Drug trafficking via the darknet

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The darknet

- Identity of darknet users is hidden (TOR - “The Onion Router”)
- Trading platforms where drugs can be purchased, alongside other commodities and services
- Crypto-currencies, e.g. bitcoins (> 1,000)
- Delivery by post or private parcel services

→ 4-10% of the information on the ‘surface web’ vs. ‘hidden web’ (including the ‘darknet’) contains 90-96% of global information available on the Internet

→ **drug trafficking**: the single most important illegal activity done via the darknet
Importance of drugs and drug-related chemicals for the darknet (based on listings on the main darknet markets)

- 77% Illicit drugs
- 18% Drug-related chemicals
- 5% Pharmaceuticals

Other:
- Fraud and counterfeit: 44%
- Guides and tutorials: 30%
- Other: 19%
- Hacking and malware: 5%
- Firearms and explosives: 2%

Source: EMCDDA and Europol, Drugs and the darknet, November 2017, p. 15.

Note: Based on active listings data from AlphaBay, Dream Market, Hansa, TradeRoute and Valhalla darknet marketplaces, spanning from the launch of each marketplace to 21 August 2017 (or market closure).
Proportion of internet using drug users purchasing their drugs via the darknet, 2014 and 2018 (or latest year\(^a\))

![Graph showing the proportion of internet users using the darknet for drug purchases by region and year.]
Anonymity

Lower threat to personal safety

Perceived better quality (less variability) and are more readily available

Perceived lower risk of arrest

→ Drug users ready to pay a premium price to buy drugs via the darknet

→ But also potential to attract new consumers (well integrated into society)
Has accessing drugs through the darknet affected the range of drugs consumed?

- **Same range of drugs consumed as previously,** 45% (5% in GDS 2016)
- **Consumed a wider range of drugs than previously,** 30%
- **Consumed a smaller range of drugs than previously,** 6%
- **Consumed different class of drugs than previously,** 15%
- **Did not consume drugs prior to access them through darknet markets,** 4% (5% in GDS 2016)

Source: Global Drug Survey 2015
Drug purchases via the darknet, 2015-2018

Source: Global Drug Survey (GDS) 2018.
Comparatively small revenues but fast increasing

<table>
<thead>
<tr>
<th>Market</th>
<th>Revenue Range</th>
<th>Duration</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 major darknet markets (Nov. 2011-Feb. 2015)</td>
<td>$44 million per year</td>
<td>(EMCDDA/Europol)</td>
<td></td>
</tr>
<tr>
<td>AlphaBay (Jan. 2015-July 2017)</td>
<td>$73 million per year</td>
<td>(EMCDDA/Europol)</td>
<td></td>
</tr>
<tr>
<td>8 major darknet markets (Jan. 2016)</td>
<td>$170-$300 million per year</td>
<td>(RAND Europe)</td>
<td>Equivalent to 0.1%-0.2% of US and EU retail drug market</td>
</tr>
</tbody>
</table>

Transactions rose 2.6 fold or 50% per year (Sept 2013 – Jan 2016)

Estimated (conservative) retail value of the illicit drug market in the EU, 2013

<table>
<thead>
<tr>
<th>Drug type</th>
<th>Annual (EUR)</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocaine</td>
<td>€5.7bn</td>
<td>23%</td>
</tr>
<tr>
<td>Heroin</td>
<td>€6.8bn</td>
<td>28%</td>
</tr>
<tr>
<td>Amphetamines</td>
<td>€1.8bn</td>
<td>7%</td>
</tr>
<tr>
<td>Cannabis</td>
<td>€9.3bn</td>
<td>38%</td>
</tr>
<tr>
<td>Ecstasy</td>
<td>€0.7bn</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>€24.3bn</td>
<td>100%</td>
</tr>
</tbody>
</table>

Estimated minimum past month revenues from eight crypto-markets, Jan. 2016

<table>
<thead>
<tr>
<th>Revenues in last month</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannabis</td>
<td>$4,436,803</td>
</tr>
<tr>
<td>Stimulants*</td>
<td>$3,461,023</td>
</tr>
<tr>
<td>Ecstasy-type</td>
<td>$2,262,850</td>
</tr>
<tr>
<td>Prescription</td>
<td>$2,185,147</td>
</tr>
<tr>
<td>Psychedelics</td>
<td>$1,020,059</td>
</tr>
<tr>
<td>Opioids</td>
<td>$751,021</td>
</tr>
<tr>
<td>Other drugs</td>
<td>$71,457</td>
</tr>
<tr>
<td></td>
<td>$2,683</td>
</tr>
<tr>
<td>Total</td>
<td>$14,194,043</td>
</tr>
</tbody>
</table>

Darknet
- Over-representation of ecstasy
- Under-representation of heroin

Key challenges

Practical challenges
- technical equipment
- combination of expertise in internet/darknet and drug markets

Legal challenges
- responsible jurisdiction
- sharing of information
- under-cover agents
- use of ‘malware’
- prevent destruction of digital evidence
- access to user accounts
- use of accounts of former drug vendors
- secrecy of mail
- seize bitcoins
- react fast and cooperate effectively
THANK YOU
FOR YOUR ATTENTION

For more information:
http://www.unodc.org/