



FENTANYL AND BORDER LINES

Unpacking the challenges of
the North American market

MEETING REPORT

MAY 2025

ACKNOWLEDGEMENTS

We would like to thank the participants who attended the dialogue on fentanyl in North America on 10–11 April.

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BACKGROUND

The fentanyl crisis has devastated communities across North America and introduced new challenges for international diplomacy, public health and security. Tensions between the United States, Canada and Mexico have escalated, with accusations of insufficient action being taken against illicit drug flows, leading to economic threats and policy shifts. The urgency of the situation demands a coordinated and strategic response – one that strengthens collaboration among key stakeholders to disrupt supply chains, enhance security measures and refine legal tools for combating illicit drug trafficking.

On 10–11 April 2025, the Global Initiative Against Transnational Organized Crime (GI-TOC), in collaboration with the University of Toronto's Munk School of Global Affairs & Public Policy, convened a high-level dialogue of experts and practitioners from Canada, the United States and Mexico to explore the issues surrounding illicit fentanyl production and trafficking. The main objective was to support an evidence-led policy prioritization exercise for the government of Canada and other key stakeholders that will lead to a demonstrable impact on the fentanyl threat. This summary presents the key points of the discussion and the main recommendations.

Key takeaways

Participants emphasized that the fentanyl crisis must be understood as part of a broader set of systemic challenges encompassing public health, trade, finance and organized crime. The crisis requires responses that are evidence-based, human-centred and integrated across sectors and borders. Participants warned that unless governments innovate and collaborate more effectively, the fentanyl crisis will continue to outpace the responses. The following are five key takeaways from the discussions:

1. Unregulated opioids rarely contain what users expect. Testing shows that unregulated fentanyl is heavily contaminated with other substances. Importantly, fentanyl is not the contaminant but what is being contaminated.
2. Synthetic drug markets operate differently from traditional American drug markets and are consequently changing the political economy of crime.
3. Enforcement actions should be underpinned by granular intelligence on drug production, distribution and supply chains and should take into account vulnerabilities as well as opportunities associated with interdiction processes.
4. The US has designated six drug cartels as foreign terrorist organizations (FTOs) and this policy instrument is here to stay. Canada and Mexico need to prepare for this by identifying strategies to maximize the benefits of the powers conferred by the designation, while mitigating the harms.
5. The lack of a dedicated financial crime centre in Canada means stakeholders work in silos and information sharing is ineffective. Criminal groups exploit this, as Canada is increasingly being used as a centre for the movement of illicit financial flows.



Recommendations

The dialogue was convened to inform a trilateral response to a shared threat and in particular to highlight the opportunities for Canada to play a constructive leadership and facilitation role. The following recommendations emerged from the discussions:

Trilateral cooperation

- **Strengthen cooperation between Canada, the US and Mexico**, potentially following the model of an international contact group.¹ This mechanism would coordinate a common approach to the fentanyl crisis, with a focus on defining shared metrics for success, identifying innovative strategies and facilitating the exchange of best practices. Targeted working groups would be convened to provide practical improvements in areas identified as key weaknesses, including legal frameworks and legislative harmonization, financial flows, mortality and violence reduction, public communication and awareness raising.
- **Target the enablers within criminal ecosystems**. The FTO designation could be leveraged to incentivize private sector compliance and accountability, particularly in the role business can play in monitoring, reporting and controlling the movement of arms, chemicals and illicit financial flows.
- **Build robust public-private partnerships**, including establishing initiatives such as a chemical action task force² to improve monitoring of precursor chemicals and supply chain vulnerabilities.
- **Establish a regional fentanyl observatory** to generate granular insights to inform strategic responses. The observatory would monitor and analyze supply chain management, with particular attention paid to the role of foreign organized criminal groups in the trafficking of precursors (and pre-precursors) and fentanyl products, transpacific trafficking routes, including chemical shipments entering North America, and fentanyl production within Canada destined for overseas markets.
- **Build the capacity of non-state actors to engage with, respond to and report on the fentanyl crisis**. The need to support independent, evidence-based reporting and market analysis to counter misinformation and promote informed decision-making was identified, as was the need to encourage alternative voices to offset hardline approaches to drug markets and promote more nuanced, public-health-oriented responses.

Canada-specific recommendations

- **Harness the current momentum around fentanyl discussions to embed the issue within a strategic national response**, addressing a gap that has long been identified as a weakness.
- **Leverage the appointment of a national fentanyl czar to drive a coordinated, cross-sectoral approach to tackling the fentanyl challenge**. This appointment offers significant potential to coordinate efforts across government, the private sector and civil society. To be effective, the role must be endowed with convening powers and independent resources, enabling it to build consensus around a shared, prioritized agenda.
- **Invest in law enforcement capacity**, both for cyber capabilities and forensic financial investigation, to address the increasingly complex nature of transnational organized crime.

¹ An international contact group is an informal mechanism created to facilitate coordination among states, international organizations and other stakeholders in response to a specific crisis or issue. One notable example is the Contact Group on Piracy off the Coast of Somalia, which was launched in 2009 under the auspices of the United Nations to bring together governments, regional and international organizations, and shipping industry representatives to coordinate actions and share best practices in combating maritime piracy in the region.

² This is envisaged as being similar to that which exists for the banking system, the Financial Action Task Force. See <https://www.fatf-gafi.org/en/home.html>.

- **Strengthen supply chain interdiction** through enhanced port security, integrity and oversight mechanisms – particularly in high-risk logistical hubs.
- **Undertake a legislative review** to assess gaps and inconsistencies that hinder effective responses to organized crime and its financial and operational enablers.
- **Modernize Canada’s financial crime frameworks**, including anti-money-laundering measures, to better detect and disrupt illicit flows. This includes improving regulatory enforcement and public–private data-sharing mechanisms.
- **Invest in research and evidence generation** to inform policy development, measure impact and anticipate future threats, with sustained resourcing for independent analysis.
- **Conduct improved data monitoring of drug markets to generate a cohesive picture of the national drug supply.** Support a data-sharing surveillance network of existing community-based drug checking services across Canada. Leveraging their innovative methodologies to collect and analyze drug data from drug user populations in near real time is a best practice approach. Once established nationally, this model should be expanded across the continent.
- **Ensure continued funding for public health-driven strategies.** These encompass substitution treatments; expanded evidence-based public health programming to reduce deaths caused by the supply of contaminated drugs; and greater accessibility to safe consumption rooms and safe supply for people who use drugs.
- **Raise awareness among businesses of the risks and implications of FTO designations.** Adopt a proactive approach to educate businesses (particularly in high-risk sectors such as finance, logistics and chemicals) by issuing clear compliance guidance, by creating forums for public–private dialogue on enforcement trends and investing in capacity-building to improve due diligence and risk mitigation practices. These measures will reduce exposure to inadvertent non-compliance while enabling businesses to become more active partners in disrupting the fentanyl supply chain.



SUMMARY OF THE DIALOGUE DISCUSSIONS

Understanding evolving synthetic drug markets

Opening discussions emphasized that although synthetic drug markets are concentrated in North America, they are by no means confined to the continent. Production hubs have emerged in Africa, South East Asia and Europe. Clandestine labs have been identified in what were described as ‘unexpected’ locations, such as Kenya and Nigeria. The commonplace framing of fentanyl as a North American crisis should therefore be challenged: the market is dynamic, entrepreneurial and global, shaped by chemical innovation and the migration of production knowledge across borders.

Unlike other drug markets where products are moved from production centres to consumer markets, illicitly manufactured fentanyl is produced and consumed in all three North American countries. Production and trafficking are deeply integrated into licit economies, exploiting trade regulations that facilitate legitimate commerce and using pressure points like border crossings for perishable goods to evade detection. Effective responses will require coordinated action across the region. Participants emphasized the importance of avoiding fragmented bilateral approaches in favour of genuine trilateral cooperation among the US, Mexico and Canada.

Participants drew attention to the lack of reliable data on emerging synthetic substances, patterns of use and changing trafficking methods, noting that new synthetic compounds are proliferating more quickly than public health and enforcement agencies can track. There is therefore a need to adopt a global public health perspective as part of the response instrumentation. The Covid-19 pandemic and the Russian invasion of Ukraine were cited as catalysts that accelerated changes in synthetic drug markets, including the rising use of synthetic cathinones.

Speakers flagged a worrying trend towards ‘voluntary blindness’, where institutional and political inertia has held back proactive responses to these shifts. Community-based forensic monitoring and open-source intelligence gathering were highlighted as essential methods for better understanding these emerging markets. However, participants warned that expertise bias in individuals and entities and institutional ego could hamper efforts to adapt quickly to new threats.

Monitoring unregulated drug supply: insights from drug checking services

The case of Toronto’s Drug Checking Services exemplifies the critical role that community-led initiatives can play in understanding the rapidly changing nature of unregulated drug supply. Under this scheme, government-sponsored community-based services have analyzed over 17 000 samples since 2020, revealing that unregulated opioids rarely contain what users expect. In Toronto, no fewer than 13 unregulated fentanyl-related substances have been identified in the local supply, with over a third of samples that users expect to be fentanyl containing benzodiazepine-related drugs, and more than 70% containing at least one veterinary tranquillizer. These additives are often introduced to enhance the desired effects of fentanyl, meet increased or changing needs and tolerance, increase profits and circumvent drug laws.

Data presented showed that fentanyl found on the streets is often heavily contaminated with other substances. For example, in March 2025, nearly 20% of checked fentanyl samples in the Toronto initiative contained nitazenes. This means that for the Canadian context it is more useful, from a policy perspective, to think about fentanyl as the substance being contaminated, and not an adulterant in and of itself.



Contamination significantly increases the risks of fatal overdose and complicates emergency medical responses. Xylazine, a veterinary tranquillizer increasingly found in US and Canadian drug supplies, was flagged as particularly dangerous due to its resistance to naloxone treatment.

Discussions explored the broader implications for harm reduction policy. Drug checking services not only allow individuals to make better-informed decisions, but also generate critical real-time data for public health and law enforcement agencies. However, the sustainability of these services is precarious, with funding constraints and political opposition posing challenges to scaling them nationally. Participants said that extending drug checking and forensic community monitoring are cost-effective in crafting more responsive and data-driven interventions.

Policy interventions and the limits of law enforcement

Discussion around law enforcement interventions revealed a growing consensus that traditional supply-side approaches, such as drug seizures, interdiction operations and large-scale arrests, have achieved some limited tactical success but no significant strategic impact. Participants said that although law enforcement can reduce impunity and weaken organized crime groups, it has little effect on drug supply or overall consumption levels in mature markets.

Speakers referred to research that examines how aggressive enforcement actions often fail to shrink drug markets and, in some cases, exacerbate violence. Alternative strategies are therefore needed, such as asymmetric enforcement approaches targeting specific high-risk individuals and key market enablers. There was broad agreement that enforcement strategies must be integrated into a larger policy framework that includes public health interventions, harm reduction and, where appropriate, progressive legal reforms, such as incremental legalization of certain substances.

The group discussed how supply-side enforcement interventions are typically undermined by criminal networks who can adapt, diversify their products or change trafficking routes following enforcement drives. The need for more holistic and flexible policy designs, built on evidence and realistic assessments of what enforcement can and cannot achieve, was emphasized.

Tracing supply chains and disrupting illicit flows

The discussions on supply chains revealed the increasing sophistication and resilience of fentanyl production and distribution networks, which are also linked to other criminal markets, including firearms trafficking. It was noted that domestic production in Canada, particularly in Vancouver and Calgary, has significantly increased since 2017. Drug labs are now often capable of multi-drug synthesis, manufacturing fentanyl alongside methamphetamine and precursors. Illicit fentanyl manufactured in Canada is mostly consumed domestically, and only small volumes are trafficked outside the North American region. Fentanyl produced in Canada is for the most part not distributed to the US.

Criminal networks mirror legitimate supply chain models, taking advantage of the region's economic integration, moving pre-precursor and precursor chemicals, tableting equipment and finished product components across borders multiple times. Manufacturing occurs in all three countries, compounding enforcement efforts. The port of Vancouver was identified as a particularly vulnerable point in the illicit supply chain, largely because there has been no dedicated policing there since 1996.

It is critical therefore to address supply chain facilitation and internal corruption risks, particularly within ports and logistics sectors. Suggestions to tackle these weaknesses included reinstating special policing units at ports, enhancing mandatory security clearance protocols for workers and targeting critical supply chain service providers (such as chemists, transporters and financial intermediaries) as part of disruption efforts.



A supply chain approach is particularly important considering North America is a region with high levels of excess mortality. Whereas Mexico's homicide rate, considered among the highest in the world, is 24 per 100 000, Canada and the US have overdose death rates of 21.5 and 25 per 100 000, respectively.

Money laundering and the role of financial systems

Participants recognized that financial systems play a large role in facilitating fentanyl trafficking and associated crimes. Anti-money-laundering (AML) frameworks in Canada and the US were criticized as fragmented, under-resourced and poorly equipped to tackle the scale and sophistication of modern criminal finance, with some concerns that gains made in recent years in AML are being rolled back in the US. There is no mechanism to coordinate or share financial information between the three North American countries, which limits the authorities' ability to identify and disrupt illicit financial flows across borders.

One research initiative presented during the meeting showed how this gap can be addressed by using public-domain data and open-source analytics to build a more granular and actionable understanding of the global fentanyl supply chain. The study traced the sourcing of fentanyl precursors to hundreds of legitimate chemical companies in China, many of which openly market these chemicals online and appear to operate in overlapping digital and logistical networks. This research highlights the potential to develop robust supply chain intelligence that can inform more targeted, risk-based domestic interventions. By identifying upstream vulnerabilities – such as specific producers, distributors and intermediaries – governments can align enforcement, regulatory and financial tools more effectively to disrupt illicit flows before they reach North American markets.

Banks described the challenges of detecting suspicious financial patterns, particularly as fentanyl-related transactions are often small and disguised within legitimate flows. The proliferation of cryptocurrency, trade-based money laundering and the manipulation of real estate markets were identified as emerging financial crime trends linked to fentanyl. However, strengthening the systems used to tackle financial crime would nevertheless enhance the ability to address drug market-related threats.

In Canada there is a pressing need, it was said, to move beyond compliance-based frameworks towards more risk-oriented models of financial supervision. Here, participants called for stronger public-private partnerships, swifter information-sharing and legislative reforms to enable banks and law enforcement to work more effectively together. Several noted that existing mechanisms are too slow and siloed to keep pace with evolving threats.

Designating cartels as terrorist entities: opportunities and risks

The US – and to a lesser extent, Canada's – designation of Mexican cartels as foreign terrorist organizations grants more sweeping investigative powers and enables more aggressive action to be taken against financing networks. Participants raised serious concerns about the unintended consequences of the designation.

In particular, broadly conflating organized crime with terrorism might criminalize people involved in minor drug activities and undermine legal protections, which has broad implications for civil liberties. Participants also noted that if the designation is used to target mid-level organizational operatives, including firearms traffickers, it could have some disruptive impact. However, the onus of implementing responses would most likely fall to financial institutions, many of which lack the capacity or tools to respond effectively to such listings. Participants expressed concern that the designation could damage cross-border law enforcement cooperation with Mexico. Some warned that cartels might respond by splintering, relocating their operations, or diversifying into new markets, making disruption even more difficult.



Looking beyond enforcement, there were questions about whether the designation could serve as a catalyst for trilateral or multilateral cooperation under frameworks like the UNTOC, but scepticism remained about its ultimate effectiveness in addressing the root causes of the fentanyl crisis. Moreover, a potential designation of fentanyl as a weapon of mass destruction could cause Mexico to retreat even more and derail productive engagement, raising questions about the US withdrawing its support from the Global Coalition to Address Synthetic Drug Threats, a US-led international effort.

Participants noted significant shortcomings in Canada's legislative and institutional frameworks to respond effectively to such a designation. While the legal threshold for listing entities in Canada is relatively low, the process has become increasingly politicized and is perceived by some as vulnerable to foreign influence – raising concerns about setting a precedent for future designations initiated by foreign governments, including the US. There was particular apprehension about the risk of overreach, where individuals only loosely connected to cartel activity might be unfairly prosecuted under the broad provisions of facilitating terrorist activity. Moreover, Canada's intelligence and financial enforcement bodies (such as the Canadian Security Intelligence Service, Communications Security Establishment and Financial Transactions and Reports Analysis Centre of Canada) already operate within mandates that would see minimal operational change under an FTO listing for cartels. Although the Royal Canadian Mounted Police may gain additional legal tools to pursue organized crime cases under terrorism provisions, the lack of a proactive strategy around organized crime, the fact it is not integrated into national security priorities and flaws in the entity-listing process would suggest systemic weaknesses.

Canada's broader AML framework also remains underdeveloped, with little political will to implement reforms despite growing public concern over issues like laundering linked to real estate. Overall, participants described Canada's response as largely symbolic, lacking the substantive policy or enforcement changes needed to meaningfully address the evolving threat landscape.

Challenges in defining success and measuring impact

It is difficult to define and measure success in responding to the fentanyl crisis. Discussions emphasized that political cycles often undermine the ability to adopt long-term, strategic approaches.

Data presented from British Columbia illustrated the devastating impact of the toxic drug supply, with most overdose deaths occurring among middle-aged individuals in private residences (and not among the unhoused population in public spaces – often portrayed in the media as stereotypes). While interventions such as naloxone distribution and safer supply initiatives have saved lives, they remain inadequate in the face of the scale and speed of the crisis. Moreover, safe supply initiatives in Canada will be largely dictated by the implementation of the FTO designation in the US.

Participants called for better data collection, standardized reporting across jurisdictions and the development of clear metrics to evaluate interventions. Suggestions included focusing metrics of success not only on the rate of reduced deaths, but also on how supply chains are disrupted, improvements in resilience in communities and reducing the profitability of criminal markets.





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