



National Emerging Threats Initiative

Emerging Threats Report 2019: Status and Factors Affecting the United States



The National Emerging Threats Initiative prepared the Emerging Threats Report 2018. The report is unclassified and is intended to further support each HIDTA's mission in their Area of Responsibility (AOR). The content of the report is also designed to educate those outside of the HIDTA program concerning drug seizure information obtained as a result of the HIDTA program.

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Table of Contents

Executive Summary	4
Drug Threats	5
Overview	5
Opioids	6
Heroin	6-8
Fentanyl	8-9
Prescription Opioids	10
Stimulants	11
Cocaine	11-13
Methamphetamine	13-15
Combined Stimulants	16
Demand for Drugs	17
Overview	17
Demand for Opioids	17-18
Demand for Stimulants	18
Supply and Demand	19-21
Drug Related Deaths	22-25
Dark Web	26-27
Outlook	28-29
Sources	30-31

Executive Summary

(U) The High Intensity Drug Trafficking Area (HIDTA) program, created by Congress in 1988, assists federal, state, and local law enforcement agencies operating in the areas identified as critical drug-trafficking regions of the United States. In support of HIDTA, the National Emerging Threats Initiative (NETI) is a poly-drug national, intelligence, and best practices sharing initiative that coordinates emerging drug threat strategies in both HIDTA designated areas and the remaining United States. The focus is on providing information on emerging threats and generating effective systemic approaches to address the supply of illegal drugs and resulting collateral issues.

(U) The following report from NETI provides a current update on the national methamphetamine, cocaine (including crack), and opioids (natural and synthetic including heroin) trends during 2018. In addition, a summary of the dark web and its impact on these trends is also provided. Information in this report is derived from data from HIDTA's Performance Management Program (PMP); the El Paso Drug Intelligence Center (EPIC); Drug Enforcement Administration (DEA) reporting; the National Forensic Laboratory Identification System (NFLIS) Program; U.S. Customs and Border Protection (CBP); U.S. Coast Guard (USCG); Centers for Disease Control and Prevention (CDC); and Substance Abuse and Mental Health Services Administration (SAMSHA).

(U) The information in this report is the most current available to NETI as of September 30, 2019. Data in this report may be updated as NETI seeks and obtains new data from multiple sources. HIDTA PMP data commences in 2011 to take advantage of significant improvements made in the reporting system that year.

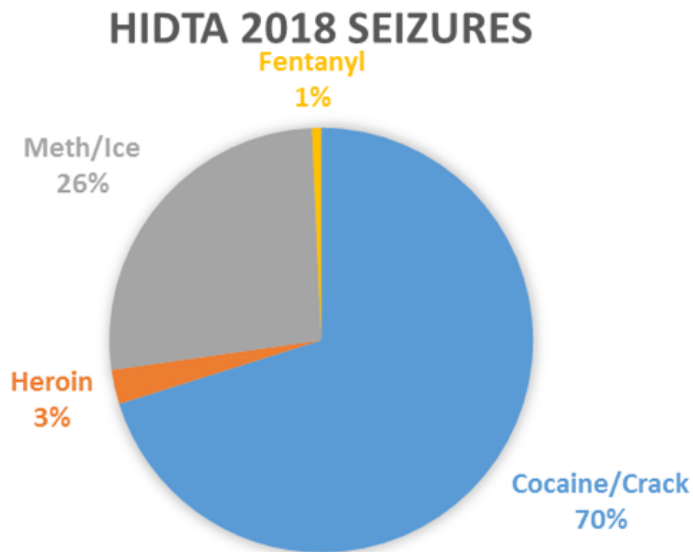
(U) In 2018, stimulants (cocaine and methamphetamine) seized across the HIDTA program exceeded that of opioids (to include heroin and fentanyl), accounting for 96% of total seizures. Methamphetamine, cocaine, heroin, and fentanyl were four of the top five drugs identified in 2018 of drug reports submitted to the DEA's NFLIS program, accounting for 52.5 % of all drugs analyzed. Concerning Methamphetamine Clandestine labs (Clan Labs), EPIC reported 1,085 methamphetamine lab incidents, a 90% decrease from 2011 (11,833). Also, drug dealers have begun mixing fentanyl with other drugs such as cocaine, methamphetamine, and heroin.

(U) To identify emerging drug threats in the United States, it is essential to combine what is known about the supply of drugs (seizures of illicit narcotics and numbers of prescriptions of controlled substances) with measures of demand for nonmedical and/or illegal use of those drugs. The National Survey on Drug Use and Health (NSDUH) produced by the SAMSHA provides data on drug use. The number of past-year users of prescription opioids and heroin (individuals used a drug non-medically/illicitly during the 12 months before the survey) continued at very high levels from 2011 through 2018, though the number of new initiates and quantities of prescribed opioids decreased modestly in 2017 and 2018. At the same time, the supply and demand for stimulants, both illicit (cocaine and methamphetamine) and licit (Rx stimulants), rapidly escalated, even exceeding opioids by the end of the period. Of particular concern is the escalation of Methamphetamine trafficking, as identified by a 142% increase in Methamphetamine seizures by the 32 HIDTAs in 2018

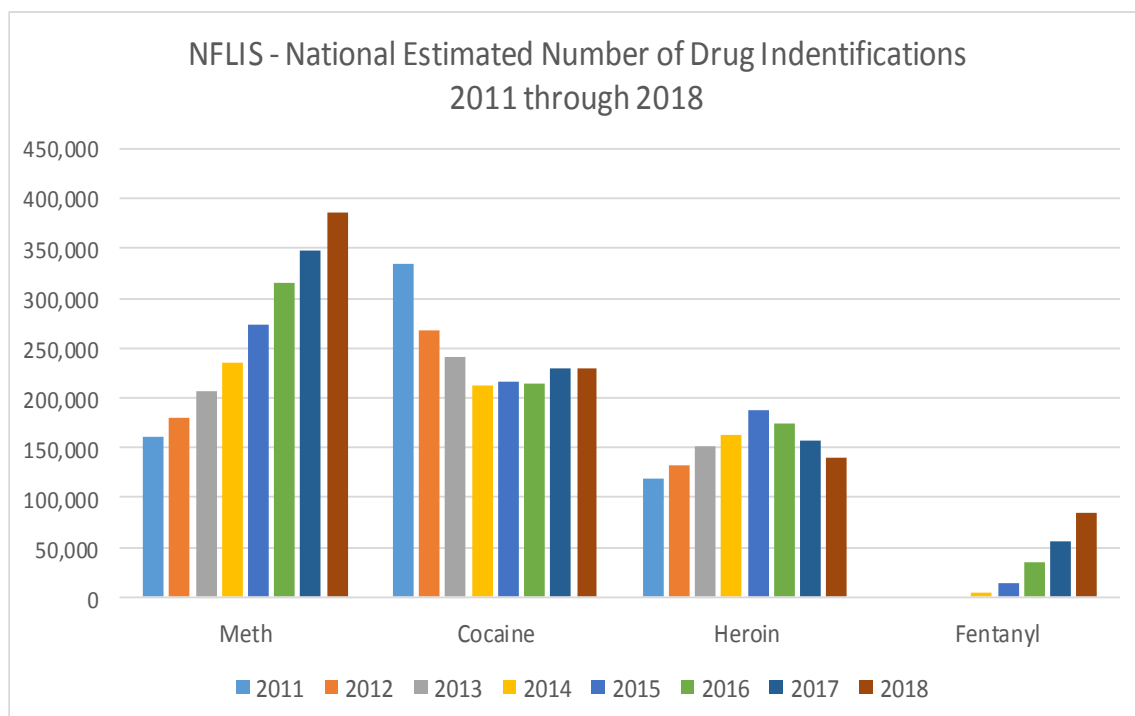
(U) Lastly, the estimated number of drug-related deaths decreased in 2018, for the first time since 1990. According to provisional data released by CDC, fentanyl-related deaths rapidly increased from 2015 through 2017 but the rate of increase slowed in 2018, as heroin and Rx opioid deaths appear to have peaked in 2017 and shown a small decrease in 2018. Simultaneously, deaths involving cocaine and methamphetamines have continued to rise, accounting for 42% of all overdose deaths in 2018. However, it is important to note that many deaths involve more than one drug, so the deaths listed by drug type can total up to more than the 67,744 deaths.

Drug Threats

(U) In 2018, stimulants (cocaine and methamphetamine) seized across the HIDTA program exceeded that of opioids (including heroin and fentanyl), accounting for 96% of total seizures. For the year, cocaine seizures led with a total of 179,107.03 kg, methamphetamine - 67,757.36 kg, heroin - 6,687.07 kg and fentanyl and fentanyl-related analogs - 1,796.14 kg (it is important to know that fentanyl is 50 to 100 times more potent than heroin).



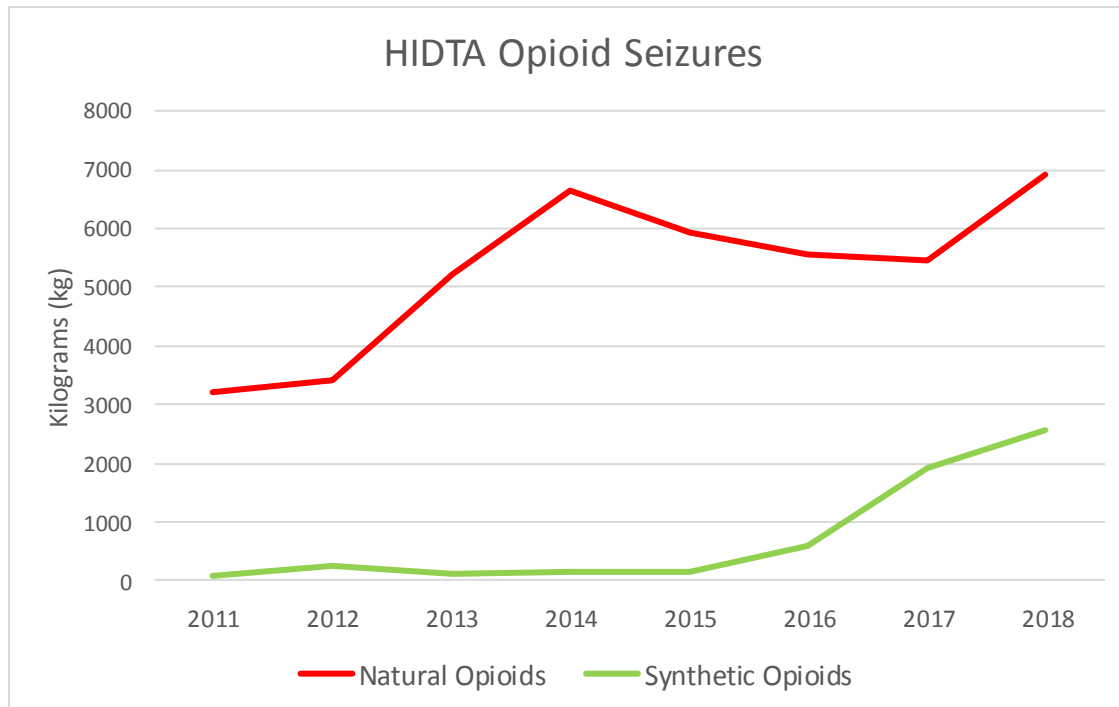
(U) DEA's National Forensic Laboratory Information System (NFLIS)-Drug program collects and analyzes data submitted to local, state, and federal laboratories. According to NFLIS-Drug, Methamphetamine showed a 139.98% increase in the estimated number of drug identifications nationwide from 2011 to 2018. On the other hand, Cocaine had a 40% decrease, and Heroin increased 57% from 2011 to 2015 and then began decreasing, reaching a level still 18% higher in 2018 than in 2011. Fentanyl, which showed up in the top 25 most identified drugs in 2014, exhibited a 1705 % increase from 2014 to 2018.¹



Opioids

(U) For this report, synthetic opioids are comprised of Dilaudid, Demerol, Fentanyl, Carfentanil, U-47700, Oxycodone, Vicodin, Hydrocodone, Lortab, and Methadone. Organic or natural opioids consist of Heroin, Opium, Morphine, and Codeine.

(U) in 2018, HIDTA PMP data suggests approximately 2,572 kg of synthetic opioids were seized compared to 6,926 kg of natural/organic opioids.



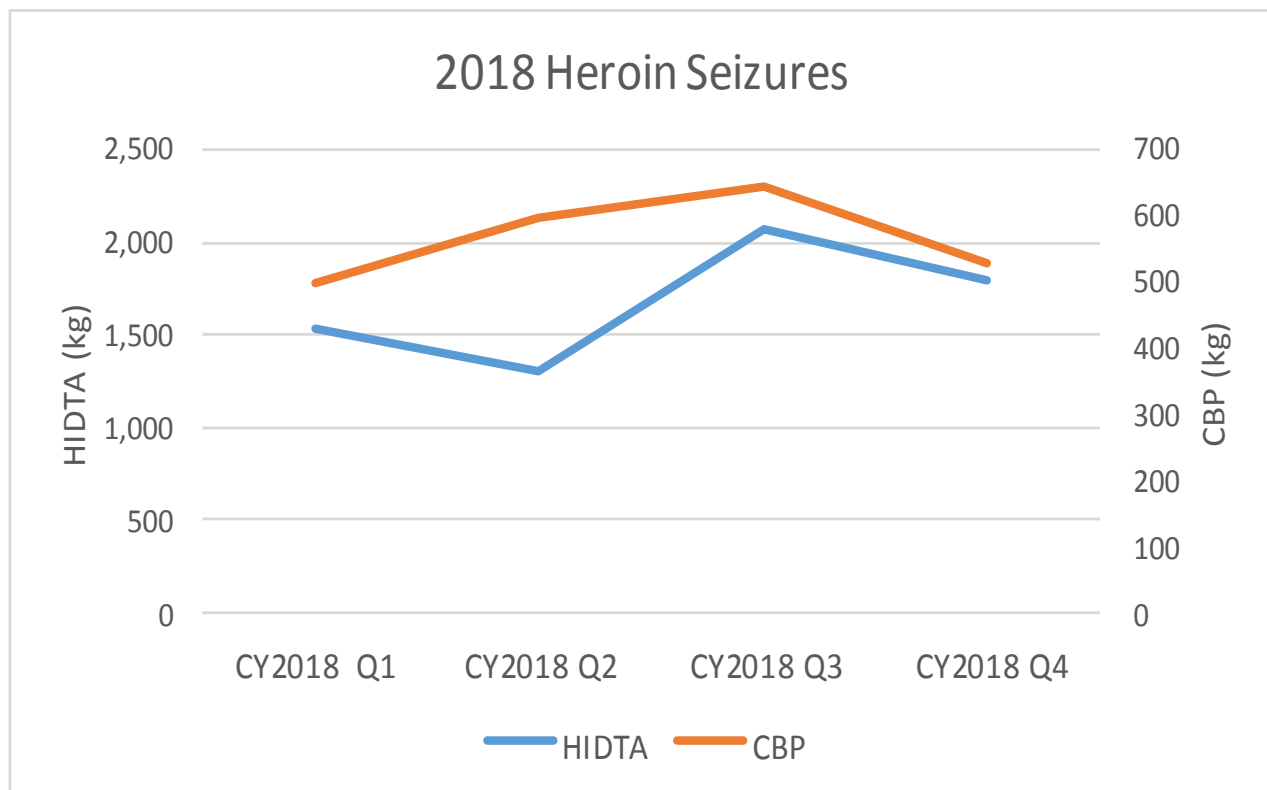
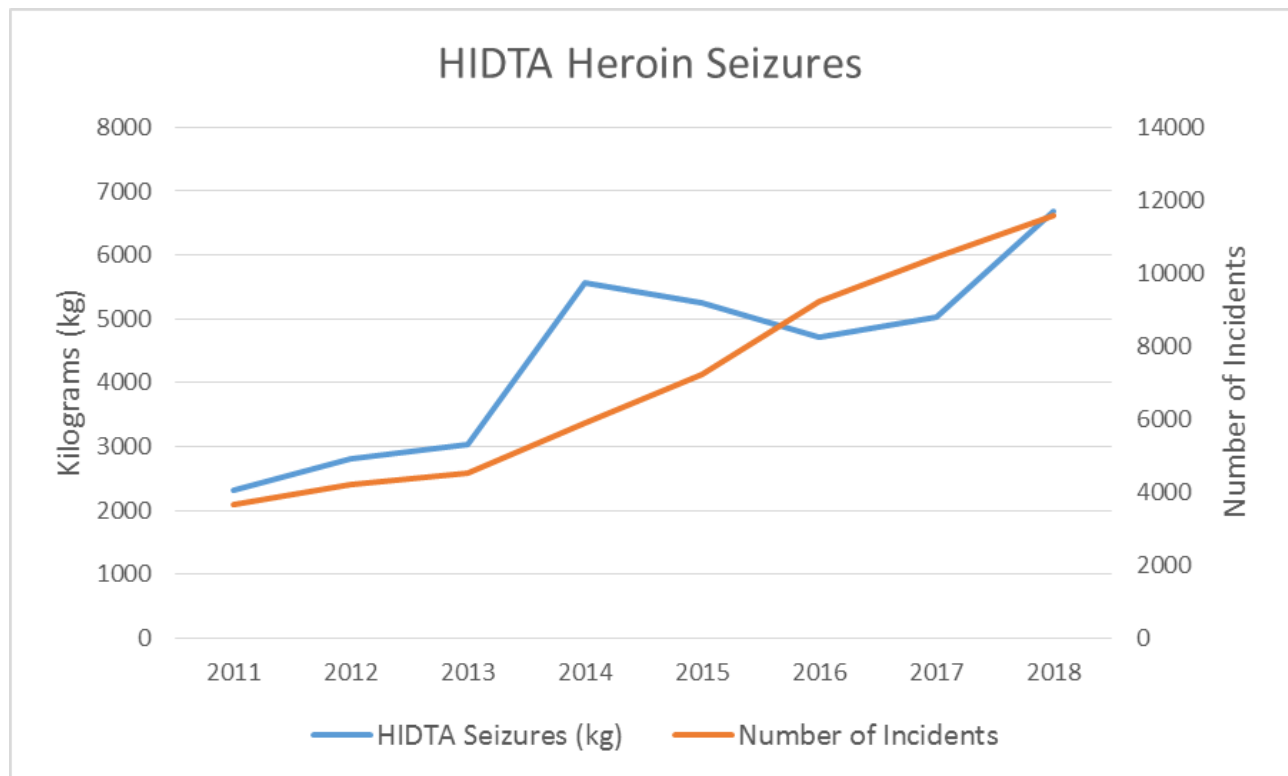
Heroin

(U) According to SAMSHA's 2018 National Survey on Drug Use and Health (NSDUH), approximately 808,000 people over the age of 12 have used heroin in the past year. For adolescents aged 12-17, an estimated 10,000 used heroin during the same period. The bulk of individuals that used within the past years fell within the 18-25 and the 26 and over ranges; equating to an estimated 157,000 and 641,000 respectively.²

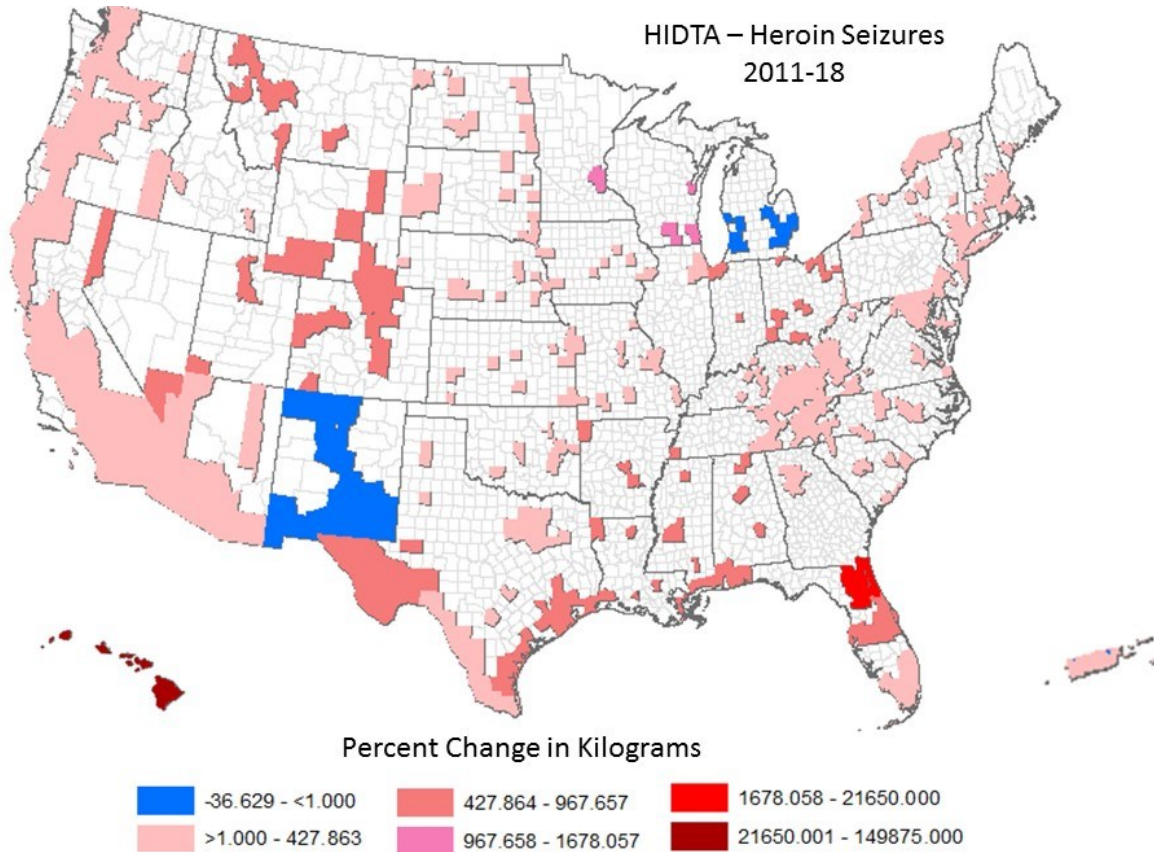
(U) A New York Times article suggests that the use of heroin has begun to disappearing along the U.S. Eastern Seaboard, from New England to rural Appalachia to parts of the Midwest.³ According to the article, many users have switched from Heroin to Fentanyl, which has led to a surge in overdose deaths among older people and African-Americans.⁴ HIDTA seizure data indicates this observation needs to be weighed carefully because, while heroin seizures in New England did decrease by almost half from 2017 to 2018, the 2018 seizures still exceeded 2011 by 64%. Similarly, while seizures in Appalachia decreased two-thirds from 2017 to 2018, the 2018 seizures still exceeded 2011 by 260%.⁵

(U) In 2018, 32 HDTAs seized a total of 6,687 kg of Heroin, a 189% increase from 2011.

(U) The below graph compares the total heroin seizures by all 32 HIDTAs to the total number of incidents in which heroin was seized from 2011-2018.⁶



(U) The above graph depicts Heroin seizures as reported by HIDTAs and CBP from 2011 to 2018.



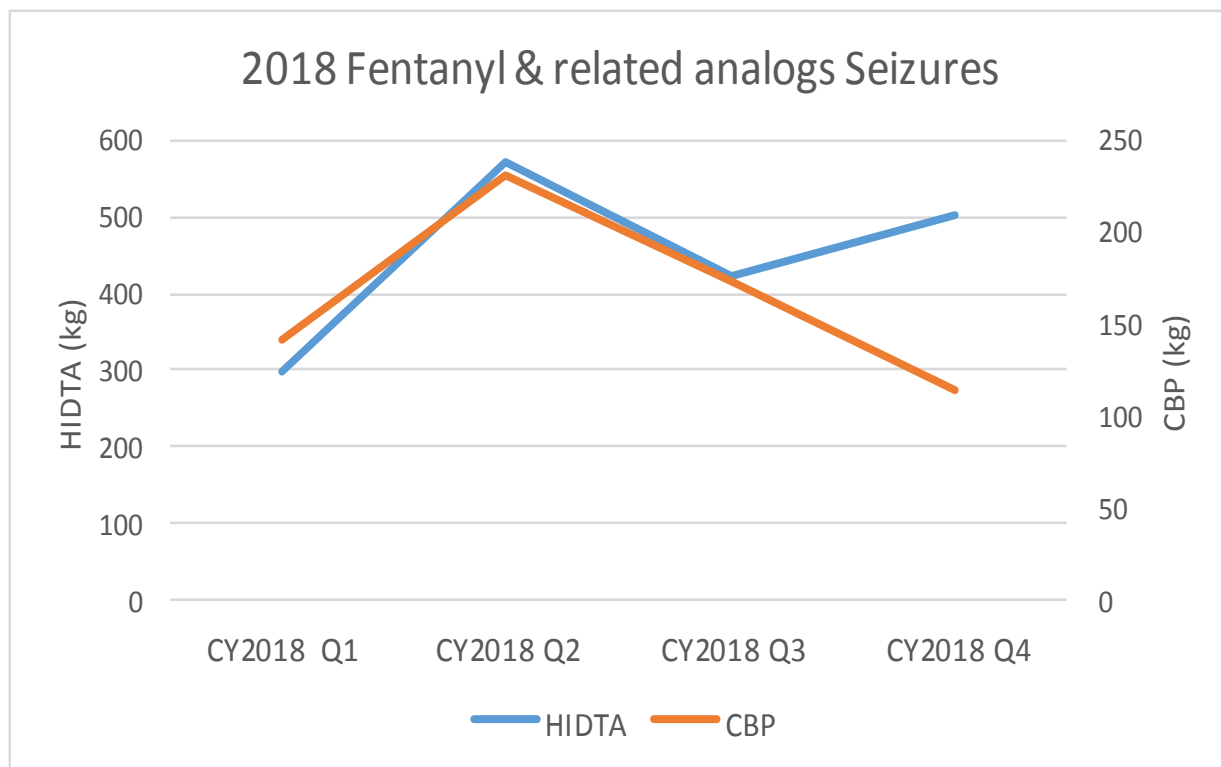
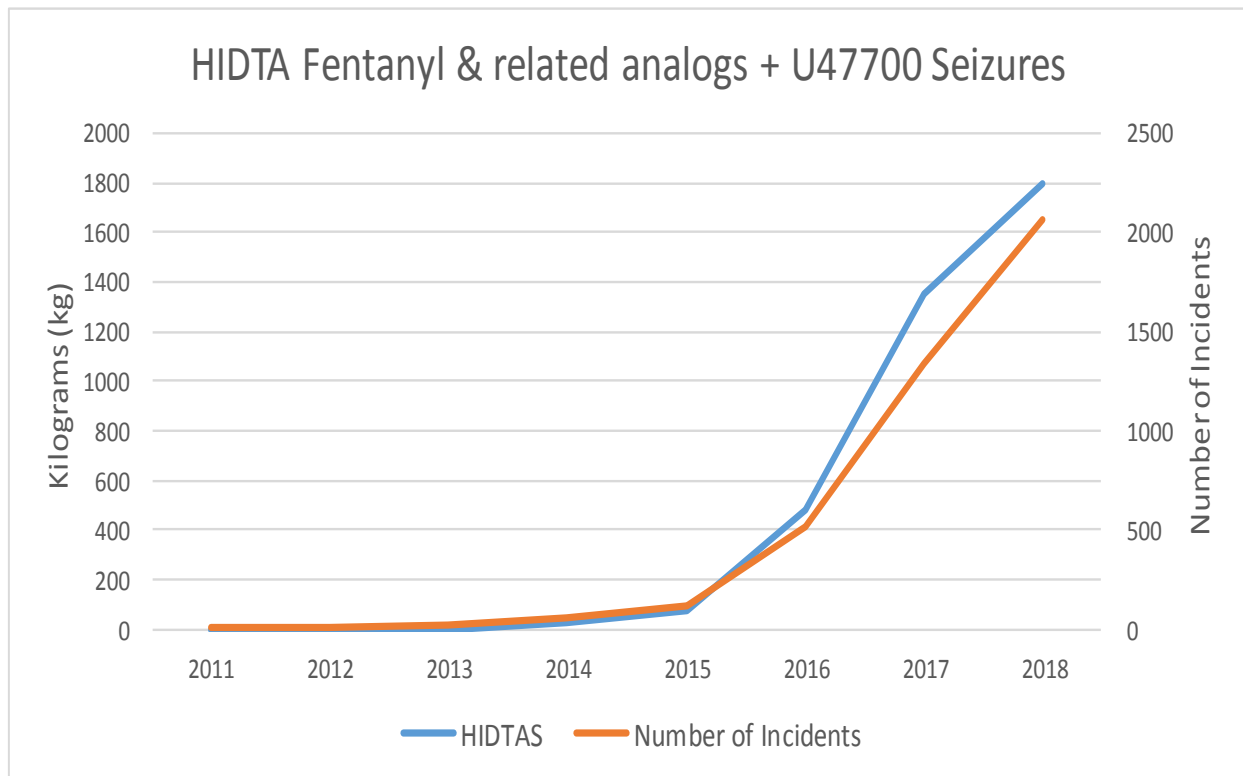
(U) The above map depicts the percentage change of Heroin seizures over an eight year period for each HIDTA, from 2011 to 2018. Only two HIDTA's out of 32 experienced a decrease in heroin seizures.

Fentanyl

(U) As noted earlier, many Heroin users have switched to Fentanyl. This is largely because of Fentanyl's availability. It is a cheaper option and takes only a minute amount to produce a high.⁷ Drug traffickers in the United States and Mexico can easily order Fentanyl from China, via the dark web, or to produce it in clandestine labs with pre-purchased precursors.⁸ Moreover, the National Institute on Drug Abuse (NIDA) asserts some drug dealers have begun "mixing fentanyl with other drugs, such as heroin, cocaine, methamphetamine, and MDMA."⁹ This was echoed by the New York Times that noted Fentanyl "may still be mixed with heroin or other drugs, but increasingly it arrives pure—either as powder or pressed into counterfeit pills resembling Percocet or Xanax."¹⁰

(U) The quantity of Fentanyl seized continues to increase. In 2018, 1,796 kg of Fentanyl were seized, a 688,077% increase from 2011.

(U) The below graph reflects total Kg seized by HIDTAs and the number of seizure incidents each year over the course of eight years. Since 2015, the amount of Fentanyl seized has continued to increase rapidly year after year.



(U) The above graph compares seizures of fentanyl and fentanyl related analogs as reported by HIDTAs and the CBP from 2011 - 2018.

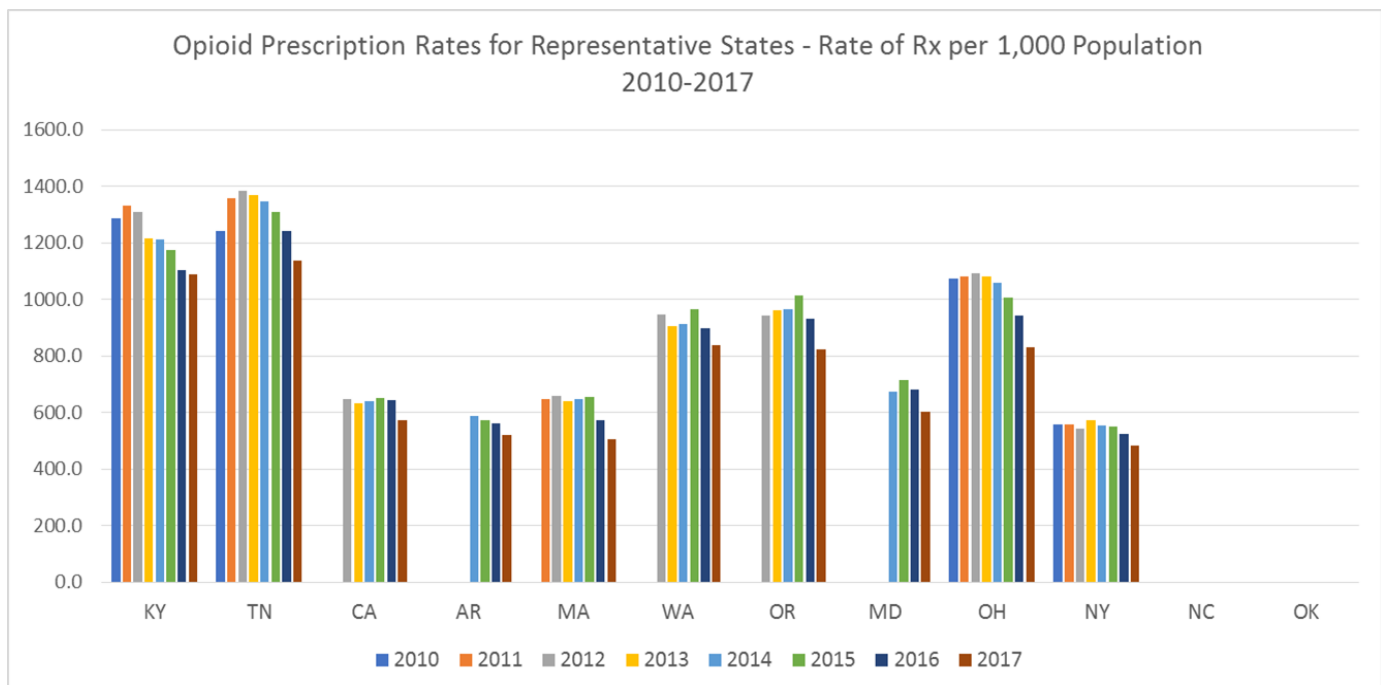
Prescription Opioids

(U) To understand what was happening with prescription opioids, NETI requested and received Prescription Drug Monitoring Program (PDMP) data from 10 states that are parts of 13 different HIDTAs. Data was provided for eight years, from 2010 to 2017.

<u>(U) HIDTA</u>	<u>(U) State</u>	<u>(U) HIDTA</u>	<u>(U) State</u>
Appalachia	KY	Gulf Coast	AR
Appalachia	TN	New England	MA
Central Valley California	CA	New York/New Jersey	NY
Los Angeles	CA	Northwest	WA
Northern California	CA	Ohio	OH
Southwest Border-San Diego	CA	Oregon	OR
Washington/Baltimore	MD		

(U) Data on the Opioid prescription rates per 1,000 population for the 10 states are reflected in the graph below:

(U) Opioid Rx rates peaked in all 10 states during the period 2011 to 2017 and began to decline. Declines ranged from 11% (AR) in 4 years up to 24% (OH) in 6 years.



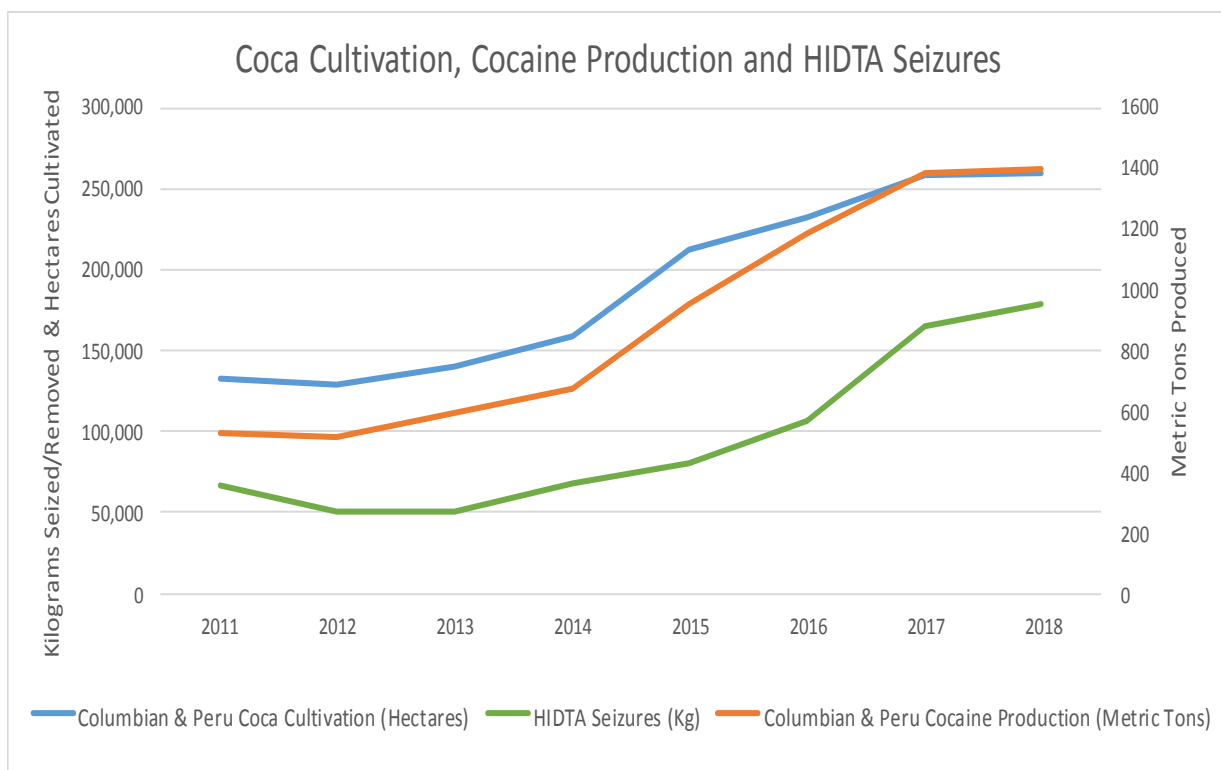
Stimulants

(U) The supplies of illicit stimulants, Cocaine (including crack), and methamphetamine (including Ice), and of licit prescription stimulants, rapidly increased during the second decade of the 21st Century.

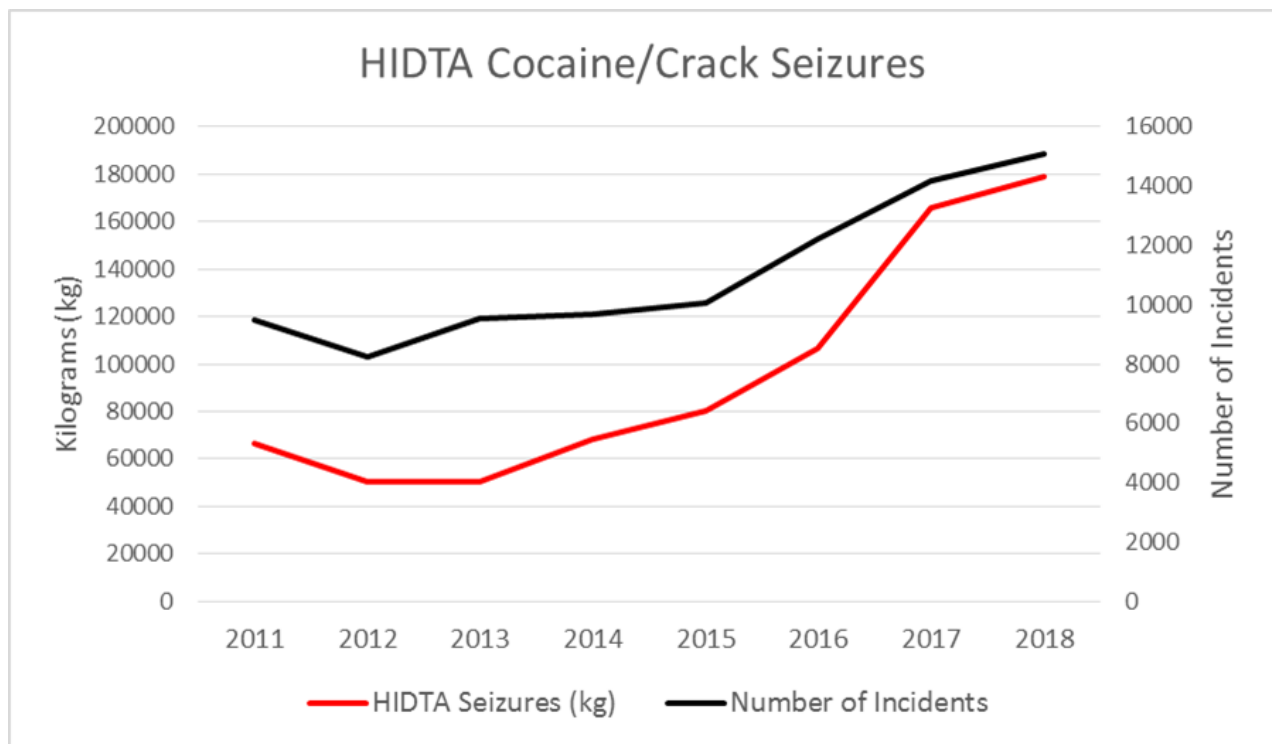
Cocaine

(U) Cocaine seizures by the 32 HIDTAs increased across the period of this report by 170%, rising from 66,437 kg in 2011 to 179,107 kg in 2018. That trend was continuous between 2017 and 2018 as CBP and USCG each seized large quantities of Cocaine, 21,718 kg, and 131,150 kg, respectively.

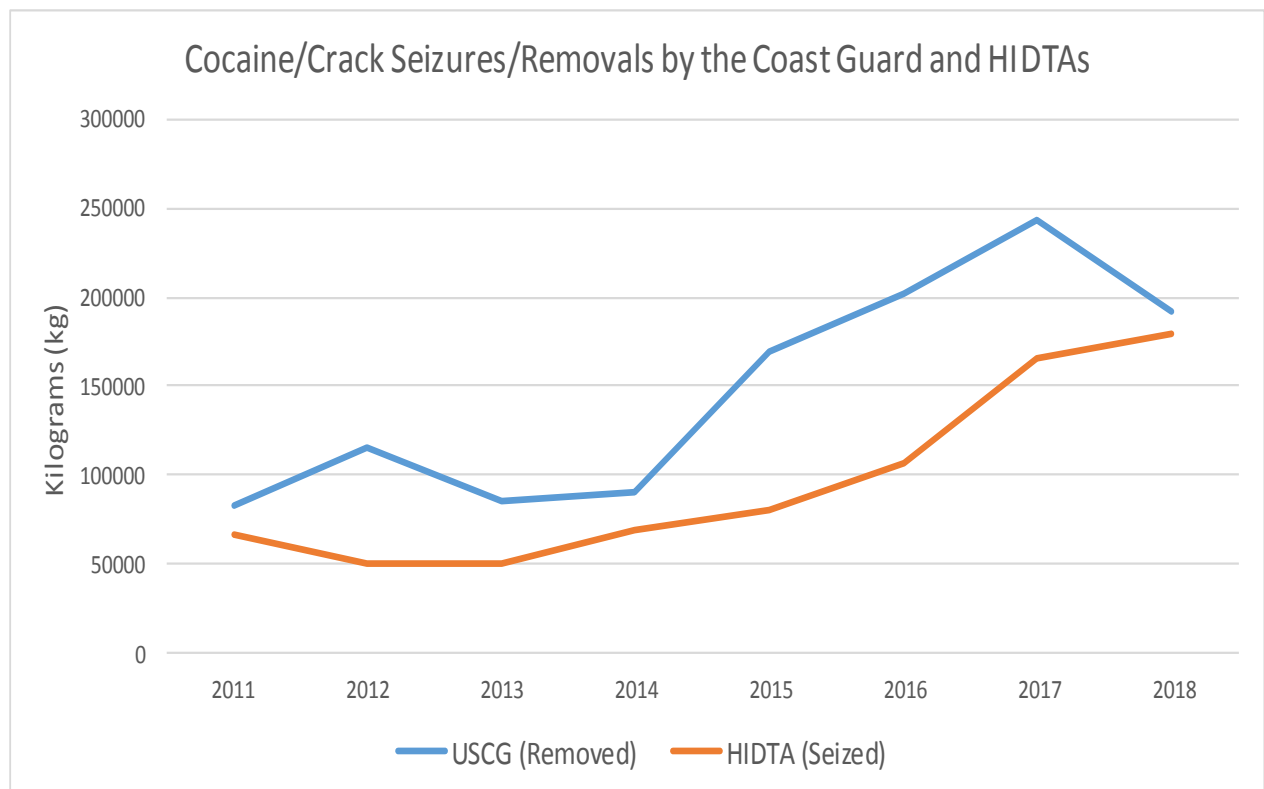
(U) Columbia remains one of the world's top producers of cocaine. The White House's Office of National Drug Control Policy (ONDCP) estimates Columbia coca cultivation and potential pure cocaine production experienced a slight decrease in 2018. According to the 2018 estimate, Columbia cultivated 208,000 hectares, 1,000 hectares less than the previous year. Similarly, the production of potential pure cocaine decreased by 13 metric tons, from 900 to 887.¹¹ Also, ONDCP estimates that Peru's coca cultivation of 52,100 hectares in 2018 was 2,300 hectares less than the previous year. However, Peru's production of potential pure cocaine increased by 23 metric tons, from 486 to 509.¹²



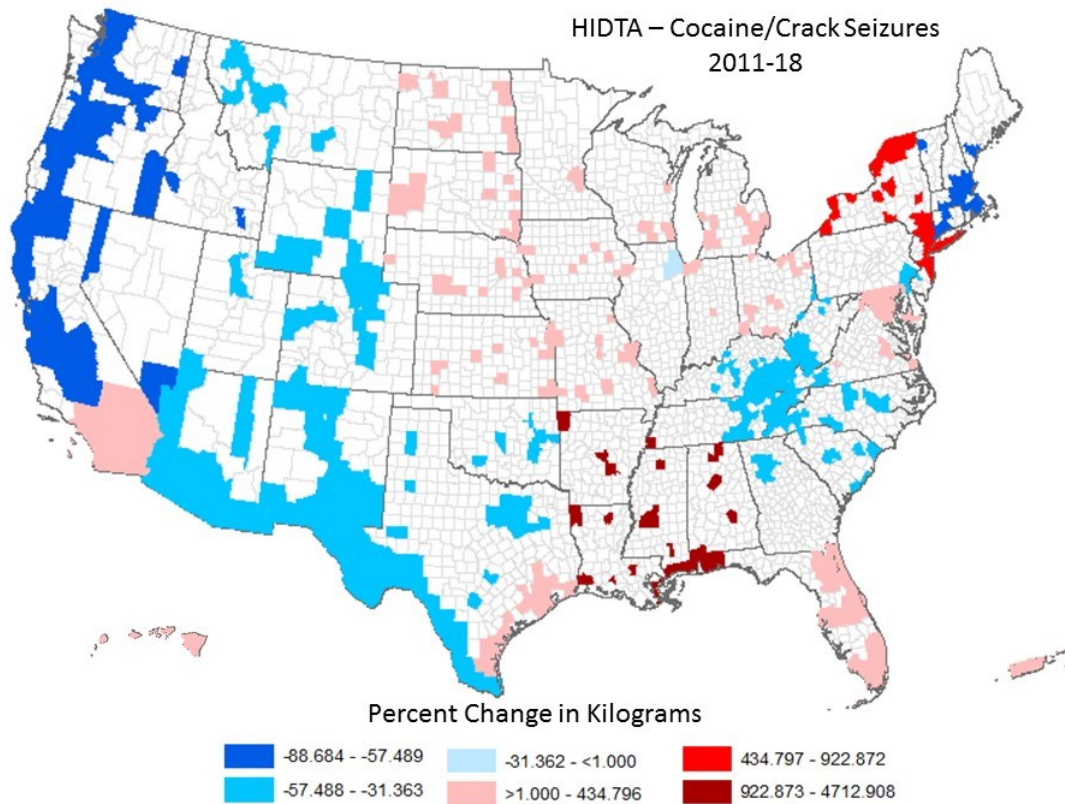
(U) The above graph compares HIDTA seizure data against coca cultivation and cocaine production in Columbia and Peru from 2011 to 2018.



(U) The above graph compares the total cocaine/crack seizures by all 32 HIDTAs to the total number of incidents in which cocaine/crack was seized from 2011-2018.



(U) The above graph compares cocaine removed by the U.S. Coast Guard (USCG) (seizures combined with loss, e.g. drugs thrown into the ocean by crews of halted ships) with HIDTA cocaine seizures for an eight year period.



(U) The above graph depicts percent change of cocaine/crack over an eight year period, from 2011 to 2018. 16 HIDTA's out of 32 experienced a decrease in heroin seizures.

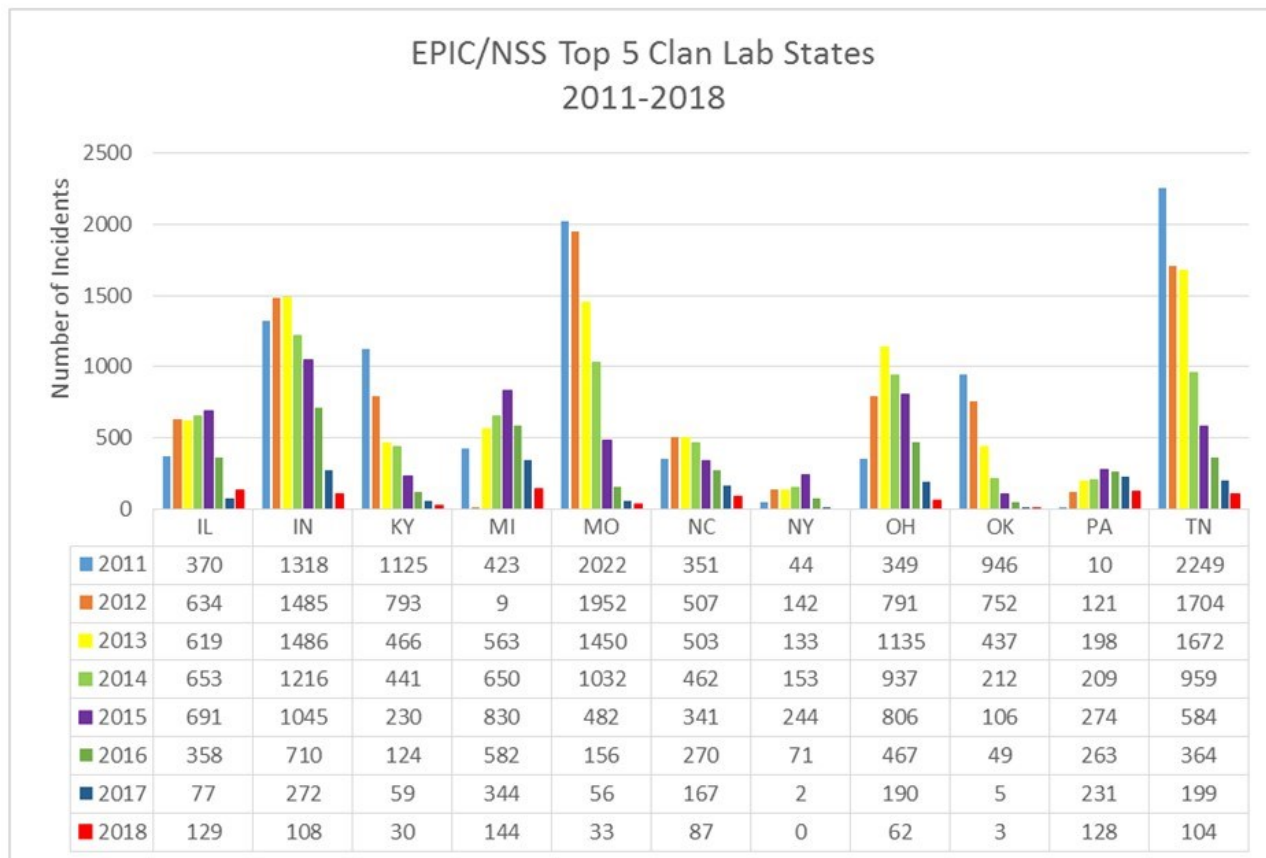
Methamphetamine

(U) According to the EL Paso Intelligence Center (EPIC)'s NSS, 1,085 clandestine methamphetamine laboratory (clan lab) incidents occurred in the United States in 2018, 613 of which occurred in 5 States. For the second year in a row, Michigan had the most clan lab incidents, with 144, or 13% of total methamphetamine lab incidents.

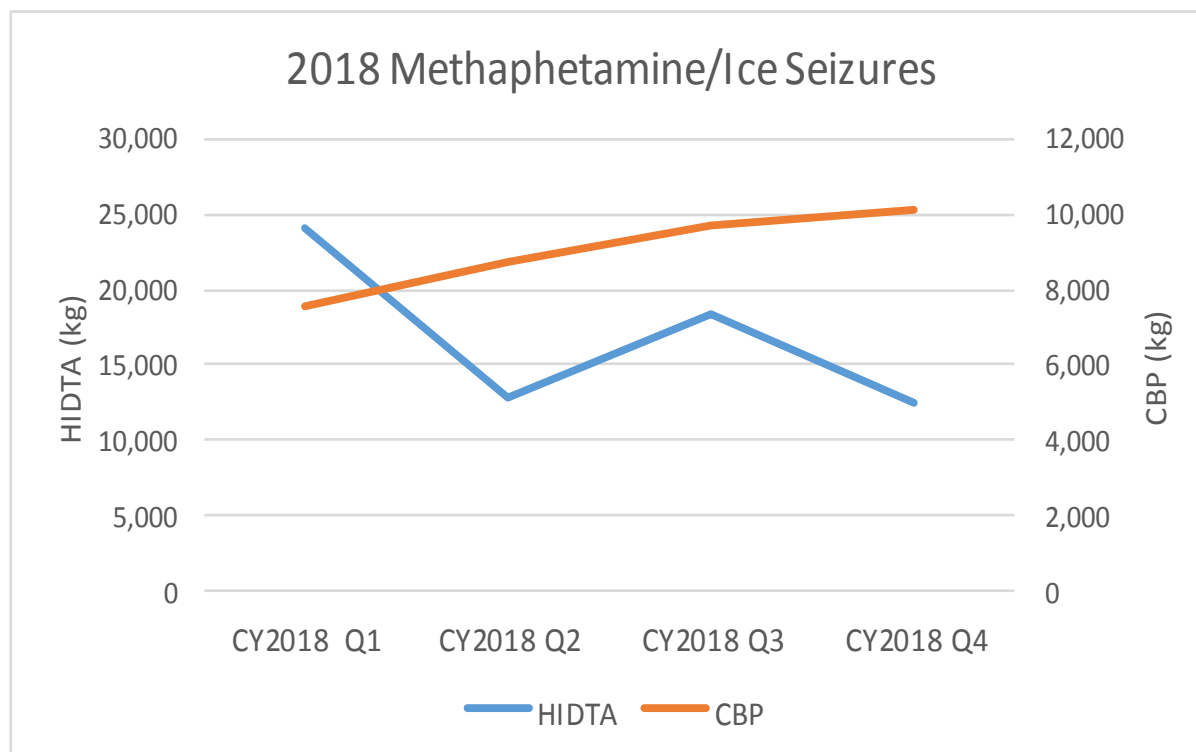
(U) In terms of seizures, a total of 67,757 kg of methamphetamine/ice were seized by the 32 HIDTAs in 2018. The Southwest border HIDTAs accounted for 66% of total seizures or 44,797 kg.

	2011	2012	2013	2014	2015	2016	2017	2018
1	TN	MO	TN	IN	IN	IN	MI	MI
2	MO	TN	IN	MO	OH	MI	IN	IL
3	IN	IN	MO	TN	MI	OH	PA	PA
4	KY	KY	OH	OH	IL	IL	TN	IN
5	OK	OK	NC	IL	TN	TN	NY	TN

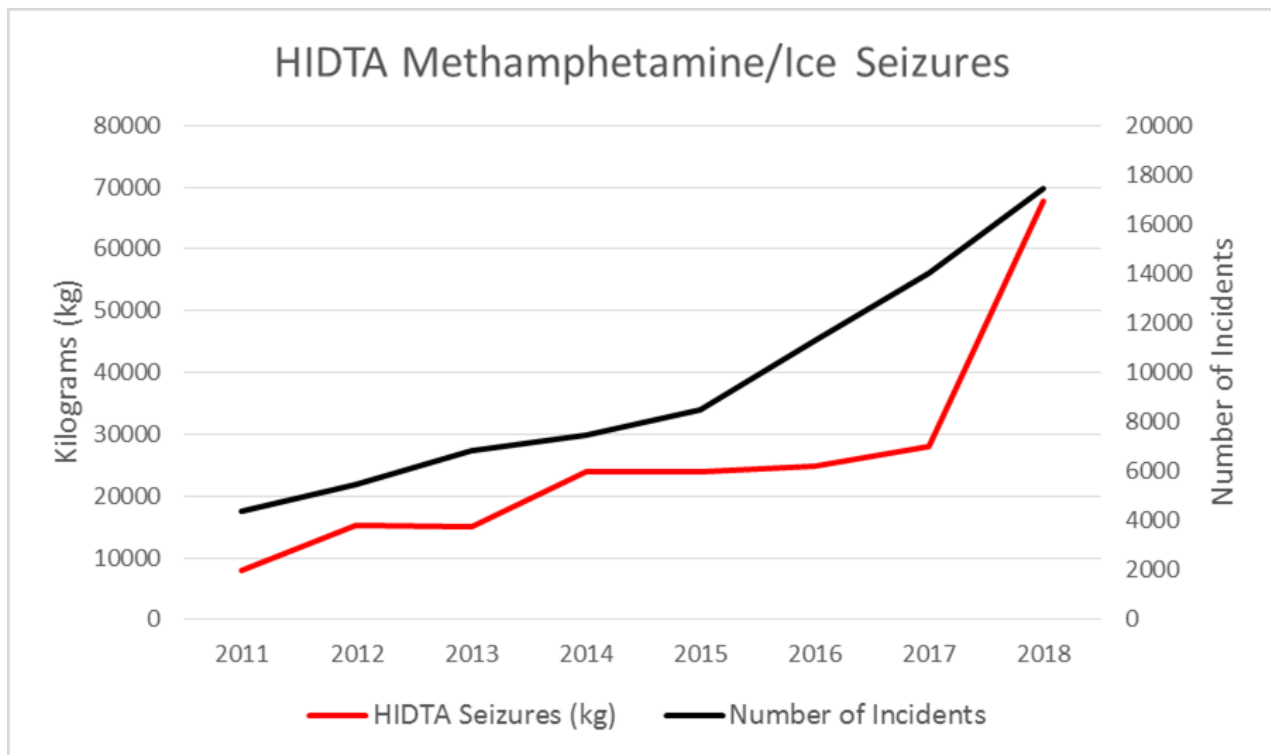
(U) Top 5 Meth Clan Labs per EPIC's NSS



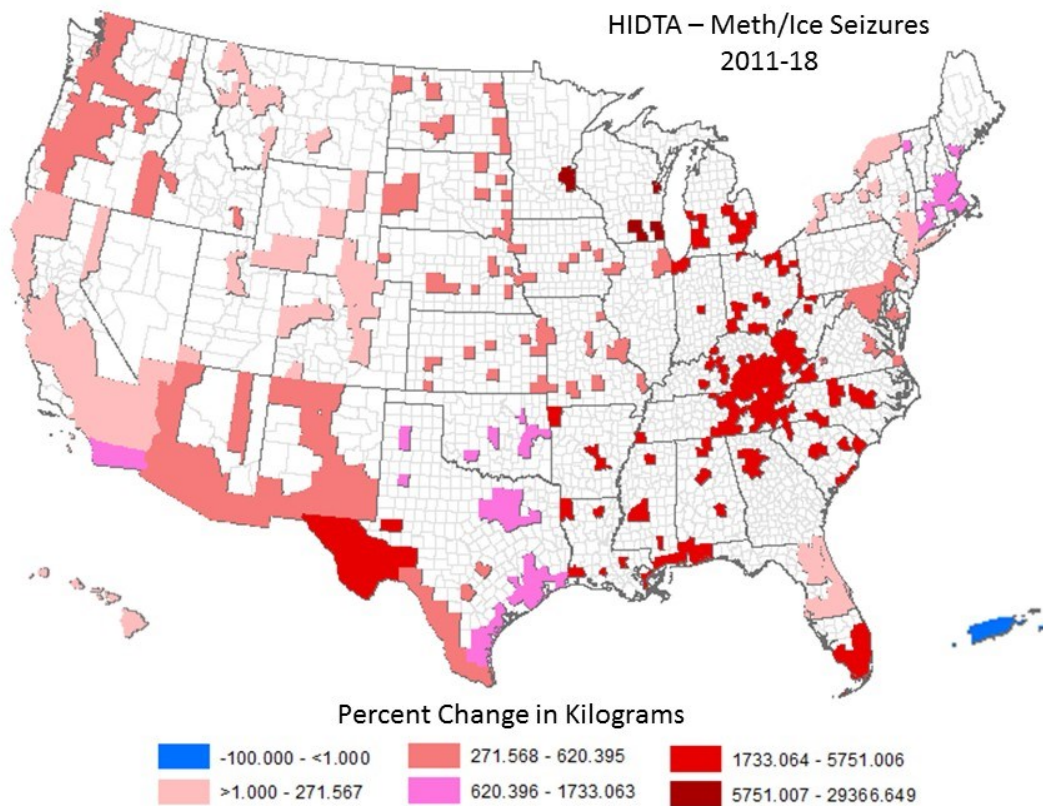
(U) The above graph depicts the number of methamphetamine clan lab seizures in the top 5 clan lab states between 2011 and 2018. The 11 states included were in the top 5 clan in one or more calendar years.



(U) The above graph reflects methamphetamine/ice seizures conducted in 2018 as reported by HIDTA and CBP.



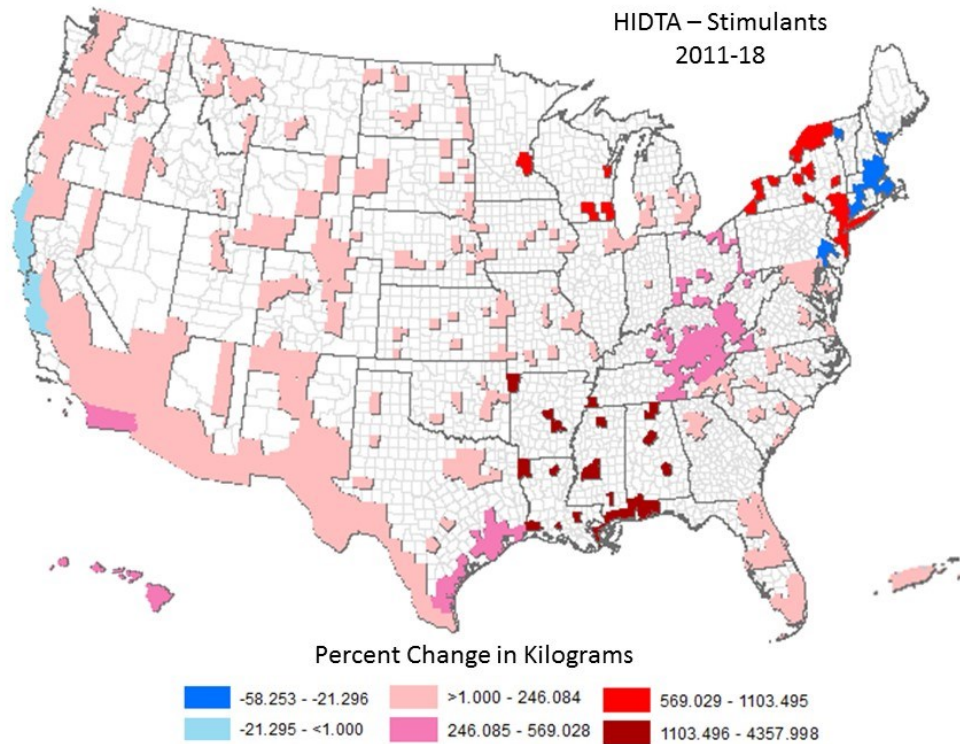
(U) The above graph compares the total methamphetamine/ice seizures by all 32 HIDTAs to number of incidents in which methamphetamine/ice was seized from 2011-2018. In one year between 2017 and 2018, the HIDTAs experienced a 142% increase of methamphetamine/ice seized.



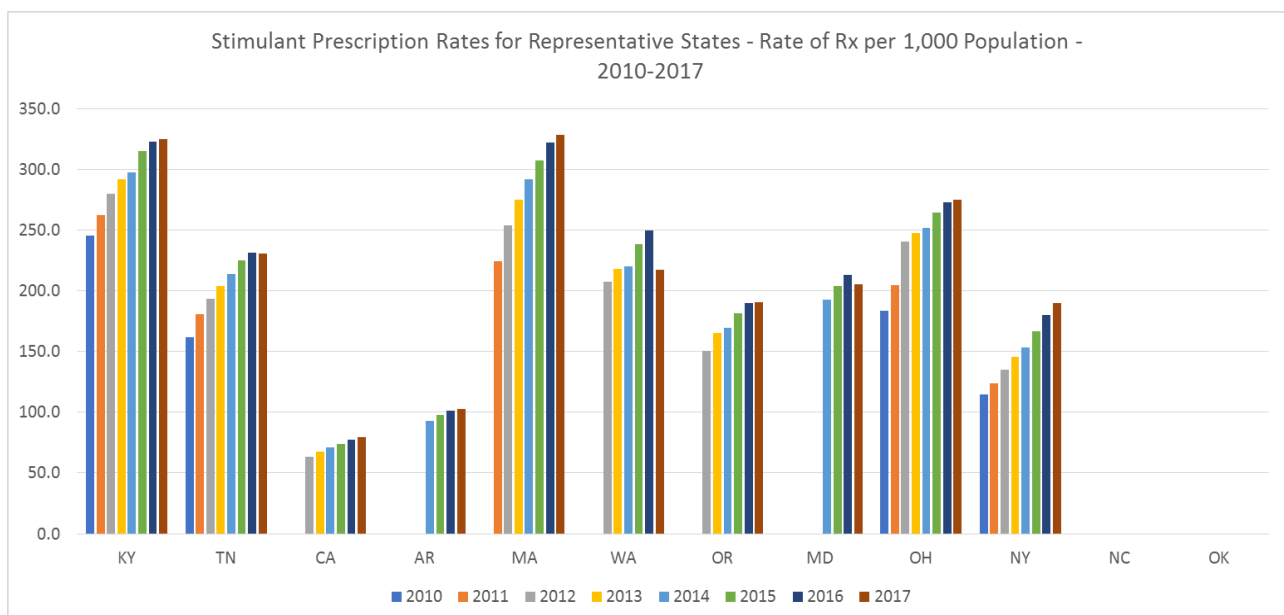
(U) The above graph depicts percentage change of methamphetamine/ice seizures over an eight year period for each HIDTA, from 2011 to 2018. Only one HIDTA out of 32 experienced a decrease in seizures.

Combined Stimulants

(U) Trafficking in illicit stimulants and prescribing of prescription stimulants have both increased over the past eight years, along with the demand for the use of illicit stimulants and non-medical use of Rx stimulants. Only two out of 32 HIDTAs experienced a percentage change decrease in illicit stimulant (cocaine + methamphetamine) seizures from 2011 to 2018. In addition, eight of the ten states that provided stimulant prescription rates experienced an increase in the number of Rx dispensed.



(U) The above map reflects stimulant (cocaine and methamphetamine) seizure percentage of change over the past eight years.



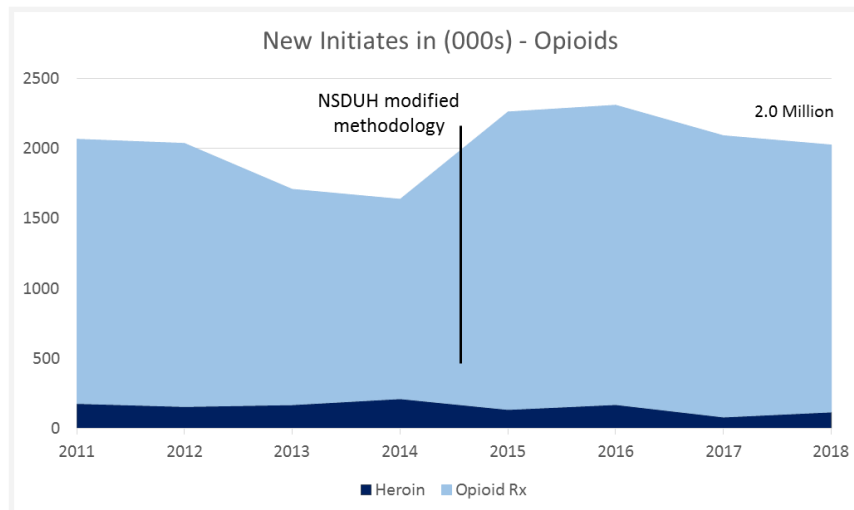
Stimulant Prescription Rates for Representative States Rate of Rx per 1,000 Population - 2010-2017

Demand for Drugs

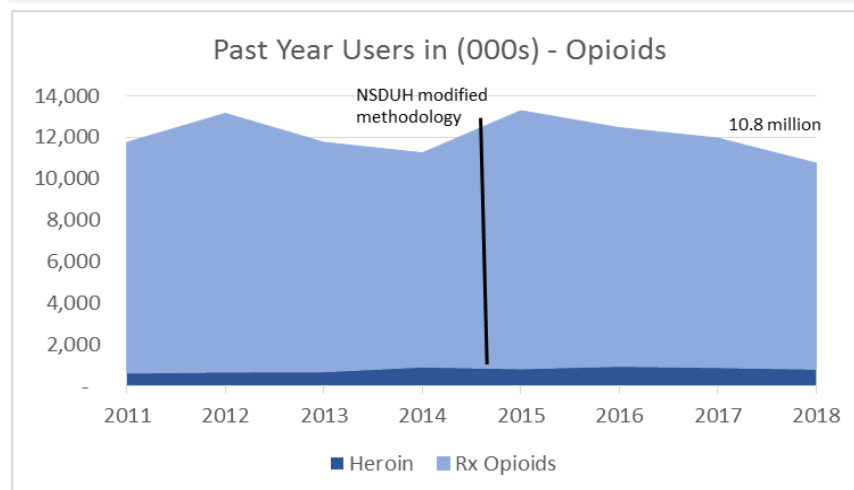
(U) To identify emerging drug threats in the United States, it is essential to compare what is known about the supply of drugs (seizures of illicit drugs and prescriptions of controlled substances) to measures of demand for nonmedical/illicit use of those drugs. The National Survey on Drug Use and Health (NSDUH), produced by the Substance Abuse and Mental Health Administration (SAMSHA), provides data on drug use. The data on New Initiates (individuals who, for the first “time” use a drug non-medically/illicitly during the 12 months before the survey) is an early indicator of changes in demand. Likewise, data on Past Year Non-medical/Illicit Users provides trend data on all individuals who used during the prior 12 months, including the whole spectrum of long-term users.

Demand for Opioids

(U) To look for Emerging Threats first requires examining currently identified threats. As can be seen below, the demand to use illicit heroin and to non-medically use Rx opioids appears to be continuing at high levels, with a downturn in the most recent two years. Among new initiates for heroin and Rx opioids combined, there was a reduction from 2012 to 2014. However, that reversed in 2015 with a rise to 2.3 million in 2016 (this rise appears due to the modification in NSDUH methodology). During 2017 and 2018, there was a downward shift leading to 2.0 million new initiates in 2018. Importantly, the total number of persons who used heroin and non-medically used Rx opioids during the past twelve months has decreased 23% from 13.3 million in 2015 to 10.8 million in 2018.



(U) New Initiates in (000s) - Nonmedical/Illicit use.

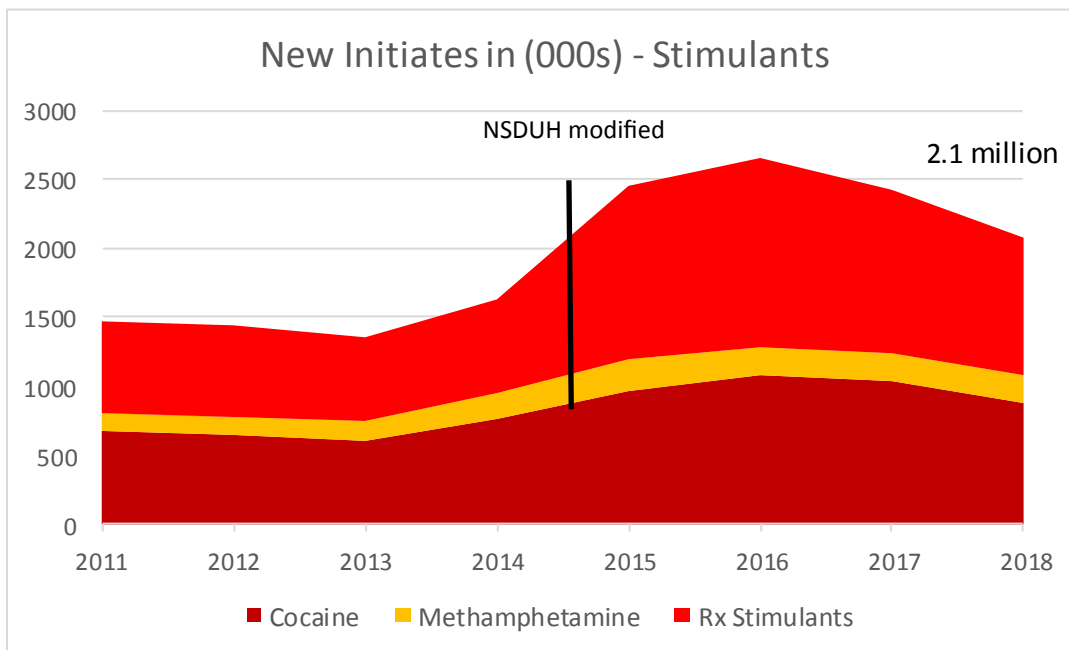


(U) Past Year Nonmedical/Illicit Users in (000s) - Opioids

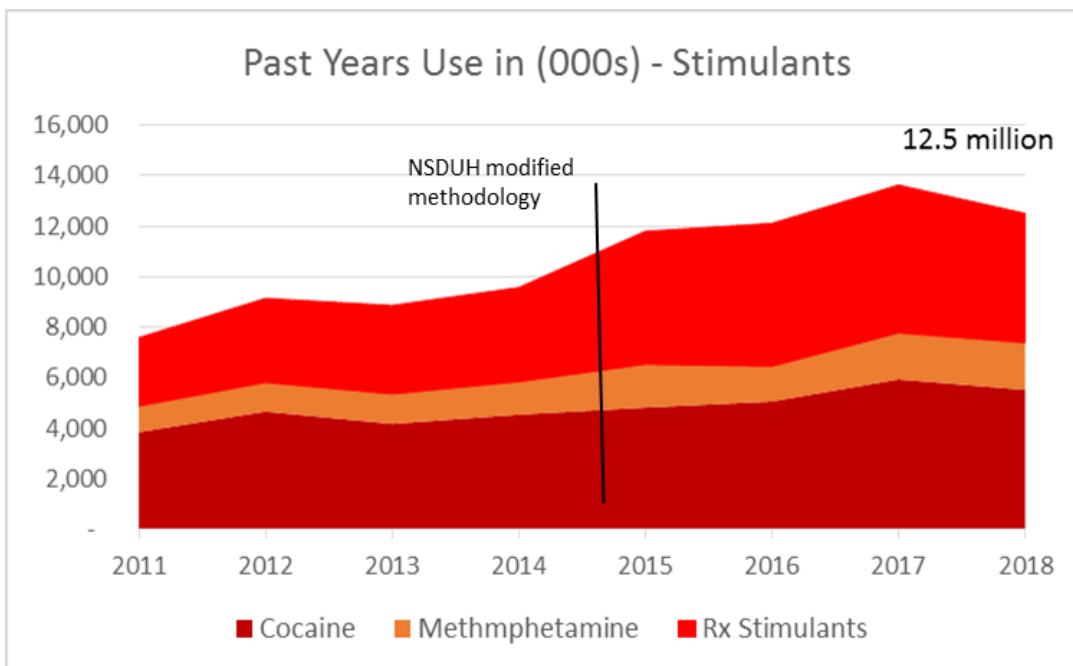
Demand for Stimulants

(U) The demand to use illicit cocaine and methamphetamines and to non-medically use Rx stimulants has been rapidly increasing through the period of this report. The demand for stimulants has reached the same high levels as for opioids.

(U) New initiates for cocaine, methamphetamines, and Rx stimulants combined rose to 2.4 million in 2017 but declined to 2.1 million in 2018. Past year use of stimulants rose to 13.6 million in 2017 but declined to 12.5 million in 2018.



(U) The above graph depicts new initiates for non-medical/illicit use of stimulants over the course of a eight year period.



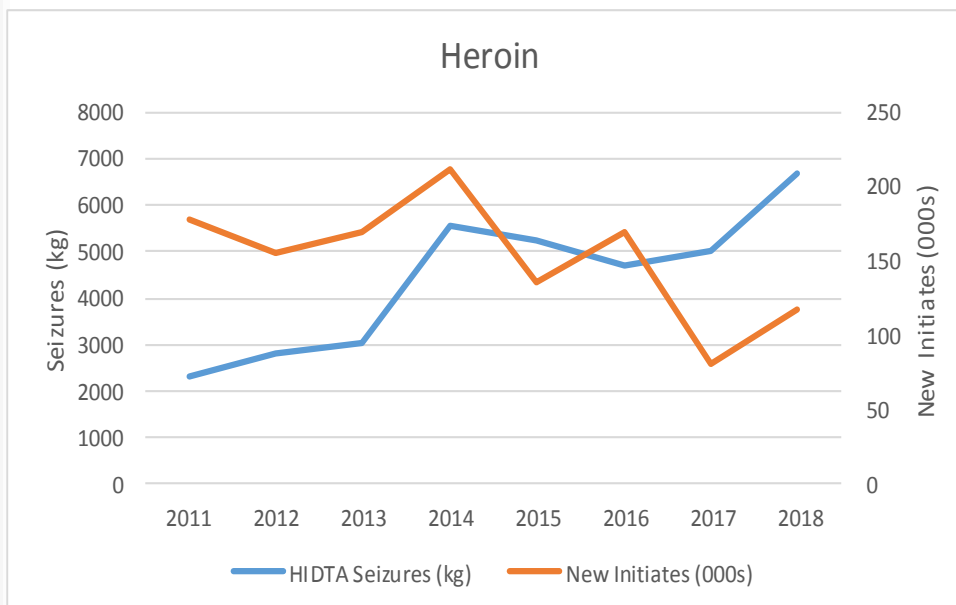
(U) The above graph depicts the total persons who have used cocaine and methamphetamines and non-medically used Rx stimulants in the past twelve months.

Supply and Demand

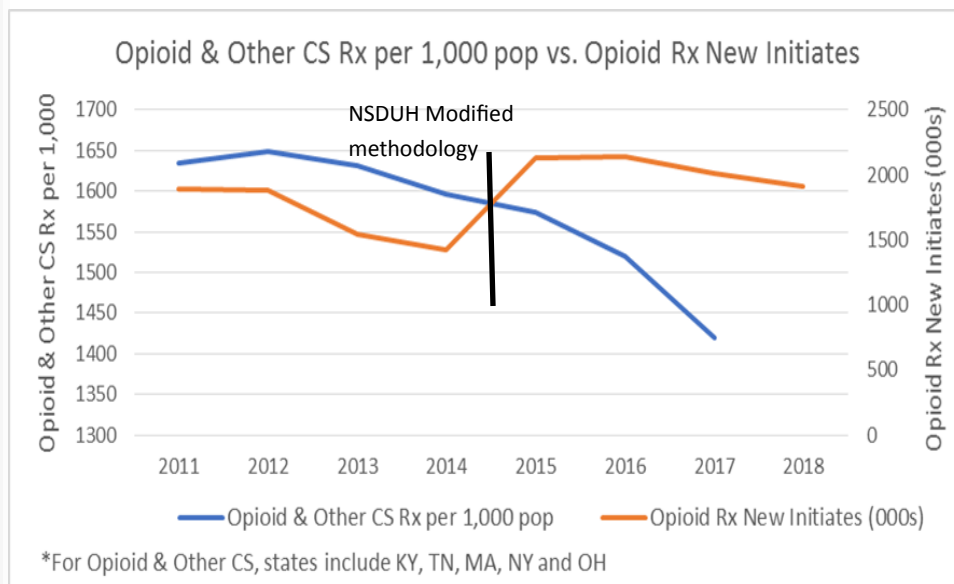
(U) The next step in identifying Emerging Threats is to compare the supply of and demand for opioids and stimulants. The demand information is obtained from SAMSHA's National Survey on Drug Use and Health (NSDUH) as described in the section above.

(U) The HIDTA seizure data is used as a surrogate measure for the supply of illicit substances. While not exact, the quantities of drugs seized vary with the changes in illegal drug supply because law enforcement intentionally focuses investigations and seizures on those drugs most frequently trafficked. Law enforcement changes its foci as the supplies vary.

(U) For this report, supply data was drawn from drug seizures (kilograms) obtained from HIDTA PMP for heroin, cocaine, and methamphetamine. Seizure data for Fentanyl for the same period was not graphed in this section because the corollary data on drug demand for Fentanyl was not available in the NSDUH. Data for prescription controlled substances was available from the five-state PDMPs that provided data for 2011 through 2017.



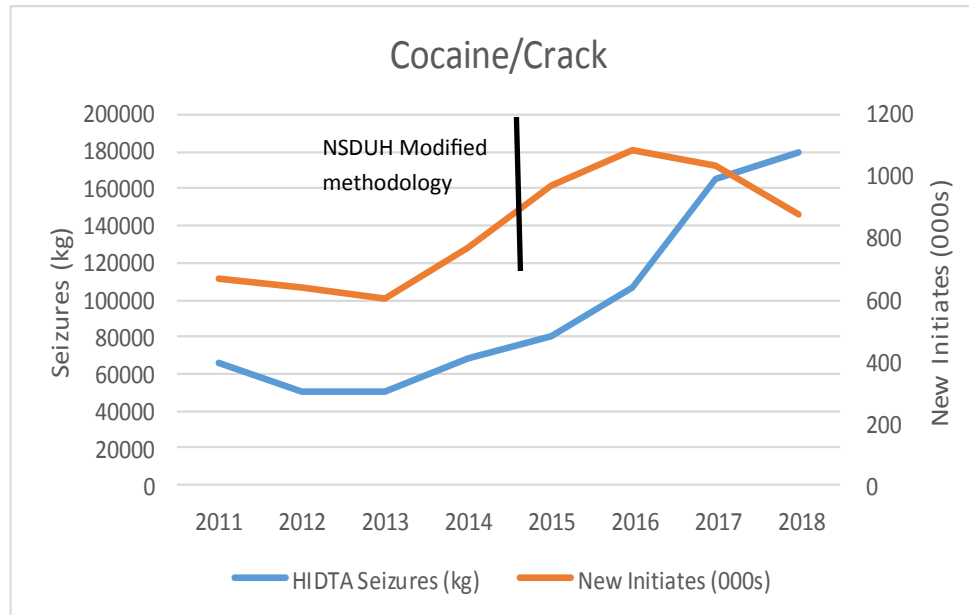
(U) The graph to the left reflects heroin new initiate data versus HIDTA seizures over eight years. Heroin seized by HDTAs and the demand by new initiates has generally tracked together.



(U) The graph to the left compares Opioid & Other Rx rates in five representative states per 1,000 population against Opioid Rx New Initiates over seven years. As the graph shows, Rx opioid supply and the number of new initiates tracked together. The increase between 2014 and 2015 reflects a change in NSDUH's methodology for collecting Rx opioid new initiate data.

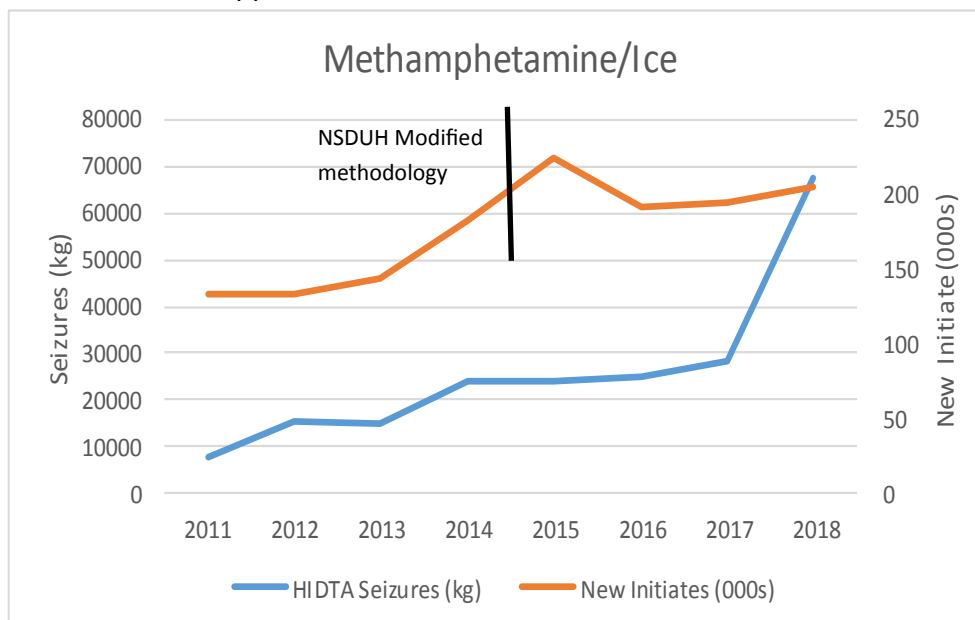
(U) In the instance of illicit and prescription stimulants, the supply and demand track very closely, with both rising rapidly from 2011 to 2016. The simultaneous increases in supply and demand for stimulants identify nonmedical use of licit stimulants and use of illicit stimulants as an emerging threat in the United States.

(U) New initiates of cocaine use (people who had not previously used cocaine) increased by 62% from 0.7 million in 2011 to 1.1 in 2017. The NSDUH reported a drop to 0.9 million new initiates in 2018. It is noteworthy that NETI presented data on the surge in stimulant seizures and prescribing and in nonmedical use of stimulants at the National Rx Drug Abuse and Heroin Summit in April 2018 in Atlanta, GA. This is the first announcement by NETI of this emerging threat. The totals of HIDTA seizures of cocaine increased 170 % from 66,438 kg in 2011 to 179,107 kg in 2018. It will be important to see what occurs in 2019 data.



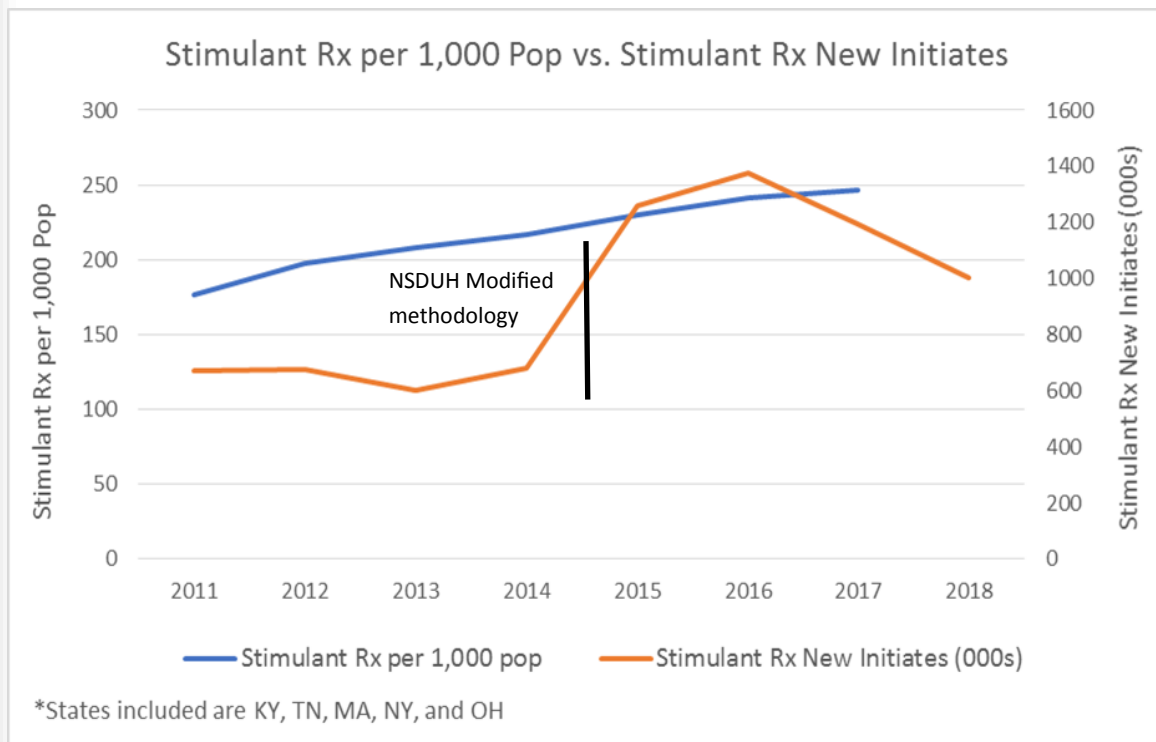
(U) The graph to the left reflects cocaine new initiate data versus HIDTA cocaine/crack seizures over eight years.

(U) Similarly, new initiates of methamphetamine use (people who had not previously used methamphetamines) increased by 65% from 133,000 in 2011 to 205,000 in 2018. At the same time, HIDTA seizures of methamphetamine/ice increased 761% from 8,021 kg in 2011 to 67,757 kg in 2018. It is noteworthy that the 5% increase in new initiates in 2018 did not mirror the very large increase in seizures of 142%. It will be important to see what happens in 2019 data.



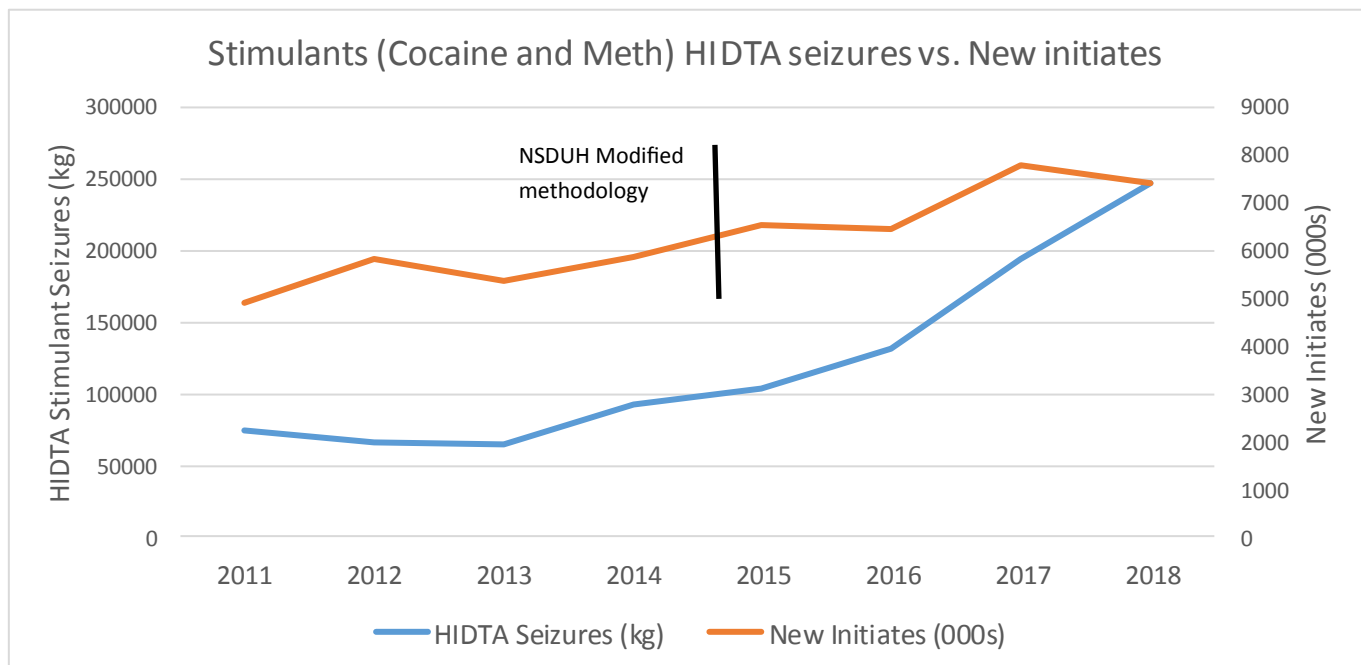
(U) The graph to the left reflects methamphetamine new initiate data versus HIDTA seizures over eight years

(U) New initiates of non-medical use of prescription stimulants increased significantly from 2011 through 2017, and then decreased in 2018, the year that NETI presented data concerning the incre At the same time increase in prescribing of stimulants escalated in the five states that provided PDMP data for 2011—2017.



(U) The graph to the left reflects stimulant new initiates compared against stimulant Rx per 1,000 population.

(U) When seizures of illicit stimulants (cocaine and methamphetamine) are combined and compared to the new initiate for both drugs added together, the trend lines become more even, indicating just how consistently the supply and demand for illicit stimulants has been increasing.



(U) The graph above reflects stimulant new initiate data versus HIDTA seizures over an eight year period

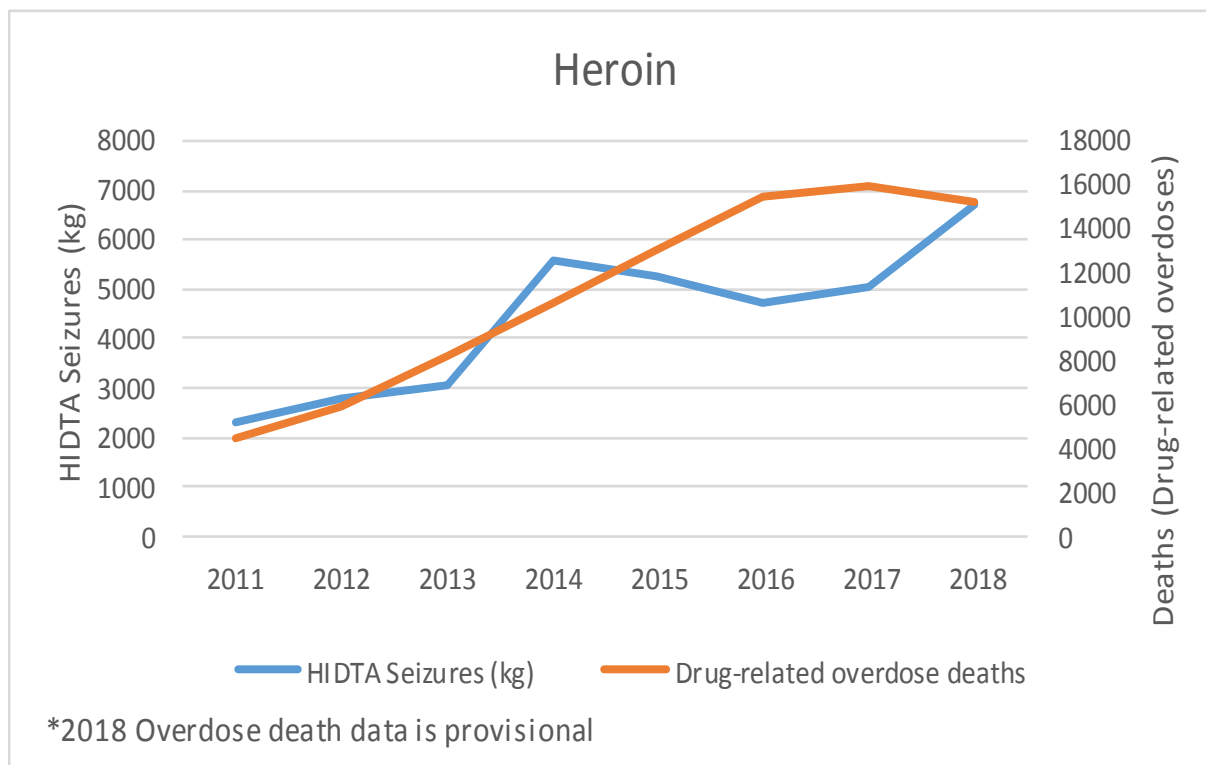
Drug Related Deaths

(U) Confirmation of an Emerging Threat by utilization of additional data sets is essential to assure that sufficient information is available in the national efforts to address drug abuse. The National Center on Health Statistics in the Centers for Disease Control and Prevention (CDC) provides provisional data regarding drug overdose deaths via the Vital Statistics Rapid Release system and more finalized data through CDC Wonder.

(U) Provisional data for 2018 released by CDC suggests that among the 67,744 drug overdose deaths that occurred, 15,073 (22%) involved Heroin. In addition, prescription opioids were involved in 15,028 (22%); methamphetamine (listed as Psychostimulants with abuse potential) in 12,801 (19%); and, cocaine in 14,762 (22%) drug overdose deaths. Note that many deaths involve more than one drug, so the deaths listed by drug type can total up to more than the 67,744 deaths.

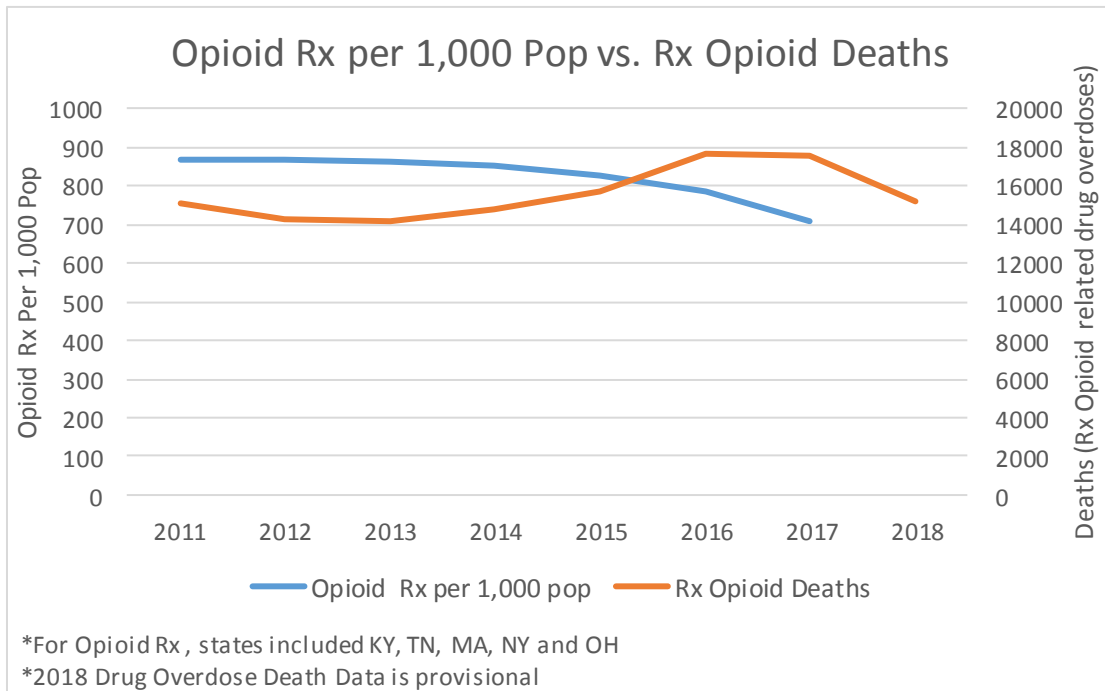
(U) In this section, NETI has matched this CDC information with supply data (HIDTA seizures) for 2011 through 2018.

(U) From 2011 to 2018, Heroin related-drug overdose deaths increased 247%, very much in step with HIDTA heroin seizures that increased 189%.



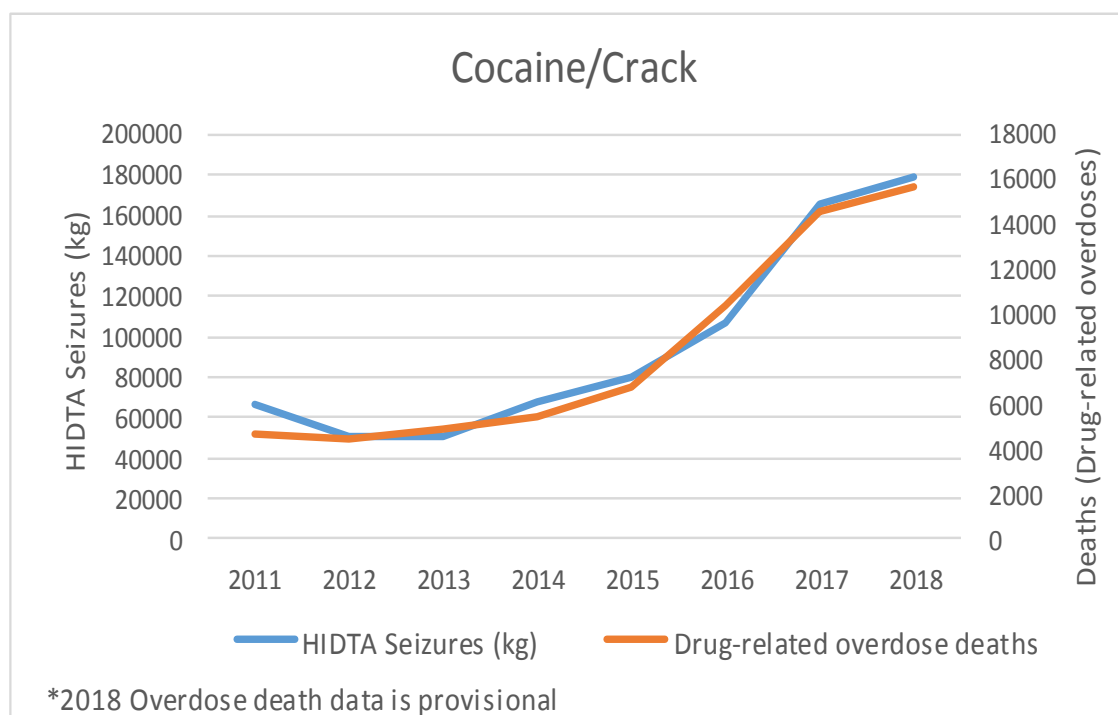
(U) The above graph compares HIDTA heroin seizures to heroin related drug overdose deaths over an eight year period.

(U) Beginning in 2012, the rate of opioid prescriptions per 1,000 population for five states (that reported from 2011 through 2017) has decreased year after year, ending 18% lower in 2017 than in 2011. While the deaths involving prescription opioids slightly decreased from 2011 through 2013, they reversed direction in 2014 through 2016, ending 16% higher than they had been in 2011. However, Rx opioid deaths fell by 13% in 2018 compared to 2017.



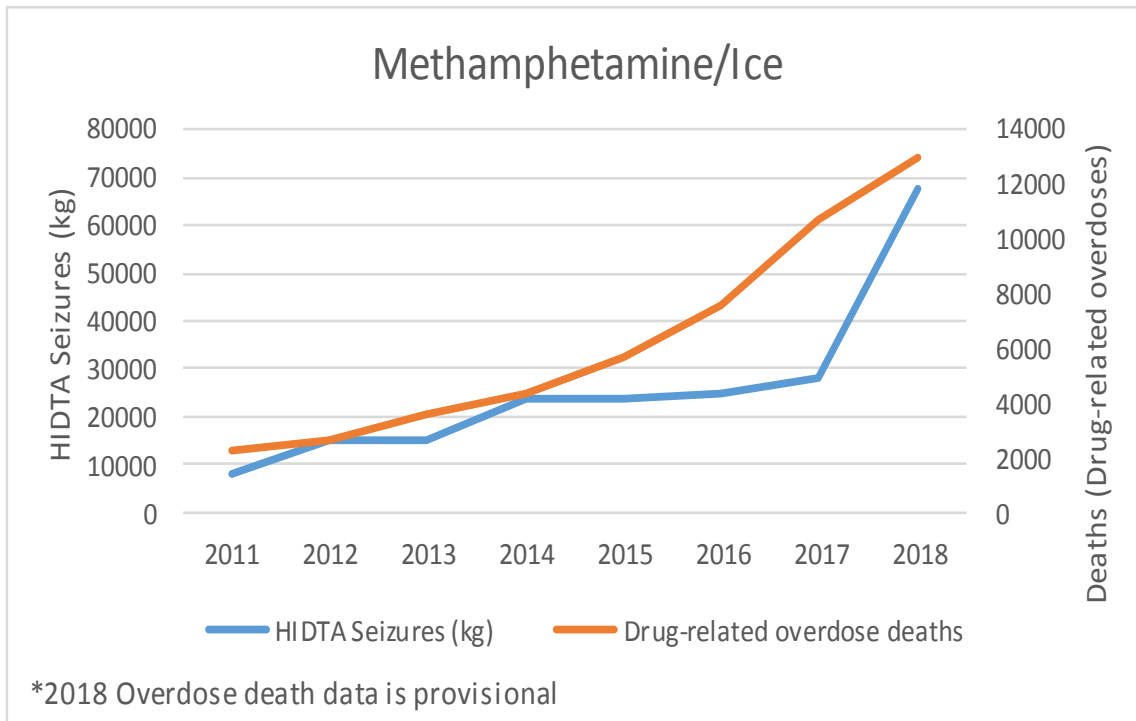
(U) The graph to the left reflects Opioid Rx as reported by five state PDMPs from 2011 through 2017 compared to the number of overdose deaths involving Rx opioids (ICDA Codes T40.2 + T40.3) as reported by CDC provisional data.

(U) The comparison of HIDTA seizures of cocaine/crack to deaths involving cocaine show rapid increases from 2011 through 2018, suggesting that the increased deaths are highly correlated with increasing supply. Between 2011 and 2018, the seizures increased by 170% and deaths by 235%.



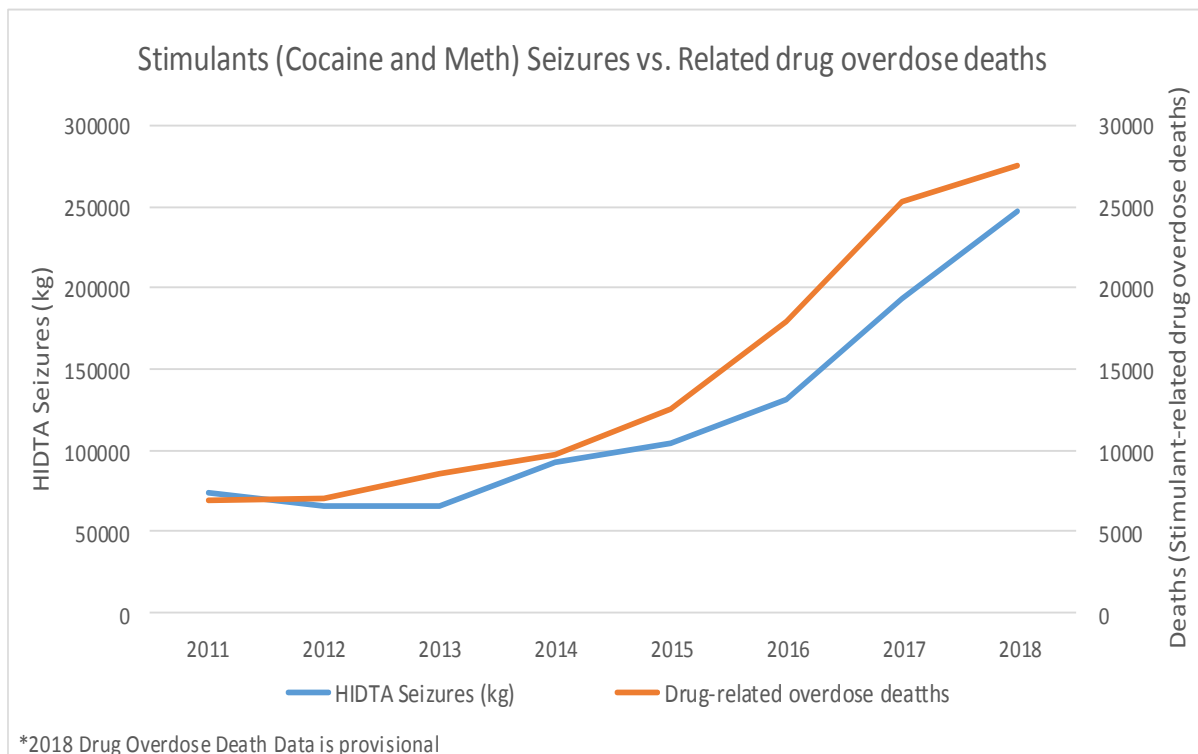
(U) The graph to the left compares HIDTA cocaine/crack seizures to cocaine-related drug overdose deaths over eight years.

(U) Methamphetamine seizures and deaths, while smaller in numbers than cocaine, are both increasing at a faster rate from 2011 to 2018, with seizures rising by 760% and deaths by 473%.



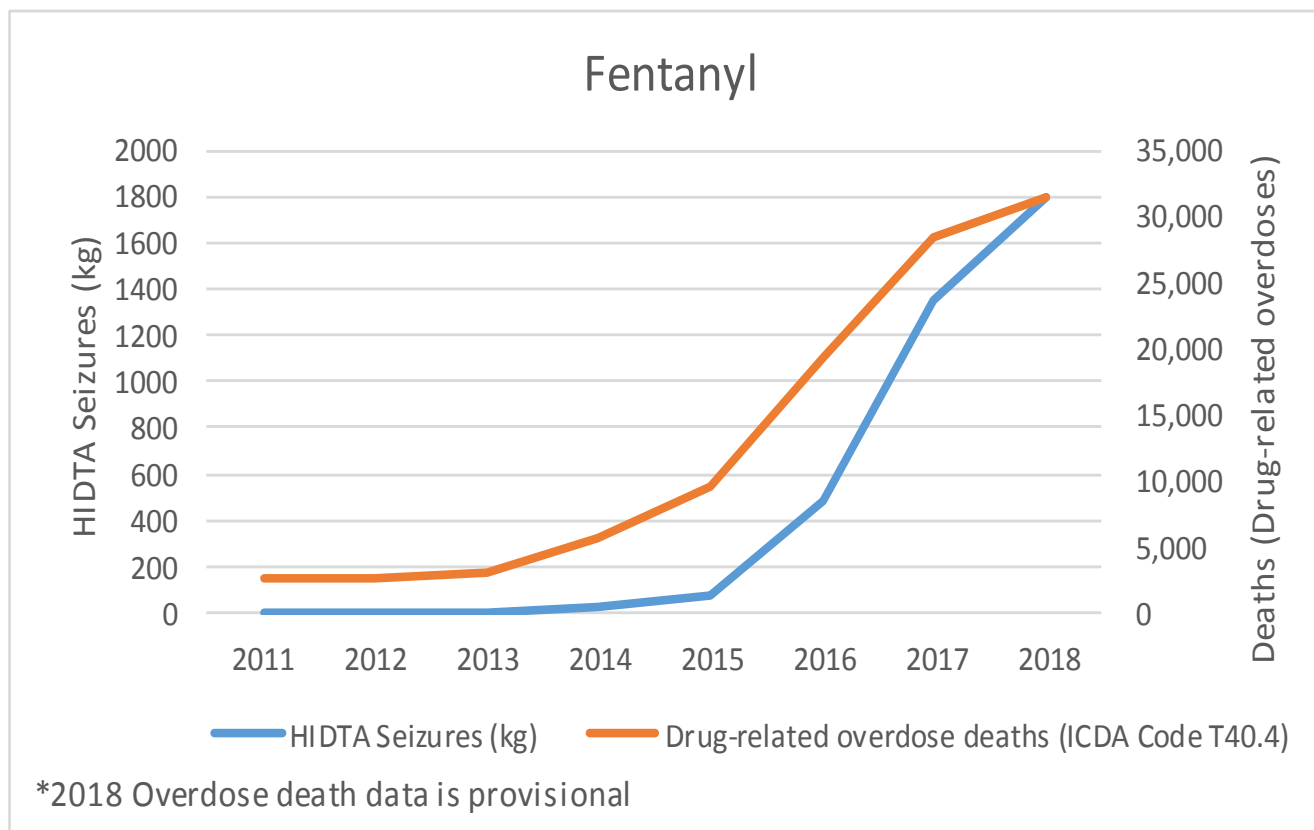
(U) The graph to the left compares HIDTA methamphetamine/ice seizures to psychostimulants with abuse potential (ICDA Code T43.6) drug-related overdose deaths.

(U) When seizures of illicit stimulants (cocaine and methamphetamine) are combined and compared to overdose deaths for the combined drugs, the trend lines become even more parallel indicating just how consistently and rapidly the supply and adverse effects of illicit stimulants have been increasing.



(U) The graph above compares the combined total of HIDTA meth/ice and cocaine/crack seizures to the total of related drug overdose deaths.

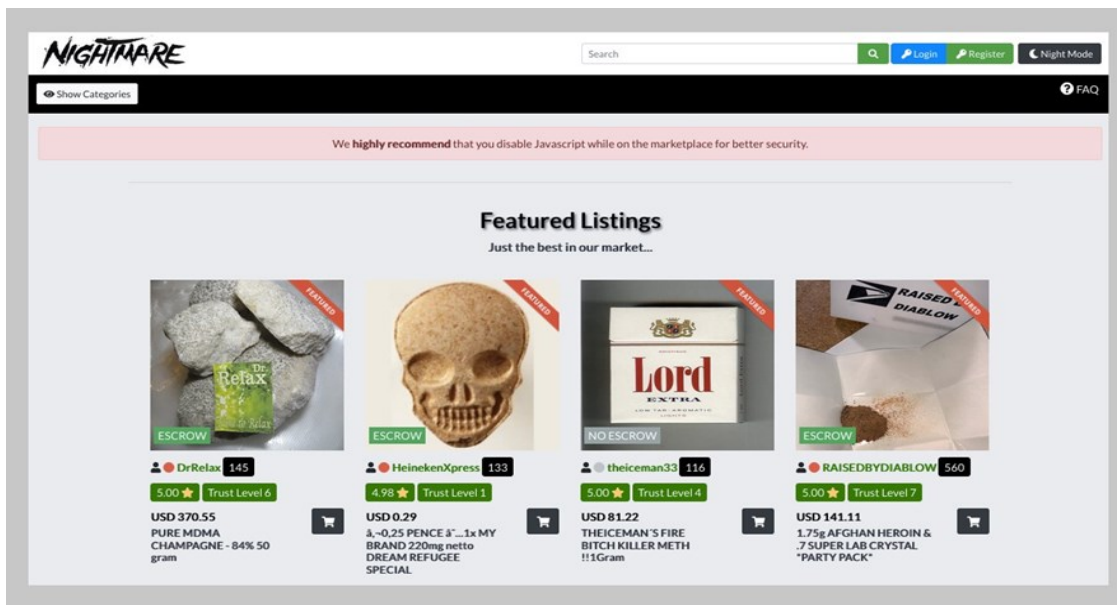
(U) Fentanyl seizures and drug-related overdose deaths began to rise rapidly between 2013 and 2014, with seizures increasing by 688,077% and deaths by 1,081% in 2018 from what they were in 2011.



(U) The above graph compares HIDTA Fentanyl seizures to Other synthetic narcotics to include Fentanyl (ICDA Code T40-4) drug related overdose deaths.

(U) Dark Web and Emerging Trends

(U) According to the 2019 United Nations World Drug Report (UN WDR), the primary advantage of the dark web is the anonymity it provides to the transaction between sellers and customers. As the UN WDR 2019 highlights, the dark web “does not require physical contact and thus reduces the reticence of some customers to interact with drug dealers and removes the need for customers to go to the dangerous places to buy drugs.”¹³ Since 2011, traffickers and users have congregated online to drug market sites on the dark web.¹⁴ Over the past few years, various market places have been taken down through the efforts of national or international law enforcement entities, and these have included popular market places such as Silk Road, AlphaBay, Wall Street and Valhalla.^{15 16} Other markets, such as the once popular Dream Market, have simply shut down on their own accord before they could be dismantled by law enforcement.¹⁷ Unfortunately, as markets are taken-down, new ones simply created to take their place. One of the new markets, Empire, had over 18,000 narcotics listed for sale in April of 2019.¹⁸



(U) The above image, courtesy of Wired, highlights narcotic listings found on the market Nightmare¹⁹

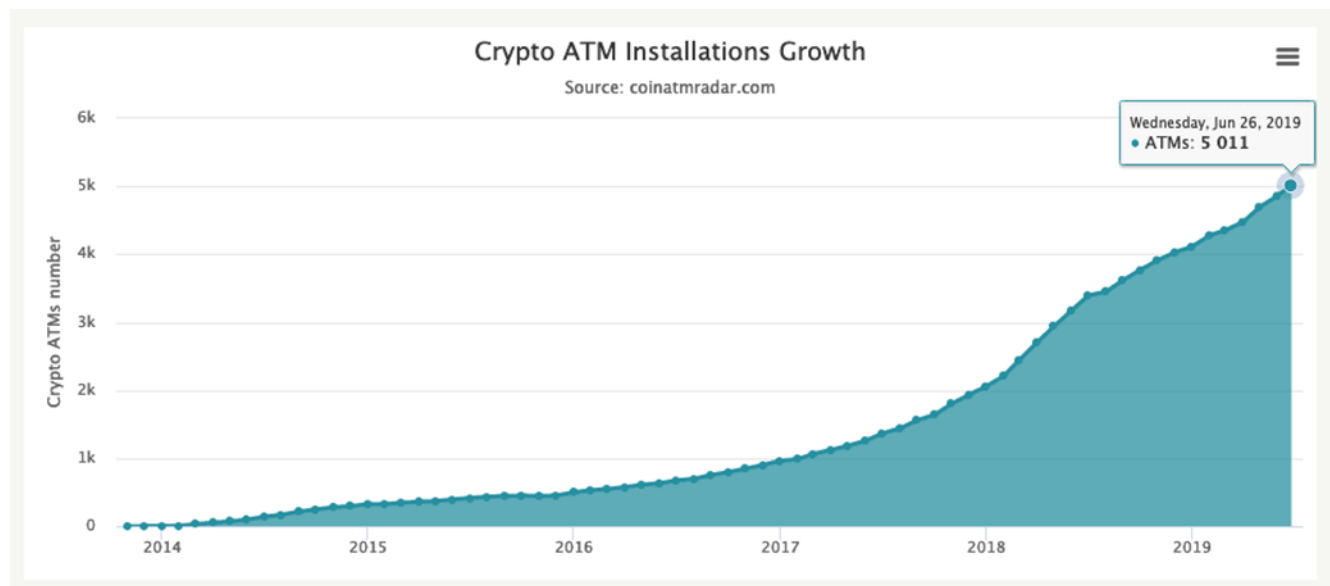
(U) In order to access the dark web the use of special software such as TOR (the onion router) is required.²⁰ The use of this specialized software has made law enforcement efforts more difficult as it directs user data through numerous servers and nodes located around the globe, a move which ultimately disguises IP addresses, and by extension identities.²¹ Further hindering law enforcement efforts is the use of encryption tools which scrambles buyer-seller communication.²²

(U) While most people use this service as a place for personal privacy and freedom, illicit activities for criminals has continued to grow at an alarming rate. Most law enforcement agencies have increased their enforcement activities but are just scratching the surface on probably the most emerging threat to drug trafficking and money laundering in the world. Some of the Mexican drug cartels are now being referred to as “cyber-cartel narcos” because of their abilities to source out technology from experts that has enabled them to exploit the dark web for money laundering and elude international banking laws.²³

(U) The ability of drug traffickers to advertise, track orders and use analytics to increase their street level drug trafficking has added a new layer to narcotic enforcement. With the ability to collect funds for street level and mid-level drug deals ahead of time it has eliminated the threat from local and state law enforcement who do not “front” monies prior to receiving the products. Other issues such as prosecution, search warrant preparation and computer software have limited agencies from aggressively targeting dark web dealers. While most agencies are still training officers on how to use informants, surveillance and under-cover techniques they are not receiving any training on how to conduct dark web investigations.

(U) Cryptocurrencies

(U) The use of cryptocurrencies have become increasingly popular with drug traffickers and users on the dark web, with Bitcoin (BTC) the currency of choice.²⁴ Cryptocurrencies add another layer of protection for those seeking to duck police suspicion. The latest data suggests that \$2.5 billion worth of dirty BTC has been laundered through cryptocurrency exchanges, with 97% of it winded up in countries with lenient Anti-Money-Laundering (AML) regulations.²⁵ Since 2014, there has been a substantial growth in the installation of bitcoin automated teller machines (ATMs). As it stands, the United States is home to over 60 % of the world’s cryptocurrency ATMs, followed by Canada with 12.4 %.²⁶



(U) The above graph highlights the growth in the installations of bitcoin machines²⁷

Outlook

(U) The 2019 Report identifies two major Emerging Trends.

OPIOIDS

(U) First, the driving force behind the Opioid Epidemic, i.e. the radical expansion of prescription opioids beginning in 1996 with the marketing of OxyContin, has finally been capped. During the period covered by this report, 2010 to 2017, opioid prescribing peaked and then began to decline in all ten states examined. This is consistent with findings by CDC and others and is coincident in timing with CDC's issuance of opioid prescribing guidelines, many states' mandating that prescribers review PDMP data before issuing opioid prescriptions, and other actions.

(U) Consistent with this, the demand for non-medical use of prescription opioids has begun a decline as reflected by the number of new initiates (first time users) and the past year users. Similarly, the overdose death rate involving prescription opioids per 100,000 population in the nation has begun to decline in 2018.

(U) The outlook for prescription opioids is that supply of, demand for, and overdose deaths from opioid prescribing will continue to decrease across the next five years, thanks to the massive efforts made by the Federal, state, and local governments; the widespread use of naloxone; and the surge in actions by all stakeholder communities including substance use disorder prevention and treatment, public health, law enforcement, judiciary, medicine, hospitals, and other health care facilities.

(U) For Heroin, the supply continued on the rise across the period 2011 through 2018, as reflected by HIDTA seizures (though a brief decrease in 2015 and 2016). The demand by heroin users was not as clear cut because new initiates reduced, but past year users increased. Fortunately, death rates for overdoses involving Heroin appeared to peak in 2017 with a small decrease in 2018.

(U) The outlook for Heroin over the next five years is for it to have a limited impact as its levels of abuse are well below that of prescription opioids (see tables on page 17). Heroin supply, demand, and overdose death levels are expected to minimally increase and then level off.

(U) On the other hand, Fentanyl supplies have been increasing, as have overdose deaths involving this drug and its analogs. Since persons continue to use Fentanyl in combination with other opioids and stimulants, the outlook for overdose deaths involving Fentanyl appears to be continued increases.

(U) In summary, the prescription opioids have been such a driving force in the Opioid Epidemic, that their subsidence can be expected to more than compensate for any increases that might occur with heroin. On the other hand, death rates involving Fentanyl are expected to continue rising, particularly when combined with other drugs.

STIMULANTS

(U) The second major Emerging Threat is that licit and illicit stimulants are rapidly surging in supply, in demand for non-medical use, and overdose deaths. This is not only simultaneous with the Opioid Epidemic; it appears to be intertwined with it.

(U) Cocaine supply is increasing. The increase is observed in cocaine production in South American and seizures by law enforcement in the United States. The increase is not uniform across the country: while half (16) of the HIDTAs report increases in seizures from 2011 to 2018, the other half reported decreases. Yet the total increase was very substantial, as HIDTAs' seizures of cocaine by 2018 were 70% of the combined total of Heroin, Fentanyl, Meth, and Cocaine in kg. Simultaneously, the demand for cocaine increased in new initiates and in past year users, as did deaths.

(U) The outlook for cocaine supply, demand, and adverse outcomes appear to be for continued increases.

(U) Methamphetamine supply from 2011 to 2018 has increased at an even faster rate than cocaine, with a sudden doubling in HIDTA seizures between 2017 and 2018. Demand for Methamphetamine has increased substantially from 2011 to 2018, in new initiates and past year users. Simultaneously, overdose psychostimulant deaths (primarily methamphetamine) have increased by almost 500% - twice the rate of cocaine increases.

(U) The outlook for methamphetamine supply is for further increases over the next five years as more is manufactured in Mexico and smuggled into and distributed across the United States. At the same time, the demand for methamphetamine and overdose deaths are expected to rapidly increase, particularly as a result of the doubling in 2018 supply (seizures); the impact on demand and deaths of this doubling are expected to appear in 2019 and later years.

(U) The supply of Prescription Stimulants has rapidly increased between 2010 and 2017, as reported by ten PDMPs. Demand for non-medical use almost doubled at the same time, as measured by past year use. Deaths involving Prescription Stimulants were not separately reported by CDC, but it is reasonable to assume a significant increase occurred, based upon the increased deaths involving cocaine and methamphetamines and the increased demand for non-medical use of all three types of stimulants.

(U) The outlook for prescription stimulants appears to be continued increases in supply, demand, and deaths unless significant actions are taken quickly, including issuance of prescribing guidelines and states mandating prescribers to review PDMP data before issuing prescriptions for stimulants (i.e. for all Schedule II through IV drugs).

(U) In summary, the abuse and misuse of stimulant drugs has been escalating into an epidemic. These are now a major threat to public health and public safety. All levels of government, non-governmental agencies, community groups, and professionals need to immediately focus on stimulants while continuing to address the Opioid Epidemic.

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