



**Submission of Dr James Martin
To the Parliamentary Joint Committee on Law Enforcement
Inquiry into the impact of illicit drugs being traded online
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Trends and changes in relation to online drug availability

It has been 10 years since the dark web drugs trade began in earnest with the launch of the first major dark web drugs site, or cryptomarket, *Silk Road*. Since then we have witnessed major growth within the dark web drugs trade, with several hundreds of millions of illicit drugs traded via the dark web each year.¹ The popularity of the dark web drugs trade continues to grow both internationally and particularly in Australia, which has a higher proportion of both illicit drug users and suppliers (or ‘vendors’) than many comparable nations. Recent estimates suggest that as many as 1 in 5 Australians who purchased illicit drugs in the previous 12 months did so via a cryptomarket.²

Both international and domestic research demonstrates that the composition of drugs sold via cryptomarkets largely resembles that of offline illicit drug markets. For example, cannabis is the most popular drug sold by Australian cryptomarket vendors, followed by prescription drugs, MDMA, methamphetamine, psychedelics, opioids and cocaine.³ These findings are significant in that they suggest that the dark web drugs trade is largely demand-led, with relatively few consumers adjusting their drug preferences in response to the wider range of drugs available online.

The impact of technologies, including online communications, cryptocurrency, and encryption and anonymising technologies on law enforcement responses to the online illicit drug trade

The prohibition of illicit drugs is extraordinarily difficult to enforce and produces a range of serious and avoidable harms (e.g. huge policing and prison costs, disproportionate effects on marginalised communities). Across every metric, drug prohibition is also an abject failure; almost every category of illicit drug is now cheaper, more potent and more readily accessible compared to any other time in Australia’s history.⁴ Illicit drug markets in Australia are also larger and more profitable than ever

¹ Soska, K., & Christin, N. (2015). Measuring the longitudinal evolution of the online anonymous marketplace ecosystem. In *24th {USENIX} security symposium ({USENIX} security 15)* (pp. 33-48).

² Winstock, A., Barratt, M. J., Maier, L. J., & Ferris, J. (2021). Global drug survey (GDS) 2020. *Key findings report*.

³ Martin, J., Cunliffe, J., Décary-Héту, D., & Aldridge, J. (2018). The international darknet drugs trade - a regional analysis of cryptomarkets. *Australasian Policing*, 10(3), 25-29.

⁴ Peacock, A., Karlsson, A., Uporova, J., Gibbs, D., Swanton, R., Kelly, G., Price, O. Bruno, R., Dietze, P., Lenton, S., Salom, C., Degenhardt, L., & Farrell, M. (2019). Australian Drug Trends 2019: Key Findings

before⁵ and, without a legal supply, organised crime groups inevitably emerge in response and use violence as a means to control the trade. The problem is essentially one of demand – with such a large and persistent demand for illicit drugs, supply inevitably emerges despite increasingly well-resourced and invasive law enforcement.

The difficulty of disrupting illicit drug supply is complicated exponentially by the development of dark web communications technologies, and by the emergence of cryptocurrencies. Used together, these technologies allow people to trade illicit drugs online whilst maintaining their anonymity. Traditional policing tactics – such as buy-bust operations – are rendered useless, necessitating the development of more resource intensive and less evidentiary productive policing strategies (e.g. postal interdiction). Dedicated cyber operations against cryptomarkets, such as direct site ‘takedowns’, are also highly resource intensive and produce only short-term benefits as new sites are constantly in development and quickly absorb users who migrate from sites that have been shut down.⁶

Responses from Australian law enforcement agencies to the emergence of the dark web drugs trade appear to have centred largely on postal interdiction, particularly at the national border. Our research demonstrates the limitations of such an approach, with most international cryptomarket vendors successfully bypassing border controls with sophisticated ‘stealth’ and concealment techniques. While many Australian drug users are deterred from purchasing drugs from international vendors by a perception of strong border controls, this has the perverse effect of redirecting their patronage back to domestic illicit drug suppliers; these domestic drug suppliers are therefore able to charge higher prices, and make additional profits, due to the protection from foreign competitors inadvertently provided by Australian Border Force.⁷

Supply chains and sourcing online, including the role of individual suppliers and criminal organisations

Due to its capacity to directly connect drug buyers and sellers from around the world, the dark web drugs trade has significant potential to disrupt global illicit supply chains. However, recent research suggests that the vast majority of cryptomarket drug trading is either domestic or intra-regional (such as within the EU Schengen Area) rather than international.⁸ In other words, the vast majority of illicit drugs continue to be trafficked around the world just as they always have been (i.e. via sea routes), before a small proportion towards the end of the supply chain are diverted for sale on cryptomarkets.

The trend towards predominantly domestic online drug trading is likely less prominent in Australia where large price differences across most categories of illicit drugs (excluding cannabis) incentivise purchasing from cheaper overseas markets. This purchasing is made either directly by drug consumers or by drug suppliers who then ‘on-sell’ drugs purchased from foreign cryptomarket vendors into domestic markets.

If current trends continue and the proportion of illicit drugs that are purchased via cryptomarkets grows further, then established organised crime groups who have long profited from trafficking

from the National Ecstasy and Related Drugs Reporting System (EDRS) Interviews. Sydney: National Drug and Alcohol Research Centre, UNSW Sydney.

⁵ ACIC, Illicit Drug Data Report 2019-20, Canberra

⁶ Décary-Héту, D., & Giommoni, L. (2017). Do police crackdowns disrupt drug cryptomarkets? A longitudinal analysis of the effects of Operation Onymous. *Crime, Law and Social Change*, 67(1), 55-75.

⁷ Cunliffe, J., Martin, J., Décary-Héту, D., & Aldridge, J. (2017). An island apart? Risks and prices in the Australian cryptomarket drug trade. *International Journal of Drug Policy*, 50, 64-73.

⁸ Dittus, M., Wright, J., & Graham, M. (2018, April). Platform Criminalism: The 'last-mile' geography of the darknet market supply chain. In *Proceedings of the 2018 World Wide Web Conference* (pp. 277-286).

drugs into the country will find their market share eroded as drug consumers and small-scale retailers directly source their drugs from cheaper, foreign cryptomarket vendors. The growth of the dark web drugs trade therefore carries significant risks for organised crime groups that specialise in illicit drug supply and that are unable to use violence to deter or eliminate more efficient, cheaper and anonymous online competitors.⁹

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

All drug use, legal or otherwise, carries risks to health and determining levels of comparative risk between online and offline drug markets is a complicated endeavour. However, increasing evidence is emerging that the dark web drugs trade presents fewer harms than in-person forms of drug exchange.

The primary benefit associated with dark web drug trading is that it is essentially non-violent; an absence of physical interaction between market participants, and other factors such as the effectiveness of online dispute resolution mechanisms, precludes the violence that is sometimes associated with traditional drug markets.¹⁰ Other benefits associated with dark web drug trading include access to less adulterated drugs;¹¹ increased information regarding drug composition and potency (which assists users in avoiding overdose); and access to harm reduction and safer usages practices via online discussion forums.¹²

Despite the emerging consensus that the dark web drugs trade generally presents fewer harms than offline drug trading, there is potential for some increased harms. A minority of drug users, for example, report using a wider range of illicit drugs as a result of increased access facilitated by cryptomarkets (though this does not necessarily result in more problematic drug use).¹³ Some users also report a ‘honeymoon period’ of increased drug consumption following initial access to a cryptomarket, though it appears that their use moderates once they become used to this increased access.¹⁴

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

As previously discussed, law enforcement agencies have very limited capacity to control the illicit drugs trade, whether online or offline. Supply reduction policies (e.g. policing, border control) are the least effective means available to reduce drug-related harm, and frequently result in the production of additional harms. It is therefore incumbent upon government to not only divert

⁹ Martin, J. (2014). *Drugs on the dark net: How cryptomarkets are transforming the global trade in illicit drugs*. Springer.

¹⁰ Barratt, M. J., Ferris, J. A., & Winstock, A. R. (2016). Safer scoring? Cryptomarkets, social supply and drug market violence. *International Journal of Drug Policy*, 35, 24-31.

¹¹ Caudevilla, F., Ventura, M., Fornís, I., Barratt, M. J., Vidal, C., Quintana, P., ... & Calzada, N. (2016). Results of an international drug testing service for cryptomarket users. *International Journal of Drug Policy*, 35, 38-41.

¹² Bancroft, A. (2017). Responsible use to responsible harm: illicit drug use and peer harm reduction in a darknet cryptomarket. *Health, Risk & Society*, 19(7-8), 336-350.

¹³ Winstock, A., Barratt, M. J., Maier, L. J., & Ferris, J. (2021). Global drug survey (GDS) 2020. *Key findings report*.

¹⁴ Barratt, M. J., Lenton, S., Maddox, A., & Allen, M. (2016). ‘What if you live on top of a bakery and you like cakes?’—Drug use and harm trajectories before, during and after the emergence of Silk Road. *International Journal of Drug Policy*, 35, 50-57.

taxpayer resources away from supply reduction towards more effective harm and demand reduction initiatives, but also to begin exploring alternatives to drug prohibition more generally.

Evidence from many jurisdictions overseas point to the success of decriminalisation and legalisation as a means of reducing drug-related harms and reducing the overall burden of drug and prohibition costs on society. For example, in 2001, amid a deadly opioid epidemic the Portuguese government decriminalised all drugs. Predictions of massive increases in illicit drug use and an influx of 'drug tourists' failed to materialise. Instead, rates of problematic drug use and drug-related harms both fell, and criminal justice costs also decreased.¹⁵ Such an approach can and should be implemented here in Australia, beginning with the decriminalisation and legalisation of cannabis.

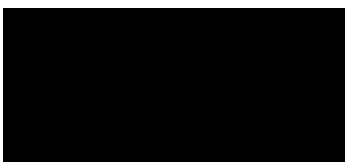
Recommendations

This submission concludes with three clear recommendations to the committee.

- 1) Due to the relatively fewer harms associated with the dark web illicit drugs trade, **government should deprioritise the investigation of dark web drug trading in comparison to more harmful forms of in-person drug exchange.**
- 2) Due to the ineffectiveness of supply-side interventions targeting the illicit drugs trade, and particularly the dark web drugs trade, **government resources should be redirected away from supply side drug market interventions.** Instead, these resources should be directed towards more effective harm and demand reduction policies.
- 3) Due to the ineffectiveness of drug prohibition and its role in increasing drug-related harms, **government should decriminalise the possession and use of illicit drugs.** Further, **legal markets should be created for the most popular and least harmful illicit drugs, particularly cannabis.** Creation of legal markets for cannabis and other low-harm drugs would significantly reduce policing and prison costs across the country and create a new and large source of government revenue which could be used to further reduce drug-related harms.

I thank the committee for their invitation to submit this document and for their time and consideration.

Yours sincerely,



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¹⁵ Hughes, C. E., & Stevens, A. (2010). What can we learn from the Portuguese decriminalization of illicit drugs?. *The British Journal of Criminology*, 50(6), 999-1022.