

Executive Summary

1. Trends in World Markets

1.1 Overview

The long-term stabilization of world drug markets continued into 2007, although notable exceptions occurred in some critical areas. As long term trends are obviously more meaningful and indicative than short term fluctuations, these limited reversals do not appear to negate the containment of the drug markets recorded since the late 1990s.

On the supply side, despite cultivation increases for both coca and opiates in 2007, the overall level of cultivation remained below the one recorded at the beginning of the UNGASS process (1998) and well below annual peaks in the last two decades (1991 for opium and 2000 for coca). In 2007, opium cultivation increased in both Afghanistan and Myanmar: coupled with higher yields, especially in southern Afghanistan, this generated much greater world output. With regard to cocaine, cultivation increased in Bolivia, Peru and especially Colombia, but yields declined, so production remained stable.

On the demand side, despite an apparent increase in the absolute number of cannabis, cocaine and opiates users, annual prevalence levels have remained stable in all drug markets. In other words, as the number of people who have used a particular drug at least once in the past 12 months has risen at about the same rate as population, drug consumption has remained stable in relative terms.

Given these yearly changes, the containment of world drug markets - recorded in these reports over the last few years - appears confirmed but under strain. Further consolidation, in 2008 and beyond, will mean tightening overall market containment and addressing slippage in areas where some expansion was registered in 2007. On the supply side this dictates two critical priorities: lowering opium poppy cultivation, especially in Afghanistan; and returning to the path of steadily declining coca cultivation registered in the first few years of this century.

On the demand side, more effectively containing the number of drug users, particularly in developing countries, has to become a critical priority; and more attention should be given to prevention, treatment and reducing the negative consequences of drug abuse. Rich countries' drugs markets fluctuate, mostly sideways and occasionally downwards: it is equally important to nur-

ture and fortify the downward trend.

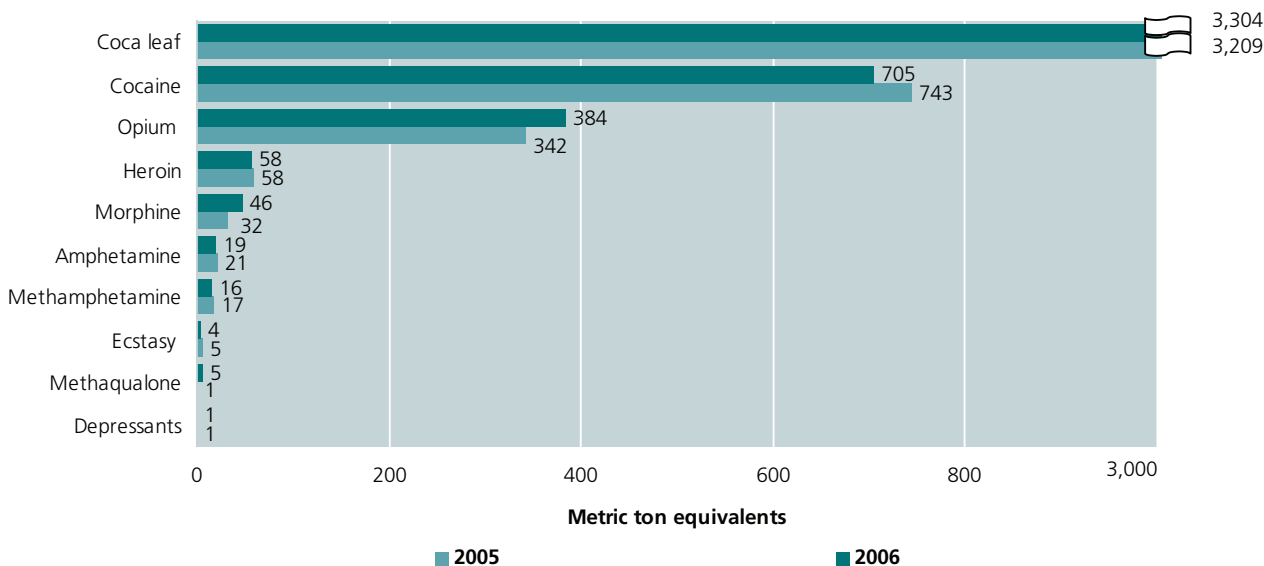
The containment of illicit drug use to less than 5% of the world population aged 15 to 64 (based on annual prevalence estimates, see Figure below) is a considerable achievement, documented historically in the pages of this report. The achievement is manifest on the two scales of time considered here: the century since the beginnings of the international drug control system (the subject of Chapter 2); or the decade since UNGASS in 1998.

In general, containment of the illicit drug problem to a relatively small fraction of the world population (aged 15 to 64) begins to look like an even more important achievement when considered in the light of three other estimates. First, problem drug use has been contained to a marginal fraction of the world population (0.6%) aged 15 to 64. Secondly, the consumption of tobacco, an addictive, psychoactive drug that is sold widely in open, albeit regulated markets, affects as much as 25% of the world adult population. Thirdly, mortality statistics show that illicit drugs take a small fraction of the lives claimed by tobacco (about 200,000 a year for illicit drugs versus about 5 million a year for tobacco).

Global trends in Drug Production

The total area under opium cultivation rose to 235,700 ha in 2007. This increase of 17% from 2006 puts global cultivation at just about the same level, though still marginally lower, than the 238,000 ha recorded in 1998. Although there was some growth in South-East Asian poppy cultivation, the global increase was almost entirely due to the 17% expansion of cultivation in Afghanistan, which is now 193,000 ha. With Afghanistan accounting for 82% of world opium cultivation, the proportion of South-East Asian expansion in overall cultivation was small. It is not unimportant, however, as it reverses six straight years of decline. Opium poppy cultivation in Myanmar increased 29%, from 21,500 ha in 2006 to 27,700 ha, in 2007. Afghanistan's higher yielding opium poppy led to a second year of global opium production increases. Opium production almost doubled between 2005 and 2007, reaching 8,870 mt in 2007, a level unprecedented in recent years. In 2007, Afghanistan alone accounted for over 92% of global opium production.

Global drug seizures (excluding cannabis): 2005 -2006



Coca cultivation increased in Colombia, Bolivia, and Peru in 2007. In Colombia, the area under cultivation expanded 27% to 99,000 ha. Increases for Bolivia and Peru were much smaller: 5% and 4% respectively. In total, coca cultivation increased 16% in 2007. Crops, however, were either not well tended or planted in poor yielding areas, as potential cocaine production only grew by 1% overall to 992 mt.

Estimates of cannabis herb production show a slight decline for the second straight year in 2006, seeming to reverse the upward trend that began in the early 1990s. Global cannabis herb production is now estimated to be 41,400 mt, down from 42,000 mt in 2005 and 45,000 in 2004. Cannabis yields continue to vary considerably and extremely high yielding hydroponically grown cannabis continues to be a cause for concern. Global cannabis resin production estimates fell around 10% from 6,600 mt in 2005 to 6,000 mt in 2006 (midpoint estimates). Global annual prevalence remained almost unchanged, going from 3.8% to 3.9% between 2005/06 and 2006/07.

ATS production has remained in the range of 450-500 mt since in 2000. In 2007 global ATS production increased slightly to 494 mt. There has been a decline in ecstasy production (from 113 mt in 2005 to 103 mt in 2006), and a decrease in methamphetamine production (from 278 mt to 267 mt) which is again compensated by an increase in global amphetamine production (from 88 mt to 126 mt). The global annual prevalence rate remained 0.6% for amphetamines and 0.2% for ecstasy.

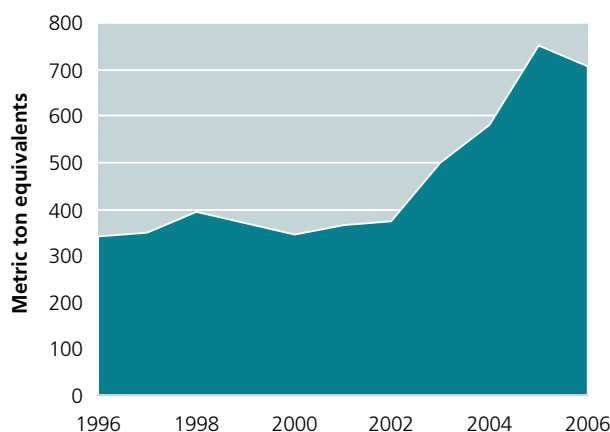
Global trends in Drug Trafficking

Only seizures for cannabis herb and the opiates grew year on year in 2006. The quantity of cannabis herb

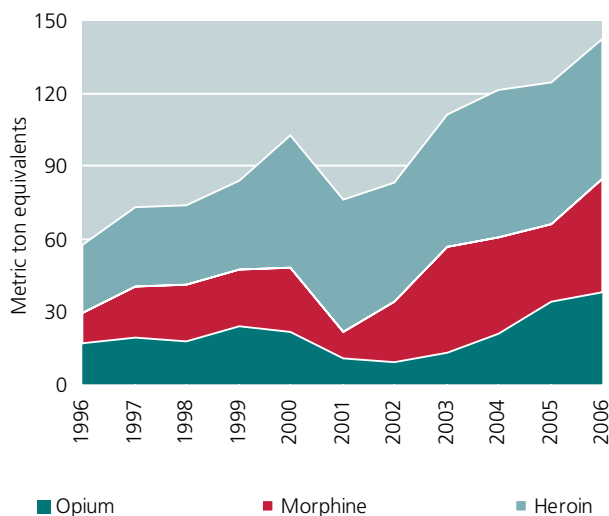
seized grew 12% to 5,200 mt in 2005, while the quantity of resin seizures declined by roughly 25% - most likely still reflecting a decline in production in Morocco. Cannabis herb seizures, however, were 27% down compared to 2004 (their post-1998 peak). A significant decline in cannabis plants seized was recorded in 2006.

Seizures of opium and morphine grew 10% and 31% respectively in 2006, reflecting continued production increases in Afghanistan. Heroin seizures, however, stabilized in 2006. Following five straight years of expansion, the quantity of cocaine seized fell by 5% in 2006. This is consistent with the stabilization of overall cocaine production in the 2004 to 2006 period. The quantities of amphetamine, methamphetamine and ecstasy seized were all down between 8% and 15% from 2005 to 2006. Overall ATS seizures increased by 2% reflecting seizures of non specified ATS, including "captagon" tablets.

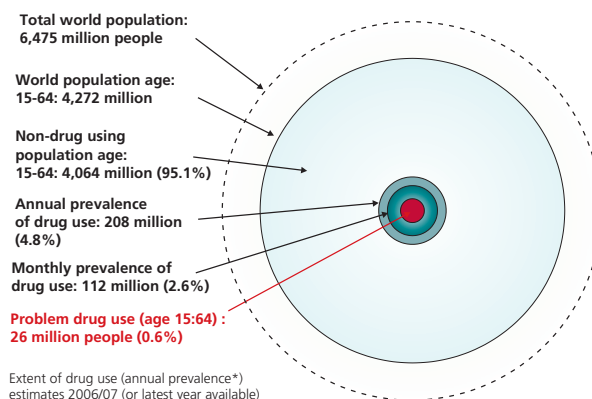
Global cocaine seizures: 1996- 2006



Global opiate seizures, expressed in heroin equivalents, by substance: 1996 - 2006



Illicit drug use at the global level (2006/2007)



Global trends in Drug Consumption

The proportion of drug users in the world population aged 15 to 64 has remained stable for the fourth straight year. It remains near the upper end of the 4.7% to 5.0% range it has stabilized at since the late 1990s. Approximately 208 million people or 4.9 % of the world’s population aged 15 to 64 have used drugs at least once in the last 12 months. Problem drug use remains about 0.6% of the global population aged 15 to 64.

With the exception of ATS, each market has seen some increase in the absolute numbers of drug users, but prevalence rates, where they have increased, have only done so marginally. The global annual prevalence rates for 2006/07 over 2005/06 were as follows: cannabis went from 3.8% to 3.9%, cocaine from 0.34% to 0.37%, opiates from 0.37% to 0.39%, heroin from 0.27% to 0.28% and amphetamines from 0.60% to 0.58%.

1.2 Opium/Heroin Market

In 2007, the opium/heroin market continued to expand on the strength of cultivation increases in Afghanistan which pushed up the area under illicit opium poppy cultivation worldwide by 17%. However, cultivation also increased in South-East Asia, where it went up after six consecutive years of decline.

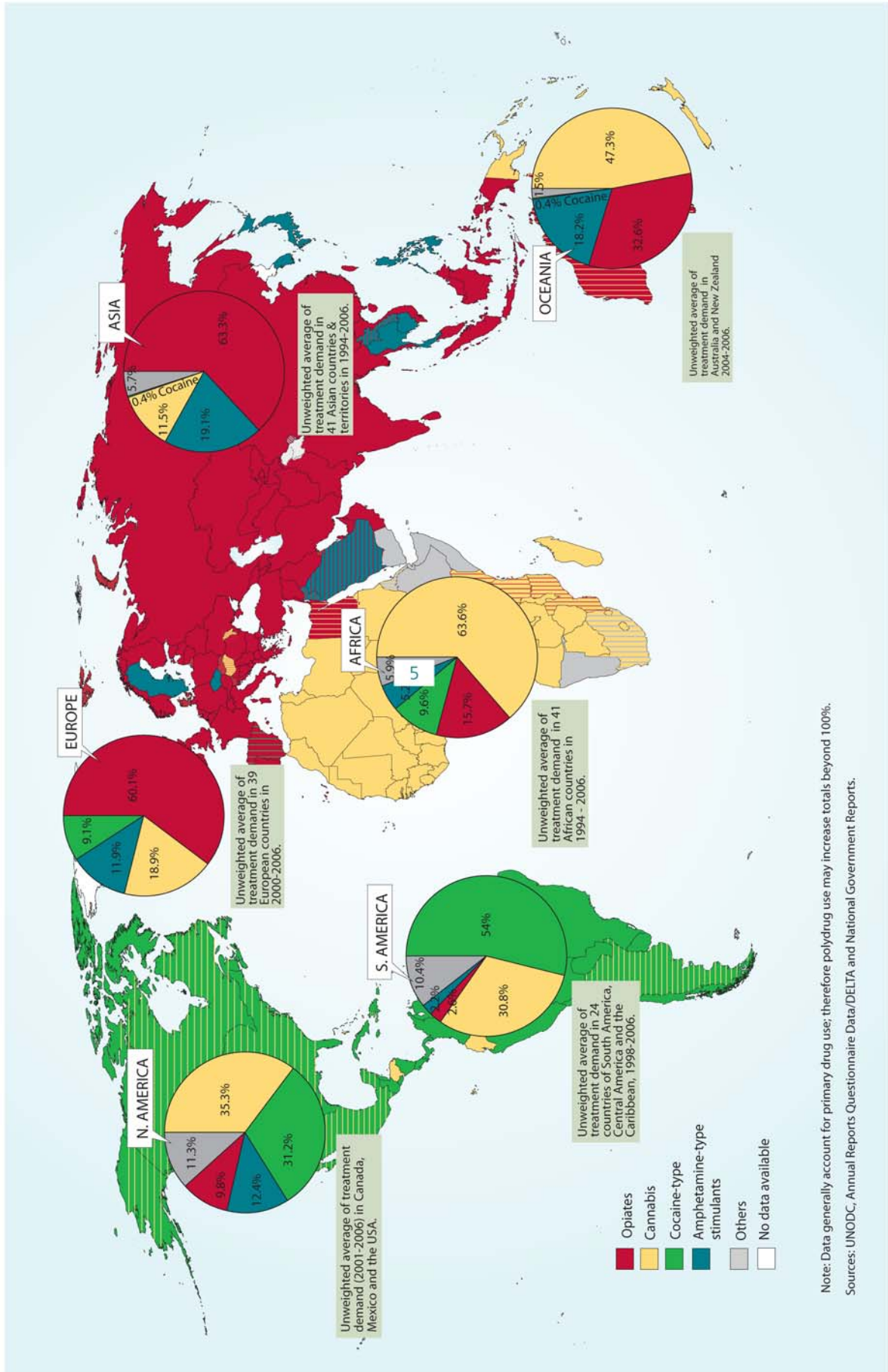
The area under opium poppy cultivation in Afghanistan rose by 17% in 2007 to 193,000 ha. This was the largest area under opium poppy cultivation ever recorded in Afghanistan, surpassing the 2006 record cultivation figure. The increase itself was less pronounced than in 2006, when the increase was 33%. Similar to the year before, Afghanistan accounted for 82% of the global area under opium poppy in 2007. Over two thirds of the opium poppy cultivation was located in the southern region of the country, where the southern province

Extent of drug use (annual prevalence*) estimates 2006/07(or latest year available)

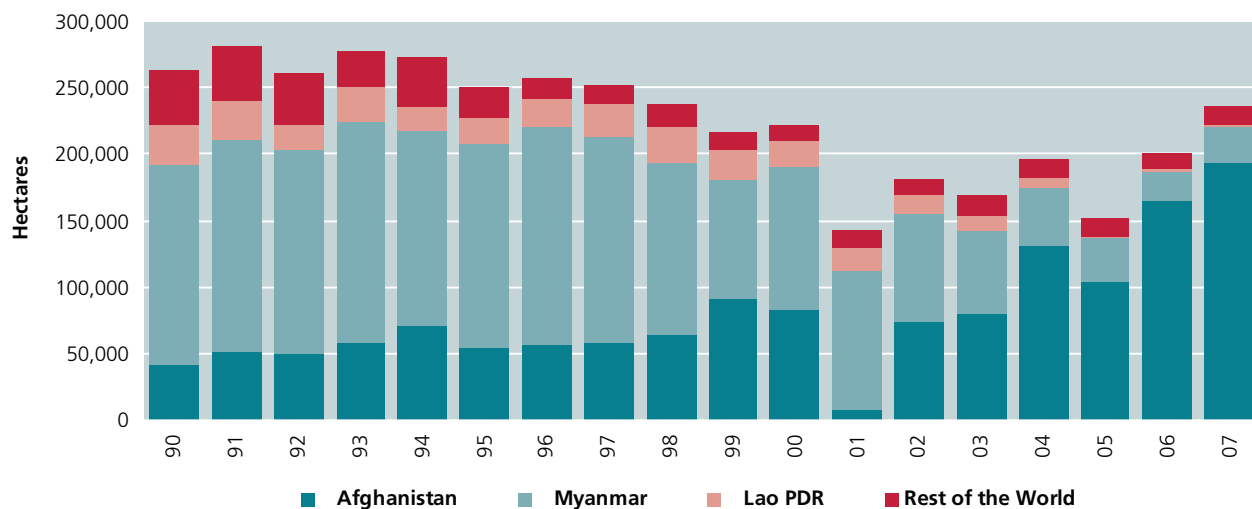
	Canna-bis	Amphetamine-type stimulants		Cocaine	Opiates	of which is Heroin
		Amphetamines	Ecstasy			
Number of abusers (in millions)	165.6	24.7	9	16	16.5	12.0
in % of global population age 15-64	3.9%	0.6%	0.2%	0.4%	0.4%	0.3%

*Annual prevalence is a measure of the number/percentage of people who have consumed an illicit drug at least

Main problem drugs (as reflected in treatment demand), 2006 (or latest year available)



Global illicit opium poppy cultivation (hectares), by region: 1990 – 2007



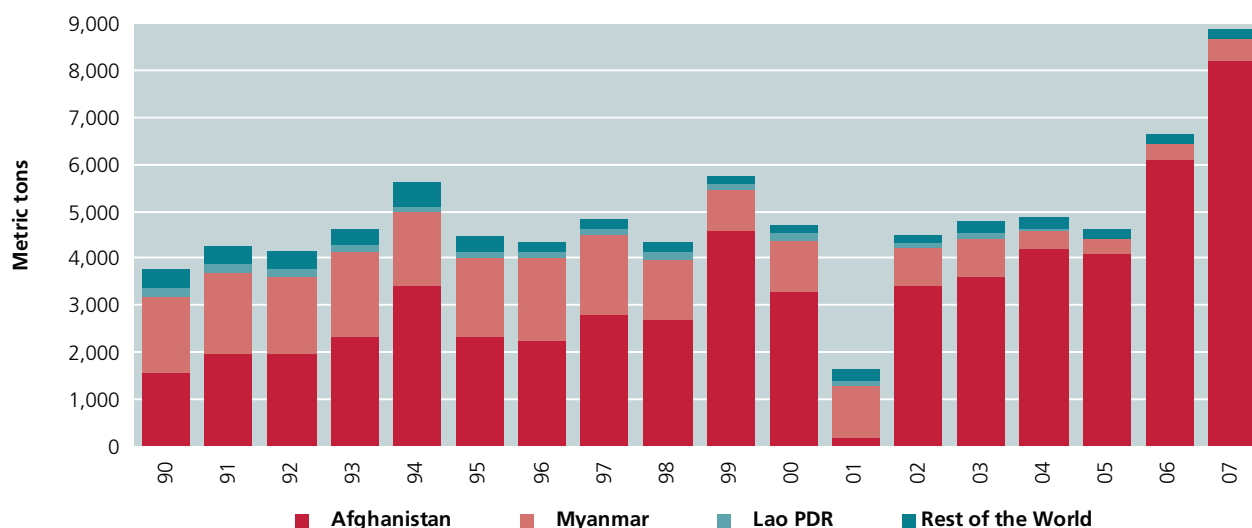
of Hilmand alone accounted for 53 % of total cultivation. Encouragingly, the number of provinces which were free of poppy in Afghanistan went up from 6 in 2006 to 13 in 2007.

After six years of decline, opium poppy cultivation in South-East Asia increased by 22%, driven by a 29% cultivation increase in Myanmar. Despite this recent increase, opium poppy cultivation in South-East Asia has decreased by 82% since 1998. While some areas in Myanmar such as the Wa region remained opium poppy free, cultivation in the East and South of the Shan State, where the majority of opium cultivation takes place,

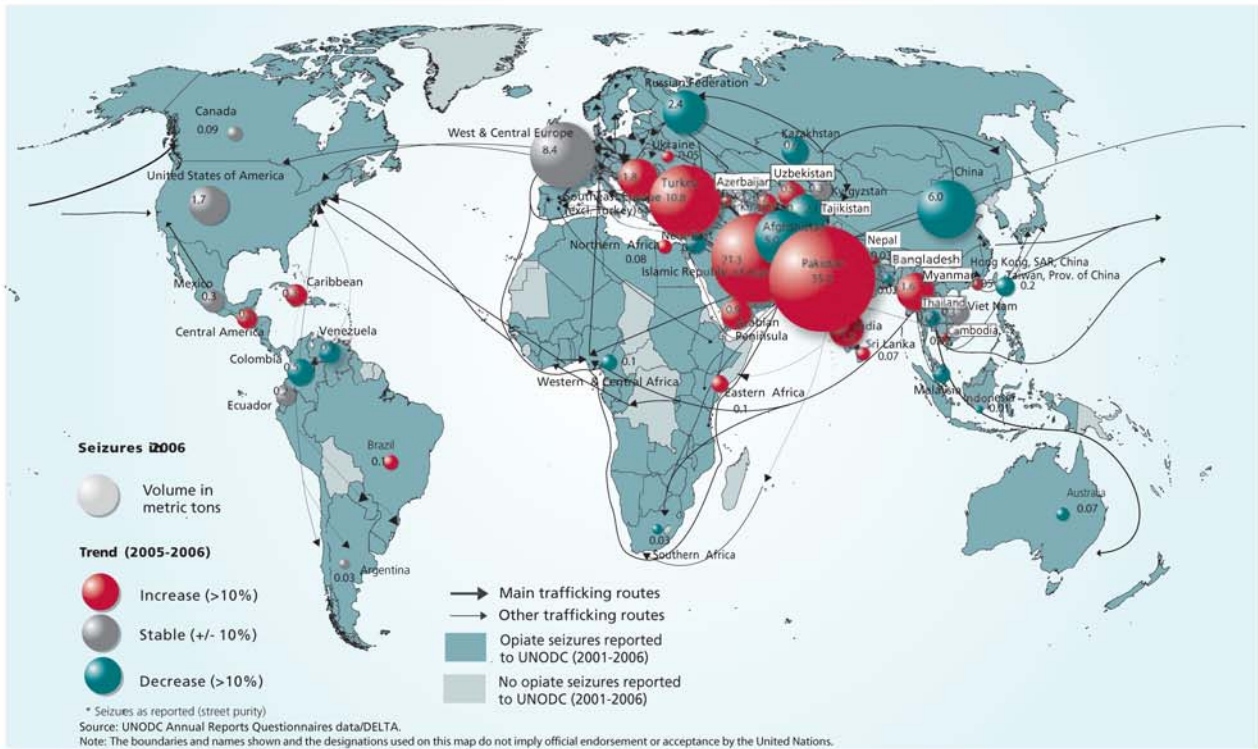
increased significantly. In Lao PDR cultivation remained at a low level.

The opium poppy grown in Afghanistan has a higher yield than that of Myanmar. It is therefore mainly the cultivation increase in Afghanistan which led to the record high of opium production in 2007. Global opium production increased for a second year in a row to 8,870 mt, more than ever recorded in recent years. Global opium production has doubled since 1998 due to the shift to these higher yielding plants. In 2007, Afghanistan alone accounted for 92 % of global production, producing 8,200 mt of opium at an average opium yield

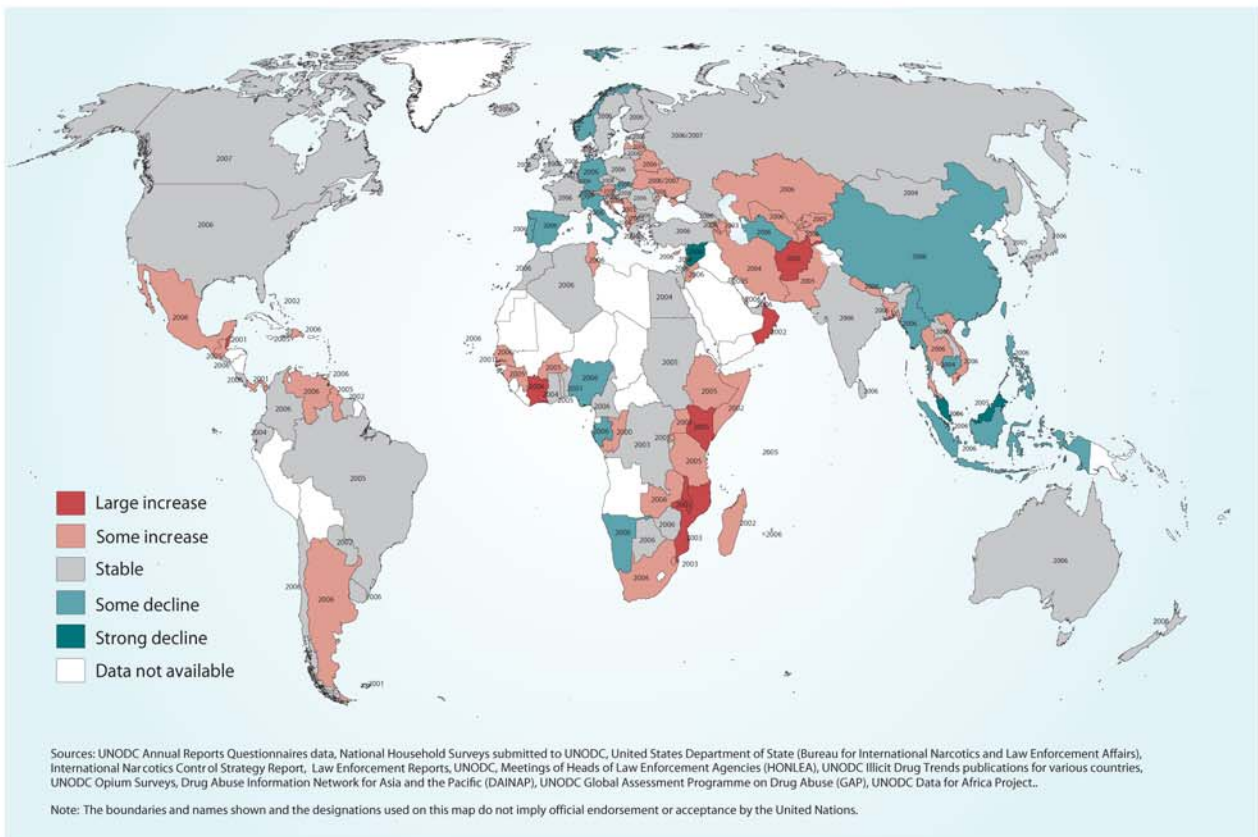
Global illicit opium production, by region: 1990 - 2007



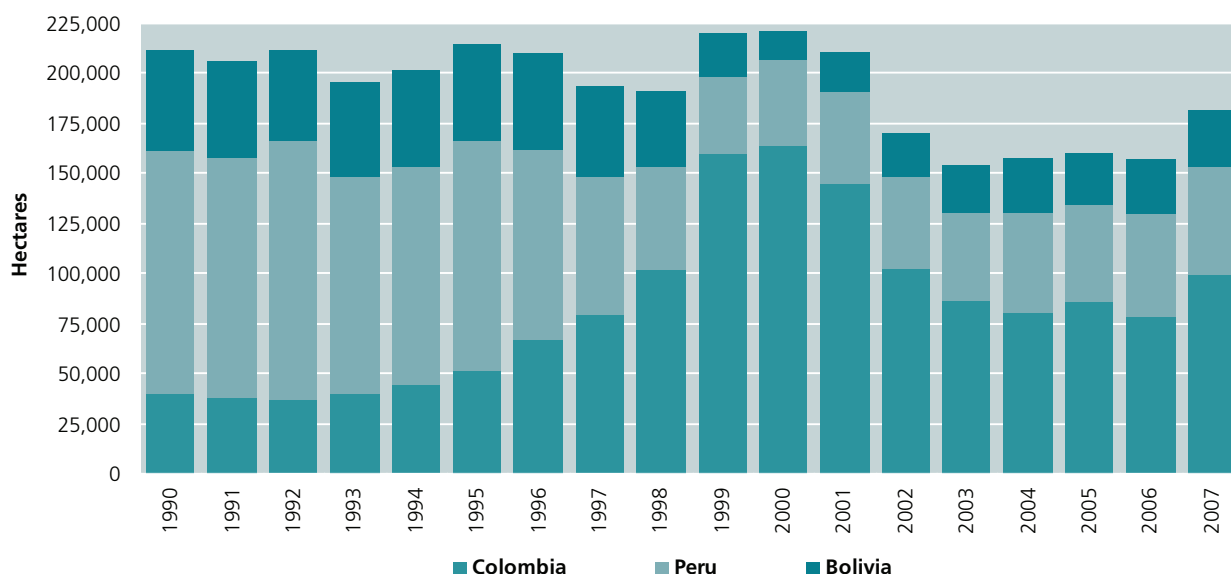
Trafficking in heroin and morphine, 2006 (countries reporting seizures of more than 10 kg)



Changes in the use of heroin and other opiates, 2006 (or latest year available)



Global coca cultivation (hectares), by region: 1990-2007



of 42.5 kg/ha. In Myanmar, opium production increased by 46 % to 460 mt, but was still 65% lower than it was in 1998.

Market consumption patterns appear to have remained largely the same – with the majority of opiates on the market in Europe, the Near and Middle East and Africa continuing to come from Afghanistan, those on the market in Asia sourced from Myanmar and those on the market in North and South America from Mexico and Colombia. The largest seizures of heroin and morphine occurred in Pakistan, Iran and Turkey with seizure levels increasing in 2006.

Opiates remain the main problem drug in terms of treatment. This, combined with the enormous increases in production we are now witnessing, necessitate the rigorous monitoring of demand in the opiate market. While demand has been relatively stable at the global level, the countries surrounding Afghanistan continue to experience increasing levels of use. Increases were also recorded for most countries of East and Southern Africa. Consumer markets in Western and Central Europe seem to be largely stable. Opiates use also remains stable in North America.

1.3 Coca/Cocaine Market

In 2007, the total area under coca cultivation in Bolivia, Colombia and Peru increased 16% to 181,600 ha. This was driven mainly by a 27% increase in Colombia, but cultivation also increased, at much lower rates, in Bolivia and Peru. Despite these recent increases, the global area under coca cultivation continues to be lower than in the 1990s and 18% below the level recorded in 2000 (221,300 ha). Colombia continued to account for the majority of cultivation. At 55 % of the global total,

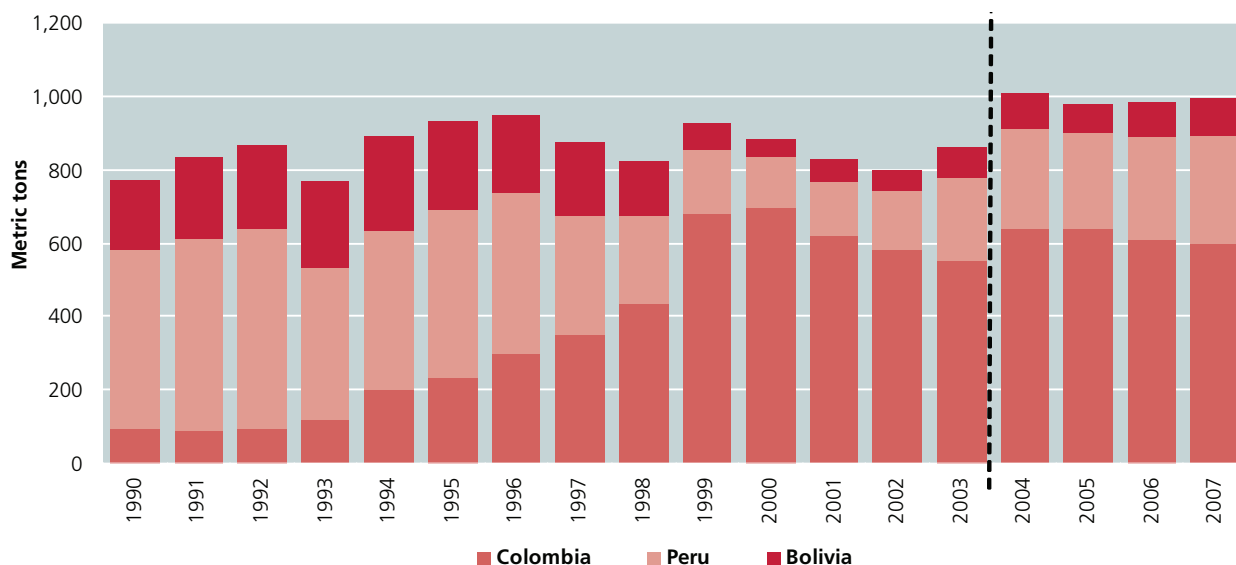
cultivation in Colombia rose to 99,000 ha in 2007. This was mainly due to an increase in the Pacific and Central regions, which were responsible for over three quarters of the total area increase. Pacific was the largest coca region in 2007 with 25,960 hectares.

In 2007, coca cultivation in Peru increased by 4 % to 53,700 ha. Despite having experienced the second consecutive increase in two years, coca cultivation remained well below the levels registered in the mid 1990s, when Peru was the world's largest cultivator of coca bush. Bolivia, the third largest producer of coca leaf, still trails behind Colombia and Peru. For a second consecutive year, coca cultivation increased in Bolivia, and amounted to 28,900 ha in 2007, an increase of 5%.

With less coca being grown in high yielding regions, there was a stabilisation in Colombian cocaine production despite the large increase in cultivation. Global potential cocaine production has remained stable over the last few years, reaching 994 mt in 2007, almost the same as in 2006 (984 mt). The majority of this, 600 mt in 2007, comes from Colombia.

The cocaine market is concentrated in the Americas, although increases in both distribution and use continue to occur in Western Europe and West Africa. The recent increases in both seizures and use in West Africa appear to reflect the development of new distribution routes through West Africa to Western Europe. This has led to a large increase in seizures in both regions. Consumption continues to increase both at destination and along the route. A contraction in the consumer markets of North America has led to a strong decline in seizures in North America. In the USA, the proportion of the workforce testing positive for cocaine declined by 19% in 2007, and by 36% since 1998. Cocaine use, however, continues to increase in South America.

Global cocaine production*, by region: 1990-2007



1.4 Cannabis Market

Cannabis continues to dominate the world’s illicit drug markets in terms of pervasiveness of cultivation, volume of production, and number of consumers. Cannabis production was identified or reported in 172 countries and territories. The broad levels of use of this drug and its increasing potency make the long term containment of the market especially important. Global cannabis herb production is estimated to have stabilized at around 41,400 mt in 2006. Production in 2006 was almost equal to that of 2005, and 8% lower than 2004. The decline in global cannabis herb seizures between 2004 and 2006 was even more pronounced (-27%).

In 2006, most cannabis herb was produced in the Americas (55%) and in Africa (22%), followed by Asia and Europe. The cannabis market is characterized by a high degree of local and intra regional production and distribution. Countries producing for export remain limited: a number of African countries (including South Africa, Nigeria, Ghana and Morocco) and few Asian countries (including Afghanistan, Pakistan and Kazakhstan). Changes in the regional breakdown between 2004 and 2006 suggest that cannabis production increased in Europe (offsetting some of the decline of cannabis resin exports from Morocco), Asia and South America (including Central America and the Caribbean). Production appears to have declined in Africa from the peak in 2004. Production also appears to have declined in North America.

The ongoing increase in THC levels is changing the cannabis market. In Canada and the USA, where large-scale eradication efforts have been successful, the growth of THC levels likely reflects the ongoing shift towards indoor production of high potency cannabis. The aver-

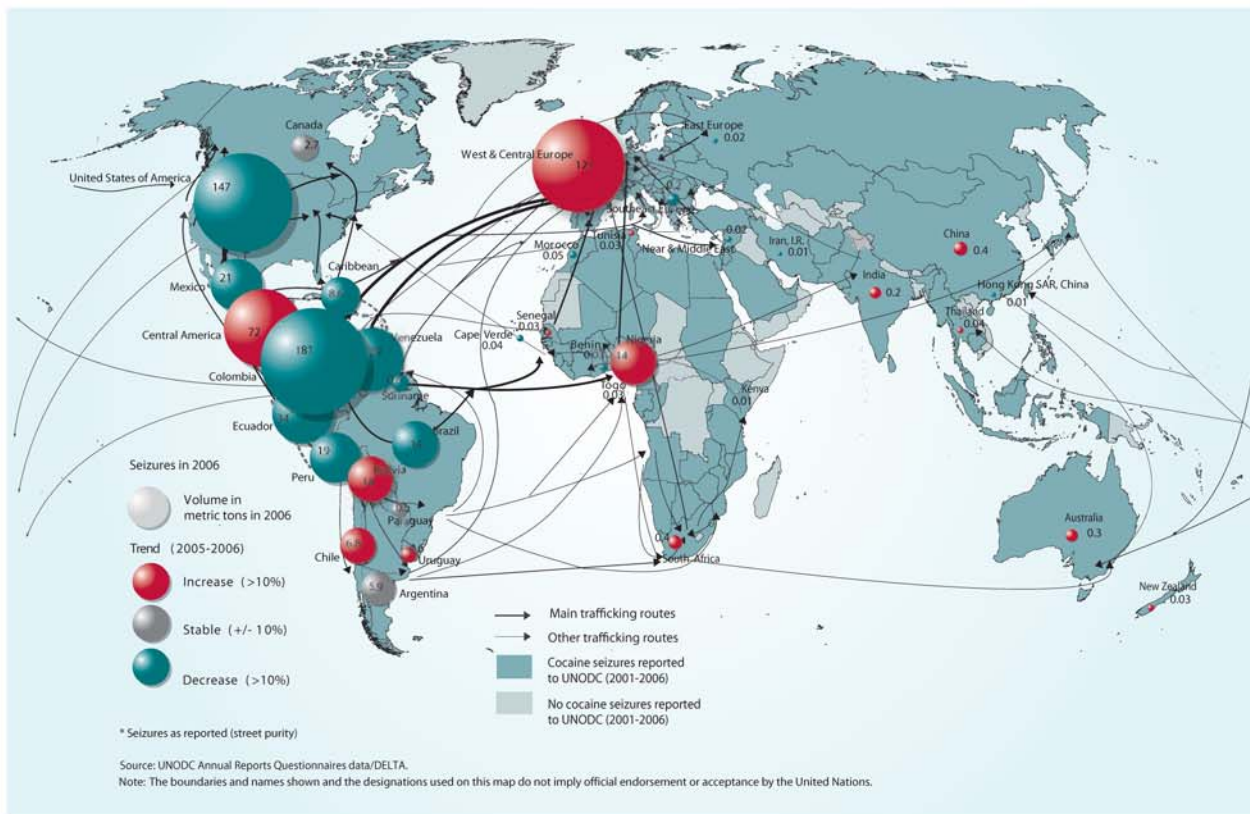
age THC levels of cannabis on the US market almost doubled between 1999 and 2006, from 4.6% to 8.8%.

The extent of cannabis cultivation in Afghanistan appears to be approaching that of Morocco. In 2007, the area under cannabis in Afghanistan was equivalent to more than a third of the area under opium cultivation. UNODC estimates suggest that cannabis cultivation in Afghanistan increased from 30,000 ha in 2005 to 50,000 ha in 2006 and 70,000 ha in 2007. Tentative estimates suggest that 6,000 mt of cannabis resin were produced in 2006, down from 6,600 mt in 2005 and 7,500 mt in 2004. After many years of uninterrupted increases, global cannabis resin production appears to have been contained.

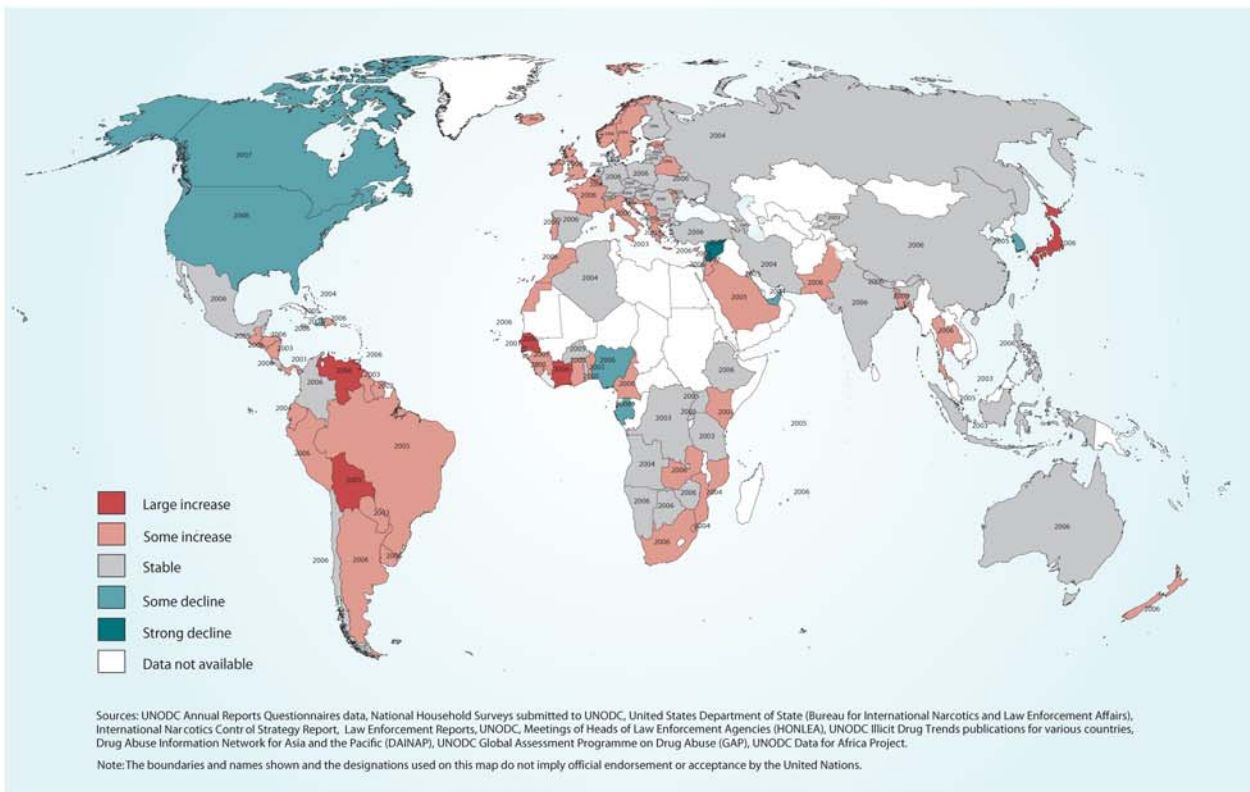
Both cannabis herb seizures (-27%) and cannabis resin seizures (-30%) declined over the 2004-2006 period, reversing the previous upward trend. Close to 60% of global cannabis herb seizures were made in North America (58%) in 2006, notably by Mexico (1,893 mt) and the United States (1,139 mt). Seizures in North America remained basically stable in 2006 as compared to a year earlier but were 8% lower than in 2004.

The consumer market for cannabis dwarfs those for the other drug groups. UNODC estimates suggest that some 166 million people used cannabis in 2006, equivalent to 3.9 percent of the global population age 15-64. The prevalence rates are still highest in Oceania (14.5% of the population age 15-64), followed by North America (10.5%) and Africa (8%). The highest rates in Africa are found in West and Central Africa (12.6%) and southern Africa (8.4%). Cannabis use declined in Oceania and stabilized in Western Europe as well as in North America, despite an increase in Mexico. Large increases in use have been reported from South America, West and Central Africa.

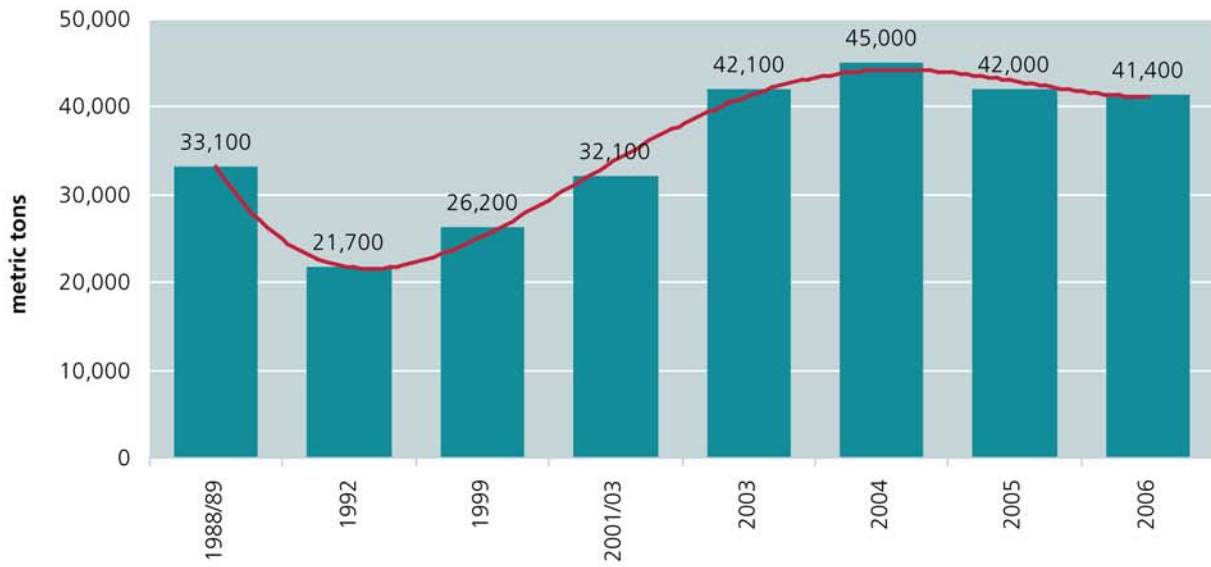
Trafficking in cocaine, 2006 (countries reporting seizures of more than 10 kg)



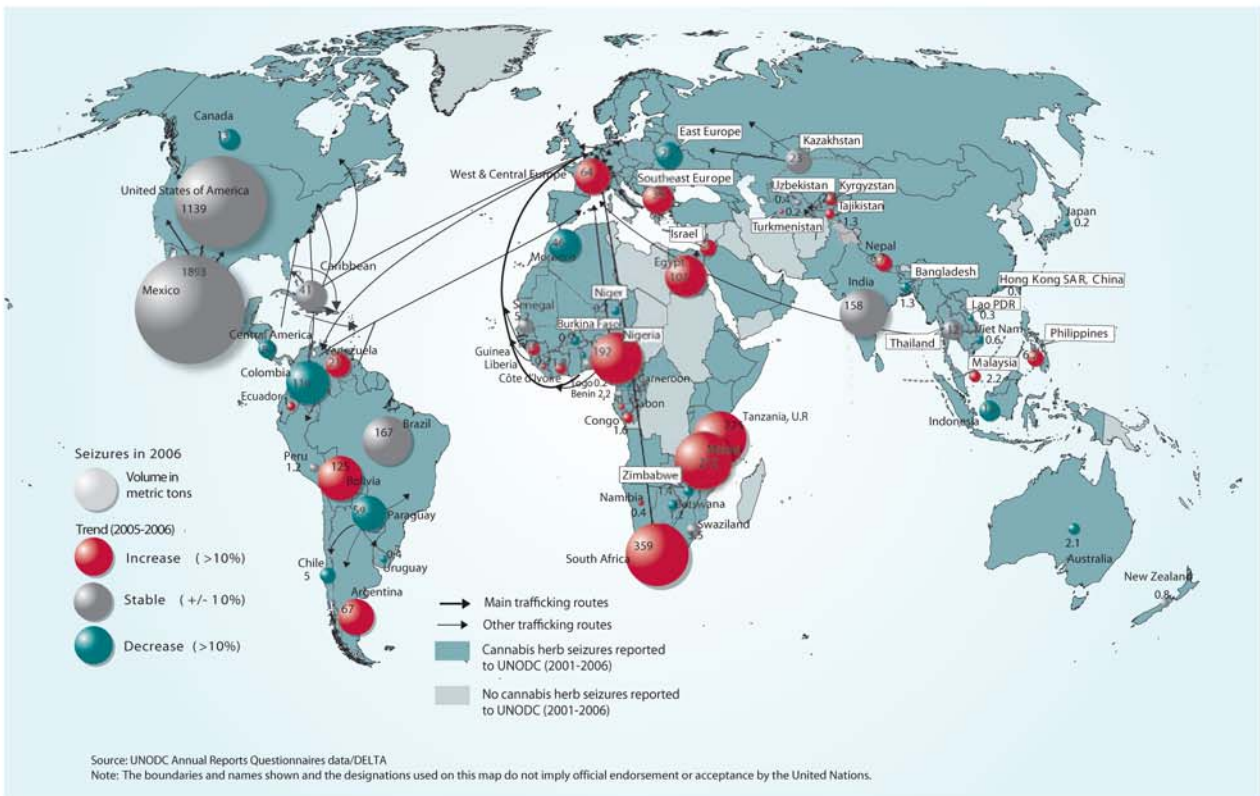
Changes in the use of cocaine, 2006 (or latest year available)



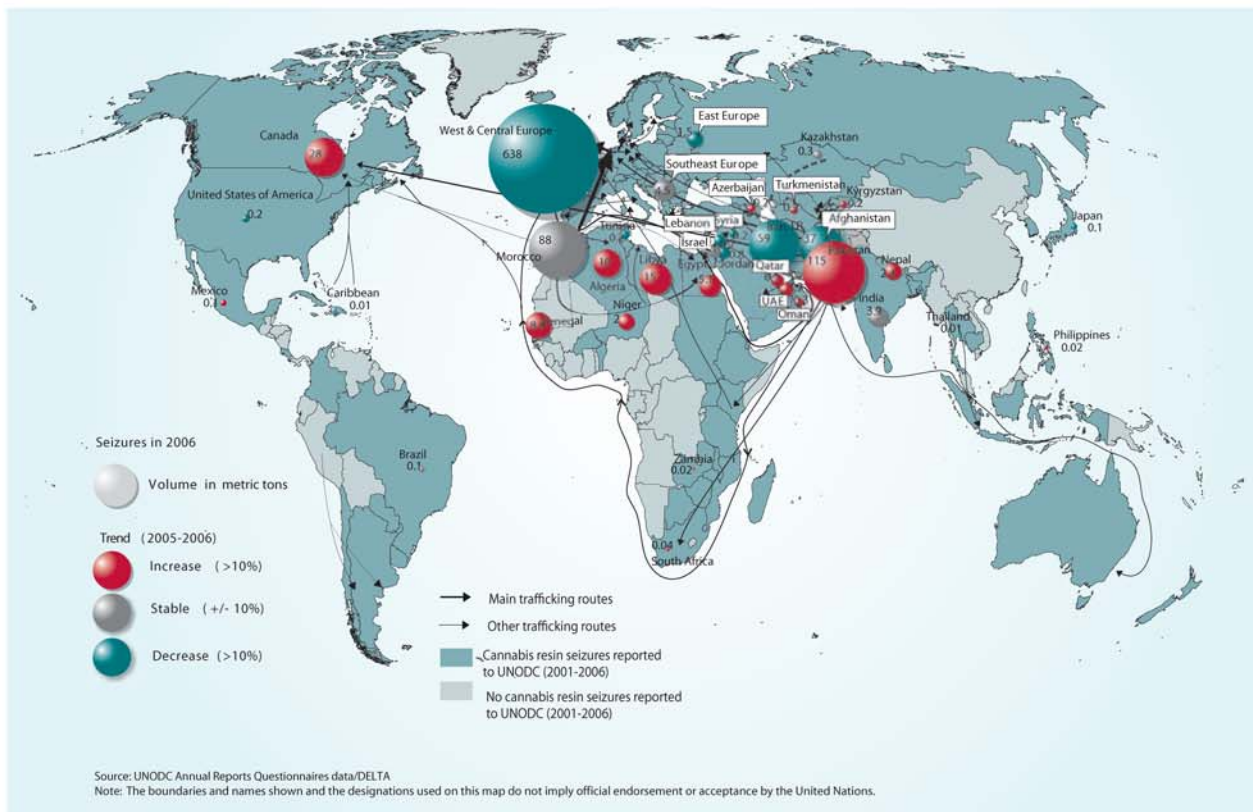
Estimate of global cannabis herb production: 1988-2006



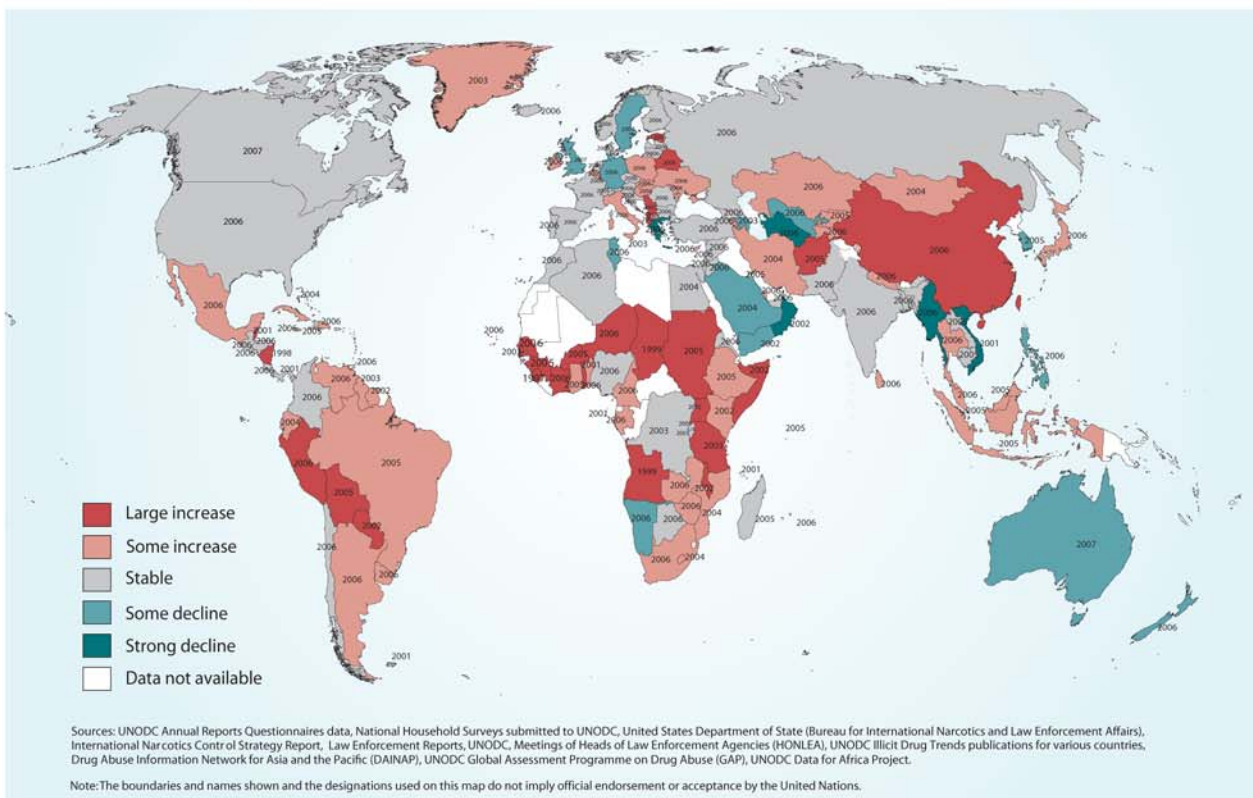
Trafficking in cannabis herb, 2006 (countries reporting seizures of more than 100 kg)



Trafficking in cannabis resin, 2006 (countries reporting seizures of more than 100 kg)



Changes in the use of cannabis 2006, (or latest year available)



1.5 Amphetamine-type Stimulants Market

The ATS market continues to stabilise over the medium term. UNODC estimates that ATS manufacture world-wide could have ranged between 330 mt to 770 mt in 2006, with a mid-point estimate of 494 mt.

It appears that global manufacture may be increasing somewhat for the amphetamines group and decreasing for the ecstasy group. In 2006, it is estimated that methamphetamine accounted for 68% of the amphetamines group.

ATS manufacture is regionally specific, related both to demand and to the availability of precursor chemicals. Methamphetamine is manufactured throughout East and South-East Asia, North America, and Oceania, where precursors are more readily available and demand is high. Amphetamine continues to be manufactured largely in Europe. Ecstasy is manufactured primarily in North America, Western Europe and Oceania, though there is some production in East and South-East Asia.

Following consistent increases in the number of ATS laboratories detected globally throughout the 1990s – peaking at 18,639 in 2004 – detections fell to 8,245 in 2006. Though the number of laboratories seized world-wide has dropped dramatically, there is no commensurate reduction in methamphetamine manufacture, which is increasingly being done in large ‘super-labs’. Seizures of ATS increased again in 2006, reaching 47.6 mt, just short of their 2000 peak. While trafficking in ATS end-products remains primarily an *intra*-regional affair, there is evidence of increasing *inter*-regional trafficking. ATS precursor trafficking continues to be predominantly *inter*-regional – with the majority of precursors trafficked out of South, East, and South-East Asia.

An estimated 24.7 million people in the world, equivalent to 0.6% of the population age 15-64 consumed amphetamines in 2006.¹ UNODC estimates ecstasy users to number approximately 9 million world-wide (0.2%). Neither estimate has changed substantially compared to last year or the beginning of the new millennium. Together, these figures exceed use levels for cocaine and heroin combined.

Nearly 55% of the world’s amphetamines users (14 million) are estimated to be in Asia. Most of them are methamphetamine users in East and South-East Asia. Ninety seven per cent of all amphetamines used in Asia are consumed in the East and South-East sub-region. The total number of amphetamines users in North

America is estimated at around 3.7 million people or 15% of global users. Europe accounts for 10% of all users or 2.7 million people.

2. A Century of International Drug Control

Nearly 100 years ago, the international community met in Shanghai to discuss the single largest drug problem the world has ever known: the Chinese opium epidemic. At its peak, tens of millions of Chinese were addicted to the drug, and nearly a quarter of the adult male population used it. The mighty Chinese Empire had seen its massive foreign reserves dwindle as drug imports reversed its longstanding favourable trade balance with the West.

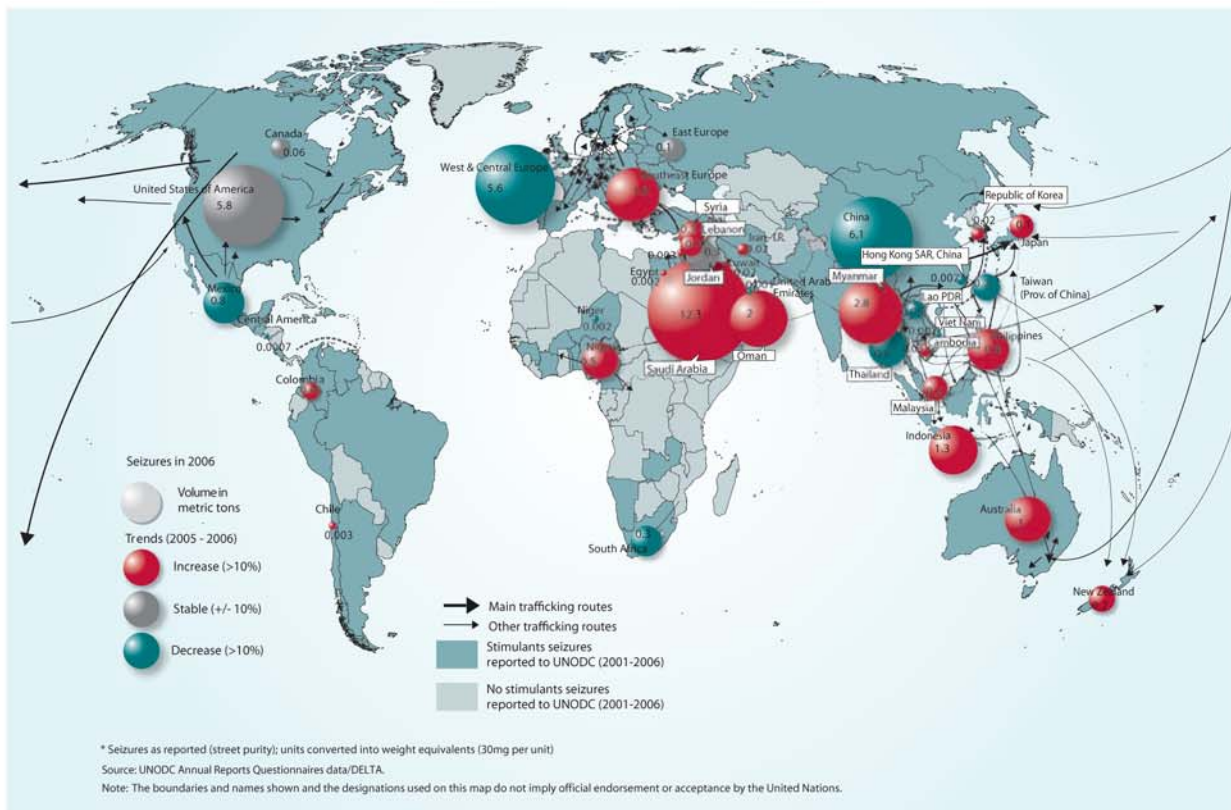
Prior to the 1909 Shanghai Opium Commission, there was a global free market in addictive drugs, the consequences of which were disastrous. National governments and state-sponsored monopolies played an active role in peddling opium across borders. The profits to be made were enormous, generating as much as half of the national revenues of some island states serving as redistribution centres. Even a country the size of British India derived 14% of state income from its opium monopoly in 1880. China had unsuccessfully fought two wars against the British Empire to stop opium importation. When forced at gunpoint to legalise the drug, China too took to cultivation. It was able at once to halt currency outflows and create a huge source of tax revenue, deriving at least 14% of its income from the drug by the time of the Shanghai Commission.

Thus, there were large political and economic interests vested in maintaining the status quo, which makes all the more remarkable the efforts of campaigners to bring the world around a table to confront the damage caused by the opium trade. The Shanghai Commission represents one of the first truly international efforts to confront a global problem. The mere fact of being called to account caused many governments to initiate reforms in advance of the Commission. But the declaration of the Shanghai Commission was a non-binding document, negotiated by delegates lacking the power to commit on behalf of their states. Hammering out a body of international law to deal with the global drug problem would take over a dozen agreements and declarations issued over the better part of the next one hundred years.

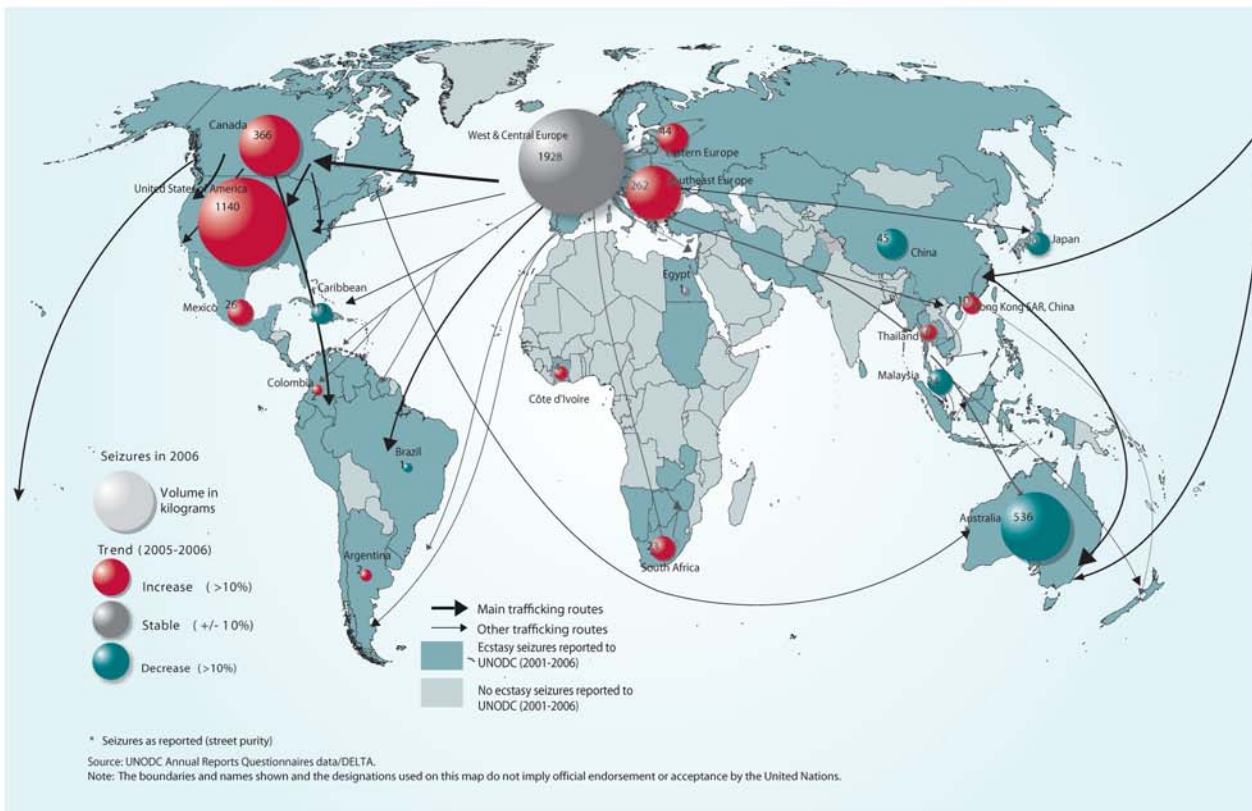
The players, the rules, and the substances concerned would change over time. The first efforts to stop the opium trade attracted an unusual coalition of supporters, including conservative religious groups, Chinese isolationists, and left-wing critics of globalising capitalism. After World War I, the cause was championed by the League of Nations, which passed Conventions in 1925, 1931, and 1936. Its efforts were substantially

¹ The *amphetamines group* includes methamphetamine, amphetamine, and non-specified amphetamine (e.g., fenetylline, methylphenidate, phenmetrazine, methcathinone, amfepramone, pemoline, phentermine), but *excludes ecstasy* group drugs.

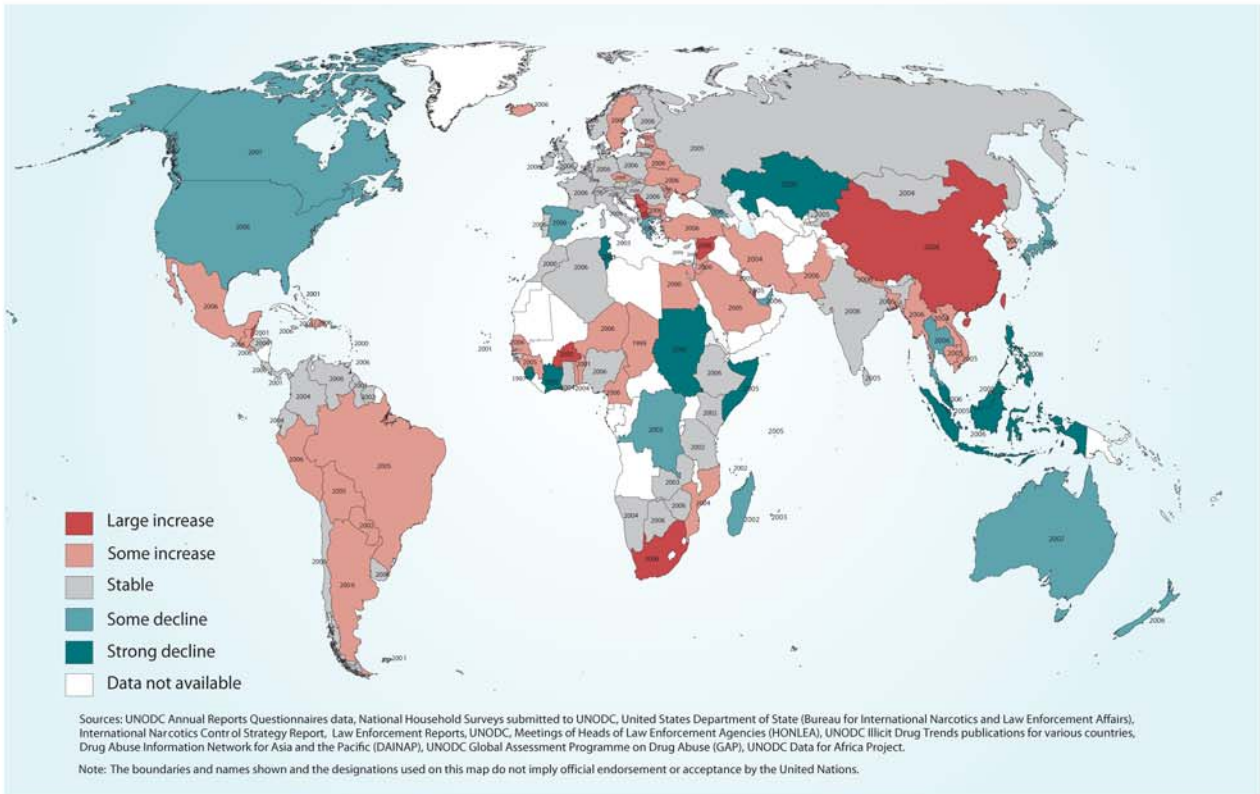
Trafficking in amphetamines, 2006 (countries reporting seizures of more than 1 kg)



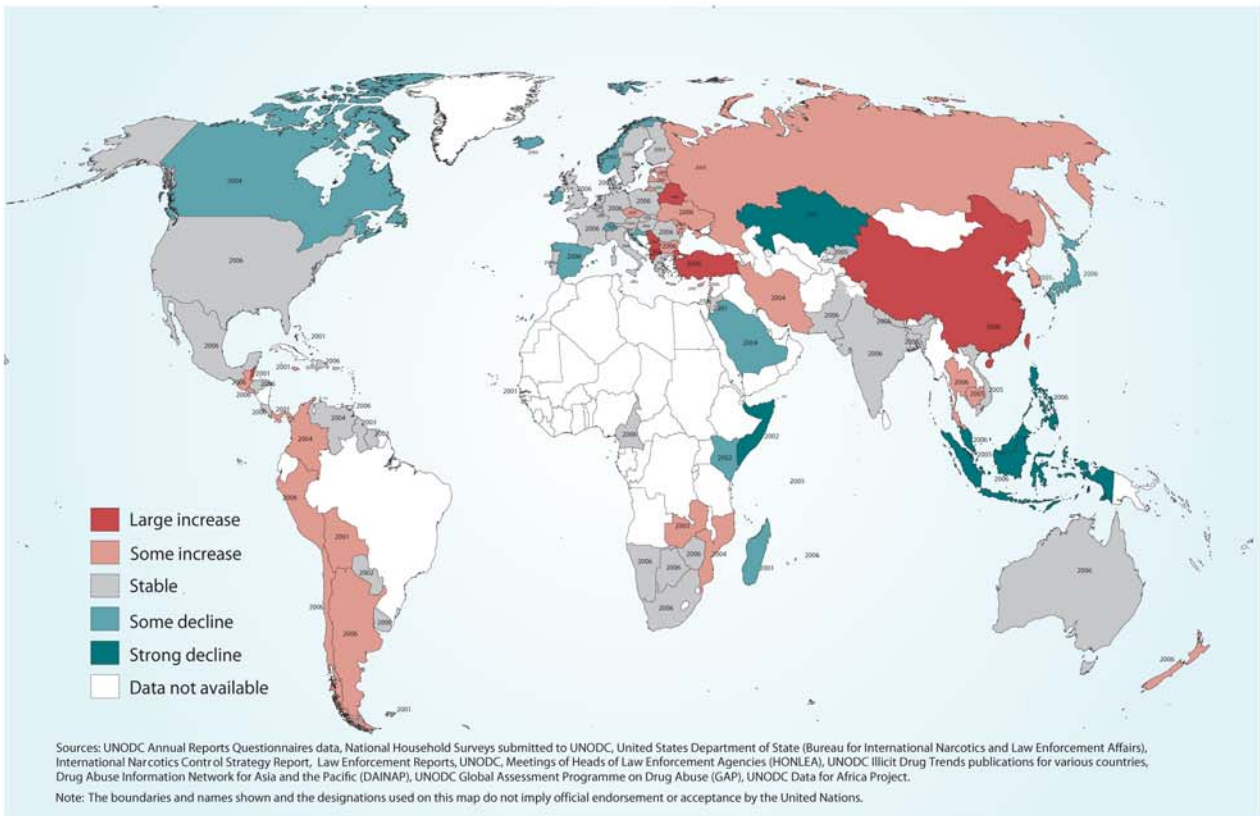
Trafficking in ecstasy, 2006 (countries reporting seizures of more than 1 kg)



Changes in use of "amphetamines" (methamphetamine, amphetamine and related substances) 2006 (or latest year available)



Changes in use of Ecstasy (MDMA, MDA, MDEA) 2006 (or latest year available)



hampered, however, by the fact that some key powers were not members. After World War II, the United Nations took up the torch, with Opium Protocols in 1946, 1948, and 1953 before in 1961 the *Single Convention* was passed that changed forever the way the world dealt with controlled substances.

The drugs evolved as quickly as the international system. Opium fell out of fashion in many parts of the world, eclipsed by more modern extractions of the drug, first morphine and then heroin. Cocaine also emerged in global geopolitics – few remember the time when Java outpaced South America as a source of coca leaf. Out of concern for the situation in Africa, cannabis was added to the list of internationally controlled substances in 1925. With the exception of synthetic opiates, the 1961 Convention did not cover the synthetic drugs which proliferated in the decade that followed its adoption, and so a second convention became necessary ten years later, the *Convention on Psychotropic Substances* (1971). Finally, the 1988 *United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances* consolidated and rationalised a number of agreements and declarations into a coherent system of international controls.

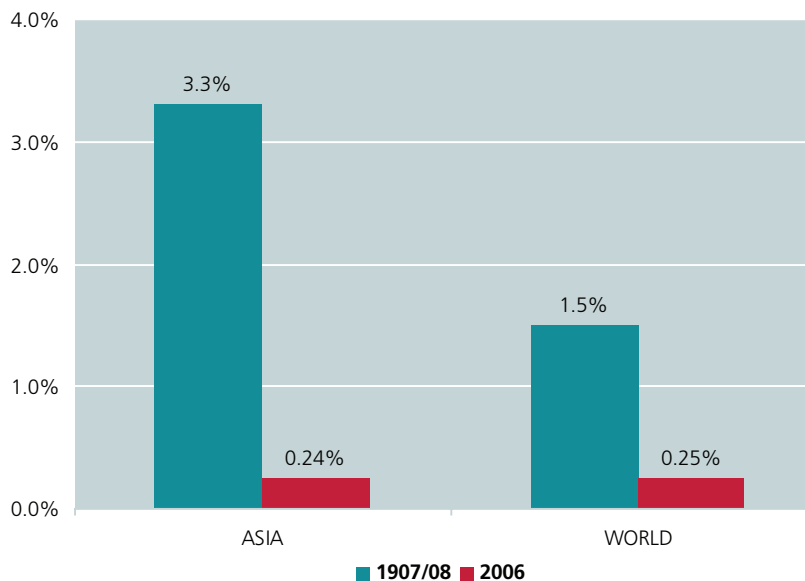
Today, these Conventions enjoy near universal adherence – over 180 countries are parties to the Conventions. Getting the diverse peoples of the world to agree on anything represents a substantial achievement, but this commonality is all the more remarkable given the highly contentious nature of the subject matter. Of course, the international drug control system has its critics. It remains a work in progress, continually adapting to address changing global circumstances and unfortunately producing some unintended consequences.

The first and most significant of these is the creation of a lucrative and violent black market. Secondly, the focus on law enforcement may have drawn away resources from health approaches to what, ultimately, is a public health problem. Thirdly, enforcement efforts in one geographic area have often resulted in diversion of the problem into other areas. Fourthly, pressure on the market for one particular substance has, on occasion, inadvertently promoted the use of an alternate drug. Finally, use of criminal justice system against drug consumers, who often come from marginal groups, has in many instances increased their marginalisation, diminishing capacity to offer treatment to those who need it most.

These unintended consequences represent serious challenges as the international drug control system faces its next century, but they should not overshadow its significant achievements. Under the current system of controls, it is highly unlikely that the world will ever face a drug problem like the one that confronted China 100 years ago.

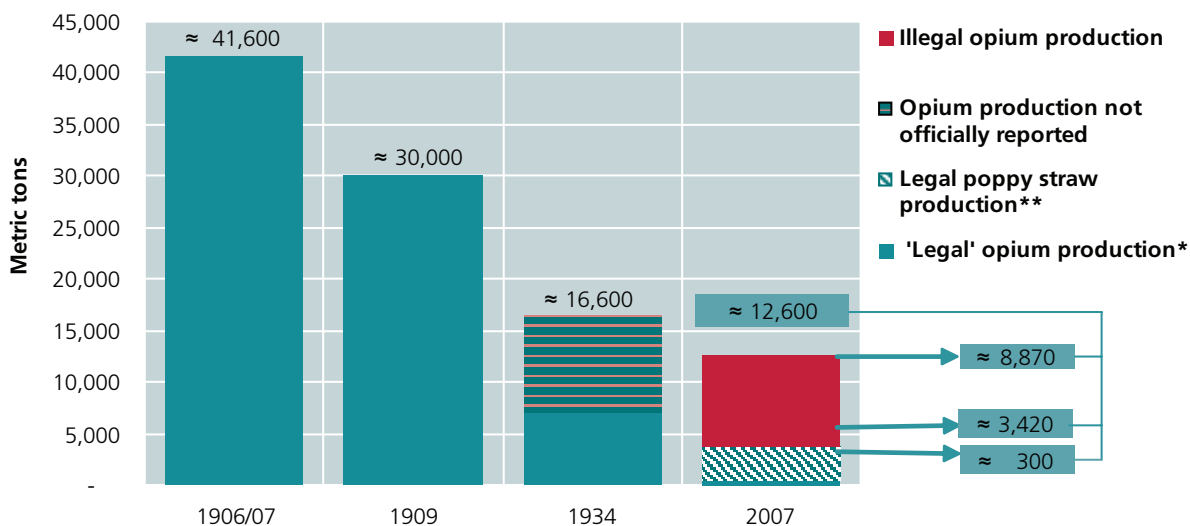
The problem of opium production for recreational use, which the system was originally designed to control, has almost entirely been confined to five provinces of a single, war-torn country. Despite recent booms in production in Afghanistan, long term illicit opiate production and use are in decline. No one can know for sure what the world would have looked like without the international drug control system, but it was initiated in response to a profound humanitarian crisis, and that crisis has largely been resolved. New drugs have emerged and taken their toll, but what damage could they have caused if they were allowed to proliferate in a free market, the way opium was spread in 19th century China?

Fig. 1: Estimates of annual prevalence of opiate use, 1907/08 and 2006



Sources: UNODC calculations based on International Opium Commission, Shanghai, February 1909.

Fig. 2: Global licit and illicit opium production, 1906/07 – 2007



* Legal status of opium production before 1912 must be differentiated from opium after 1964 (when Single Convention came into force)

** converted into opium equivalents

Sources: International Opium Commission, Shanghai, INCB, UNODC.