

Submission to the Parliamentary Inquiry into the impact of illicit drugs being traded online, Parliamentary Joint Committee on Law Enforcement, Parliament of Australia

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This submission seeks to provide input into the parliamentary inquiry through highlighting emerging trends of online criminal activity as it related to drug trading, assessing the impact on Australia and providing policy recommendation to assist the work of the committee. The views expressed here are those of the authors and do not necessarily represent the views of the Department of Security Studies and Criminology or Macquarie University.

1. Trends and changes in relation to online drug availability

- Australia's illicit drug market is one of the most profitable in the world with profit margins on illicit drugs being very high. COVID-19 has disrupted traditional international trafficking methods, which signals an increased opportunity to exploit online platforms for drug sales.
- The domestic economic crisis triggered by COVID is likely to lead to an increase in drug consumption, in turn increasing demand for illicit substances and adding pressure on already stretched law enforcement organisations and budgets. Once again online trading in illicit drugs will likely grow as a result. Lockdowns due to COVID pushed a large proportion of people's legal consumption of goods and services online and this is also likely to be reflected in the illicit drugs market.
- Darknet markets have become steady suppliers of many kinds of mostly illegal goods and services, including illicit drugs.
- The general structure of the drug trade on the darknet is associated with higher availability and reduced risks for buyers regarding drug quality on one hand, and exposure to violence and law enforcement on the other.

- While studies show only a small percentage of people buy drugs online, there has been important growth in this area, as 'cryptomarkets' (anonymous online trading sites) become more common. Studies have also shown that consumers are increasingly using social media platforms to buy and sell drugs.
- Studies show that, by and large, only small transactions take place in online drug sales. This means it is likely only end users and low level distributors (i.e. not large criminal organisations) are using this platforms. This has important implications for law enforcement.
- Recent identification of the opioid Fentanyl in NSW and the ACT signals a very worrying trend. Evidence from other jurisdictions, such as the province of British Columbia in Canada, where 84% of drug toxicity deaths have been linked to Fentanyl, has proven this drug is highly dangerous, cheap, extremely potent and easy to transport and/or ship. The availability of narcotics laced with this drug online presents a particular risk to end users and consumers of recreational drugs.

Recommendations

- Increased partnerships with law enforcement agencies in drug producing countries (such as Mexico, Colombia and Bolivia), including through the creation of more secure channels of communication.
- Focus on the availability of Fentanyl in Australia as a policing and harm-reduction priority.
- Work in tandem with social media companies to better police drug sales in those spaces.
- Increased diversion of resources towards prosecuting large-scale drug traffickers.
- Increased funding for health-focused and harm-reducing responses to domestic drug abuse and online drug purchases, which in turn may reduce the required use of resources by law enforcement.

2. The impact of technologies, including online communications, cryptocurrency, and encryption and anonymising technologies on law enforcement responses to the online illicit drug trade *and* supply chains and sourcing online, including the role of individual suppliers and criminal organisations.

- An important question with regards to the role of cryptomarkets in global drug trade is whether these marketplaces merely move conventional offline drug trade channels online, or also have the potential to transform localized and fragmented retail trade networks by bringing goods to markets, where their availability had previously been limited.
- While online marketplaces offer buyers and sellers easy access to international markets, shipping of orders across national borders results in higher risk and longer waiting times. This could potentially limit users' willingness to trade internationally.
- Based on information from Silk Road, Décary-Héту et al. (2016) found that 69% of analysed listings, mostly illicit drugs, were open for international orders, while sellers who offered international shipping held 61% of total market revenues. This underscores the international aspect of the drug trade.
- The threat of law enforcement undeniably plays a significant role in increasing the risks of international shipping. However, data show a relatively high clustering of European sellers and low frequency of inter-continental trade by the same buyers, suggesting that other factors, such as considerations of shipping speed, could play a sufficient role in "localising" cryptomarket exchanges.

Recommendations

- It cannot be assumed that cryptomarkets and online traded of illicit drugs simply moves conventional offline drug trade to a new, 'virtual' mode of transaction.
- Emphasis on law enforcement should target less the localised users and more the logistical and international networks through which the online illicit drug trade operates.
- Successfully restricting the ability of international shipment into Australia alone would have a huge impact in the online illicit drug trade.

3. Impacts on at-risk groups, young people and their families, and the community due to the availability of illicit drugs online.

- While online drug trade, in theory, offers near infinite supply and availability, it should not be assumed that there is demand to match.
- The online trade of pharmaceutical drugs is much more common than illicit drugs, suggesting that users have prior exposure to medication before turning to illegal methods of online supply.
- As Kamphausen and Werse (2019) argue, the online trade of illicit drugs can even reduce risk, transferring the associative violence and territorial risks of distribution to an online and virtual space (often outside of Australia).
- The lengthy shipping times for (what is usually) international delivery means that users are likely to be less motivated by acute addiction or opportunistic exposure.

Recommendations

- Little is known about the users of illicit drugs acquired online and much more research needs to be taken into who is engaging in the online trade of illicit drugs and the impact on the community.
- It cannot be assumed that all the impacts are negative, nor that a near infinite supply will be reflected in increased illicit drug use. A more nuanced and situational approach needs to be taken.

4. The impact of legislation and policies that seek to decriminalise drug use and possession on the online availability, quality control and the capacity of law enforcement agencies to police illicit drugs.

- At present, a large amount of law enforcement resources is spent on arresting and prosecuting drug consumers (92% of arrests in Australia are of cannabis consumers) as opposed to targeting traffickers. This creates a drain on law enforcement resources and misdirects the locus of where the problem lies – the system movement and trade of illicit drugs rather than simply the end user.
- Bearing in mind that only small, end user transactions take place online, it is likely that legalisation and/or decriminalisation may not have a substantial impact on the online availability of drugs, at least as it refers to the illicit drug market.
- Also, as with alcohol, only about 10% of drug users will develop long-term addictions and other related health issues.
- Evidence shows decriminalising drug use (not drug trafficking) reduces health risks to end users as well as the wider community with lower economic-compulsive property related crime and the social benefits of keeping low-level users out of the criminal justice system. In the context of increased Fentanyl availability this is a very desirable outcome.
- Decriminalisation of use and recreational possession can also increase drug users' ability to assess the quality of the products they use, for example through pill-testing programs.
- Smartly implemented decriminalisation and other health-focused policies can in fact increase the capacity of law enforcement to police illicit drug markets by diverting resources from prosecuting *users*, to focusing on large scale *traffickers*, their networks and their funds.

Recommendations

- Engage in meaningful, evidence-based dialogue with stakeholders with regards to the benefits and risks of decriminalisation of certain illicit drugs.
- Focus on end-user health outcomes, as this liberates resources for policing large-scale organized crime, and other trafficking organisations.
- Examine the associative links between the criminalisation of specific substances and the actual harm posed to both the user and the wider community. Often there is no direct

correlation between harm and criminalisation. A more holistic, rather than punitive, approach should be sought.

About the Authors

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