Clandestine laboratories and diversion of precursor chemicals

Market overview
Globally, amphetamine-type stimulants (ATS) are the most common illicit drugs manufactured in clandestine laboratories. The Australian Crime Commission (ACC) is aware that, in addition to illicit manufacture of methylamphetamine (including ice), domestic manufacture of illicit drugs also extends to substances such as 3,4-methylenedioxyamphetamine (MDMA—commonly known as ecstasy), 3,4-methylenedioxyamphetamine (MDA), ‘home-bake’ heroin, cannabis oil, gamma hydroxybutyrate/gammabutyrolactone (GHB/GBL), dimethyltryptamine (DMT), methcathinone and paramethoxyamphetamine (PMA).

In addition, a number of clandestine laboratories have been detected extracting precursors such as pseudoephedrine, phenyl-2-propanone (P2P) and 3,4-methylenedioxyphenylpropan-2-one (MDP2P) from both pharmaceutical preparations and other chemicals referred to as pre-precursors for subsequent manufacture of illicit drugs. There has also been a trend towards the conversion or reconstitution of imported methylamphetamine, cocaine and steroids from the concealed forms in which they have been imported into the marketable forms in which they may be consumed by illicit drug users.

The Final Report of the National Ice Taskforce 2015 found that Australia’s comparatively stronger domestic precursor chemical controls are an incentive for organised crime groups to import both precursors and finished product into Australia, instead of attempting to source precursors domestically. Domestic manufacture of methylamphetamine, including ice, remains at significant and concerning levels, despite the substantial growth in imports. However, there are signs that the level of domestic manufacture may be starting to decline.

Border seizures of precursor materials used in methylamphetamine manufacture (by weight) fell to around 2010 levels in 2014, following strong growth in the intervening years.

However, during the same period there were two very large domestic seizures of precursors, of 10 and 11 tonnes in 2013–14 and 2011–12 respectively, suggesting that large scale domestic manufacture of methylamphetamine continues.

Domestic manufacture and diversion
Every gram of illicit drugs manufactured in Australia results from either the diversion of a precursor, pre-precursor, reagent or solvent from a legitimate industry in this country, or the illegal importation of these products. These chemicals often have wide-ranging legitimate uses, such as in pharmaceuticals or products like pesticides. A substantial quantity of chemicals is required to produce methylamphetamine. For example, one common route for the manufacture of ice using P2P requires 10 to 20 kilograms of chemicals for each kilogram of methylamphetamine produced. This provides opportunities for law enforcement agencies and regulators to monitor and disrupt potential diversion from legitimate industry.
Chemicals can be diverted from a range of sources, including a variety of legitimate industries, or from other sources including hospitals and other medical facilities, transport chains and break and enters at pharmacies and chemical companies. Some core ingredients can also be produced using a wide range of pre-precursors, but the level of technical complexity in manufacturing increases with the number of steps required to produce the end product. While Australia’s domestic controls over precursor chemicals are stronger than some other countries, they are not fully comprehensive, nor are they consistent across the country. This is a vulnerability that may be exploited by organised crime.

When manufactured domestically, drugs are manufactured by ‘cooks’ working in clandestine drug laboratories, commonly known as ‘clan labs’, which can vary greatly in size and sophistication. These cooks are generally taught by other experienced cooks, but instructions are also available on the internet or darknet. Regardless of their size or level of sophistication, the corrosive and hazardous nature of chemicals used in clandestine laboratories poses significant risks to those operating the laboratories, properties in the vicinity and the wider community. Many of the chemicals used are extremely volatile and are an explosion risk, and residual contaminants may remain on surfaces, in the air, soil or water supply for long periods of time.

There are a range of drug manufacturing methods, depending on available precursors and equipment, familiarity and technical understanding. Criminal groups, both in Australia and internationally, have adapted by changing supply and manufacturing methods to respond to the availability of chemicals and associated regulatory controls and policing. This creates substantial challenges for law enforcement efforts. New methods using a wide range of precursors and pre-precursors are constantly being developed. As many chemicals have legitimate industrial application, an ongoing challenge for government and law enforcement exists in preventing the diversion of precursor chemicals to the illicit market, while maintaining access to these chemicals by legitimate industry.

The response

The Commonwealth and all states and territories have controls to restrict the possession and sale of precursor chemicals and equipment as part of efforts to address the challenge of illicit manufacture. In addition, industries sell a series of chemicals and equipment in accordance with a voluntary code which was negotiated between industry groups, law enforcement, policy and regulatory agencies. As part of this arrangement, end user declarations (EUDs) are collected by industry and can be accessed by law enforcement agencies to identify suspicious transactions.

The National Ice Taskforce found in 2015 that there is a need to improve controls over precursor chemicals, reagents, solvents and equipment through nationally consistent legislation and regulation, and ensuring there is a framework in place to respond more quickly to emerging manufacturing methods. Developing an electronic national EUD system is one component of a nationally coordinated approach that is capable of monitoring and responding to the dynamic market for illicit precursor chemicals in Australia.

Australian governments are already moving toward nationally consistent regulation of precursor chemicals and equipment. In May 2015, Ministers at the Council of Australian Governments (COAG) Law, Crime and Community Safety Council meeting agreed to progress recommendations on precursor controls to reduce the risk of diversion as well as the regulatory burden on industry. The Commonwealth is currently examining options to achieve this.

The necessary first step in responding effectively to domestic manufacture of illicit drugs is to identify and understand drug manufacturing techniques which are being used by organised crime groups. Information which identifies the chemicals essential to illicit manufacturing techniques permits the development of appropriate, timely and effective responses to prevent their diversion.

The ACC’s Precursor Chemicals Information Resource (PCIR) 2016 has been collated to provide this understanding, in the form of a practical guide and reference source for analysts, investigators, policy makers and other parties who are tasked with disrupting illicit drug manufacture and importation. The intent of the document is to offer plain language guidance on processes for which the listed chemicals may be diverted from legitimate industry, and the significance of particular chemicals and combinations of chemicals to illicit drug manufacture. The document is also intended to raise industry awareness of the types of transactions which may be suspicious. The chemicals and methods on which this publication focuses are those that have either been directly linked to illicit manufacturing events, or which are considered viable and likely to be used in a clandestine laboratory environment.