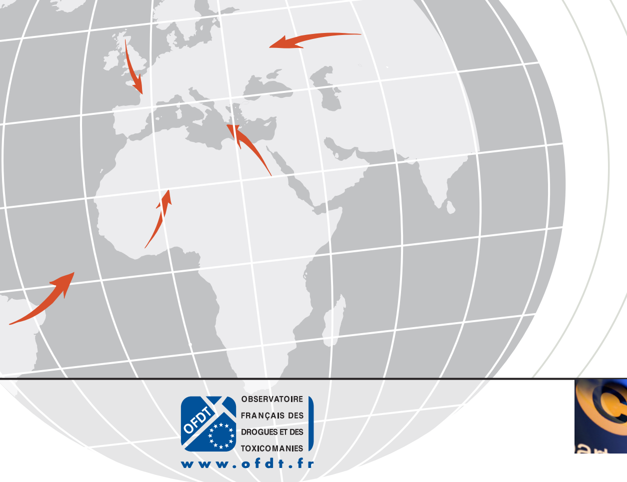

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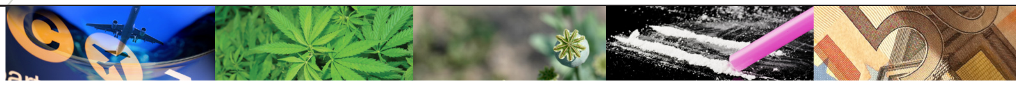

CRIMINAL NETWORKS AND INDOOR CANNABIS IN EUROPE: HAS THE PHENOMENON REACHED FRANCE?

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On 8 February 2011 in *Courneuve*, a Paris suburb in the Seine-Saint Denis department, approximately 700 cannabis plants were discovered in a clandestine indoor plantation by the investigators of the OCRIEST (Central office on illegal immigration and employment) and the OCRTIS (Central office for the repression of drug-related offences). This cannabis factory was able to produce more than 100 kg per year of a variety of herbal cannabis called *sinsemilla* (see box next page).

The people who were running this plantation could earn over 400,000 euros in sales per year, generating significant profits given the low labour costs. The labour was provided by illegal Vietnamese immigrants who paid for their passage to Europe by working in these plantations for several months under conditions that could be considered a form of modern slavery.

Although this plantation was not the first to be discovered on French territory, this case was particularly troubling for the authorities because it was an operational carbon copy of Dutch and British cannabis factories. As a result, major, fundamental concern was raised regarding the development of herbal cannabis supply. While in France cannabis tends to be supplied by small growers who produce mainly for their own personal needs, the *Courneuve* case begs the following question: Has organised crime penetrated French herbal cannabis production like in other countries in Europe?

In order to fully understand the issues raised by this question, this article will first examine the current European cannabis market structure. Thereafter, it will discuss the situation in the main cannabis-producing European countries. Finally, it will examine the situation in France and the possible criminal risks that are taking shape.

A cannabis market in upheaval

Cannabis is by far the most frequently used illegal psychoactive substance in France. According to the 2010 annual report of the EMCDDA (European Monitoring Centre for Drugs and Drug Addiction), one out of every five adults aged 15 to 65, or 75.5 million people[1], has used cannabis at least once in their life [1]. Although this situation is no different in Europe than it is elsewhere in the world, Europe is characterised by

2013 UPDATE

This article is the translated version of a text published in May 2011. Further to the 2011 situation, the author describes below the latest developments.

In the last two years, cannabis cultivation has continued to spread around the 28 European member states. British, German, Irish, Finnish and Romanian herbal cannabis seizures are now more important than resin's. Moreover, European cannabis cultivation is growing in the South of Europe reaching more than 25% of the total cannabis seizures, especially in Spain and Italy, countries where law enforcement dismantled major's cannabis factories with hundreds of thousands of cannabis plants. Albanian production seems to become more professionally grown and more potent; it was indeed traditionally distributed in Italy but is now present in Eastern Europe in countries such as Bulgaria and Romania.

In France, herbal seizures still count for less than 10% of the total cannabis seizures; however, the police dismantled recently different cannabis factories lead by organised criminal networks, especially in the East of the country. Those production sites were not only targeting the domestic market but also the European one.

In addition, small-scale cultivations are frequently discovered by French law enforcement services, showing that home growers and social growers keep on supplying a significant part of the French market even if the cannabis resin from Morocco is still a dynamic competitor.

Resin in France is more present than ever and different new products were discovered lately like those 200-gram balls called "tomatoes" containing more than 20% THC.

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greater use of the «resin» form, while elsewhere in the world, herbal cannabis predominates. This phenomenon is particularly evident in cannabis seizures. 90% (900 tonnes) of all cannabis seized in Europe in 2008 was resin,while 10% (92 tonnes) was herbal cannabis [1]. Nevertheless, these data should not draw attention away from the current trends, which are characterised by a significant increase in Europe of *sinsemilla* supply in a market where cannabis users are increasingly favouring the herbal form.

Although 2008, with over 2.5 million plants [1, 2] seized and destroyed in Europe, was undoubtedly exceptional, for nearly 10 years now the number of plantations discovered has exploded. The situation is such that economist Adrian Jansen [3] did not hesitate to mention a real *green avalanche* in Europe, calling into question Morocco's resin monopoly, including in Southern Europe[5]. In France, the increasing awareness[6] of these current market changes has just begun to emerge due to the persistent dominance of resin on the French cannabis market, which continues to represent in 2009 nearly 90% of all cannabis seized in France [4]. In contrast, in the Netherlands and the United Kingdom, local production of *sinsemilla* (also known as *nederwiet* or *skunk*) now supplies over 80% of domestic cannabis consumption, up from 40% in the late 90s [5, 6]. In Italy, a market where *sinsemilla* is being used with increasing frequency, herbal cannabis seizures represented about one third of all seizures in 2008 [7].

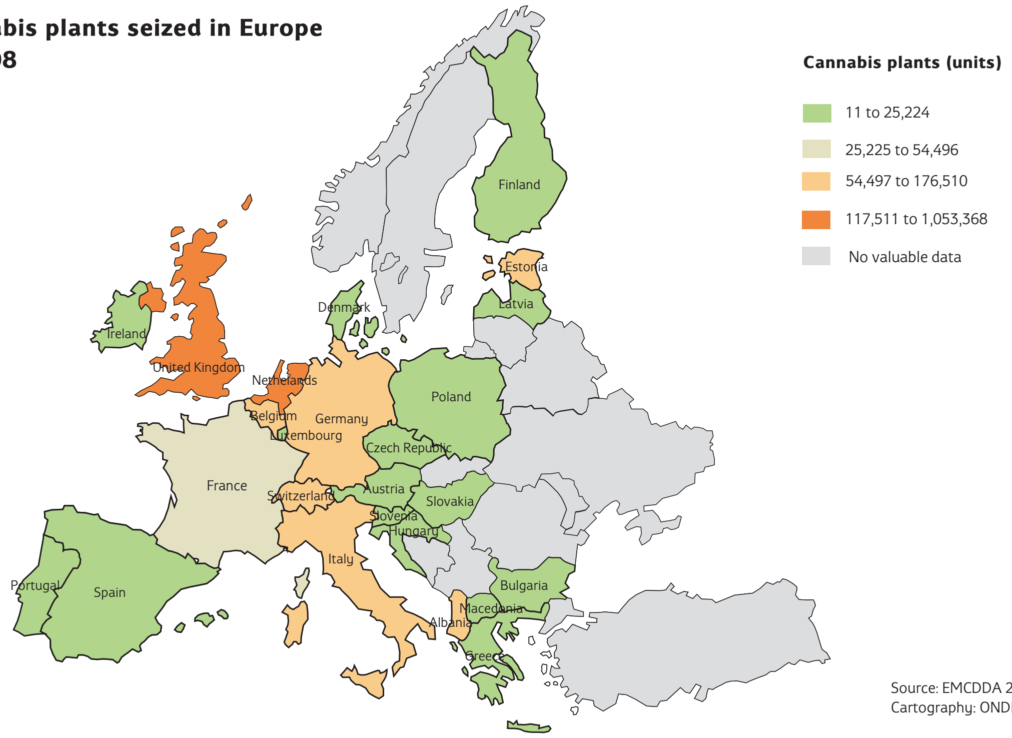
In Eastern Europe, where Moroccan resin was never used on a widespread basis, domestic cannabis production[7] has exploded mainly to supply domestic demand that has reached prevalence levels equivalent to those observed in Western Europe. Only Southwest European countries, such as Spain and Portugal, are still resin-dominated markets (like France) due to their proximity to Morocco. Despite this, several indicators reveal that, in these countries, herbal cannabis is also used quite extensively, representing 10 to 25% of the market [7]. This situation provides real opportunities for dealers and organised crime since *sinsemilla*, with its higher THC content, can be sold at much higher prices than traditional herbal cannabis (see box next page). We can also consider that the European cannabis market, which is a mature market[8], is increasingly characterised by a search for "quality", and that this quality is determined by the content of the

Sinsemilla ("seedless" in Spanish)[2]

Sinsemilla is a type of cannabis that first appeared in California in the 1960s. It is obtained through a special technique comprised of genetically crossing different varieties and uprooting male plants, thereby enabling female plants to develop maximal THC[3] content (upwards of 20%[4], and sometimes reaching 35%).

1. The EMCDDA estimates that 23 million people (6.8%) aged 15 to 64 used cannabis in the last year, and that 4 million of them used this drug every day or almost every day.
2. This name, which is sometimes disputed, was designated by the EMCDDA as the generic term for this type of cannabis.
3. The active substance in cannabis is THC (tetrahydrocannabinol).
4. In 2008, the mean THC content of sinsemilla, which is only available in a handful of countries, ranged from 12% in Norway to more than 16% in the Netherlands and the United Kingdom. The content exceeded 20% in the Netherlands in the early 00s. In contrast, the mean THC content reported in France in 2008 ranged from 3% to 16% for resin and from 1% to 10% for herbal cannabis (varieties other than sinsemilla) according to the EMCDDA.
5. This is true despite the traditional ports of entry for cannabis in Europe.
6. This was revealed on 9 June 2010 during a seminar co-organised by the OCRTIS and the MILDT (French Interministerial mission for the fight against drugs and drug addiction) on indoor cannabis cultivation in Europe.
7. Domestic cultivation now produces 30% of what is used in Hungary and Poland, and more than 50% of what is used in the Czech Republic (2009 National focal points).
8. The diversity of available substances, the change in prices due mainly to THC content and the importance of marketing for certain cannabis products reflect the trend towards prevalence stabilisation seen in certain European countries - all signs of a mature market.

Cannabis plants seized in Europe in 2008



Source: EMCDDA 2010 and UNODC 2010
Cartography: ONDRP

A profitable sector

A plantation with a thousand plants can produce 400,000 to 500,000 euros in wholesale turnover per year, and generate retail sales of 700,000 to 800,000 euros. Of course, investments are required to purchase production equipment (fans, heating, air conditioning) and cuttings, and electricity costs are fairly high. Yet, the return on the initial investment comes quickly, especially in a market where demand is dynamic. Furthermore, concentrating the plants provides real economies of scale, especially when the people overseeing the plantations benefit from unpaid labour from illegal workers [11, 12].

active substance [8]. Subsequently, the listed mean prices in Europe reveal a per-gram sales price for *sinsemilla* that is 1.4 to 5 times higher[9] than that of other herbal cannabis varieties [7].
This combination of these indicators implies that *sinsemilla* is starting to dominate the European cannabis market while being produced on the continent. This situation is causing a real disruption in cannabis geopolitics.

Mass production taking root in Europe

Made technically possible by the development of new varieties that can be cultivated indoors, the movement of cannabis production to Europe began in the early 80s in the Netherlands, and then started spreading concentrically outwards from the area [9] in the late 90s to reach the rest of Europe after 2000. An acceleration of the spread can be explained by the use of the Internet, on which cannabis seeds and cultivation equipment are sold.

A European Rif?

After succeeding in meeting local demand[10], the Netherlands has become the leading herbal cannabis producing country in Europe and the number one "Eurocannabis" exporter, sending out over 500 tonnes per year [6, 9] to Belgium, Germany and Scandinavia. This "European Rif" (the Rif is a mountainous region in Northern Morocco, where cannabis is cultivated) is localised in the southern Netherlands, where Dutch criminal networks – a hundred or so according to estimates by the Dutch police – have started specialising in intense *sinsemilla* production. In the late 80s, the majority of these crime networks developed expertise in synthetic drug production, and ecstasy production in particular, and have adapted to the needs of cannabis plantations. Intensive cultivation is financed by criminal networks that recruit illegal immigrants as cheap farm labour that can be exploited at will and remain invisible.
Armed with experience in the area, Dutch organised crime networks are now developing cannabis factories elsewhere in Europe. This phenomenon has been on the rise since 2005, as seen through Dutch police activities that target these cannabis factories. The criminal networks are starting to move their plantations to Belgium – with its 200 tonnes of production, Flanders is reported to be the second largest herbal cannabis producer in Europe – and Germany, thereby spreading throughout Europe. Subsequently, certain European police forces have identified the presence of "facilitators" in many countries, such as Poland, the Czech Republic, Spain and France. These facilitators can sell their technical expertise, and sometimes even finance cannabis factories. This production expertise is also accompanied by the taking over and control of the retail market for cultivating exotic plants. So-called *growshops* specialised in the sale of the necessary equipment for raising exotic plants, a large portion of which are used in indoor cannabis production, now appear to be important parts of the criminal networks; these networks have bought some of these shops in Holland and elsewhere in Europe. Among others things, this control, via certain shop managers, provides the initial funding required to begin cultivation. They target individuals who have not been involved in illegal activity but who are experiencing financial troubles in exchange for some of the production. These criminal cooperatives facilitate the distribution of product among several small to medium sized sites so that they remain invisible to law enforcement and so that any potential losses due to seizures or theft are limited. In addition, for criminal networks, this method places risk on the growers, who often do not know the people behind the production networks. The taking over of growshops by these criminal networks not only serves to equip cultivation. It also helps launder the proceeds of cannabis sales, as was observed in a case overseen by Europol in January 2011[11]. A Dutch crime network had bought up growshops in Spain to facilitate the implementation of cannabis plantations there. The network had also provided equipment and nutriments, and then laundered the proceeds through a tax haven located in Aruba, a Dutch territory in the Caribbean.
However this installation of cannabis cultivation in Europe did not come exclusively from the Netherlands. The United Kingdom was also a leader in this field.

The United Kingdom: an historically attractive market

The British drug market is often characterised as being at the forefront of new trends. Indoor cannabis cultivation is no exception. The practice appeared in the late 80s [10], and a few years later, became a huge phenomenon as evidenced by the 1,500 plantations discovered in 2009 in London alone [11].
The observation of the British situation revealed a surprising trait: two thirds of these plantations were owned by Sino-Vietnamese criminals[12]. The labour is mainly recruited through illegal immigration networks. Like prostitution and cigarette trafficking, the work on these cannabis plantations is one way for these immigrants to repay their passage into the country.

9. Mean cannabis prices in France vary from €3 to €10 per gram for resin and €3 to €16 per gram for herbal cannabis. The increase in the price of herbal cannabis has been exclusively linked to sinsemilla, while resin prices have remained stable and are trending downward.

10. In 2010, the domestic Dutch market needs were about 70 tonnes.

11. Eurojust coordinated a large case on selling cannabis cultivation tools to foreign buyers: http://www.eurojust.europa.eu/press/PressReleases/Pages/2011/2011-01-27.aspx

12. Asian criminal specialisation in cannabis cultivation did not begin in Asia, but rather, in Canada, and in British Columbia to be specific. British Columbia has had a huge Sino-Vietnamese population since the 19th century (Brochu S., Perras C., (2009). «Le marché des stupéfiants dans une société mondialisée», Rivista di criminologia e sicurezza, Vol III n°3, vol IV n°1). Along with California and Amsterdam, British Columbia is one of the key regions in which intensive cannabis cultivation originated. Aware of the possibilities offered by developing *sinsemilla*, some Canadian criminals of Asian origin supposedly decided to export this method to Europe and to the United Kingdom in particular.

The organisers also originate from Sino-Vietnamese communities that have been present on British soil for at least a generation, which explains why they are «well» socially integrated. They rent the sites, purchase the necessary equipment and sell what they produce to British dealers. The proceeds are often laundered through complex commercial channels in the United Kingdom, such as *nail bars*[13] and Vietnamese companies. These organisations are discreet with well-delineated networks of small plantations. Therefore, the production is not handled by one single organisation, but rather, a whole host of user-dealer micro networks that are based on local and family social ties [12], where trust plays a key regulatory role in cannabis production and in the resultant money laundering activity. These low-key operating methods are very different from the flashy image of the drug dealer. The ostentatious lifestyle is eschewed and other than exploiting migrant workers for labour, violence is rare[14] because the purpose is not to control territories, but rather to produce cannabis and sell it to local dealers.

Eastern Europe: the new Eldorado

Certain Asian groups that come from the same geographic area and specialise in intensive cannabis cultivation have also been identified in several Eastern European countries, like Eastern Germany, the Czech Republic, Hungary, Poland and Slovakia[15]. Many cases call into question Vietnamese crime circles. Due to the increasing production under their control, these Asian crime networks are now competing with Dutch crime networks, whose Eastern European exports supply the local market to a large extent. For all these groups, investing in the Eastern Europe cannabis market is very attractive because it is very lucrative given the price of *sinsemilla*, which is five times higher than traditional varieties (locally produced or imported from Albania). And on the contrary of Western Europe, cannabis prevalence is increasing in the East. The poor quality of these traditional varieties, which are being abandoned by users, offer great prospects for *sinsemilla*. There is a booming trend towards users cultivating for their own use, and increasing numbers of native dealers with experience in synthetic drug manufacturing are investing in the sector. As a result, this area of Europe is like a new Eldorado for cannabis dealers, to the point that such production is competing with local Albanian production, which is of poor quality and is in part exported to Italy and is losing significant market share. The decrease in Albanian herbal cannabis market share is emphasised by the significant development in local Italian herbal cannabis production by criminal organisations. In fact, the Italian peninsula is the record holder for the largest dismantled plantations, with over 2.5 million plants discovered on a single plantation in 2003. However, at present, plantations run by Italian organised crime networks (see box below) still resort to traditional outdoor methods, not indoor cultivation.

France: a market in the making?

Given a European market that is conducive to cannabis cultivation, it is highly unlikely that France will remain impervious to the trends that dominate elsewhere on the continent, i.e., the control of part of production by small segments of organised crime. The aforementioned *Courneuve* case is an example of this. The estimates of the French cannabis market confirm that this case did not come about by chance, but rather, developed against a backdrop in which cannabis demand had considerably developed. For several years, various qualitative studies [13] have demonstrated a sharp increase in the number of herbal cannabis users, who deem the product "natural" and of higher quality than the resin imported from Morocco. Reportedly, over 40% of the cannabis used is herbal and 12% of it comes from France [14]. According to an estimate performed by the OFDT, one out of nine joints used in 2005 was the result of French production, estimated at 32 tonnes, bearing witness to the typically French activity of cannabis users growing their own cannabis [15] for their own use[17] . The phenomenon is considerable if one considers that there are 100,000 to 200,000 such cultivators[18]. For certain cannabis growers, such production can also supply a circle of friends, and may even lead to profit. These are often young students who share the costs and the time required to produce the cannabis, and who sometimes sell the unused surplus to friends and family.

Organised criminal networks are now well-established

Several things demonstrate that this fragmented image of herbal cannabis supply is radically changing. It seems that

The "green gold" of Aspromonte

In 2009 (year of the latest figures available from the Italian Ministry of the Interior), law enforcement discovered 119,182 cannabis plants, most of which were being cultivated outdoors. 98% of the plants were seized in southern Italy and 35% in the region of Calabria, where cannabis is known as the "green gold of Aspromonte" (the local mountain range there). The cultivation was being controlled by the 'Ndrangheta crime network, which since the 70s has been exporting its expertise to Griffith, Australia, where outdoor cultivation is still being controlled by a few major Calabrian crime families. Italian police now fear that the economic crisis will promote the infiltration of Mafia organisations into the horticultural sector, providing access to professional greenhouses to cultivate cannabis (this is the case in Terlizzi, the "city of flowers", near Bari, which is dominated by the Sacra Corona Unita[16] network.)

13. Nail bars offer inexpensive manicures without appointments.

14. This is not the case in the Netherlands, where criminal clashes related to herbal cannabis turf wars caused about 20 deaths in 2009 according to the Dutch police authorities during the DCPJ (Central directorate of the judicial police), MILDT and ENM (French school of the magistrature) «Cannabis plant cultivation in France» symposium held in June 2010.

15. The presence of these groups is explained by the historical relationships between the former Eastern Bloc countries and Socialist Vietnam starting in 1974.

16. See the site for monitoring organised crime and illegal trafficking, www.crimorg.com.

17. According to the report issued by the INHESJ (National Institute of higher Studies on Security and Justice) at the request of the MILDT: «La culture du cannabis en France» ; an unpublished INHESJ report on cannabis cultivation in France, drafted on behalf of the MILDT in 2009.

18. These 2005 estimates were calculated using statements from 5% of people aged 15 to 64 who had used cannabis in the last year (i.e., 4 million people) and who stated having occasionally sourced cannabis by growing it themselves. See BECK (S.), CYTRYNOWICZ (J.), «Usages de drogues illicites», in Baromètre santé, INPES, 2006.

certain criminal sectors are becoming more interested in intensive cannabis production, as was illustrated with the discovery of a 600-plant plantation in 2007[19]. Locally funded, cannabis growers received technical assistance from a Dutch person while "helping hands" were recruited among local dealers. Since then, some trafficking elucidated by the OCRTIS revealed much more complex methods, which may foreshadow the end of a gestational period largely characterised by amateurism. An example is the recently dismantled "criminal cooperative", which had been organised as a nursery of plantations in a dozen or so houses throughout the French territory. This *modus operandi*, already identified in the Netherlands and Great Britain, decentralises production to create higher numbers of smaller production sites, renouncing economies of scale for security. The *Courneuve* plantation is a perfect example of an operating method that has proven it works, but which also includes human trafficking, thus revealing more diverse international criminal activity. Moreover, this case gives credence to the assumption that Vietnamese criminal networks are now operating in France – a new phenomenon that is unsurprising given the historical presence of Vietnamese communities on French territory and the development of a rather lucrative market.

Conclusion

For the last decade or so, trends triggered in Great Britain and the Netherlands in the 80's have led to the profound transformation of the European cannabis market. The dominance of cannabis resin imported from Morocco is being overpowered by an increase in demand for herbal cannabis, which is encouraged by the development of cultivation in Europe. Geopolitically, relocating the production changes the situation and reveals new areas of production, such as the Netherlands and the United Kingdom, as well as Belgium, Italy, the Czech Republic and Poland. Through this relocation, we also see new routes, new vehicles (Internet, postal service) and new players, both in terms of use and supply. Today, there are two distinct supply methods with two very different types of production. On the one hand, there are users who produce their own, thereby adapting to legal constraints; on the other hand, there is professionalised production overseen by criminal networks who are riding on the crest of this wave of exploding demand and profitability, spurred on by decreasing transport distances between sites of production and sites of use.

Throughout Europe, the methods are the same and are implemented by organised crime, ranging from independent «virtuosos» to industrial-scale cannabis factories (run by Dutch and Vietnamese criminal groups) to criminal cooperatives and large-scale outdoor plantations (Italian Mafia). Like Spain, France had escaped this development of the herbal cannabis market by criminal networks due to the dominance of resin imported from Morocco. However, this is changing for France. The risk of seeing teams of growers overseen by organised crime arrive in France is now a reality, as is the emergence of local groups wishing to diversify their activities. There are many risks inherent to this activity, in addition to the common phenomena that accompany organised crime (corruption, money laundering, violent deaths). Not least the repercussions that the development of herbal cannabis trafficking may have on resin importers and dealers in France. The erosion, and eventual sharp decline, in profits following an increase in herbal cannabis demand is propelling the transition of resin dealers into cocaine and heroin dealers, accompanied by all of the dangers implied by such a change. These are just some of the challenges with which the French government's drug enforcement bodies are now confronted. ■

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