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R E P O R T



Assessing Changes in Global Drug Problems, 1998–2007

Main Report

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Prepared for the European Commission

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Summary

The study has found no evidence that the global drug problem was reduced during the UNGASS period from 1998 to 2007. For some nations the problem declined but for others it worsened and for some of those it worsened sharply and substantially. The drug problem generally lessened in rich countries and worsened in a few large developing or transitional countries.

Production of opium was relatively stable until 2006, after which estimates show a large increase in Afghanistan. These estimates are somewhat troubling as there is no evidence in the world of unusual price declines or increases in consumption.

The global number of users of cocaine and heroin expanded over the period. In most Western countries the number of frequent users of heroin has declined through most of the last ten years, while a serious epidemic of opiate use occurred in some countries in Eastern Europe and Central Asia. The total number of cannabis users worldwide has probably declined.

Cannabis use has become part of adolescent development in many Western countries. For example in Australia, Switzerland and the United States about half of everyone born since 1980 will have tried the drug by age 21.

The markets for illegal drugs are mostly competitive, not vertically integrated or dominated by major dealers or cartels. The ties to terrorism and armed insurrection are important but only in a few places, such as Afghanistan and Colombia.

For cocaine and heroin the cost of production and refining in the source countries is only one to two per cent of retail price in developing or transitional countries. The same is true for Amphetamine Type Stimulants (ATS) manufacturers in rich countries. Only cannabis growers in rich countries receive a substantially larger share of the retail price. Trafficking across national boundaries accounts for perhaps 10 percent of the retail price of heroin and cocaine. The vast majority of costs for distribution are accounted for by payments to retailers and low level wholesalers in the consumer country.

Though illicit drug markets generate more than one hundred billion Euros in sales, the overwhelming majority of those involved in the drug trade make very modest incomes. Only a few individuals in the trafficking, smuggling and wholesale sector make great fortunes but that accounts for a small share of the total income.

The study concludes that the total revenues generated by illicit drug sales are smaller than the €285 Billion estimated by UNODC in 2002/2003. The study estimates a range for the

total global cannabis retail market in 2005 between €40 Billion and €120 Billion, with the best estimate being about half of the UNODC's €125 Billion estimate (these values are in €2005).

Drug retail prices have generally declined in Western countries, including those that increased the stringency of their enforcement against sellers, such as the U.K. and the U.S.A. The study concludes that the declines in heroin and cocaine prices in these major markets have been large enough that total revenues are probably smaller in 2007 than in 1998. There are no indications that drugs have become more difficult to obtain. With the exception of one or two production and trafficking countries, the drug trade forms no major part of the national GDP.

Interventions against production can affect where drugs are produced, such as the changing location of coca growing within the Andean region which is plausibly related to the actions of the governments of Bolivia, Colombia and Peru to control the problem. However, there is a lack of evidence that controls can reduce total global production. The same applies to trafficking.

In general there is evidence of convergence of national drug policies. Demand reduction receives increasing emphasis. Harm reduction, still controversial in some countries, is finding wider acceptance. Some countries for whom tough enforcement had been absolutely central now accept measures such as substitution treatment as an important instrument for reducing heroin related problems. Policies towards sellers and traffickers have toughened.

Enforcement of drug prohibitions has caused substantial unintended harms; many were predictable.

A major limitation for the description of problems and policies regarding the world drug problem, as well as for the assessment of the effectiveness of policies, is the weakness of existing and lack of availability of relevant data.