 1998 suggests the possible existence of at



Figure 19. Pleasure craft are used to smuggle drugs in both directions across the border.

In addition to smuggling by maritime vessel, traffickers use marine containers to transport illegal drugs to Canada. Most of the heroin seized at Canadian POEs in 2000 was discovered in marine containers. Moreover, quantities of cocaine, ranging in size from 50 to 300 kilograms, have been secreted in marine containers destined for Canada. Such shipments have been seized at Canadian POEs as well as in other countries.

least four trafficking groups transporting Canada-produced marijuana into Pennsylvania using small private aircraft and a corporate jet.

The transportation of drugs by couriers aboard commercial aircraft and via air cargo is a threat to the United States and Canada. Couriers travel between the countries with illegal drugs such as heroin and cocaine secreted internally, on their person, or in their luggage. Air cargo, in which illegal drugs are secreted, also is shipped across the U.S.–Canada border in both directions.



Figure 20. There is a significant level of private air traffic between Canada and the United States.

Mail

Traffickers increasingly are shipping illegal drugs across the U.S.–Canada border in mail parcels. Law enforcement reporting indicates that drugs (such as heroin, cocaine, MDMA, and other dangerous drugs) and precursor chemicals are smuggled by mail and commercial parcel carriers because of the anonymity and efficiency of such delivery. Moreover, RCMP reporting indicates that precursor chemicals purchased from legitimate chemical supply companies are shipped via mail to post office boxes registered under fictitious names.

Some individuals are obtaining precursor chemicals or controlled substances from suppliers who advertise on Internet websites based in Canada. For example, precursor chemicals that are legal in Canada often are advertised by legitimate Canadian distributors on the Internet. Buyers around the world can place orders for the precursor chemicals, and they often hide their identities by paying with anonymous bank drafts and having the chemicals mailed to post office boxes registered to fictitious names. Also, a large number of Canada-based Internet websites advertise high quality cannabis seeds. While Internet investigations are costly and difficult, Canadian law enforcement authorities are instituting initiatives to combat this new facet of drug trafficking.

Response to the Situation

The United States and Canada are close allies and share the longest undefended border in the world. A major goal of the two governments is to facilitate the free flow of people and commerce across the U.S.–Canada border, while deterring illegal cross-border activity. Consequently, the

United States and Canada are engaged in a collaborative relationship to combat the cross-border drug trafficking threat posed to both countries. Common goals, the exchange of information, and the formation of cooperative law enforcement initiatives have arisen from this relationship.

Strategic Goals and Priorities

The U.S. drug control strategy and the Canadian drug strategy both address supply reduction, demand reduction, control measures, institutional framework, and budget and evaluation.

Further, both countries maintain integrated systems for collecting information related to supply and demand reduction, control measures, and the impact of drugs on society.

United States



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The objectives of the U.S. drug control strategy are to reduce U.S. demand for illegal drugs and to reduce the supply of illegal drugs to the United States. The five primary goals developed to aid in achieving these objectives are to (1) educate and enable America’s youth to reject illegal drugs as well as

alcohol and tobacco; (2) increase the safety of America’s citizens by substantially reducing drug-related crime and violence; (3) reduce health and social costs to the public of illegal drug use; (4) shield America’s air, land, and sea frontiers from the drug threat; and (5) break foreign and domestic drug sources of supply.

The U.S. strategy incorporates several drug-use suppression initiatives that include school and

community education programs and national media campaigns. For example, the nation’s Safe and Drug-Free Schools Program provides students, schools, and communities with educational, social service, and law enforcement services to enhance childhood development and help prevent adolescent alcohol and drug abuse. Also targeting youth, the U.S. National Youth Antidrug Media Campaign provides consistent, ongoing antidrug messages designed to help reduce the rate of drug abuse, in part, by supporting antidrug attitudes of those not involved with drugs.

Canada

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Canada’s Drug Strategy was implemented in 1987 to counter increasing drug-related problems in the country. To implement the strategy, several federal

departments united to educate the public about the problems associated with substance abuse, enhance the availability and accessibility of treatment and rehabilitation, energize enforcement and control, coordinate national efforts, and foster cooperation with the international drug control community.

Canada addresses substance abuse primarily as a health issue. The goals of Canada’s strategy are to (1) reduce the demand for drugs, (2) reduce drug-related mortality and morbidity, (3) improve the effectiveness of and accessibility to substance abuse information and interventions, (4) restrict the supply of illicit drugs and reduce the profitability of illicit drug trafficking, and (5) reduce the costs of substance abuse to Canadian society.

Prevention programming supported by Canada’s strategy includes public awareness campaigns, school- and parent-based education programs,

Programs for those already using drugs include early detection, treatment, rehabilitation, and after-care. These programs exist at the federal, state, and local levels, and many target key populations such as youth, women, the work force, and prisoners.

Supply reduction is effected through coordinated law enforcement initiatives at federal, state, and local levels that target domestic and international drug trafficking. A major emphasis of these initiatives is sharing information and technology in the investigation and prosecution of drug offenses.

and early intervention and prevention programs. Programs such as public awareness campaigns often are coordinated with the private sector. For example, a nongovernmental organization, the Canadian Centre on Substance Abuse, promotes public participation in reducing drug abuse and in disseminating information on drug-related issues.

Treatment programs include early detection, evaluation, therapy, treatment, and after-care. Most treatment and rehabilitation programs fall under federal, provincial, or territorial jurisdiction. Canada’s drug treatment efforts also specifically target five “priority” populations: youth, women, seniors, Aboriginal peoples, and driving-while-impaired offenders. Training in drug issues and appropriate responses for healthcare professionals have been increasingly emphasized.

To reduce the supply of illegal drugs, Canada’s law enforcement efforts focus on combating organized crime. Organized criminal groups control most of the production, smuggling, and distribution of illegal drugs in Canada, and they exploit the high volume of trade and financial transactions between Canada and the United States to supply markets and launder drug proceeds.

Agencies Involved and Budgets

United States



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The coordinating authority for the U.S. drug control strategy is the Office of National Drug Control Policy (ONDCP).

ONDCP was established under the Antidrug Abuse Act of 1988; the legal basis for the U.S. drug control strategy is Public Law 105-277.

The U.S. strategy is a 10-year plan (1998–2008) developed with a 5-year projected budget coordinated through the Office of Management and Budget and approved by Congress. ONDCP annually coordinates the U.S. Government’s drug control budget with approximately 50 federal

offices that implement drug control efforts. The FY2001 spending on demand and supply reduction is estimated at \$18.1 billion. Total recommended funding for FY2002 is \$19.2 billion.

Numerous federal, state, and local law enforcement agencies throughout the country enforce federal and state drug laws. These agencies work not only independently but also cooperatively, as members of multijurisdictional drug task forces, to contend with drug traffickers whose operations often span state boundaries. Moreover, U.S. law enforcement agencies often work in partnership with their foreign counterparts to combat international drug trafficking operations.

Canada



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The coordinating authority for Canada’s Drug Strategy is Health Canada, a federal department with responsibility for all facets of health policy. Other

federal departments collaborating with Health Canada on Canada’s Drug Strategy include the Department of the Solicitor General, Foreign Affairs and International Trade, Department of Justice, Canada Customs and Revenue Agency (CCRA), Transport Canada, Privy Council Office, Royal Canadian Mounted Police, and Correctional Service of Canada. The Office of Controlled Substances of Health Canada will assume responsibility for chemical control when precursor regulations are adopted under the Controlled Drugs and Substances Act.

Canada’s Drug Strategy is not legislated, but it follows guidelines espoused in international conventions, the Controlled Drugs and Substances Act, the Criminal Code, and provincial

laws. Canada’s strategy, released in 1998, is the third in a series of 5-year plans addressing substance abuse problems. Recently, budget increases have been aimed at strengthening supply reduction efforts. For example, a \$584 million increase over 3 years is designed to help the RCMP fight organized crime, address cross-border issues, and improve policing services, and approximately \$15 million per year has been allocated to target organized crime members at Canada’s three largest international airports (Montreal, Toronto, and Vancouver). Further, in April 2001, an additional \$200 million over 5 years was allocated to strengthen law enforcement and prosecution strategies to fight organized crime. This allocation complemented the introduction in Parliament of a comprehensive legislative package, proposing to facilitate the infiltration and dismantling of organized criminal groups.

Overview of Bilateral Cooperation

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Law enforcement agencies from Canada and the United States place a high priority on international cooperation

and are committed to working together on cross-border initiatives to combat international drug trafficking. Through joint operations, the United States and Canada have expanded intelligence sharing, investigative cooperation, and joint training opportunities.

Cooperative Agreements and Initiatives

The United States and Canada have long-standing agreements regarding law enforcement cooperation including various cooperative agreements, memoranda of understanding (MOUs), extradition treaties, and a Customs Mutual Assistance Agreement (CMAA). For example, the RCMP and U.S. law enforcement agencies have adopted agreements allowing reciprocal access to databases and police technology. The RCMP made its unique paint chip database—containing paint data for all vehicle makes and models in North America—available to U.S. law enforcement in 1998. Also in that year, the RCMP became the first foreign law enforcement agency to be granted access to the EPIC, the U.S. tactical drug intelligence center operated by DEA. The RCMP also participates in specialized projects established by DEA such as Operations Pipeline, Convoy, and Jetway.

In addition, there is a triagency MOU among the CCRA, RCMP, and USCS relating to the exchange of border data via automated means. This MOU provides for the exchange of information from the U.S. Treasury Enforcement Communications System and the Police Information Retrieval Systems and data from both USCS and Canada Customs.

The CMAA provides a formal mechanism for exchanging information between U.S. and Canadian customs agencies. The agreement provides a legal basis for the ongoing exchange of evidentiary and investigative information.

In addition to well-established cooperative agreements, U.S. and Canadian counterdrug agencies are engaged in a number of joint initiatives. The Canada–U.S. Cross-Border Crime Forum was established in 1997 to improve cooperation and information sharing. The Cross-Border Crime Forum brings together senior law enforcement and justice officials from both countries to develop strategies that address cross-border crimes ranging from smuggling and money laundering to telemarketing fraud. The U.S. Attorney General and Canada’s Solicitor General cochair this group. Canadian participants include representatives of federal agencies as well as of provincial and local governments and police. U.S. participants include U.S. Attorneys, federal drug law enforcement representatives, and regional and state authorities. The Cross-Border Crime Forum has met annually since 1997; however, its work is ongoing and has resulted in legislative initiatives, binational threat assessments, and collaborative law enforcement efforts.



Figure 21. The Integrated Border Enforcement Team logo.

The Integrated Border Enforcement Team (IBET) is another successful cooperative arrangement that was established in 1997 (West Coast team). A multi-agency law

enforcement team tracking cross-border crime between British Columbia and Washington State, the West Coast team has been very effective,

severely disrupting smuggling operations and seizing an average of \$1 million per month in illegal drugs, weapons, tobacco and alcohol, and vehicles. The success of the West Coast team prompted the creation of an East Coast team in June 2000, as well as a team in the Cornwall, Ontario–Massena, New York area. An Integrated Marine Enforcement Team, located on the Pacific Coast, has also been created.

Project North Star, a binational, multiagency forum, further promotes cross-border cooperation.

Large-Scale Cooperative Operations

Law enforcement agencies from both countries cooperate closely on investigations and interdiction efforts related to drugs, fraud, and other cross-border crime. In the past, joint U.S.–Canada law enforcement operations have resulted in the interdiction of drug shipments and the arrests of key individuals. For example, the RCMP arrested members of a powerful organized crime group based in Canada following a 2-year investigation; 200 kilograms of cocaine were seized in Houston, Texas, as part of this case. In another instance, a 3-year joint investigation culminated in the June 1999 arrests of more than 30 members or associates

Other Bilateral and Multilateral Activities

The United States and Canada are parties to several international conventions regarding drugs and related problems. The United States and Canada ratified the United Nations (UN) Conventions Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988) and On Psychotropic Substances (1971) as well as the Organization of American States (OAS) Inter-American Conventions Against Corruption and On Mutual Legal Assistance in Criminal Matters. Ratified by Canada and acceded to by the United States is the UN Single Convention on Narcotic Drugs (1961). Ratified by the United States and signed by Canada is the OAS Inter-American Convention Against Illicit Manufacturing

Project North Star’s mandate is to enhance existing partnerships and operations between Canadian and U.S. law enforcement to promote cross-border training, and to encourage the effective use of resources and intelligence.

Other successful initiatives include Intelligence Collection Analysis Teams comprising both USCS and CCRA members and grassroots local and regional law enforcement operations and intelligence meetings conducted along the U.S.–Canada border.

of an international heroin ring and the seizure of at least 43 kilograms of heroin. Parallel arrests and raids were conducted by RCMP, FBI, and Thai and Hong Kong authorities. In early 2001, police forces in Quebec worked in collaboration with forces from other provinces and the eastern United States in the context of Operation Spring Cleanup 2001. Over 100 people associated with the Hells Angels Motorcycle Club were arrested in 77 different locations. Police seized millions in cash, hashish, cocaine, buildings owned or used by gang members, vehicles, and firearms, including machine guns and a grenade launcher.

of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials.

Both countries also participate in international forums such as the UN International Drug Control Program, the Dublin Group, and the OAS Inter-American Drug Abuse Control Commission. During 1998–1999, the Deputy Solicitor General of Canada chaired the working group that developed the Multilateral Evaluation Mechanism, a peer review system designed to evaluate the antidrug strategies of OAS member states; the first evaluations were completed in 2000. Following the completion of the first evaluation round and prior to the initiation of the second round, the Senior Assistant Deputy Solicitor General chaired the review of the mechanism.

The United States and Canada both have sophisticated and open financial and trade systems that facilitate the international flow of goods and capital. While these systems attract legitimate international capital, they also attract illicit capital of criminal organizations. Drug money launderers exploit the open nature of these financial systems to conceal their financial activities and to integrate drug proceeds into the legitimate economy. This contention is supported by Canadian and U.S. law enforcement agencies' analysis, as well as analysis from the U.S. Financial Crimes Enforcement Network (FinCEN) of U.S. Suspicious Activity Reports (SARs) and Reports of International Transportation of Currency or Monetary Instruments (CMIRs).

As Canada implements enhanced money laundering legislation adopted in June 2000 (Bill C-22), more information and intelligence on this shared problem will become available. This legislation provides for the mandatory reporting of suspicious transactions, large international electronic funds transfers (EFTs), large cash transactions as well as large cross-border movements of currency and monetary instruments. Bill C-22 further created the Financial Transactions Reports and Analysis Center of Canada (FINTRAC) to collect, analyze, and where appropriate, disclose designated information regarding money laundering activities. Client identification record-keeping

requirements will apply to all financial institutions and other financial intermediaries such as money service businesses, professionals, and casinos.

While it is difficult to determine the extent of money laundering activity between the two countries, certain typologies have been detected in the movement of funds. For example, based on U.S. SAR data, a common type of activity reported relates to frequent, regular, or substantial electronic funds transfers to accounts at Canadian banks from personal checking accounts at U.S. banks.

Currency-to-wire and wire-to-currency transactions also account for a significant portion of reported suspicious activities. Financial institutions in the United States often reported such transactions involving large single deposits or multiple currency deposits that funded large wire transfers to accounts at Canadian banks or their overseas branch offices.

The physical movement of currency and monetary instruments from one country to the other for the purpose of making deposits to financial institutions and money service businesses is also common. Delivery services, money exchange services, and duty-free shops are reportedly used by money launderers to facilitate the cross-border transport of funds.

Outlook

The demand for illegal drugs in the United States and Canada, the profit potential associated with drug trafficking, and the perceived low threat of detection will contribute to continued cross-border drug trafficking between the United States and Canada.

Marijuana smuggling from Canada to the United States probably will increase if the demand for high-grade marijuana in the United States continues. Canadian marijuana production, largely controlled by Asian criminal groups and the Hells Angels OMG, will spread to previously unaffected areas of Canada through the established networks of these criminal groups, thereby facilitating increased marijuana smuggling to the United States. However, when placed in perspective with the large quantities of marijuana smuggled across the U.S.–Mexico border, the threat that marijuana smuggling from Canada poses to the United States will remain low.

The smuggling of Southeast Asian heroin through Canada to the United States also may increase, particularly if heroin demand continues to rise. But because most of the heroin available in U.S. markets reportedly originates in South America and Mexico, the threat posed by heroin smuggling through Canada should remain relatively low.

The smuggling of precursor chemicals from Canada to the United States most likely will increase as the popularity of drugs produced at clandestine laboratories, such as methamphetamine and MDMA, continues to increase. Sources in

Canada provide clandestine laboratory operators in the United States with the means to obtain chemicals necessary for their illicit operations. Adoption of precursor control regulations in Canada would curtail this threat to the United States.

The smuggling of cocaine, hashish, liquid hashish, and other dangerous drugs, including MDMA, through Canada to the United States will continue to be a relatively minor threat. Cocaine generally is smuggled into the United States across the country's southern borders, while hashish, liquid hashish, and other dangerous drugs normally are smuggled to U.S. markets by routes that do not transit Canada.

The smuggling of cocaine, liquid hashish, and marijuana through the United States poses a threat to Canada. The smuggling of hashish and, to a lesser extent, steroids, LSD, MDMA, and other drugs also poses a threat. Moreover, it is not expected that the threat posed to Canada by the smuggling of these drugs—particularly cocaine and marijuana—will abate. In terms of drug transportation, smuggling into Canada by tractor-trailer and marine container will remain the greatest threat to the country, while smuggling by courier, mail, and vehicle of smaller quantities will pose a more moderate threat.

Cooperative partnerships between the United States and Canada will continue to aid antidrug efforts. In particular, joint law enforcement initiatives, improved information flow, and shared technology will enable both countries to build international resistance to drug trafficking.

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U.S. Department of Transportation
 U.S. Coast Guard
U.S. Department of the Treasury
 Financial Crimes Enforcement Network FinCEN
 Bureau of Alcohol, Tobacco and Firearms
 U.S. Customs Service
U.S. General Accounting Office

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