

**THE AUSTRALIAN HEROIN DROUGHT:
THE CASE FOR AN INQUIRY INTO ITS CAUSES AND THE FLOOD OF
METHAMPHETAMINES**

by
W.M. Bush

Summary

The article disputes the claim by the Federal Government that Australian law enforcement financed by its *Tough on Drugs Strategy* was primarily responsible for the heroin drought and resulting fall in overdose deaths. Law enforcement agencies – notably the Australian Federal Police through its Commissioner – have revealed intelligence to the effect that Asian crime syndicates have assessed that there is a large and very profitable market in Australia for amphetamine-like drugs and that they have made a marketing decision to promote them rather than heroin.

The paper analyses carefully these and other contributing factors of the drought, including law enforcement, put forward by the Australian Federal Police. The evidence made available by enforcement agencies suggests strongly that the prime causes of the drought were a series of poor opium harvests in Burma and the marketing decision of crime syndicates. No other explanation fits the known facts including:

- the drought being confined to Australia;
- a big rise in availability of amphetamine-like drugs imported through the same channels as heroin;
- the known large rise in recent years in production in South East Asia of these artificial drugs; and
- the greater profit derivable from them than from heroin; and
- their lower vulnerability to law enforcement interdiction.

If Australian law enforcement had an effect it was probably only a subsidiary factor. The evidence is strong that there would have been no drought in the absence of the other factors. In that case the Government is taking credit for a decision of criminals.

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THE AUSTRALIAN HEROIN DROUGHT: THE CASE FOR AN INQUIRY INTO ITS CAUSES AND THE FLOOD OF METHAMPHETAMINES

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Finding the causes of the heroin drought that emerged at the beginning of 2001 is of the first importance for the determination of future drug policy. This paper reviews evidence on the causes of the drought disclosed by the Australian Federal Police and other law enforcement agencies and concludes that this evidence does not support the claim of the Federal Government that law enforcement was primarily responsible.

The falling price of heroin in the years up to 2001 demonstrated that heroin was becoming more freely available. The drought became evident in sudden price rises and reduction in purity and was borne out in the annual surveys of drug trends presented in November in Sydney.¹ Dr Shane Darke, a senior researcher with the National Drug and Alcohol Research Centre of the University of NSW, told the gathering that in his long involvement in drug trend surveys he had never expected to see such a change.²

The Federal Government claims credit for the drought and the resulting large decline in heroin overdose deaths. It states that the law enforcement effort funded by the *Tough on Drugs Strategy* has been responsible. The Prime Minister used this claim during the federal election campaign;³ the Minister for Justice and Customs, Mr Ellison,⁴ and, most recently, the new Health Minister, Senator Kay Patterson,⁵ have repeated it.

This claim is not supported by what law enforcement agencies have disclosed. The evidence points to the drought being caused primarily by external factors and that if Australian law enforcement has had an effect it was probably only minor. The evidence is strong that there would have been no drought in the absence of those other factors.

If this conclusion is correct the Government is seriously misleading the public.

Reasons put forward to explain the heroin drought

The following reasons have been put forward by police and other law enforcement specialists for the drought:

- general shortage of heroin arising from unfavourable weather conditions in the opium growing regions of Burma and increased demand on that supply;
- decisions by Asian crime syndicates to concentrate on marketing amphetamine-like drugs in Australia rather than heroin; and
- high seizures of heroin; and
- success in the arrest and conviction people involved at a high level in the importation and distribution of heroin in Australia.

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We would be reassured that policy was on the right track if law enforcement was primarily responsible for the drought through high seizures and disruption of the distribution chain. But we would not be reassured if the Australian drought arose from a general commodity shortage caused by factors like weather unrelated to supply control. Even more we would be alarmed if the principal cause was a commercial decision of criminal suppliers.

Over the last few years there has been a decline in opium production in the Golden Triangle, the main source of Australia's heroin.⁶ "Three years of drought was followed by abnormal flooding and frost in Burma" (Gordon (Sept. 2001), p. 20).⁷ The US Department of State has estimated that the potential yield for 2000 – effectively the same as that disclosed by the AFP⁸ – was only 46% of the estimate for 1997.⁹ In both absolute terms and as a proportion of world production less heroin has been coming from that region (Gordon (Sept. 2001) p. 20).

At the same time there has been substantial growth in the opium and heroin markets in countries which, like Australia, are supplied from the Golden Triangle. Indeed the AFP has noted that "in the region predominantly now supplied by the Golden Triangle – East and South East Asia [including China], Australia and Canada – opium and heroin addiction grew. According to official Chinese data, opium and heroin addiction in China rose by 870 per cent in the period from 1990-99."¹⁰

This shortage of opiate production in an environment of increased demand could well lead to some reduction in availability. Police assessments seem to be mixed on this important point. In spite of the decline in production, the AFP reported in June that "there was plenty of heroin available in Asia."¹¹ In contrast, in October the Commissioner suggested that weather conditions had reduced availability.¹²

Whatever the case, it is likely that other influences were also operating to explain the drought. How is it that alone in the world, Australia is affected and so markedly?¹³ A conference of leading analysts on the Global Economy of Illicit Drugs held in London in June concluded that "the Australian drought was a unique phenomenon globally and therefore worthy of careful study" (Gordon (Dec. 2001)).

A factor particular to Australia that would explain the phenomenon is that the syndicates supplying Australia artificially induced the drought. In June Mr Keelty, the AFP Commissioner, said there had been: "a business decision by Asian organised crime gangs to switch from heroin production as their major source of income to the making of methamphetamine, or speed, tablets."¹⁴ "[T]heir market research tells them that these days people are more prepared to pop a pill than inject themselves."¹⁵

Assessing the relative influence of law enforcement

The important question in explaining the drought is the relative importance of, on the one hand, this business decision by criminal suppliers and, on the other, Australian law enforcement effort. The AFP suggests that the following successful law enforcement activity may have been responsible:

- development since 1998 of a capacity to work off-shore with other law enforcement agencies;¹⁶
- heroin seizures;¹⁷

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- the discovery of many of the importation methods used by Asian drug syndicates;¹⁸ and
- “dismantling of a major syndicate in mid-2000 by an Australian-led international task force.”¹⁹

The likely contribution to the drought of each of these law enforcement factors deserves closer scrutiny.

It is clear from reports of the AFP and the National Crime Authority that Australian law enforcement has an increasing international focus. According to the AFP annual report published in September 2001: “Globalisation has significantly expanded the opportunities for sophisticated illegal activity and facilitated closer interaction between organised criminal groups from different locations and cultures.”²⁰ However, while there was a big expansion of AFP overseas presence after 1998,²¹ the AFP has long had an overseas presence, co-operated closely on drugs with law enforcement agencies including those of the United States²² and been engaged in international operations.²³ The \$36.062 million disclosed in the latest AFP annual report that was applied to its “International Services” performance outcome²⁴ is dwarfed by the annual turnover of what the Prime Minister has described as “an international, multi-billion dollar enterprise with its undisclosed and untaxed profits rivalled by few industries.”²⁵ The annual turnover of the Australian illicit drug industry was estimated by Access Economics in 1997 to be \$7 billion.²⁶

One can also be sceptical about attributing the drought to drug seizures. Indeed high seizure rates are likely to reflect high availability. The AFP itself warns that “While seizure rates do not necessarily correspond with production, they can be a good indicator of production trends.”²⁷ Big seizures in the past including the huge one of 400kg in October 1998 have not led to a heroin shortage. The then AFP Commissioner, Mr Palmer, noted that “the indications are we haven’t made much dent on the market.”²⁸ In contrast, the drought became evident around Christmas 2000 after a large off shore seizure of heroin bound for Australia in October.²⁹

Was there a causal relationship? Even these historically high seizures are only a small proportion of the amount consumed. The National Crime Authority made a fair estimate of the size of the Australian market by multiplying the average daily usage of 0.5 grams of a purity rate of 50% by the number of dependent heroin users estimated at 74,000. This means that about 6.7 tonnes a year (say 6 tonnes) was used in Australia before the drought. The high amount seized in 1999-2000 (734 kg) was a mere 12% of that 6 tonnes.³⁰ On this basis it would be surprising if the seizures had a big impact on heroin supply.

Similarly, there is reason to be sceptical of an AFP claim that the discovery of importation methods for one drug (heroin) has led to a shortage of supply of that when there is no shortage of supply of other drugs (amphetamines) from the same source. The two sorts of drug are similar enough for similar concealment techniques to be used for each as indeed they are.³¹

Past experience teaches caution against claiming too much from arresting even those high up on the distribution chain. If a head is cut off, hydra-like a replacement grows. The AFP itself is aware of the example of the elimination of the large Cali Cartel in

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Colombia only to be replaced by a multiplicity of traffickers.³² Many law enforcement successes are said to be the result of a tip-off by one criminal group to secure the elimination of competition. Indeed, the important conviction of a syndicate head secured by law enforcement agencies apparent arose from a tip-off.³³ The AFP itself has admitted the need for caution saying only that “it is possible” that the dismantling of a major syndicate in mid-2000 “may have been ‘the straw that broke the camels’s back’ of the heroin market’.”³⁴

There were thus no extraordinary law enforcement successes leading up to the drought. The improvements of capability and successes fall within a continuum of change to keep pace with the growth in law enforcement challenges rather than being an increased effort acting on a static level of crime.

Evidence particular to the drought that show other factors have been more influential than law enforcement

These considerations do not rule out law enforcement being the principal cause of the heroin shortage even though that explanation is, on past experience, unlikely. It is other evidence particular to the drought that leaves little doubt that other explanations were much more influential.

- The AFP Commissioner himself gave most weight to the decision of Asian crime syndicates to switch from heroin to amphetamine-like drugs. In June 2001 he said it was “a major” reason for the heroin shortage³⁵ which “was more a result of the business strategy by crime czars than a shortage of the drug.”³⁶
- The big rise in availability of amphetamine-like drugs is consistent with the same police intelligence reports disclosed in June. The accuracy of this prediction is confirmed by the recent national drug trends conference, increasing seizures and the assessment of the police. For example, Mr Keelty predicted in June the arrival of the amphetamine-like yaa baa pills. He commented after a big seizure a month later that: “It appears that has now happened” (Moor (19/07/2001)).³⁷
- Additional intelligence reports revealed in October (2001) have disclosed a further decision by Asian crime syndicates to manipulate the Australian illicit drug market in passing off amphetamine-like drugs as party drugs. “Asian organised crime gangs have made a business decision to swamp the nation with pills deliberately made to look like ecstasy, but which contain no MDMA, ecstasy's main ingredient.”³⁸ If crime syndicates have the capacity to implement this strategy, it is likely that they had the capacity to bring about a heroin drought.
- It makes good business sense for Asian crime syndicates to promote amphetamine-like drugs rather than heroin. The AFP Commissioner has himself identified seven reasons why Asian producers have decided to make the switch. These are:
 - the vulnerability of opium crops to location by satellite and other means of surveillance;³⁹

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- that opium growing is subject to the vagaries of the weather whereas artificial drugs like amphetamines are not;⁴⁰
 - the ready availability in Asia of precursor chemicals needed for artificial drugs;⁴¹
 - a shorter and less labour intensive production and distribution chain for synthetic drugs and hence reduced vulnerability to interdiction and less sharing of profits;⁴²
 - much higher profit margins for the synthetic drugs.⁴³ The production cost of amphetamine-like drugs is very low compared its wholesale price. “While heroin may be a more valuable product per kilogram at both retail and wholesale levels, from the producers' point of view, the mark-up can be considerably greater for methamphetamine”;⁴⁴
 - an impending world shortage of heroin contributed to by the Taliban ban on opium production in Afghanistan;⁴⁵ and
 - a much higher potential Australian market for pills than for an injected drug like heroin.⁴⁶
- Amphetamine-like drugs found in or bound for Australia in plentiful quantities are originating in the same region and are being imported via the same channels as heroin.⁴⁷ In these circumstances if Australian law enforcement had been responsible for the heroin shortage one would have expected that there would have been a parallel decline in availability of these other drugs. This consideration undermines an argument that the AFP public relations has recently put forward that law enforcement has had a substantial effect because it has created “a difficult and dangerous environment for importing heroin to Australia” in contrast to “a lucrative and relatively easy one for exporting ATS [amphetamine type stimulants] around the region” Gordon (Dec. 2001). The environment is substantially the same for the importation of both.
 - Diversification of Asian drug syndicates into amphetamine-like drugs is consistent with the convergence in trafficking of different types of drugs and indeed of a range of criminal activities. “Global drug markets are now closely interconnected, both in terms of markets for the same drug type and markets between drug types” (Gordon (Sept. 2001) p. 22).⁴⁸

Conclusions drawn from the available evidence

This litany of factors strongly suggests that the Australian law enforcement here and in collaboration with agencies overseas has had only a subsidiary impact on the illicit drug supply to Australia. The AFP itself has been much more cautious than the Federal Government⁴⁹ in claiming success for law enforcement. According to Mr Keelty law enforcement was only one of “several factors” responsible for the heroin shortage and that the business decision by Asian organised crime gangs to switch largely to amphetamine-like drugs was “a major one”. At most he credits law enforcement with having prompted this decision by the large seizures and discovery

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of importation methods.⁵⁰ If Australia managed to reduce the supply of heroin so drastically why has there not been a similar shortage of heroin in other countries where law enforcement effort has been as efficient as Australia? In terms of the rate of drug seizures Australia is among the top countries of the European Union and North America yet the AFP annual report reveals that the Netherlands and the United Kingdom where no heroin shortage is yet evident, consistently outperformed the AFP over the benchmark period.⁵¹ The NSW Police Commissioner, Mr Ryan, has bluntly denied that the heroin drought represents a win for law enforcement.⁵²

On the information that is available, the big decline in opium production in Burma from a string of poor harvests when there was a the lack of any compensating supply from Afghanistan thanks to the effective Taliban ban on production in 2000 has meant that Asian drug syndicates have had difficulty in supplying all their traditional heroin markets and their new expanding one in China. In this context and as the AFP claims, Australian law enforcement could well have influenced them to reserve most of their limited supplies of opiates for markets where law enforcement was less intrusive.⁵³ Their market research showed a bright future for amphetamine-like drugs in Australia. In contrast to heroin, supply production is not so limited, profit margins are more attractive and the loss of 10% or so to seizures is less a deterrent. Based on what law enforcement agencies have revealed there would have been no heroin drought without these other factors.

It is a travesty of the evidence disclosed for the Government to claim that Australian law enforcement action has been responsible for the heroin drought and the resulting fall in drug overdose deaths. Apparently, a market plan devised by criminals is being played out in Australia. That an Australian Government is prepared to claim the benefits of this but not admit any responsibility for the fearful health and social effects⁵⁴ of the flood of substitute drugs is deeply worrying.

It is of the first importance to examine closely big changes in the illicit drug market like the heroin drought because they throw light on the underpinnings of drug policy. Such changes rarely happen. Law enforcement agencies themselves have disclosed intelligence and other information that disclose a number of possible causes. If the Government's interpretation is right, drug policy is on track. If the more plausible interpretation is correct, Australia is dancing to the tune of criminals and the nation's security is threatened. There must be a thorough, open and independent inquiry with full access to all relevant sources of information to get to the bottom of what is happening.

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1. Darke, Topp & Kaye (December 2001).
 2. See also Topp *et. al.* (2001) pp. 10 and 26-32.
 3. "Moreover the claim that we are losing the war against drugs, in other words, that we're falling further behind in the fight against drugs, is not borne out by the evidence. In fact, the number of deaths from heroin overdoses in the first seven months of this year is sharply lower than it was last year. And although I'm not claiming that that trend will necessary go on, I hope it does and we all hope it does. It is a sign that we're having some success. The number of seizures are much higher, the Australian Federal Police and the customs services and the state police services deserve praise from other authorities . . ." (Howard (9/8/2001)).

"The Howard Government's Tough on Drugs is working, as evidenced by comments this week by Australian Federal Police chief Mick Keelty when he said: 'Our intelligence is showing us that there are indications from drug source countries now that they don't want to send drugs to Australia. And that's directly as a result of what we are achieving through these large seizures.' - Herald Sun, 16/8/2001" (*Behind the scenes*, no. 32, (17/8/2001)).

"Campaigning in the marginal Brisbane seat of Petrie, Mr Howard pledged \$135 million over four years to mount a new crusade against crime and drug abuse. . . . He said his get-tough-on-drugs strategy was working and criticised those pushing for a softer approach. Attacking experiments in drug management such as free heroin trials and supervised injecting rooms, he said his strategy had resulted in fewer deaths from heroin over the past two years, but this did not suit those pushing a different social policy agenda" (*Age* (Melbourne), 31 October 2001, p. 8).

"We have seen \$315 million in additional funding going to the Australian Federal Police since we came to office and we are now starting to see the results. We have had greater drug seizures. That has had an impact. There are fewer heroin deaths in Australia now than there were two years ago. You don't hear that talked about very much because it doesn't suit the social and political agenda of many commentators in Australia to acknowledge that we might in fact be making progress on that front. Theirs is a counsel of surrender and despair on this issue, whereas ours is a steadfast belief that if you apply the resources and you make a commitment you can make a difference" (Howard (30/10/2001)).

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“Dear local resident,

The Commonwealth Government's *Tough on Drugs* strategy is working to protect our children by cracking down on drug traffickers, educating our community and helping those in need. You may have heard not so long ago that the number of heroin deaths in Victoria this year has fallen by over 80 per cent compared to the same period last year.

Without making exaggerated claims it is worthwhile to look at some of the possible factors that have influenced this result.

The Australian Federal Police now ranks second in the world for the amount of drugs seized per capita, and through the *Tough on Drugs* strategy have redoubled their efforts to become number one in the world.

Since we began our *Tough on Drugs* plan the amount of heroin seized by law enforcement agencies has more than doubled and the amount of cocaine seized has increased more than eightfold.

While we are making progress it is important not to give up the fight” (letter from the Prime Minister in *“Tough on Drugs!: a community newsletter for local residents from your Federal Member of Parliament, Gary Nairn of Eden-Monaro, Queanbeyan, not dated [October 2001]*).

4. “Senator Ellison said that the community had reaped the rewards of the Government's record investment in Commonwealth law enforcement agencies, with record drug seizures leading to a heroin drought in capital cities and a substantial reduction in heroin overdose deaths” (Ellison (8/8/2001)).

“The Report released yesterday by the NSW Bureau of Crime Statistics and Research into Australia's heroin drought provides strong evidence which supports the Coalition's *Tough on Drugs* strategy, the Minister for Justice and Customs, Senator Chris Ellison, said today. . . .

“Prevention is a very important part of the fight against drugs. . . . Equally as important is the \$212 million devoted to supply reduction. Under the *Tough on Drugs* strategy, an additional \$98 million over four years has been allocated to the AFP and an additional \$70 million to Customs, to help these agencies achieve record drug seizures. This supply reduction is critical because health and education measures can only be fully successful in an environment where the supply of illicit drugs is being reduced” (Ellison (18/10/2001)). The minister misquoted the study of the NSW Bureau of Crime Statistics and Research. This is discussed in W.M. Bush, “The waning of clear thinking in decision making: law enforcement and drugs” at www.ffdlr.org.au.

5. “Senator Patterson said she was confident that the *Tough on Drugs* three pronged approach to fighting illicit drugs through law enforcement, education and treatment was beginning to show results. ‘Rates of death from heroin

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overdoses have fallen significantly, which is good news," she said. 'One contributor to the decline in deaths is the recent reduction in the availability of heroin in Australia. This heroin drought is unique to Australia. Nowhere else in the world appears to have a similar shortage of heroin'" (Patterson (7/12/2001)).

"Minister hails drug strategy

THE federal Government's strategy on illicit drugs has contributed to an Australian heroin drought that is unique in the world, claims Health Minister Kay Patterson.

Outlining how the Government would spend \$109 million in the next four years in its Tough on Drugs program Senator Patterson said the program had achieved significant results in its first four years.

'The rates of death from heroin overdose have fallen significantly, which is good news,' she said.

'One contributor to that decline is the recent reduction of availability of heroin in Australia and it appears that nowhere else in the world do they have a similar heroin drought.

'As well as changes in the international drug market this drought reflects the continual efforts of the drug seizures by federal agencies.

'That increased effectiveness in Australian law enforcement reflects more than \$200 million which has been directed to improving protection of Australian borders and its community from illicit drugs through Tough on Drugs'" (*Weekend Australian*, Saturday 12 January 2002, other p. 6).

6. "The major source of heroin imported into Australia is Burma, which accounts for some 80 per cent of supply" (AFP, *Annual report 2000-01*, p. 21).
7. "[C]ontinuing drought conditions in Southeast Asia, helped Afghanistan surpass Burma to become the world's leading heroin producer in 1999" (US, National Drug Intelligence Center (October 2000) p. 36).

"Severe drought in Myanmar's poppy-growing areas—principally northern and southern Shan State—caused production and cultivation to decline significantly in 1999; the third year in a row. In 1999 there were an estimated 89 500 hectares under opium poppy cultivation, down 31 per cent on 1998. . . . There has been a steady decline in the production of opium gum in Myanmar since 1997, mainly because of the drought in northern and southern Shan State (US Department of State 2000)" (*Australian illicit drug report 1999-00*, p. 29).

The INCB refers to a decline of opium production in Burma but makes no mention of weather conditions. "While Myanmar continues to be the world's second largest source of heroin and opium, illicit opium production has declined in recent years" (INCB, *Report 2000*, para. 328). It refers to adverse

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weather conditions leading to a decline of production only in Afghanistan (para. 397 & 422).

8. “The reality is that in Burma the production of opium increased considerably between 1999 and 2000, in fact up to 1,087 metric tonnes was produced in 2000” (Assistant Commissioner John Davies, 7:30 report, ABC, Wednesday 30 January 2002). A different figure of 1,837 metric tonnes appears in the transcript at ABC (Jan. 2002).
9. Estimates of potential yield in metric tonnes of opium in Burma: 2000 - 1,085; 1999 - 1,090; 1998 - 1,750; 1997 - 2,365; 1996 - 2,560; 1995 - 2,340; 1994 - 2,030; 1993 - 2,575; 1992 - 2,280 (Section on Southeast Asia and the Pacific in US, DOS, *Narcotics Control Reports, 2000*).
10. Gordon (Sept. 2001) p. 20. There has been “a rapid increase in the number of heroin addicts in Yunnan Province in China during the 1990s” (*ibid.*, p. 19).
11. Moor (19/06/2001)a. “. . . [I]n markets supplied from the Golden Triangle heroin generally has not been scarce and has not risen unduly sharply in value over a sustained period” (Gordon (Dec. 2001)). “Nor has limited production in Burma and the surrounding countries of the so-called Golden Triangle - which together supply more than 80 per cent of the Australian market - caused a heroin shortage in Asia” (Gordon (Jan. 2002)). “In China and Asia there does not seem to be any shortage of heroin available to those that want it” (Assistant Commissioner John Davies, 7:30 report, ABC, Wednesday 30 January 2002).

The decision not to export to Australia may have been a reason operating since the drought for the situation of relative plenty in Asia.

12. “‘There are a number of reasons for this switch in emphasis from heroin to amphetamine-type substances,’ he [Mr Keelty] said. . . .
“‘Such crops are also subject to the vagaries of the weather. And in the Golden Triangle region of Asia, which supplies 80 per cent of Australia’s heroin, there have been three successive droughts during the growing season that have devastated the crops’” (Moor (29/10/2001)).
“Droughts in the Golden Triangle have had an impact” (Keelty (9/12/2001)).
13. “The reality is that no other country is experiencing a heroin drought in the same terms that we are. While there is anecdotal evidence of a change in Canada, the European experience is that heroin has never been cheaper or purer” (Keelty (9/12/2001)).
“All of [the leading European analysts attending a conference in London in June] said that heroin had never been cheaper or purer in Europe than at that time This was consistent with the view that the market was being kept cheap by the existence of a large pipeline of heroin, morphine and opium that stretched from Afghanistan to Europe. This pipeline had been created as a

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result of the record production in Afghanistan over the 1999 growing season” (Gordon (Dec. 2001)).

“Australia's drought is a unique phenomenon. Europe receives about 90 per cent of its heroin from Afghanistan. However, at the height of the drought in Australia, heroin was never cheaper and purer than it was in Europe. This is consistent with the view that the market was being kept cheap by the existence of a large pipeline of heroin, morphine and opium created by the record 1999 production in Afghanistan” (Gordon (Jan. 2002)).

14. “Mr Keelty said the national heroin shortage was the result of several factors. A major one was a business decision by Asian organised crime gangs to switch from heroin production as their major source of income to the making of methamphetamine, or speed, tablets” (Moor (19/06/2001)b).

“AFP intelligence suggests getting the Burmese methamphetamine tablets, known as ‘yaa baa’ (crazy medicine) pills, on to the Australian market is high on the agenda of Asian organised crime gangs” (Moor (19/06/2001)a at p. 4).

“Mr Keelty said the Asian drug barons would continue to supply some heroin to the Australian market, but intelligence suggested they were gearing up to aim for a new and much bigger market of people prepared to use methamphetamine pills” (Moor (19/06/2001)b).

“The exclusive INSIGHT report [in June] revealed they [Asian crime czars] had made a marketing decision to deal mainly in methamphetamine tablets instead of heroin” (Moor (19/07/2001)). Market research “. . . had promoted them [Asian organised crime syndicates] to switch from heroin production to churning out speed pills, which they often disguised as ecstasy tablets” (*ibid.*).

“[D]iversification into other substances has had an impact [on heroin availability]” (Keelty (9/12/2001)).

15. “They are making speed pills that look like ecstasy and in many cases they attempt to pass it off as ecstasy. Some people might think these tablets are sexier than heroin. And the syndicates have their market research which tells them that these days people are more prepared to pop a pill than inject themselves,” he said” (Mr Keelty quoted in Moor (19/06/2001)a at p. 1)

“Mr Keelty said Asian organised crime syndicates had done market research that told them people were now more prepared to pop a pill than inject themselves with heroin” (Moor (19/07/2001)).

16. “After 1998, those working in law enforcement realised that the syndicates could not be taken down by activity in Australia alone, but that the challenge was an international one. Such off-shore activity is expensive, and the new resources provided after 1998 helped significantly in developing a capacity to work with other law enforcement agencies in an off-shore environment” (Gordon (Dec. 2001))”.

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“[E]ngagement with law enforcement agencies in source countries has had an impact [on heroin supply]; increased resources for Customs and the AFP has had an impact” (Keelty (9/12/2001)).

“Progressively after 1998, Australian law enforcement began to operate more effectively with colleagues from the Asian region. Together this network of law enforcement agencies was able to build a better understanding of how the syndicates operated. A number of the major players in the region were consequently put out of action. And because there were relatively few players, there was the potential eventually to affect the market” (Gordon (Jan. 2002)).

17. “In 2000-01, the AFP seized 249 kg of heroin domestically and was significantly involved in operations leading to the seizure of another 357 kg overseas. Although domestic seizures were low compared to the past two years, overall seizures – including those overseas – remained high. Recent substantial heroin seizures in Australia and overseas have been followed by reports of reduced availability on the streets and a decline in overdoses Australia-wide” (AFP, *Annual report 2000-01*, p. 17).

“[G]ood work by all these agencies [the AFP, Customs and enforcement agencies in source countries] has identified syndicates and smuggling methodologies that have resulted in major seizures” (Keelty (9/12/2001)).

“[T]he quantity of heroin seized by authorities has risen significantly (Australian Bureau of Criminal Intelligence 2001 [*Australian Illicit Drug Report 1999-2000*], p. 34). In 1993-94, around 50 kilograms of heroin were seized in Australia by drug law enforcement authorities. In 1998-99 more than 500 kilograms were seized. The quantity seized fell back to about 270 kilograms the following year but, even at this level, the quantity seized is still substantially above that seized in the early part of the decade” (Weatherburn, Jones, Freeman & Makkai (October 2001) p. 2).

Curiously Gordon does not mention heroin seizures as a reason for the drought (Gordon (Dec. 2001) & Gordon (Jan. 2002)).

18. “He [Mr Keelty] said the AFP and customs had seized several very large heroin shipments and discovered many of the importation methods used by Asian drug lords. ‘This has prompted a conscious decision to move the market away from heroin into something that is far easier to put into the marketplace,’ Mr Keelty said” (Moor (19/06/2001)b).
19. *Ibid.* “State and Federal police have arrested a number of significant figures involved in importing and distributing heroin in Australia” (Weatherburn, Jones, Freeman & Makkai (October 2001) p. 2).

The syndicate concerned appears to be the one described in NCA (August 2001) pp. 30-31. “In March 2001 the head of the syndicate was sentenced to 16 years prison (with a non-parole period of 12 years) in relation to the charge of conspiracy to supply a large commercial quantity of heroin” (*ibid.*, p. 31).

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- “Now, if this individual [Quok Hung Nhung] who was the key link in the chain between the overseas side of the network and getting it on to the streets of Sydney had not been removed, then clearly major quantities would no doubt have been continuing to come through, we believe, on a regular basis. But by the taking out the one particular individual, we were able to disrupt the activities of the entire syndicate” (Assistant Commissioner John Davies in ABC (Jan. 2002)).
20. “AFP international postings are also assisting in the identification of drug trends, particularly in Southeast Asia and Papua New Guinea. The AFP have recently established new posts in Beijing China and Hanoi, Vietnam. The Australian Government is responding to globalisation and the increasing transnational nature of organised crime by supporting expansion of the AFP international network. The overseas liaison network will be increased in early 2000 to a total of 20 overseas posts staffed by 33 AFP members. The Hong Kong post is being increased to four and there are negotiations underway to open new posts in The Hague; Bogota, Colombia; and Rangoon, Burma” (AFP, *Annual report 2000-01*, p. 17).
 21. Australian Bureau of Criminal Intelligence, *Australian illicit drug report 1998-99* (Australian Bureau of Criminal Intelligence, Canberra, March 2000) p. 124
 22. “The United States Government and Australian authorities cooperate widely in the global drug problem” (Australian Bureau of Criminal Intelligence, *1995-96 Australian illicit drug report* (Australian Bureau of Criminal Intelligence, Canberra, December 1996) p. 169.
 23. “. . . [T]he Blade Task Force has had some major successes in seizures of heroin, cash, jewellery and assets from offenders in Australia and in Hong Kong, where the latter has been the focus of a number of successful joint operations with the Royal Hong Kong Police (RHKP)” (*ibid.*, p. 177).
 24. AFP, *Annual report 2000-01*, p. 14.
 25. “The production and distribution of drugs is increasing across the globe. The illicit drug trade is now an international, multi-billion dollar enterprise with its undisclosed and untaxed profits rivalled by few industries. Estimates of the size of the illicit drug trade range from US \$300-\$500 billion of the United States per annum” (<http://www.pm.gov.au/news/speeches/1998/interpol.htm> visited 3/01/02).
 26. Access Economics, “Illegal drugs” in *Access Economics economics monitor*, October 1997, pp. 14-18.
 27. “Global ATS [amphetamine type stimulants] seizures (diagram 1) rose dramatically between 1990 and 1998. The increase in ATS seizures was relatively far greater than for heroin and cocaine. Moreover, the increase in ATS seizures was far greater in Asia than elsewhere. While seizure rates do

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- not necessarily correspond with production, they can be a good indicator of production trends” (Gordon (Sept. 2001) at p. 18).
28. “Australia's biggest ever heroin haul had not dented local supply of the drug, Australian Federal Police Commissioner Mick Palmer admitted yesterday.
- “The seizure last month of 400kg of heroin with a street value of \$400 million led to the arrests of 18 people and was among the largest heroin hauls in the world, Mr Palmer said.
- “But despite the size of the seizure, heroin prices had not risen and there did not appear to be shortage of the drug in Australia, he said.
- “Mr Palmer said it would have been optimistic to have expected the seizure to have impacted in Australia” (*Herald Sun* (Melbourne), Wed, 25 Nov 1998, p. 22).
29. “In 2000–01, the AFP seized 249 kg of heroin domestically and was significantly involved in operations leading to the seizure of another 357 kg overseas. Although domestic seizures were low compared to the past two years, overall seizures – including those overseas – remained high” (AFP, *Annual report 2000-01*, p. 17 and p. 21, figure 6).
30. “During the period 1984-1987 the National Drug and Alcohol Research Council (NDARC) estimated the number of dependent heroin users in Australia as being approximately 34,000. Using a consumption rate of .5 grams a day with a conservative 50% purity rate, the annual consumption rate of heroin at that time was more than 3 tonnes.
- “In a more recent estimate of dependent opioid users in Australia published last year NDARC estimated the number of dependent heroin users had grown to a range of 67,000 to 92,000 with a median of 74,000 users. Based on the median figure of 74,000 dependent users and a consumption rate of .5 grams per day at a purity rate of 50%, the approximate consumption rate of heroin each year in Australia can now be assessed as approximately 6.7 tonnes. This represents a doubling of the situation from 17 years ago. If the higher end figure is used then a consumption rate of in excess of 8 tonnes per year is possible.
- “Law enforcement has interdicted only a fraction of the illicit drugs circulating in the community. In the year 1999/2000 Australian law enforcement agencies seized a total of approximately 5.3 tonnes of illicit drugs in Australia. Of this 5.3 tonnes, approximately 734 kilograms was heroin. Based on a conservative consumption rate of approximately 6 tonnes as illustrated above this represents just 12% of the heroin being consumed. If the higher consumption rate of 8 tonnes is considered the interdiction rate is even more alarming” (NCA (August 2001) pp. 21-22).
31. See fn 47 below. The methods of concealment for importation of heroin and amphetamine-like drugs are diverse but comparable as revealed in the

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Australian illicit drug report 1999-00, chaps. 3 and 4, reports of earlier years, the AFP, *Annual report 2000-01*, particularly p. 23 and the list of large amphetamine seizures in AFP & NCA (6/12/2001).

“Southeast Asian drug networks use ingenious methods to conceal illicit drugs, as well as their external distribution links” (*Australian illicit drug report 1999-00*, p. 55).

“International criminal networks are becoming increasingly sophisticated with greater access to the latest technologies for both the concealment and smuggling of drugs as well as the proceeds of their crimes” (Address by the Prime Minister to ICPO-INTERPOL 15th Asian Regional Conference, Canberra, 17 February 1998 at <http://www.pm.gov.au/news/speeches/1998/interpol.htm> visited 3/01/02).

32. “. . . [W]e need to learn the lesson that followed the breaking up of the Cali Cartels in Colombia in the early 1990s. On that occasion, numerous mid and lower level traffickers took over the cocaine trade. As they developed their trafficking skills, they proved just as difficult to dislodge as the Cali Cartels - and there were more of them” (Gordon (Dec. 2001)).

“However, there is no guarantee that heroin will not again flow more freely into the Australian market. When the Cali cartels in Colombia were dismantled in the early 1990s, numerous mid- and low-level traffickers took over the cocaine trade. As they developed their trafficking skills, they proved just as difficult to dislodge as the Cali cartels - and there were more of them. We need to guard against the possibility that the situation in Australia may evolve along similar lines” (Gordon (Jan. 2002)).

33. “Acting on a tip-off, the Federal Police targeted Mr Nhung, a man who turned out to be a key organiser for a major heroin syndicate” (ABC reporter (Matt Brown) in ABC (Jan. 2002)). In the programme the target was named as Quok Hung Nhung.

34. “A secret market like heroin will always be somewhat opaque. It is possible, however, that the dismantling of a major syndicate in mid-2000 by an Australian-led international task force may have been the ‘straw that broke the camel’s back’ of the Australian heroin market. This syndicate allegedly had been bringing in large shipments to Australia on a very regular basis, using an excellent modus operandi (from their point of view)” (Gordon (Dec. 2001)).

“It is possible that the dismantling of a major syndicate in mid-2000 by an Australian-led international task force may have been the ‘straw that broke the camel’s back’ of the heroin market here. This syndicate allegedly had been bringing in large shipments on a regular basis, using an excellent modus operandi (from its point of view)” (Gordon (Jan. 2002)).

35. “Mr Keelty said the national heroin shortage was the result of several factors. A major one was a business decision by Asian organised crime gangs to

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- switch from heroin production as their major source of income to the making of methamphetamine, or speed, tablets” (Moor (19/06/2001)b).
36. Moor (19/06/2001)a at p.1 and Moor (19/07/2001).
37. A big increase in seizures of amphetamine-like drugs had been reflected in the AFP 2000-01 annual report: “amphetamines, including MDMA, made up 477kg, up 106 per cent on the previous year” (Ludlow (29/10/2001)). These figures reflect the table of seizures at AFP, *Annual report 2000-01*, p. 93. “MDMA seizures increased markedly in 2000-01, with 380 kg seized domestically compared to 172 kg in the previous year. Another 71 kg was seized in overseas operations” (*ibid.*, 17).
- “Australian Federal Police Commissioner, Mr Mick Keelty, said today's seizure of more than \$30 million worth of ATS (amphetamine type stimulants) confirms earlier warnings from the Australian Federal Police that Australia would be targeted by drug syndicates trying to expand their markets. . . . ‘We know from the AFP liaison officer network that amphetamines are widely available across Asia and these drugs are causing major problems for enforcement agencies and health officials’” (AFP media release (17/10/2001)).
- “One strong message to emerge [from the Heads of National Drug Law Enforcement Agencies Asia and Pacific Region (HONLEA) meeting in Sydney in October] was that methamphetamine-based tablets are rapidly replacing heroin as the main drug problem facing Australia” (Moor (29/10/2001)). “While Mr Keelty is not wiping off heroin as a problem Australia will continue to face, he is more concerned about the policy decision of Asian organised crimes to target young Australians with speed tablets” (*ibid.*).
38. Moor (29/10/2001) in reporting the outcome of the HONLEA meeting that Mr Keelty chaired.
39. “The availability of satellite imagery to law enforcement has made opium crops much easier to locate” Mr Keelty quoted in Moor (29/10/2001). “Because heroin is derived from a cultivated crop there is inherent risk in its production. Opium cultivation is visible from aircraft or satellite. . . . On the other hand, methamphetamine production facilities are more mobile and production is not subject to opium eradication campaigns such as the one currently being sponsored by the UNDCP” (Gordon (Sept. 2001), pp. 17-22 at pp. 19-20).
40. “Such crops are also subject to the vagaries of the weather. And in the Golden Triangle region of Asia, which supplies 80 per cent of Australia's heroin, there have been three successive droughts during the growing season that have devastated the crops. Gangs producing amphetamine based tablets don't face these same problems. There is no crop with methamphetamine production” (Mr Keelty quoted in Moor (29/10/2001)).

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"The fact that this family of drugs can be manufactured from synthetic substances removes the risk of being tied to crop production sites - ATS can be produced from clandestine laboratories anywhere" (AFP media release (17/10/2001)).

Opium "is susceptible to drought, floods and frost" (Gordon (Sept. 2001), pp. 17-22 at p. 19).

41. "The problem for world law enforcement is that where it has in the past been able to focus on crop eradication - whether it be the opium poppy for the production of heroin or the coca plant for manufacturing cocaine - there is no crop with methamphetamine production. It can be manufactured in almost any place where the precursor chemicals are available and ephedrine, which is the main chemical used in methamphetamines, is largely available right through China and most parts of Asia. This is going to be a real problem for the future,' he said" (Mr Keelty quoted in Moor (19/06/2001)b).

"The precursor chemicals are widely available which makes these drugs more difficult for law enforcement to counter" (Mr Keelty quoted in AFP media release (17/10/2001)).

"There is no crop with methamphetamine production. It can be made wherever the precursor chemicals are available and ephedrine, which is the main chemical in methamphetamines, is available through China and most parts of Asia" (Mr Keelty quoted in Moor (29/10/2001)). "He [Mr Keelty] said the base plant for amphetamines grew wild throughout China, Thailand and Burma" (Ludlow (29/10/2001)). The apparent contradiction between these two statements is explained by the AFP as follows:

"Methamphetamine production, on the other hand, requires ephedrine, which can be obtained either from the Ephedra bush, which grows naturally in northwest China, or can be synthesised. The synthesised product - pseudo-ephedrine - is more commonly used. Significantly, pseudo-ephedrine is not subject to the vagaries experienced in agricultural production" (Gordon (Sept. 2001), pp. 17-22 at p. 19).

42. "The heroin distribution process also relies on various levels to get the drug on the street, with each level facing the risk of detection. Whereas with methamphetamine tablets, they basically go straight from the factory to be sold on the street. From pill press to profit in two steps is a much better business proposition than going through the many levels necessary to produce and sell heroin" (Mr Keelty quoted in Moor (29/10/2001)). "Methamphetamine, the main ingredient of ecstasy, was easier to make and transport than heroin" Mr Keelty reported in Ludlow (29/10/2001). "Opium . . . is reliant upon skilled labour for cultivation" (Gordon (Sept. 2001), pp. 17-22 at p. 19).
43. "You have to look at the profit margins here, which is something the syndicates are very interested in. The production of heroin from the

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cultivation of the opium poppy is very labour intensive, whereas manufacturing methamphetamine tablets, by comparison, isn't. It is also far easier to flood a market with pills than it is heroin" (Mr Keelty quoted in Moor (19/06/2001)b).

"ATS [amphetamine-type stimulants] also proved exceptionally profitable, due in part to the rapidly developing ATS market in Thailand and to the low production costs relative to wholesale price. While heroin may be a more valuable product per kilogram at both retail and wholesale levels, from the producers' point of view, the mark-up can be considerably greater for methamphetamine. In fact, in the context of exports from Burma to Thailand, at the laboratory door the mark-up for methamphetamine is greater by a factor of nearly nine. At each successive stage, it is still greater but not by so much" (Gordon (Sept. 2001) at p. 20).

"There is a lot of appeal in ATS [amphetamine type stimulants] for drug syndicates because there is less risk and higher profits involved in its production" (Quotation from Mr Keelty in AFP media release (17/10/2001)).

44. "ATS also proved exceptionally profitable, due in part to the rapidly developing ATS market in Thailand and to the low production costs relative to wholesale price. While heroin may be a more valuable product per kilogram at both retail and wholesale levels, from the producers' point of view, the mark-up can be considerably greater for methamphetamine. In fact, in the context of exports from Burma to Thailand, at the laboratory door the mark-up for methamphetamine is greater by a factor of nearly nine. At each successive stage, it is still greater but not by so much. These differentials are set out in Table 1, which compares the mark-ups for methamphetamine tablets and heroin manufactured in the Golden Triangle and exported through Thailand. These data are calculated from Thai price data. Open source data produced by US authorities are somewhat different, but do not suggest different conclusions in respect of the profitability between the two substances from the manufacturers' point of view.

<i>Transition</i>	<i>Methamphet Tablets Mark-up %</i>	<i>Heroin Mark-up %</i>
Conversion of raw materials at production site	1900	214 (assumes 14% yield from opium)
Thai/Burma border area to Thai/Lao border	18	Heroin cheaper at Thai/Lao border than at Thai Burma border.
Thai/Burma border area to northern Thai regions	54	30
Thai/Burma border area to Bangkok region	99	36
Thai/Burma border area to central Thailand	152	Not available
Thai/Burma border area to southern region	266	71

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Table 1: a comparison of the mark-ups for methamphetamine tablets and heroin manufactured in the Golden Triangle and exported through Thailand” (Gordon (Sept. 2001) p. 20).

45. “Mr Keelty said a decision by the Taliban last year to ban opium growing in Afghanistan had dramatically reduced the world's heroin supply. Afghanistan had previously been responsible for about 75 per cent of the world's heroin supply, with the bulk of it going to Europe and North America. ‘We were told at the [HONLEA] conference that the ban imposed by the Taliban was effectively implemented,’ he said. ‘It reduced the opium growing cultivation in some areas by 90 per cent and the estimates are that this will reduce global opium production by 60 per cent’” (Mr Keelty quoted in Moor (29/10/2001)).
46. “Mr Keelty said the Asian drug barons would continue to supply some heroin to the Australian market, but intelligence suggested they were gearing up to aim for a new and much bigger market of people prepared to use methamphetamine pills. ‘We have made it harder for them to get heroin into the country and at the same time they have realised our harm minimisation and AIDS-warning programs have made it less attractive to use needles,’ he said. ‘I guess to a lot of people the tablet has got this sex appeal about it that injecting heroin into your arm doesn't have. The syndicates are aware of this trend and are capitalising on it by producing methamphetamine tablets designed to appeal to a new breed of drug taker’” (Moor (19/06/2001)b).
- “The syndicates have adopted clever techniques to increase the markets for these substances by promoting these drugs as ‘designer’ substances with attractive names such as ‘ecstasy’. They have also promoted the view that these substances are relatively safe . . .” (Mr Keelty quoted in AFP media release (17/10/2001)).
47. “‘WY’ brand methamphetamine is the brand most commonly produced by the Wa ethnic group in North East Burma. . . . Recently, a large amount of ATS market with a ‘WY’ was seized in Australia under *Operation Wahoo*” (Gordon (Sept. 2001) at p. 21).
- “... [T]here is an increasing trend for European-sourced ecstasy to be trafficked to Australia by Asian criminals, who tranship it through South East Asian transport nodes” (*ibid.*, pp. 21-22).
- “In Australia, *Operation Pataka* involved 15kg of heroin and 125kg of MDMA (source unknown, but possibly pressed in China)” (*ibid.*, p. 22).
- “... [W]e are now seeing higher levels of trafficking of cocaine by Asian criminals, including into Australia” (*ibid.*).
- “... [P]olice said the seizure [of suspected ecstasy tablets] highlighted a growing problem: the arrival in Australia of ecstasy manufactured in South-East Asia rather than Britain or the Netherlands, the traditional sources. They said amphetamines had taken off in some Asian countries in the past few

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years, particularly a drug called Yaba, which was about 70 per cent caffeine and about 15 per cent amphetamine. "Going back four or five years a lot of heroin labs changed over to producing Yaba," one law enforcement source said. The makers saw amphetamines as not having the same stigma as heroin, and perhaps carrying a lighter penalty should they be caught" (Neil Mercer, "\$30m drug seizure cracks crime syndicate" in *Sydney Morning Herald*, Thursday 18 October 2001, p. 4).

"European sourced ATS is now being overtaken by Asian-sourced amphetamine type stimulants. Recent seizures have consisted of the highly pure methamphetamine known as 'ice' and the form of methamphetamine known as 'ya ba', which consists of a mix of methamphetamine and caffeine" (Mr Keelty quoted in AFP media release (17/10/2001)).

"While we believe that most methamphetamine is still produced domestically, we are starting to see major importations from Asia" (AFP, *Annual report 2000-01*, p. 3).

"The profile of amphetamine-type stimulants (ATS) in Australia has become starker, with indicators of availability and seizures increasing (see *Figure 8* and *Figure 9*). The extent of MDMA and similar drug use in Australia continued to expand during the reporting period. South-East Asian centres have increasingly been used as transshipment points for the drug as it is being trafficked from Europe to Australia. . . . The co-shipment of ATS and heroin from South-East Asia was a notable development that illustrates how traffickers spread the range of commodities they smuggle" (*ibid.*, p. 22).

"During November and December 2000, the AFP and Customs jointly seized 79 kg of methamphetamine (Australia's largest 'ice' seizure to date) and 184 kg of heroin imported by a Hong Kong based principal into Australia concealed in a number of shipping containers. . . . Australia's largest seizure of MDMA to date occurred in March 2001 when a cargo container arrived in Sydney from China by sea and was found to contain 15 kg of heroin and 125 kg of MDMA concealed in cartons of tinned pineapples" (*ibid.*, p. 23).

"An investigation involving the Joint Asian Crime Group which includes the National Crime Authority, AFP, Customs and Hong Kong authorities resulted in the seizure [on December 21, 2000] of 79kg of the amphetamine drug known as 'Ice' and 184kg of heroin in Sydney. This seizure is ten times the size of the previous largest seizure of 'Ice' in Australia. The Ice was found in the construction of two containers of plastic modular storage units that were sent by sea from China to Sydney. Further analysis of suspect consignments led to another three containers being identified which were subsequently found to contain heroin" (AFP & NCA (6/12/2001)).

"Federal authorities seized [on March 28, 2001] a \$25 million haul of the amphetamine-type stimulant, MDMA and arrested two people on charges related to the illegal drug importation in March 2001. The seizure occurred on 28 March after Customs officers in Sydney targeted a shipping container for inspection and allegedly found concealed within a consignment of pineapple

tins, approximately 500,000 tablets (125.25kgs) of MDMA as well as 15 kgs of heroin. The investigation resulted in the arrest of two people in Sydney in connection with the importation” (*ibid.*).

48. In the context of the production of WY brand methamphetamine by the Wa in Burma, growth in use of ecstasy in Asia and the development of incipient production capacity there, Gordon states:

“Given the background described above, it makes sound economic sense for the Wa and other producers and traffickers to combine consignments of different drugs in the same shipment” (Gordon (Sept. 2001) at p. 22).

“And the Hong Kong based syndicates regularly deal in methamphetamines and heroin, even offering one drug when the other for some reason cannot be obtained. Of particular interest, we are now seeing higher levels of trafficking of cocaine by Asian criminals, including into Australia. These developments are all part of a global phenomenon of convergence of criminal networks and, concomitant to this, poly-drug trafficking” (*ibid.*, p. 22).

“Not only is there convergence in the trafficking of different drug types throughout the South East Asia, but also convergence of crime types. For example, drug smugglers are now involved in people smuggling, credit card fraud, counterfeiting and prostitution. A good example of this phenomenon is provided by *Operation Logrunner*, resulting in the seizure of 357kg of heroin in Fiji. That syndicate was allegedly involved in credit card fraud, people smuggling and counterfeiting” (*ibid.*).

“In a wide-ranging interview with the Herald Sun Mr Keelty, also revealed . . . co-operation between organised crime gangs is rife as they shun traditional rivalries and form alliances to achieve mutual profit from drug and people smuggling, credit card fraud, money laundering and other crimes” (Moor (19/06/2001)a at p. 4).

“Mr Keelty said the AFP was aware of crime syndicates which have joined forces in using the Pacific region as a base to smuggle drugs into Australia” (Moor (19/06/2001)c).

“A worrying trend for law enforcement is that traditional heroin producers are now able to diversify their production into methamphetamines and authorities are seeing a flood of these drugs into Asia. Some 13 million ecstasy tablets were seized during just two recent operations in Thailand” (AFP, *Annual report 2000-01*, p. 3).

“Co-production of heroin and methamphetamine in tablet form in the same Golden Triangle (ie, Burma, Laos and Thailand) laboratories increases the likelihood for continuing poly-drug imports into Australia and diversified criminal distribution networks” (*ibid.*, p. 21).

“Traditional heroin producers in Southeast Asia have diversified into amphetamine-type substances” (*Australian illicit drug report 1999-00*, p. 55).

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49. See fns 3 to 5 above.
50. “Mr Keelty said the national heroin shortage was the result of several factors. A major one was a business decision by Asian organised crime gangs to switch from heroin production as their major source of income to the making of methamphetamine, or speed, tablets. He said the AFP and customs had seized several very large heroin shipments and discovered many of the importation methods used by Asian drug lords. ‘This has prompted a conscious decision to move the market away from heroin into something that is far easier to put into the marketplace,’ Mr Keelty said. ‘Something that is far more mobile, far easier to secrete and is also considered by some to be far sexier.’” (Moor (19/06/2001)b). Likewise Gordon refers to “A combination of factors including law enforcement” (Gordon (Dec. 2001)) and “No thinking person in law enforcement would claim that Australia's heroin drought has been wholly achieved by police activity. However, much of the commentary on this subject has tended to downplay the force's important role” (Gordon (Jan. 2002)).
- “The heroin drought is the result of many factors and not just isolated ones” (Keelty (9/12/2001)). See also further cautious comments of his at fn 34.
51. “International comparisons are often difficult because of differences in the crime environments and justice systems, as well as the diversity of political, social and economic climates. Drug law enforcement is an area of relatively easy comparison as results can be quantified in terms of either kilograms or number of units seized and are widely reported. Despite this ready comparability, caution is advised in interpreting individual results as the environments within which law enforcement agencies operate vary widely.
- “For various validity purposes pertaining to drug consumption patterns, the benchmarking was restricted to countries which share a common cultural heritage. Some 18 nations, members of the European Union (EU), the United States of America (USA), Canada and Australia, as well as the total for the European Union and United Nation’s estimates of global seizures were included in the comparison. The benchmarking study compared seizure rates against population for the years 1995–98.
- “In this period, AFP:
- heroin seizures increased from 8.3 kg per million residents to 28.1;
 - cocaine seizures increased from 1.1 kg per million residents to 16.6; and
 - MDMA seizures increased from 1,125 tablets per million residents to 16,890.
- “Results for AFP effectiveness indicated that between 1995 and 1998, the AFP moved from:
- 10th place to 2nd with respect to heroin ;

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- 15th place to 12th with respect to cocaine; and
- 11th place to 5th with respect to MDMA.

“The results suggest that the AFP, in cooperation with agencies such as Customs and other law enforcement agencies, has had outstanding success by world standards in seizing heroin importations. Prior to 2000, the AFP did not compare as well in terms of cocaine seizures or the level of targeting by syndicates. The AFP’s rate tended to be among the lowest when compared to the EU and North American nations. In 2000, however, the AFP’s performance placed it above the 1998 median for the EU and North America. The AFP has also had success in targeting MDMA imports. Despite volatility in the data, it is apparent that the AFP has improved to a point where its performance is near to the best of the EU. Only two countries, the Netherlands and the United Kingdom, consistently outperformed the AFP over the period 1995–98”(AFP, *Annual report 2000-01*, p. 20).

52. “Mr Ryan said that despite large heroin seizures in the past 18 months there was a rise in cocaine use, and an ‘enormous spread’ of amphetamines. ‘I think we are [losing the war], and so is every other country. We’re not winning; that is the point’” (Doherty & Delaney (10/08/2001)).
53. “We do have intelligence that would indicate that some of the senior players and some of these overseas syndicates have been concerned about the interception rates of drugs to this country and in fact have taken business decisions to put business elsewhere” (Assistant Commissioner John Davies in ABC (Jan. 2002)).
54. “They [the Asian crime syndicates] have . . . promoted the view that these substances are relatively safe, however, nothing can be further from the truth. We are already seeing deaths from these substances and there is worrying evidence emerging about the longer term effects on mental health” (Mr Keely quoted in AFP media release (17/10/2001)).

“There is also a high level of social cost associated with use of ATS, including criminality, violent behaviour, family breakdown and corruption in law enforcement due to the large amounts of money involved” (Gordon (Sept. 2001) at p. 22).

“For health and law enforcement agencies, the implications of the growing popularity of base methamphetamine are many. With the drug’s emergence, and the preference for injecting it, come the threat of a greater spread of blood-borne viruses, among them hepatitis C and HIV. . . . Interviews conducted by the Bureau with health organisations indicates that base appeals to users, and it is evident that use of the drug is posing a growing financial burden on health, law enforcement and welfare agencies” (*Australian illicit drug report 1999-00*, p. 54). Base is a very pure methamphetamine described as being either moist or oily in consistency and beige in colour—like putty (*ibid.*, p 53).

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“Persons who chronically use high doses of amphetamine suffer from a different set of drug effects. Stereotypical behaviors include continual, purposeless, repetitive acts; sudden outbursts of aggression and violence; paranoid delusions; and severe anorexia. The harmful effects that are seen in the high-dose user include psychosis and abnormal mental conditions, weight loss, skin sores, infections resulting from neglected health care, and a variety of other consequences that occur both because of the actions of the drug itself and because of poor eating habits, lack of sleep, or the use of unsterile equipment for intravenous injections. Most high-dose users show a progressive deterioration in their social, personal, and occupational affairs. Also seen is amphetamine psychosis with paranoid ideation; many addicts must be hospitalized intermittently for treatment of episodes of psychosis. Today, psychosis is especially seen in people who abuse methamphetamine.

“The toxic dose of amphetamine varies widely. Severe reactions can occur from low doses (20 to 30 milligrams). On the other hand, persons who have not developed tolerance have survived doses of 400 to 500 milligrams. Even larger doses are tolerated by chronic users. The slogan "speed kills" not only refers to a direct fatal effect of single doses of amphetamine but also to the deteriorating mental and physical condition that occurs in the addicted user” (Julien (1998) pp. 140-41).

“The effects of methamphetamine closely resemble and are frequently indistinguishable from those of cocaine. Both are potent psychomotor stimulants and positive reinforcers; self-administration is extremely difficult to control and modify, especially in abusers who use the drug either by injection or by smoking. Repeated high doses of methamphetamine are associated with violent behavior and paranoid psychosis. Such doses cause long-lasting decreases in dopamine and serotonin in the brain. These changes appear to be irreversible, because the chemical effects can persist for more than a year after drug administration. This toxic effect is directed at the neurons that manufacture dopamine and serotonin, and the biochemical changes do not appear to be expressed in gross behavioral changes. Permanent neurochemical alterations, however, may be expressed as alterations in sleep or sexual function, depression, movement disorders, or schizophrenia.

“... [P]rolonged cocaine use can result in psychoses resembling paranoid schizophrenia. A similar pattern of acute delusional and psychotic behavior occurs after smoking ICE. However, unlike cocaine, ICE-induced psychosis can persist for days or weeks and can occur much earlier. Fatalities reported to date have resulted from cardiac toxicity manifested as either pulmonary edema or heart failure. A recent case report has associated the smoking of ICE with recurrent corneal ulcerations” (*ibid.*, pp. 142-43).