

CHARACTERISTICS OF THE ILLEGAL DRUG MARKETS IN EUROPEAN UNION

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Abstract:

Considering the illegal markets in the European Union member states, the valences of drug trafficking get more and more worrisome, both of the proliferation level, and the size of the financial transactions, the European markets being the most profitable in terms of heroin and cocaine consumption. The article focuses on the analysis of the theoretical aspects concerning the EU illegal drug markets, for identifying and understanding their peculiarities. In this context, we will emphasize the characteristics and dynamics of these markets, their national and european economic mechanisms, the profits made by organized crime networks and also, the impact of these activities on the formal economy.

Keywords: illegal markets, drug trafficking, profit, cocaine, heroin, synthetic drugs.

JEL Classification: E 26

INTRODUCTION

Among the illegal activities controlled by organized crime networks operating in the European Union, trafficking in drugs gains increasingly worrisome valences, due to the level of proliferation, and the size of financial transactions, the available data [1] (Council of Europe, 2005) placing the European markets among the most profitable in terms of drugs consumption. With a variety of European Union drug production and entry points, there is a large-scale intra-European Union trafficking of all types of drugs. In maximizing their profits, most organized crime networks no longer limit their activities to one type of drug which is reflected in the increasing number of ‘poly-drug’ seizures and the alarming rise in ‘poly-drug’ consumption [2] (Europol, 2006).

Despite the scale of illicit drug flow, little is known about the dynamics of these underground markets, their national and european economic mechanisms or about the way in which these markets respond to changes in supply and demand.

COCAINE PRODUCTION AND CONSUMPTION IN EUROPE

The European Union member states and the four countries of the European Free Trade Association (EFTA) represent after North America, the second cocaine largest market, with a consumption of 124 tones in 2008 [3] (UNODC , 2009 A). In the European Union, the largest cocaine market is the United Kingdom, with a million users in 2007/2008, followed by Spain, Italy, Germany and France [4] (UNODC, 2010 A).

Between 1998-2006, the European cocaine market has doubled its volume and along with the increasing demand for this drug, indicated by the prevalence among the general population, could be seen a decreasing of cocaine price, trend that preserved both for wholesale and retail transactions. In this context, the retail prices for this drug, in Euro, declined on average, from € 143 per gram, in 1990 to € 91 per gram, in 2000 and € 70 per gram, in 2008 [5] (UNODC, 2010 A). Lately, the cocaine use has emerged on the European illegal markets, in some countries been preferred over the amphetamines and MDMA [6] (INCB, 2011), trend reflected in the dynamics of the cocaine retail prices.

In 2008, the typical retail price of cocaine ranged between € 50 and € 70 for a gram, in countries reporting data. Lower prices were reported in Poland and Turkey, and higher prices, in the Czech Republic, Italy, Latvia and Sweden. With an exception, all countries with sufficient data for

comparison reported a decrease in retail price of cocaine in 2006 - 2008. Only Poland has reported an increase for this period, although in 2008 there was a decrease, as shown in Table no. 1.

Table no. 1. Cocaine. The retail price on the European markets during 2006-2008

Country	Cocaine (1 gram)					
	2006		2007		2008	
	Min. price (EUR)	Max. price (EUR)	Min. price (EUR)	Max. price (EUR)	Min. price (EUR)	Max. price (EUR)
Belgium	20	75	20	100	5	87
Bulgaria	50	60	50	60	60	80
Czech Republic	54,6	109,1	43,8	127,9	29,6	111
Denmark	26,4	105,4	-	-	47	93
Greece	75	100	45	120	45	100
Italy	72,4	93,2	71,1	93,2	66,4	90,3
Hungary	46	88	50,3	67	49,1	65,8
Netherlands	30	60	20	100	25	70
Austria	50	70	60	90	60	90
Poland	31,6	65,8	32	66	41	58
Romania	80	150	80	120	80	120
Finland	60	100	60	100	60	150
Sweden	65	130	65	108	63,6	132,4
United Kingdom	29,7	74,3	29,2	146,2	-	-
Latvia	49,8	71,1	43	86	85,7	128,6
Turkey	80	100	50	80	40	60

Source: Table adapted from EMCDDA, Statistical bulletin 2008, 2009, 2010, Table PPP-3 Price of cocaine products at retail level, 2006, Table PPP-3 Price of cocaine products at retail level, 2007, Table PPP-3 Price of cocaine products at retail level, 2008, <http://www.emcdda.europa.eu/stats10>.

The farmers and the trafficking networks in the Andean region obtain less than 2% of the proceeds from cocaine reaching the European markets, while 25% will return to international traffickers carrying cocaine from the Andean region to the main entry points in Europe (especially Spain). A 17% from these illegal revenue returns to traffickers transporting cocaine from the entry points to wholesalers in destination countries throughout Europe, while the highest income (56%) is generated by the local trafficking networks in countries of destination [7] (UNODC, 2010 A).

Unlike South American laboratories that manufacture cocaine base or HCl from coca leaves or coca paste, the laboratories seized in Europe are "secondary extraction", used to remove the cocaine from other materials in which it has been incorporated before importation [8] (EMCDDA-Europol, 2010). Recent reports provided by the EU Member States have shown that, during 2008, were seized on the E.U. territory more than 38 laboratories of all sizes, operating secondary extraction of cocaine [9] (Europol, 2009 A).

HEROIN ON THE EUROPEAN ILLEGAL MARKETS

Afghanistan has a virtual monopoly on illicit heroin production. The other two suppliers, Myanmar and Lao People's Democratic Republic annually produce only 50 tons of heroin. Lately, the literature, based on existing data, highlight the cultivation of opium poppy in some Eastern European countries such as Ukraine, Moldova and Russian Federation, where the illicit crops are designed to supply local markets [10] (INCB, 2010). Estimation of opium poppy crops is based, both on field activities (sampling) and by satellite surveys. These estimates are however some important limitations considering the variations in the figures or the difficulty of monitoring crop yield. Currently, Europe (except Russian Federation) is the most important market for the Afghan heroin being consumed annually about 87 tons of heroin, the largest part (92%) reaching the western and central European

countries. From the amount mentioned above, a significant volume returns to users in Great Britain, Italy, France and Germany [11] (INCB, 2011).

Over time, the illegal drug market in Europe have been provided two types of imported heroin: the usual brown heroin (its chemical base form), mainly from Afghanistan and white heroin (a salt form) mainly from South-East Asia, although this form of the drug is considered very rare [12] (OEDT, 2010). Regarding the retail price of heroin, it is higher in Nordic countries (see Table no. 2), in 2008, Sweden reporting an average price of 133 EUR for a gram of heroin, while in Denmark, users paid an average of 107 EUR per gram [13] (EMCDDA, 2010).

Table no. 2. Heroin. The retail price on the European markets during 2006-2008

Country	Brown heroin (1 gram)					
	2006		2007		2008	
	Min. price (EUR)	Max. price (EUR)	Min. price (EUR)	Max. price (EUR)	Min. price (EUR)	Max. price (EUR)
Belgium	10	75	10	75	10	52
Bulgaria	15	30	15	30	15	30
Czech Republic	18,2	109,1	29,2	73,1	22,2	74
Denmark	65,9	131,7	66,6	133,3	66	134
Greece	45	75	10	50	10	60
Italy	44,9	59,6	42,3	59,6	40,8	52,8
Hungary	-	-	-	-	-	-
Netherlands	15	40	10	50	15	60
Austria	40	70	65	85	60	80
Poland	26,3	78,9	26	92	22,1	81,4
Romania	25	60	-	-	-	-
Finland	-	-	-	-	-	-
Sweden	32	216	54	324	53	264,9
United Kingdom	37,2	148,6	29,2	160,8	-	-

Source: Table adapted from EMCDDA, Statistical bulletin 2008, 2009, 2010, Table PPP-2 Price of heroin at retail level, 2006, Table PPP-2 Price of heroin at retail level, 2007, Table PPP-2 Price of heroin at retail level, 2008, <http://www.emcdda.europa.eu/stats10>.

From a global market estimated at approx. 55 billion dollars for Afghan heroin, only 2.3 billion U.S. dollars return to the producers and traffickers in Afghanistan, a large percentage reaching retailers operating in destination countries, while most of the profit will be obtained by the international trafficking networks [14] (UNODC, 2010 A). In this context, the evolution of price for a kilogram of heroin, as evidenced in the example below, highlights the idea according to which international traffickers are the ones who benefit most from activities conducted in these markets. Thus, in Afghanistan, the producing country, the price for a kilogram of heroin worth about 2.000 to 2500 dollars. 3000 dollars is the price for selling the same amount of heroin at the border with Pakistan, while 5,000 U.S. dollars for a kilogram pay the traffickers at the border with Iran. When the heroin reaches the border of Iran with Turkey, its price will rise to approximately 8,000 USD per kilogram [15] (UNODC, 2009, B). Consequently, the 60% increase in the price of heroin will return to international trafficking networks, which will collect significant revenue as the heroine will reach central and western European markets. Analyzing the estimated flows for this route, it follows that Iranian groups engaged in trafficking heroin from Afghan-Iranian border, and Turkish-Iranian border obtain an annual income ranging between U.S. \$ 450-600 million [16] (UNODC, 2009, B). In the same context, the estimated average annual net profit earned by organized crime groups that control the trafficking of heroin at the borders of Iran / Turkey, Turkey / Bulgaria and / or / Turkey / Greece is about 8,000 USD per kilogram with revenues between 600 and 700 million dollars [17] (UNODC, 2010 A).

CANNABIS PRODUCTION AND CONSUMPTION IN EUROPE

Cannabis plant is produced in considerable quantities in the Netherlands, but also in other Western European countries. Cannabis having as final destination Central and Eastern European markets comes mostly from Albania, Bulgaria, Montenegro, Moldova, Serbia, the Former Yugoslav Republic of Macedonia and Ukraine [18] (INCB, 2011).

Based on existing data, the literature highlights for the European territory, an increasing trend concerning the large-scale illicit cultivation of cannabis plants, especially in indoor spaces [19] (EMCDDA, 2010). The period 2002-2007 has been recorded a decrease in the retail price for cannabis. Thus, in most European countries, the retail price for cannabis resin ranged on average between € 3 and € 11 per gram, while for the same period, average retail price for herbal cannabis ranged between € 1 and € 12, available data indicating a more stable situation [20] (EMCDDA, 2010). In 2008, the average retail price of cannabis resin ranged from € 3 to € 10 per gram, while for herbal cannabis, the average retail price ranged between € 3 and € 16 per gram (see Table no. 3). In the case of cannabis resin, the average retail price has decreased or remained stable in all countries that submitted data for 2003-2008, except Belgium and Austria, where it has increased. In the same period, the available data indicate stable or rising prices for cannabis plants in Europe, while a downward trend is reported only in Hungary and Turkey [21] (EMCDDA, 2010).

Table no. 3. Cannabis. The retail mean price on the European markets during 2006-2008 (in EUR)

Country	2006		2007		2008	
	Cannabis plant (1 gram)	Cannabis resin (1 gram)	Cannabis plant (1 gram)	Cannabis resin (1 gram)	Cannabis plant (1 gram)	Cannabis resin (1 gram)
Belgium	5,4	6,7	6,0	6,5	7,0	7,4
Bulgaria	-	-	0,8	-	-	-
Czech Republic	6,9	9,7	6,4	9,4	6,6	8,9
Denmark	-	-	-	6,3	-	6,3
Greece	-	-	-	-	-	-
Italy	-	-	-	-	7,2	8,8
Hungary	8	8,4	8,7	9,3	8,6	9
Netherlands	4,4	7,3	4,3	7,7	5,2	8,1
Austria	4	7	9	8	10	9
Poland	7,1	7,6	-	-	6	7
Romania	-	-	-	-	-	-
Finland	-	-	-	-	-	-
Sweden	8	9	9	9	9,6	8,9
United Kingdom	4	3,2	4,0	4,1	3,6	3,6
Portugal	2,2	2,2	4,7	3,5	5,1	3,28
Latvia	-	-	10,1	10,7	15,7	10,3
Spain	3	4,5	3,1	4,5	3,1	4,8

Source: Table adapted from EMCDDA, Statistical bulletin 2008, 2009, 2010, Table PPP-1 Price of cannabis products at retail level, 2006, Table PPP-1 Price of cannabis products at retail level, 2007, Table PPP-1 Price of cannabis products at retail level, 2008, <http://www.emcdda.europa.eu/stats10>.

The proceeds from illegal production of cannabis are determined by several factors, including plantation size, number of cultivated plants, the average yield per plantation, number of harvests in a year, the selling location (on retail or wholesale markets, as prices are generally higher on the retail market) [22] (EMCDDA, 2010).

It is difficult to assess the total income generated by illegal production of cannabis for commercial purposes, estimates made in this respect taking into account, usually only one variable, namely the seized quantity of cannabis plants. In this context, estimates made by the authorities suggests that cannabis plants seized in 2008 would have generated revenue of EUR 70 million in

Belgium and EUR 76 million in the United Kingdom [23] (NPIA, 2009) as well as the wholesale profits from EUR 36 million to EUR 61 million in Germany [24] (EMCDDA, 2010).

SYNTHETIC DRUGS ON THE EUROPEAN ILLEGAL MARKETS

Global amphetamine production remains concentrated in Europe, where they were located, in 2008, approximately 80% of seized amphetamine laboratories [25] (UNODC, 2010, B). In the European Union territory have been seized and reported to Europol in 2007, 29 laboratories involved in the production, packaging or storage of amphetamine tablets [26] (EMCDDA, 2009). Western and Central Europe have registered 36% of seizures made globally [27] (UNODC, 2010, B) shaping an overview of the important role of this region as a major producer and consumer of amphetamine.

In EU Member States there is a huge demand for amphetamine, which is produced mainly in the Netherlands, Poland and Belgium and, to a lesser extent, in Estonia, Lithuania and United Kingdom [28] (Europol, 2006).

Trafficking of synthetic drugs has emerged as this type of drugs involves low production costs, significant profits and doesn't require advanced knowledge in the field. Although Dutch and Belgian groups control these illegal markets, lately there has been a growing awareness of involvement in the production of amphetamines and ecstasy of the Eastern European networks, especially those originated from Bulgaria and Turkey [29] (Europol, 2009, B).

Europe remains the main manufacture region for ecstasy which is produced mainly in the Netherlands and Belgium [30] (EMCDDA, 2010).

According to Europol, the illicit manufacture of methamphetamine occurs mainly in countries of Central and Eastern Europe, especially in the Czech Republic and the Russian Federation.

In 2008, the authorities in Czech Republic seized 458 clandestine laboratories producing the methamphetamine (representing 96% of the total reported at the European level) [31] (INCB, 2009). In 2007, the average retail price of amphetamine on the European illegal markets ranged between EUR 10 and EUR 20 per gram [32] (EMCDDA, 2009). In 2008, the highest prices for amphetamine were reported in the Czech Republic, Sweden and Denmark, while the most expensive markets for the ecstasy tablets were Greece, Italy and Finland, as shown in the Table no. 4.

Currently, ecstasy is much cheaper than in the 90s, when it began to be widely available on the illegal markets. Although the existing data highlights the sale of ecstasy tablets with a price less than € 2, as in Belgium, Holland, Poland or Great Britain (see Table no. 4), most countries reported average retail price between € 4 and € 10 for one tablet of ecstasy. Available data for the years 2003-2008 suggests that the retail price, adjusted for inflation, has continued to decline in Europe [33] (EMCDDA, 2010).

Table no. 4. Synthetic Drugs. The retail price on the European markets in 2008

Country	Amphetamine (1 gram)		Methamphetamine (1 gram)		Ecstasy (1 tablet)	
	Min. price (EUR)	Max. price (EUR)	Min. price (EUR)	Max. price (EUR)	Min. price (EUR)	Max. price (EUR)
2008						
Belgium	1,5	20	-	-	1,14	10
Bulgaria	13	15	-	-	2,5	15
Czech Republic	18,5	55,6	18,5	148,1	3,7	18,5
Denmark	13,4	40	-	-	3,3	13,3
Greece	5	30	-	-	8	25
Italy	16,8	18,2	-	-	16,6	21,1
Hungary	9,8	13,8	-	-	3,4	6,2
Netherlands	5	15	-	-	1	10
Austria	15	20	15	20	5	10
Poland	3,5	12,8	-	-	1,2	7
Romania	-	-	-	-	8	8
Finland	15	50	15	50	10	20

Sweden	12,7	42,4	-	-	7,4	15,9
United Kingdom	3,8	37,8	37,8	125,9	0,5	12,6

Source: Table adapted from ***EMCDDA, *Statistics and country data, Table PPP-4 Part (i) Price of synthetic drugs at retail level*, <http://www.emcdda.europa.eu/stats10/ppptab4a>.

CONCLUSION

The illegal drug trafficking is the most reliable source of income in the world, with a demand that is constant and continues to grow. Tracking and intercepting the illegal flow of drug money is an important tool in identifying and dismantling trafficking networks.

It has become increasingly evident that the illicit drug trade has a substantial negative impact on all aspects of development. In this respect, international cooperative efforts between law enforcement authorities and intelligence organizations are critical in reducing the drug flow.

ACKNOWLEDGEMENTS

This article was written within the framework of a research project on underground economy and financing of terrorist groups, entitled *Dynamics of the Illegal Markets in European Union*, funded by the National Council of Research, for which the authors are grateful.

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