# Issue brief: The illicit drugs trade

## How does the illicit drugs trade relate to conflict?

Although estimates of the value of the illicit drugs trade can vary enormously,[129] many experts place the annual value between US$350-$500 billion per year[130] – and even the lowest estimates are around $100 billion per year. To put this into perspective, a recent evaluation by Ernst & Young calculated the total transaction value[131] of the oil and gas sectors for 2012 to be $402 billion.[132] In their most recent World Drug Report, UNODC estimated that "between 167 and 315 million people aged 15-64 were estimated to have used an illicit substance in the preceding year. This corresponds to between 3.6 and 6.9% of the adult population". This marks an 18% increase in estimated drug use since 2008. Over the same period, drug trafficking networks have expanded into new routes, primarily in fragile contexts such as West Africa, with significant impacts on security and governance in these regions.[133]

UNODC also estimates that between 50% and 85% of the profits from transnational organised crime in 2010 can be attributed to the illicit drug trade.[134] The 2011 World Development Report identified drugs as one of the key drivers of global conflict,[135] whilst the 2013 World Drugs Report notes that the global drugs trade "represents a clear threat to the stability and security of entire regions, and to economic and social development. In so many ways, illicit drugs, crime and development are bound up in each other".[136] It is important, however, not to simplify this relationship. There are for example illicit-drug-producing regions (such as Bolivia or Morocco) that have, so far at least, avoided large scale violence. Conversely, counter-narcotics interventions can increase conflict levels, often without sustainably reducing the flow of illicit drugs.

> "Profits from the illegal trade in drugs are not only used to buy guns, they also buy police chiefs and judges. Corruption is off the scale and, as it grows, democratic accountability, the key plank necessary for poor people to access and defend their rights, is progressively eroded."
>
> Jonathan Glennie, ODI Research fellow, 2010[137]

The illicit trade in drugs, and especially heroin and cocaine,[138] can impact on conflict at each stage in the value chain that is in countries of production, transit and major consumption of illicit drugs:

- **Producer countries**: Production is concentrated in a relatively small number of countries: Afghanistan produces roughly 90% of global heroin supplies. Colombia accounts for roughly 50% of the global cocaine production, followed by Peru (over 30%) and Bolivia (about 13%).[139] Most are also affected by high levels of conflict. Crop growing regions are often characterised by high levels of violence and a lack of effective state presence. In some contexts, groups that control the drug trade are able to outgun state enforcement.[140] In many cases, production is encouraged and taxed in order to finance armed insurgencies, such as the Taliban in Afghanistan. The producers themselves tend to be small-scale farmers, for whom growing poppy or coca may be a relatively secure livelihood strategy (with clear market opportunities, high value and relatively low risk).[141] Less than 1% of the revenue generated in the drug trade is estimated to be accrued to these farmers.[142]

- **Transit countries**: Conflict-affected or weak states are attractive transit points for transnational criminal networks due to their institutional fragmentation, and opportunities to exploit inequalities between groups with little prospect of legal or social backlash. For example, in Mexico and other parts of Central America, drug trafficking gangs have been able to secure a constant stream of recruits from impoverished or marginalised groups with little backlash (until recently) from communities or the authorities.[143] High levels of poverty and weaknesses in oversight, regulation and inter-agency co-ordination make securing official complicity through bribery easier. Once established, organised criminal networks can undermine the capacity of transit states to provide basic services, compromise their legitimacy and provoke higher levels of violence,[144] all of which allows them further freedom to go about their business undisturbed by the state, as described in the Guinea Bissau case below.

- **Major consumers**: The majority of heroin and cocaine is consumed in 'developed' nations. Roughly 40% of cocaine is consumed in North America, and more than 25% in the European Union. Heroin consumption is more dispersed. Europe and North America account for roughly 32% of global consumption. This rises to 53% including Russia.[145] By far the biggest profits are accrued through sale in consumer countries. According to UNODC, the illicit drug trade in the US is worth up to $143 billion per annum, of which as much as $125.5 billion is retained within the country.[146] Gangs regularly vie for control of this industry, sparking significant and repeated bouts of violence.[147] Drug use can also fuel

interpersonal violence: 24% of people arrested for assault in England and Wales in 2000 tested positive for opiate use, and 12% for cocaine.[148]

## What policies or interventions have been employed to address illicit drug flows at the national and international levels?

The international community has invested billions of dollars in counter-narcotics strategies in the last 30 years. The approaches employed can be divided into two broad categories: supply-side and demand-side interventions. Supply-side interventions aim to minimise the flow of drugs entering the market, and are focused in countries of production and transit (primarily fragile and conflict affected states). Demand-side interventions aim to limit the demand for drugs in major markets (predominantly OECD members). The main approaches are:

*Supply-side approaches:*
- **International treaties:** These are important for establishing international norms and generating commitment to tackle the drugs trade at different stages in the value chain. A number of treaties have been agreed, but implementation of commitments has been weak. Where capable and well-resourced counter-narcotics and anti-corruption institutions have been established, there have been some positive impacts, but there are also notable examples of minimal impact.
- **Interdiction:** This relies on identifying and intercepting drugs during transit from countries of production/ refinement before they reach the marketplace. Successful interdiction relies on effective intelligence as well as incorruptible customs and border control agencies. However, transhipment costs (bribery, trafficking, etc.) however are tiny compared to profits, meaning that traffickers are generally able to successfully adapt to interdiction strategies.[149]
- **Prosecution:** The capture and prosecution of key actors within the drug trade has failed to significantly dent the supply of drugs. Judicial and rule of law institutions in producing and transit countries are often captured by drug cartels, whilst the decentralised structure of the drugs trade means that individuals are easily replaced. Collaboration between judicial structures in drug-producing and transit countries and European countries has resulted in several convictions in European courts.[150] This may help to address high levels of impunity that many traffickers enjoy in their home countries.
- **Crop eradication:** A number of studies indicate that this approach has largely been ineffective, and in some cases counter-productive. In Afghanistan, for example, eradication has met with limited success, whilst incentivising corruption and cooperation between rural communities and the Taliban.[151] Where crops have been eradicated, cultivation has typically shifted to other locations.
- **Military aid:** Several countries, most notably the US, have provided very significant aid packages to drug producing nations as part of their counter-narcotic strategies. However, apparent gains in tackling drug production and trafficking in some contexts tend to have been offset by increases in production elsewhere, and have sometimes been associated with significant violence.
- **Alternative livelihoods:** These aim to incentivise growers to invest in alternative revenue streams (such as other crops). In order to be sustainable, alternatives need to be economically viable (i.e. of similar value, easy to transport to market, resistant to disease and climate, provide quick returns etc.) whilst knock-on impacts must also be accounted for (e.g. poppy is a labour-intensive crop, meaning that it creates significant seasonal labour opportunities).

*Demand-side approaches:*
- **Drug abuse prevention:** These include initiatives aimed at preventing the use of and addition to drugs, for example by changing social norms, early detection of drug use in children and delaying the age at which people start taking drugs – an important indicator of likelihood of addiction.
- **Harm reduction approaches:** Harm reduction approaches seek to minimise the negative impacts of drugs on society. Broadly speaking, they approach drugs policy from a public health perspective, focusing on treatment (e.g. through counselling and sustained support) and minimising negative impacts of addiction (e.g. needle exchange programmes, methadone programmes etc.) Harm reduction strategies have proven to be effective in a range of contexts,[152] although the evidence is overwhelmingly concentrated in programmes from OECD countries.
  **Decriminalisation:** A number of countries have experimented with different forms of decriminalisation. For example, Portugal decriminalised the possession and use of all drugs in 2001. Since then usage rates have remained stable, but drug-related disease and deaths have declined significantly.[153] Many analysts have argued that decriminalisation would starve criminal networks of the bulk of their funding, thereby administering "by far the deadliest blow possible against transnational organised crime".[154] However,

political opposition to the relaxing of drug laws in many OECD countries makes decriminalisation unlikely in the medium term.

The bulk of anti-drugs efforts have been focused on supply-side interventions. Many of these, such as crop eradication and the aggressive pursuit of traffickers, have contributed to an increase in conflict.[155] They have also done little to reduce the flow of drugs into western markets. By-and-large, efforts to cut down on production in one area have resulted in increased production elsewhere.[156] Similar effects have been seen in transit routes. The increase in flows of heroin from South Asia to Europe through East Africa, for example, has been linked to a crackdown on trafficking in the Balkans.[157] Equally, very few analysts argue than an exclusive focus on demand-side interventions would be effective in breaking the link between the drug trade and conflict. Efforts to reduce the impact of the drug trade on conflict in fragile states will therefore require coordinated action at the local, national and global levels, addressing both supply and demand sides of this trade. Many prominent analysts have therefore argued that alternative approaches to tackling the global drugs trade are badly needed. The Global Commission on Drugs reported in 2011 that "The global war on drugs has failed, with devastating consequences for individuals and societies around the world."[158] The OECD meanwhile has argued that the current approaches are in fact "having devastating consequences on the quality of governance and have pushed large numbers of people into poverty".[159]

### What resources, indicators and data sources might help to measure progress on tackling the illicit drugs trade and/or its impacts?

Measuring progress on tackling the illicit trade in drugs is very challenging. The trade exists almost entirely within the illicit sector and relies on secrecy to thrive. The scale of the industry creates powerful incentives on the part of key actors to maintain this secrecy, for example through undermining the capacities of counter-narcotics institutions. Furthermore, networks involved in the production and transit of drugs are highly adaptable, and have demonstrated an ability to respond to new approaches to gathering data on the functioning of the illicit drugs trade. For example, farmers in Colombia have developed methods for increasing yields from coca plants, allowing for smaller planting areas, in part in response to increasing use of satellite imaging techniques to assess overall cropping areas.

Despite these challenges, the illicit drugs trade is better understood than most other illicit markets. The United Nations Office on Drugs and Crime (UNODC) is the primary agency responsible for gathering, collating and analysing data on global trends. UNODC gather data on the production of illicit drugs through annual production monitoring surveys, which draw on GIS and village survey data. Data on drug use and trafficking is gathered through Annual Reports Questionnaires[160] completed by national governments with UNODC technical support when necessary. Data on drug-related crime is primarily based on national police reporting data. However, as noted above, the methodologies used to calculate overall production and consumption patterns, as well as the value of the global trade have often resulted in wildly different estimates. Furthermore, there remain significant gaps within the data collected, most notably related to consumption patterns.[161] This is a particular challenge for developing global indicators: in order to capture progress towards addressing this issue, there may be a need to understand levels of progress at each stage of the supply chain.

The table below identifies a range of key resources and data sets, outlines how they could be used to inform in-country programming, including examples of potential indicators that could be generated from the resource.

| **UNODC World Drugs Report**<br><br>**Link:** unodc.org/wdr/ | The World Drug Report, published annually since 1999, presents comprehensive information on the illicit drug situation. It provides detailed estimates and trend analysis on production, trafficking and consumption in the opium/heroin, coca/cocaine, cannabis and amphetamine-type stimulants markets. |
|---|---|
| | **Example indicator:** Estimated profits generated by global trade in cocaine and heroin. |
| **UNODC Illicit Crop Monitoring Surveys**<br><br>**Link:**<br>unodc.org/unodc/en/crop-monitoring/index.html | Annual surveys are carried out to gather data on estimated total areas under crop cultivation, eradication efforts and farm-gate prices. These typically include analysis of GIS imaging, economic modelling and village surveys. Opium surveys have been conducted in Afghanistan each year since 2000 and in Laos and Myanmar since 2003. Annual coca surveys have been carried out in Colombia and Peru since 2003, and Bolivia since 2004. Irregular cannabis surveys have been carried out in Morocco and Afghanistan since 2005. These surveys provide the most comprehensive assessments of the production of illicit drugs. |

| | |
|---|---|
| | **Example indicator:** Estimated volume of opium production at national and sub-national levels. |
| **UNODC Statistics on Drugs Use**<br><br>**Link:**<br>unodc.org/unodc/en/data-and-analysis/statistics/drug-use.html | UNODC collects and analyses data on the extent, patterns and trends in drug use and its health consequences through Annual Reports Questionnaires (ARQ), including household and school surveys, submitted by Member States. ARQ's are submitted to all UN member states, although not all report back. For example, in 2012, 192 ARQ's were sent out, with only 94 responses. More than 80% of European states responded, compared to only 20% of African states.[162] ARQs capture national level data on:<br>&bull; Prevalence of drug use among the general population<br>&bull; Prevalence of drug use among youth<br>&bull; Treatment demand. |
| | **Example indicator:** Heroin use amongst young people. |
| **UNODC Statistics on Drug Trafficking and Prices**<br><br>**Link:**<br>unodc.org/unodc/en/data-and-analysis/statistics/drug-trafficking.html | UNODC collects and analyses data on drug trafficking trends, including arrest, seizures, price and purity of illicit drugs submitted by the Member States through the Annual Reports Questionnaires (ARQ). However, as noted above, response rates to ARQ's vary dramatically between member states.[163] ARQs capture national level data on:<br>&bull; Drug seizures (national totals)<br>&bull; Significant individual drug seizure reports<br>&bull; Price and purity of drugs<br>&bull; Laboratory seizures. |
| | **Example indicator**: Retail and wholesale prices of illicit drugs as an indicator of the supply of drugs reaching local market place. |
| **UNODC Statistics on Drug-related Crime**<br><br>**Link:**<br>unodc.org/unodc/en/data-and-analysis/statistics/crime.html | UNODC classify Total Drug-Related Crimes as being "all intentional acts that involve the cultivation; production; manufacture; extraction; preparation; offering for sale; distribution; purchase; sale; delivery on any terms whatsoever; brokerage; dispatch; dispatch in transit; transport; importation; exportation; possession or trafficking of internationally controlled drugs." Data is collected at the national level from police statistics. As such, data sets are limited by capacity of national police data gathering systems. |
| | **Example indicator:** Total Drug-Related Crimes at the national level, number of police-recorded offences. |
| **International Crime Victims Survey**<br><br>**Link:**<br>unicri.it/services/library_documentation/publications/icvs/ | The International Crime Victims Survey (ICVS) gathered data from 78 countries between 1989 and 2005. It sought to gather information about the incidences of crime, and the perceptions and attitudes towards of crime and the criminal justice system based on public surveys. The data does not therefore rely only on recorded crime data. Although ICVS is no longer conducted, the questionnaire design may provide a useful source for developing perception based indicators. |
| | **Example indicator:** Over the last 12 months, how often were you personally in contact with drug related problems in the area where you live? For example seeing people dealing in drugs, taking or using drugs in public spaces, or finding syringes left by drug addicts? Was this often, from time to time, rarely or never? |
| **UN Database on Multilateral Treaties**<br><br>**Link:**<br>treaties.un.org | The UN Treaty collection documents which countries have signed up to multilateral treaties. This information can be helpful for assessing the commitment shown by national governments to address the illicit drug trade. However, this is no indication of implementation. Furthermore, many of these treaties have been criticised for having a disproportionate focus on supply-side dynamics. |
| | **Example indicator:** Is (country) party to international instruments related to drug control, specifically: (i) the Single Convention on Narcotic Drug Use (1961 amended); (ii) the Convention on Psychotropic Substances (1971); (iii) UN Convention on Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)? |

| | |
|---|---|
| **US Bureau for International Narcotics Control and Law Enforcement**<br><br>**Link:**<br>state.gov/j/inl/rls/nrcrpt/2013/index.htm | Annually produced International Narcotics Control Strategy Reports include assessments of the institutional capacities of 92 major producing, transit and consuming countries to address the trade in illicit drugs. |
| | **Example indicator:** Establishment and capacity of counter-narcotics policies and institutions. |
| **National Drug Use and Health Surveys**<br><br>**Links:**<br>US: drugabuse.gov/national-survey-drug-use-health<br>UK: gov.uk/government/publications/drug-misuse-declared-findings-from-the-2011-to-2012-crime-survey-for-england-and-wales-csew-second-edition<br>EU: emcdda.europa.eu/stats12 | Important sources of information for assessing scale of demand, primarily in developed nations. Questions could be applied in a range of contexts without current annual surveys to gather data on consumption patterns in producing and transit countries. These can be important for assessing demand-side indicators as well as perception-based indicators. |
| | **Example indicators:**<br><ul><li>How easy is it to buy cocaine/ heroin in your community</li><li>Percentage of persons 12 years of age and over with any illicit drug use in the past month</li><li>Drug use in prisons</li><li>Drug-related infectious diseases.</li></ul> |