Australia emerges as a leader in the global darknet drugs trade

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Australia is a leading country in the darknet drugs trade, with more online drug vendors per capita than any other nation except the Netherlands, according to research presented at this week’s Victorian Alcohol and Drug Association Conference.

Australians are increasingly using eBay-style darknet marketplaces or cryptomarkets to buy and sell illicit drugs.

Australian cryptomarket vendors sell a wide variety of illicit drugs, and are disproportionately represented in global terms for sales of ecstasy, opioids and, particularly, methamphetamine. More than a quarter of the world’s darknet methamphetamine trade (27.1%) is facilitated by Australian cryptomarket dealers.

Market composition and price

The composition of the Australian darknet drugs trade mirrors some aspects of the conventional illicit drugs trade. For example, cannabis was the most popularly traded drug by domestic cryptomarket vendors, accounting for 25% of all recorded transactions. This was followed by prescription drugs (20%), ecstasy (16%), psychedelics such as magic mushrooms and LSD (12%), methamphetamine (12%) and cocaine (8%). Opioids such as heroin accounted for only 3% of all transactions undertaken by Australian cryptomarket vendors.
Our analysis also focused on the price of illicit drugs that are sold on the darknet. Here we found large disparities between the prices of illicit drugs sold by foreign-based cryptomarket vendors and those located in Australia. For example, average prices for ecstasy sold by Australian vendors were more than six times the price of those sold by their foreign counterparts. Methamphetamine and cocaine were approximately three times more expensive when purchased from an Australian cryptomarket vendor. Only cannabis was priced similarly, with prices from Australian and foreign vendors largely comparable.

These findings indicate that the prices of Australian darknet drugs are much more closely correlated to local street prices than they are to those sold by foreign vendors. Only methamphetamine was significantly cheaper when purchased from an Australian cryptomarket vendor compared to a local street dealer, with prices approximately 45% lower when sourced online.

Explaining why methamphetamine is so much cheaper when sourced via a local cryptomarket vendor as opposed to a street dealer will require further research. However, given recent law enforcement crackdowns on the methamphetamine trade, and the involvement of violent organised crime groups in methamphetamine distribution, it is possible that people selling methamphetamine find it less risky and costly to sell these drugs anonymously online rather than via conventional means.

**Law enforcement and border protection**

The relatively high prices charged by local cryptomarket vendors are likely to be interpreted as signs of success by Australian border protection agencies. They are evidence that while foreign vendors are typically prepared to send illicit drugs to Australia, many local consumers are averse to the risks this entails. The perception that drugs may be intercepted entering the country therefore contributes to the high prices that local consumers pay for illicit drugs.

The flip side to this argument is that local cryptomarket vendors – and the organised crime groups that supply them – benefit from the protectionism that is unwittingly afforded by Australian law enforcement. By deterring the importation of cheaper foreign drugs, local law enforcement are effectively insulating Australian drug suppliers from foreign competition, thereby boosting their profits and helping to maintain their illegal businesses.

**Where to from here?**

Despite the growth in darknet drug trading in Australia, there are important reasons to remain optimistic regarding its overall impact on both drug consumers and broader society.

Darknet drug consumers typically report access to **higher quality illicit drugs online** compared to those available from conventional sources. They have greater knowledge regarding the composition of illicit drugs and are able to **access information** regarding safer forms of drug use. They also report **fewer instances of threats and violence** when compared to sourcing drugs via conventional means.

Darknet drug trading also reduces the potential for systemic **violence between rival drug retailers** through the maintenance of online anonymity and physical separation from drug retailing sites. Unfortunately, cryptomarkets are unable to resolve the worst, **intractable systemic drug violence in**
source countries such as Mexico. In the absence of a legal market for these drugs, this violence will continue unabated, much as it has since the beginning of the war on drugs.

However, the “silver linings” associated with the darknet drugs trade suggest that for every additional drug deal done online instead of on the street, further progress is being made in reducing the harms associated with illicit drugs.

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