

Drug Market and Criminality at the Time of COVID-19: State of Play and Perspectives

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ABSTRACT

The measures adopted by states around the world to contain the spread of the COVID-19 epidemic will have a major impact on the drug market. This note proposes to draw up, in the first part, an inventory of the situation in Europe and more particularly in France and, in the second part, to consider different scenarios on the repercussions of this unprecedented crisis on the criminal milieu that controls this market.

Keywords: drug market, COVID, France, Europe, crime

El mercado de las drogas y la criminalidad en la época del Covid-19: situación y perspectivas

RESUMEN

Las medidas adoptadas por los estados de todo el mundo para contener la propagación de la epidemia de COVID-19 tendrán un gran impacto en el mercado de las drogas. Esta nota propone realizar, en una primera parte, un inventario de la situación en Europa y más particularmente en Francia y, en la segunda parte, considerar diferentes escenarios sobre las repercusiones de esta crisis sin precedentes en el medio criminal que controla este mercado.

Palabras clave: mercado de drogas, COVID, Francia, Europa, Crimen

新冠肺炎期间的毒品市场和犯罪行为：状况与观点

摘要

全球各国在抑制新冠肺炎（COVID-19）大流行上采取的措施将对毒品市场产生重大影响。这篇报告在第一部分撰写了

欧洲情势总结，尤其是法国，在第二部分考量了不同场景下该前所未有的危机对控制毒品市场的犯罪环境所产生的影响。

关键词：毒品市场，新型冠状病毒病，法国，欧洲，犯罪

There is what we know, and what we can assume.

—Jean Dhondt

The measures adopted by states around the world to contain the spread of the COVID-19 epidemic will have a major impact on the drug market. The situation is indeed exceptional because, contrary to what has been the case in traditional economic crises, both supply and demand are artificially limited by containment measures and more or less partial border closures. This note proposes to draw up, in the first part, an inventory of the situation in Europe and more particularly in France and, in the second part, to consider different scenarios on the repercussions of this unprecedented crisis on the criminal milieu that controls this market.

A Globalized and Interconnected Market

The illicit drug market is today largely globalized and closely dependent on the vagaries of world trade. This is usually its strength, but in times of brutal crisis, it is also its weakness, as it is dependent on an international division of labor and relatively complex logistics chains, which can, as is the case today, become stretched or even broken. Thus, the first criminal organizations to bear the brunt of the early stages of the epidemic in China were the Mexican cartels, notably those of Sinaloa and Jalisco, producers of heroin, methamphetamine—a very powerful synthetic stimulant—and fentanyl, an opioid.¹

The sudden collapse, by more than 17 percent, of Chinese exports during the months of January and February 2020² has indeed affected Mexico's supply of precursor chemicals needed to produce these three substances³ and greatly reduced drug exports to North America, well before Donald Trump's decision to

1 "Coronavirus pandemic drives up price of heroin, meth and fentanyl," Isabel Vincent, *New York Post*, 28 mars 2020 : <https://nypost.com/2020/03/28/coronavirus-pandemic-drives-up-price-of-heroin-meth-and-fentanyl/>

2 "China exports plummet by 17% as coronavirus takes its toll," Sue-Lin Wong, *Financial Times*, 7 mars 2020 : <https://www.ft.com/content/248396a6-5f89-11ea-b0ab-339c2307bcd4>

3 "Les précurseurs chimiques, dimension méconnue du marché mondial des drogues illicites," Michel Gandilhon, *Drogues, enjeux internationaux*, n° 7, OFDT, 2014 : <https://www.ofdt.fr/publications/collections/periodiques/drogues-enjeux-internationaux/les-precurseurs-chimiques-dimen>

close the huge land border with Mexico on March 20. The impact on the market for these drugs was not long in coming. In New York City, the wholesale and retail prices of these three substances were rising sharply. Thus, for methamphetamine, the price per half kilogram would have tripled from \$66-110 to \$264-308.⁴

If economic activity in China is, at the time of writing, resuming, the collapse of world trade and the fall in demand resulting from the depression, probably the most serious since the 1929 crisis, will in any case continue to affect the supply chains. Indeed, it is not enough for production to resume; it must also be sold. This is indeed the hard law of capitalism, the overproduction of goods being, as an author dear to the heart of Chinese leaders wrote, the *memento mori* of capital.⁵

The European Drug Market Affected

The European Union is largely dependent on global supply to feed its illicit drug market, which, given the high standard of living of its populations and the high prevalence of use, is the second largest market in the world, behind that of the United States, and therefore one of the most strategic for traffickers. The EMCDDA (European Monitoring Centre for Drugs and Drug Addiction) in its latest report on the issue estimates it at 30 billion euros.⁶ Thus, cannabis resin is produced in Morocco, cocaine in Colombia, and heroin in Afghanistan. The only exceptions are cannabis herb, which countries such as the Netherlands, Spain, Italy and the United Kingdom⁷ produce in mass, and synthetic drugs (MDMA, amphetamine, etc.), of which the Netherlands is a major producer.⁸

In this context, the French market, which produces nothing except cannabis herb, is particularly affected, depending as it does on imports. This is particularly the case for cannabis resin, the most widely consumed drug in France, which feeds a dynamic criminal milieu, established mainly for wholesalers in southern Spain and for semi-wholesalers and retailers in the outskirts of all the major French metropolises.

sion-meconnue-du-marche-mondial-des-drogues-illicites-numero-7-novembre-2014/

4 https://www.vice.com/en_us/article/wxek4m/coronavirus-is-leading-to-shortages-of-fentanyl-and-meth

5 Karl Marx, *Le Capital*, livre III, Editions sociales, 1997.

6 EMCDDA, Europol, *EU Drug Markets Report 2019*, Publications Office of the European Union, Luxembourg.

7 David Weinberger, Michel Gandilhon, Jalpa Shah, Nacer Lalam, "Illegal cannabis cultivation in Europe: new developments," *Echo Géo*, 4, 2019: <https://journals.openedition.org/echogeo/17704?lang=en>

8 Apart from disruptions in the supply of precursors (always the Chinese ...), the collapse following the containment of populations from the suspension of festive events, which are the usual setting in which these substances are consumed, the market for synthetic drugs is at a standstill and there is little need to return to it.

The dynamism of the traffic is attested by the high level of seizures made in France. In 2018, more than 85 tons of cannabis resin was intercepted, the second highest level ever observed, and in early 2019, trends were still on the rise.⁹ Therefore, given the millions of consumers in the year, tens of tons each month—27 tons according to the former ORTIS (Central Office for the Repression of Illicit Drug Trafficking), now OFAST (Office for the Suppression of Narcotics)—are needed to supply the French market, which, by the way, is the largest in the European Union.

We can therefore measure its importance, in financial terms, for criminal groups and the important consequences of the more or less partial closures of the borders decided by the States last March (Morocco, Spain, France).

Cannabis Resin Confined in Spain

Thus, for the criminal groups that export it from Morocco, where it is produced, several routes to Spain, which accounts for an average of three-quarters of the resin seizures made each year in the European Union, are already closed. This is particularly the case of ferry lines that leave the Moroccan coast, especially from Tangier and Al Hoceima, in the resin-producing Rif region, and reach the major cities of southern Spain, such as Malaga, Algeciras, Almeria, or Motril. This route is usually frequented by traffickers who load the cannabis resin into commercial and/or tourist vehicles.

Remains to reach Spain, the way of the seas. In addition to pleasure or fishing boats, Moroccan exporters mostly use semi-rigid boats, each capable of carrying up to 3 tons of cannabis resin, which cross the Mediterranean at night to land their merchandise on the coast or deeper into the country by going up rivers, such as the Guadarranque, renamed by traffickers the “narcos highway,” and the Guadalquivir. Some organizations can export up to 8 tons of resin per day.

The information made public by the Civil Guard at the end of March shows that the traffic continues: cannabis resin continues to reach the Iberian Peninsula, as evidenced by the recent dismantling of networks. Once landed, the hashish is received by teams working on behalf of wholesalers, many of them French, installed in Andalusia. This is where the heart of the wholesale market for cannabis destined for large outlets in France is located. In 2018, nearly 84 percent of cannabis resin seizures came from Spain.¹⁰

Once the orders are placed, teams specializing in transport are responsible for supplying the retailers. This is done by road by convoys of large sedans: the famous go-fast, or go-slow, which reach major French cities via motorways. These strategic roads are currently cut off, since France and Spain no longer allow pas-

9 OCRTIS, 2019

10 OCRTIS, 2018.

senger vehicles to pass through, or only allow cross-border workers. Therefore, a whole logistics chain is disrupted by the closing of borders and will have to be reorganized if imports want to continue.

Several possibilities are open to traffickers. They either rely on road transport of goods that are still allowed to cross the Spanish border or use container ships from Morocco. A Tangiers-Marseille line has been operating since 2017 that could be activated by traffickers on both sides of the Mediterranean. However, recent cases suggest that criminal organizations prefer the first solution, as shown by the seizure last March of a truck supplying a large chain of stores.¹¹

The Shortage is Taking Hold

The shortage is therefore beginning to take hold. While many outlets continue to operate, observers agree that it is in slow motion: “Even in some very active cities (Vénissieux, Lyon West and Centre), the number of visitors to the outlets has fallen by more than half. In some cases monitored in Paris, the level of orders has collapsed by 90% compared to the period before the confinement.”¹²

While it is difficult, by definition, to assess stocks, the fact that criminal organizations, like modern industry, tend to operate on a just-in-time basis and zero stock¹³ suggests that reserves will decline rapidly. It should be noted in passing that cannabis herb, the consumption of which has risen sharply in recent years in France,¹⁴ is not a real alternative to the shortage of cannabis resin.

Massively imported from Spain, in 2018, nearly 90 percent of the seizures made in France by the police came from this country,¹⁵ and from the Netherlands; thus, the closure of borders hinders its movement. While local production has increased in France in recent years, it is not sufficient to meet the needs of the domestic market. However, there are cases where certain organizations invested in the distribution of cannabis have developed their own local production structures to supply points of sale, which will soften the shock.¹⁶

The Cocaine Market Under Stress

With nearly 600,000 consumers in 2017, the French cocaine market is, in terms of

11 OFAST 2020

12 OFAST

13 Clément Gérôme et al., “Usagers, marchés et substances: évolutions récentes (2018-2019),” *Tendances* n° 136, OFDT, 2019 : <https://www.ofdt.fr/BDD/publications/docs/efxcgzc.pdf>

14 Michel Gandilhon, Stanislas Spilka, Caroline Masson, Les mutation du marché du cannabis en France, Théma, OFDT, 2019: <https://www.ofdt.fr/BDD/publications/docs/epfxmgz7.pdf>

15 OCRTIS 2019.

16 Caroline Masson, Michel Gandilhon, “Culture du cannabis en France: de l’artisanat à la production industrielle,” *Cahiers de la sécurité et de la justice*, n° 43, 2018: <https://inhesj.fr/articles/culture-du-cannabis-en-france-de-lartisanat-la-production-industrielle>

the number of consumers, the second largest market behind the cannabis market and, above all, the one with the most dynamic growth. In twenty-five years, use during the year has increased more than fivefold.¹⁷ Over time, it has come to represent for French traffickers a market as strategic as that of cannabis resin: a trend that has gone hand-in-hand with a stranglehold of “North African” organized crime to the detriment of the former milieu.

Cocaine imported into France is produced in Colombia, which accounted for 70 percent of global production in 2017, where production literally exploded between 2013 and 2017—production has increased fivefold to reach an absolute record of 1,379 tons¹⁸—and transits mainly through Brazil and the West Indies. Most of it arrives by sea via container traffic. Thus the port of Le Havre, France’s leading commercial port, and more recently Marseille, where, at the beginning of the year, the largest seizure ever made in France—over 3 tons—was made, have become strategic targets for traffickers, who are trying to develop a hold on the docks, as regularly illustrated by the dismantling of networks involving port industry employees.

In addition to the seaway, air routes play an increasingly important role in supplying the French market. This has been the case, in particular, since 2011, with the very sharp increase in mule traffic from Cayenne’s Guyane airport. In 2018, more than 2 tons of cocaine was seized from smugglers, either in luggage or in bodies, representing nearly 13 percent of all cocaine seizures made in France¹⁹. Some unpublished studies suggest that the Surinamese and Guyanese industries contribute 15 to 20 percent of the French market. Other significant sources of supply for small teams of retailers and user-dealers are the Netherlands and, increasingly, Belgium.

Belgium has become a major transit point for Latin American cocaine via the port of Antwerp in a few years, where absolutely unprecedented seizures, nearly 62 tons in 2019, have taken place in recent years. This is also the case, but to a lesser extent, for the ports of Rotterdam and Hamburg. The Netherlands and Belgium are therefore unavoidable for some European traffickers because they are the largest cocaine redistribution hubs in Western Europe.

Against this backdrop of state action, the cocaine market is bound to experience enormous tensions in the coming weeks and months. On the demand side, first of all, the festive and recreational dimension of cocaine consumption means that the demand for synthetic drugs such as ecstasy is literally collapsing due to the confinement of homo festivus and the lack of festive events at discos and free

17 Stanislas Spilka et al., “Les niveaux d’usage de drogues illicites en France en 2017,” *Tendances* n° 128, OFDT, 2018 : <https://www.ofdt.fr/BDD/publications/docs/efxssyb.pdf>

18 Michel Gandilhon, “ONUDC: la planète des drogues au rapport,” *Swaps*, n° 92-93, 2020 : <https://vih.org/20200130/onudc-la-planete-des-drogues-au-rapport/>

19 OCRTIS/OFAST, 2019.

parties. On the supply side, the closure of the Cayenne-Guyane airline line will undoubtedly tighten the French market.

There is still container traffic from Latin America and the Caribbean, which is less affected at the moment by the impact of border closures. Thus, cocaine stocks are overflowing in Colombia, while the border closure measures taken by this country on March 17, in a context where chaos reigns on its border with Venezuela, will probably only be relatively effective, given the congenital weakness of the Colombian state.²⁰ However, it is possible to think that the coming global economic crisis and the subsequent fall in world trade will greatly slow down the traffic of goods in containers.

The fall in domestic demand in the European Union countries will lead to a decrease in imports and therefore a slowdown in the international flow of goods. Fewer containers will mean less cocaine, in a context where law enforcement agencies have decided to increase port surveillance. For example, Antwerp Customs announced last October that it would set up systematic surveillance and controls of vessels from countries at risk (Colombia, Brazil, etc.).²¹ The recent seizures in Belgium of air and sea vectors in March 2020 suggest that traffickers anticipated this drop in traffic and wanted to, in a way, force the issue.²²

This is the conclusion of the Belgian federal police. To these factors, one must of course add the re-establishment of border controls in the Netherlands and Belgium, even if these can be porous, which will hinder the supply of the French market.

The Balkan Route of Cut Heroin

Given the low level of consumption, the heroin market is less strategic for organized crime. However, it would be a mistake to neglect it because this market is far from negligible in the European Union. At 7.5 billion euros, it is in fact the third largest market in terms of turnover behind cannabis and cocaine²³ and segments of organized crime: Albanian mafia and Turkish criminal groups continue to be interested in it, as shown by the recent dismantling of heroin production laboratories in the Netherlands, Bulgaria, and Czechia.²⁴

In addition, the last two years have seen record opium production in Af-

20 Michel Gandilhon, op. cit., 2020.

21 "Cocaïne: la douane veut scanner 100 % des containers au port d'Anvers," *Le Vif L'Express*, 16 octobre 2019: https://www.levif.be/actualite/belgique/cocaine-la-douane-veut-scanner-100-des-containers-au-port-d-anvers/article-news-1203787.html?cookie_check=1586595748

22 AFP, April 1st, 2020

23 EMCDDA, op. cit., 2019.

24 EMCDDA /OEDT, *Rapport européen sur les drogues 2019, Tendances et évolutions*, Luxembourg, 2019: http://www.emcdda.europa.eu/system/files/publications/11364/20191724_TDAT1901FRN_PDF.pdf

ghanistan and seizures in the European Union have increased sharply in 2018.²⁵ There is no doubt that in the coming weeks, due to the closure of the Schengen area and Turkey's decision to close its borders with Bulgaria and Greece, it will be more difficult for traffickers to invest in the Western European market. This difficulty has been increased by the closures last February of the land borders of Iran and Turkey through which heroin passes when it leaves Afghanistan.

Although it is likely that some heroin will continue to pass through the authorized cargo of goods, the flows are expected to decrease sharply. There will therefore be an impact on the wholesale markets in the Netherlands and Belgium from which "French" traffickers obtain their supplies. Heroin users are therefore likely to face a shortage, especially since these two countries are a source for many users-resellers, particularly from northeastern France.

Some researchers,²⁶ particularly in the United Kingdom, have pointed out in this context a risk of switching to certain more dangerous opioid substances such as fentanyl, which the most established users could obtain on the dark net, a vector that is likely to be used more often because of the confinement of populations.²⁷ This is an interesting hypothesis that should not be overlooked, even if, in France, given access to substitution treatments, the risk seems less significant.

Provisional Conclusion and Prospective Scenarios

The cannabis resin market is virtually at a standstill due to the closure of borders in Morocco and Spain and the cocaine and synthetic drug market is under stress due to the collapse in demand and the logistical problems posed by the drop in world maritime trade and the closure of the Schengen area; the leading criminal market in the European Union is experiencing a major crisis already deeply impacting criminal organizations. In the short term, traffickers may try to find new routes and vectors to bypass border controls (see section on Morocco), but as long as demand is confined, they will be unable to sell their stock.

Two scenarios are therefore possible. A fairly unlikely scenario of a fairly rapid return to normal, with the lifting of border controls, the end of containment or partial containment, which would mean a strong recovery of the drug market. From then on, the accumulated stock would spill over at bargain prices in a context where frustrated demand would itself be at its highest. Organized crime would therefore be strengthened.

25 EMCDDA, Europol, *op.cit.*, 2019

26 Hamilton I, Stevens A, « How Coronavirus is changing the market for illegal drugs », *The Conversation*, 26 mars 2020 : <http://theconversation.com/how-coronavirus-is-changing-the-market-for-illegal-drugs-134753>

27 Europol, *An assessment of the impact of the COVID-19 pandemic on serious organized crime and terrorism in the EU*, mars 2020.

The 2005 Scenario

The scenario that seems most realistic would be that of a lasting slump, marked by a very gradual exit from containment and marked by the maintenance of strict border controls in an international context of a localized outbreak of the epidemic. All of this is against the backdrop of a global economic crisis that is weighing on international trade and final demand as a result of mass unemployment and wage austerity. The drug market would therefore be largely impacted with different repercussions depending on the strata of trafficking.

Wholesalers and semi-wholesalers, whether they are based in Spain or France, for example, given their accumulated financial resources and their real estate and movable assets, have the possibility of holding on financially over time. On the other hand, the situation is not the same for “city” retailers who are the most dependent on the state of demand. In the short term, law enforcement agencies and Europol fear a worsening of competition between the various gangs, resulting in an increase in settling of scores to appropriate resources that have become scarcer.

In the longer term, however, the situation will become even more problematic as the slump progresses, especially in terms of controlling the populations of the neighborhoods they subjugate, and especially the mass of subordinate employees, several tens of thousands on the territory, necessary for the organization of trafficking (watchmen, nannies, vendors, etc.).²⁸ Since technical unemployment affects them, the traffickers’ ability to control this population would be weakened. The legitimacy of the families, vis-à-vis the inhabitants (or even the municipalities²⁹), who control trafficking in the cities, is in fact based on the redistribution of part of the financial manna from trafficking.

This is why, in some neighborhoods, we have seen drug dealers, duly equipped with masks, calling the population to a form of respect for confinement. In some Brazilian favelas, criminal gangs ensure the application of hygiene measures.³⁰ This is a means of asserting their control over the populations and sending a strong message to the state. On the other hand, in the context of degraded social control, an explosion of delinquency and criminality is to be expected against a backdrop of riots and clashes with the forces of law and order. A more serious repeat of the events of 2005, which took place, it should be remembered, in a context of a shortage of cannabis resin linked not only to bad harvests in the Rif, but also to

28 Christian Ben Lakhdar, *Le trafic de cannabis en France, estimation du gain des dealers afin d’apprécier le potentiel de blanchiment*, OFDT, 2007.

29 Didier Daeninckx, *Municipale. Banlieue naufragée*, Gallimard, 2020.

30 Parker Asman, *What does Coronavirus mean for Criminal Governance in Latin America?*, 31 mars 2020, Insight Crime: <https://www.insightcrime.org/news/analysis/criminal-governance-latin-america-coronavirus/>

record seizures in France, is therefore possible. Areas out of control, in fact under the control of organized crime, would then truly become so.