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BUILDING A **SAFE AND RESILIENT CANADA**



Public Safety Canada

**Economic Sectors Vulnerable to Organized Crime:
Marine Port Operations**

JANUARY 2011
RDIMS # 538909

Economic Sectors Vulnerable to Organized Crime: Marine Port Operations

by

Presidia Security Consulting

prepared for

Research and National Coordination
Organized Crime Division
Law Enforcement and Policing Branch
Public Safety Canada

*The views expressed herein are those of the authors and
do not necessarily reflect those of the Department of Public Safety Canada.*

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1 Executive Summary

The goal of this project is to provide a comprehensive description and analysis of the vulnerabilities of Canadian commercial marine ports to organized crime. Research for this project places particular emphasis on the following key issues:

- the different purposes behind the usage of marine ports by criminals and criminal organizations;
- commodities smuggled through Canadian marine ports;
- methods and techniques used to facilitate the criminal use of marine ports;
- recent trends with respect to the vulnerability of marine ports to organized crime;
- marine ports in Canada that are particularly vulnerable to organized crime;
- conditions that contribute to the vulnerability of marine ports to organized crime; and
- successful enforcement measures at Canadian marine ports.

The vast majority of information for this study was gathered through a review of open source literature. Interviews were conducted with seven officials from the Royal Canadian Mounted Police, the Canada Border Services Agency, Transport Canada, and the Montreal Port Authority.

Different purposes behind organized crime's use of marine ports / Commodities commonly smuggled

The different purposes behind the usage of marine ports by criminal groups and networks can be divided into two broad categories: (1) profit-oriented crimes and (2) tactical (supportive) crimes. The first category includes criminal activities that directly generate revenue. The main revenue-generating organized criminal activity at marine ports is smuggling, which includes both inbound and outbound smuggling. The vulnerability of Canada's marine ports to organized crime is overwhelmingly due to the inbound smuggling of illegal drugs (in particular cocaine and hashish). In addition, Canadian marine ports are vulnerable to the inbound smuggling of precursor chemicals used in the domestic production of synthetic drugs (crystal meth and ecstasy) as well as counterfeit goods (tobacco products, pharmaceutical products, clothing, and footwear). Illegal immigrants have also been smuggled into Canada through marine ports via shipping containers and cargo ships. Domestically produced synthetic drugs and stolen cars appear to be the goods most frequently exported illegally through Canadian marine ports. The final profit-orientated organized crime activity that has been identified at Canadian marine ports is cargo theft.

Tactical (supporting) crimes are illegal acts that are meant to facilitate profit-oriented criminal activity. At Canadian marine ports, tactical criminal activities revolve around internal conspiracies to facilitate inbound and outbound smuggling and include members and associates of criminal groups who work at the port and/or the corruption of industry insiders (dock workers, clerical staff, truck drivers, etc.).

To a lesser extent, intimidation of (law-abiding) industry insiders as well as security and law enforcement personnel is used as a tactic to facilitate undetected smuggling through marine ports.

Methods and techniques used to facilitate the criminal use of marine ports

For the purposes of analysis, the methods and techniques used by organized crime to facilitate smuggling and other revenue-generating criminal activity at Canadian marine ports can be broken down into the following categories: (1) smuggling methods and concealment techniques; (2) corruption and internal conspiracies; and (3) intimidation.

(1) Smuggling Methods and Concealment Techniques

Some of the salient characteristics of smuggling through marine ports identified through this research include: (1) the use of shipping containers, (2) concealment techniques (hiding other contraband among legitimate imported goods, misrepresentative shipping documents), (3) the use of transit countries, (4) multiple illegal shipments by the same criminal group or network, (5) the flexibility and adaptability of smuggling operations and criminal groups, and (6) cooperation among different crime groups and criminal professionals.

(2) Corruption and Internal Conspiracies

There is considerable evidence that all three of Canada's largest marine ports are vulnerable to corruption and internal conspiracies, much of it due to the activities of well organized criminal groups. Many of the internal conspiracies identified in the literature entail the use of corrupted labourers that work at marine port terminals. These workers are often in influential positions critical to unloading, moving, and storing marine containers. This includes employees who operate cranes that physically move shipping containers, checkers and dispatchers responsible for overseeing the movement and placement of containers, supervisors who oversee labourers, as well as clerical staff who prepare the necessary documents for container offloading and inter-modal shipping. The research identified cases and/or accusations in which (1) legitimate industry insiders become corrupted (are actively recruited) by external (criminal) actors, or (2) industry insiders initiated a smuggling conspiracy (on their own or in tandem with external criminal actors) and (3) a criminal offender gains employment at a marine port or uses his influence to place associates in employment positions that can be used to facilitate the smuggling process at a Canadian marine port. Internal conspiracies at marine ports are not only used to spirit away contraband-filled containers, but also to tip off criminal groups of a seizure by law enforcement to avoid capture and arrest.

(3) Intimidation

The intimidation of dock workers and even law enforcement personnel by members and associates of crime groups was identified in the literature and interviews as another tactic to help ensure drugs and other contraband are smuggled through marine ports unfettered. Intimidation tactics include members of the Hells Angels wearing their "colours" while working on the dock, verbal threats, and coercive tactics, such as forklift operators ramming containers or crane operators dropping containers while border security officers are executing their inspection duties.

Recent trends

Since 2005, arguably the three most significant developments with respect to the vulnerability of marine ports to organized crime are: (1) shipments of precursor chemicals through marine ports, which are used for the domestic production of synthetic drugs; (2) export of Canadian-manufactured synthetic drugs through marine ports to other countries, and (3) the large scale import of counterfeit consumer products, in particular cigarettes, through marine ports. What makes these trends significant is that they are linked by three other inter-related factors: (1) the precursor chemicals and counterfeit goods are most frequently shipped from China, (2) the principal marine gateway into Canada is the Port of Vancouver, and (3) the inbound smuggling of precursor chemicals as well as the outbound smuggling of domestically manufactured synthetic drugs is largely controlled by Chinese criminal networks..

Vulnerability of Marine Ports to Organized Crime

Canada's three largest marine ports – those located in Halifax, Montreal, and Vancouver – are the most vulnerable to both inbound and outbound smuggling. These ports are frequently used for the shipment of illegal goods that are frequently concealed among legal consumer goods and these three ports handle much of the consumer goods imported via marine containers into Canada. The sheer volume of container traffic processed through these ports is a major factor in their popularity among smugglers. The volume of this traffic reduces the probability of the illicit cargo being inspected, detected, and seized. Canada's three major marine ports are also significant conduits for inbound and outbound smuggling because certain sophisticated criminal groups have become well entrenched in the host cities (in the cases of Montreal and Vancouver) and made the ports essential to their smuggling operations.

Conditions that contribute to the vulnerability of marine ports to organized crime

Vulnerability assessments for the ports of Montreal and Halifax conducted for this project (see Annex 4) indicate that situational factors increasing the risk of smuggling and other organized criminality at these ports include the limited numbers of containers that can be inspected by the CBSA, current protocols within container terminals that permit stowage of domestic and international containers (including empty containers) in the same compound (the latter of which has been exploited by smugglers transferring imported drugs for domestic delivery), and the potential corruption of industry insiders (including dock workers, truckers, supervisors, clerical staff, and security personnel at port terminals), to gain access to restricted areas by personnel without the proper security clearances.

In addition to the aforementioned site-specific vulnerabilities in Halifax and Montreal, there are vulnerabilities that are common to almost all containerized marine ports in Canada.

Shipping containers are the common denominator in cases where drugs and other contraband are smuggled into (or out of) the country through marine ports. Smugglers take advantage of the opportunities that containers provide for the international shipping, concealment, and inter-city transportation of drugs and other contraband: they accommodate large quantities of contraband, they help to conceal the illegal goods, and once landed and off-loaded, containers can be shipped

inland (via rail or truck) to different destinations. The inter-modal nature of shipping containers as a means to facilitate the importation and wholesale distribution of illegal drugs in Canada is significant given that a large quantity of drugs arriving at marine ports are destined for other cities and regions in the country.

The sheer volume of marine containers processed through Canada's marine ports facilitates smuggling. Yet, it is not simply the volume of containers that creates the threat; it is the relative lack of enforcement resources to adequately inspect all of the containers that are processed at marine ports.

Marine ports are vulnerable to internal conspiracies and corrupted dockworkers due, in part, to the large number of individuals who work or do business at marine ports (few of whom are employees of the port authorities). Labour unions representing dock workers have also been exploited by criminal groups to facilitate internal conspiracies at marine ports.

The vulnerability of marine ports to criminal activity may also stem from the difficulties in providing adequate security for the challenging physical layout and spatial characteristics of marine ports.

Successful Enforcement Measures at Canadian Marine Ports

Targeting and Risk Assessments – A number of marine containers from which drugs and other contraband were seized had been flagged for inspection by Canada Border Services Agency (CBSA) targeting units, which use a risk management-based approach to determine which containers are high risk.

Inspections – The CBSA has at its disposal two basic means to inspect shipping containers: (1) imaging the contents with gamma-ray technology and (2) physical inspections. The CBSA states it has the resources to scan and/or inspect all containers it deems “high risk.” The literature identified a number of cases in which drugs and other contraband were detected using gamma ray technology and physical inspections. Each CBSA interdiction technique – intelligence gathering, risk-based targeting, technology-based inspections, and manual searches by trained personnel – function as a complementary part of an integrated approach to smuggling enforcement at marine ports. In the majority of CBSA seizures identified in this report, all tactical enforcement functions were employed in an integrated manner.

Despite the integrated enforcement approach and the seizures it has helped produce, CBSA is constrained by a lack of resources relative to the volume of container traffic processed through marine ports. This means that only between one and seven percent of all shipping containers are ultimately inspected. While the proportion of high-risk containers inspected is much higher, it is widely acknowledged that only a small fraction of drugs and other contraband hidden in containers are discovered at marine ports in Canada due to CBSA interdiction efforts.

Inter-agency cooperation – The formal and informal cooperation and coordination that takes place between enforcement agencies in combating smuggling through commercial marine ports appears to be an important factor in a number of successful enforcement outcomes. Cases

involving the detection of drugs or other contraband by the CBSA and follow-up criminal investigations by the RCMP or other police agencies are typical examples of the interagency cooperation and coordination necessary for effective law enforcement against smuggling operations.

Conclusion

Canadian marine ports are highly vulnerable to smuggling carried out by well-organized criminal groups. Organized smugglers take full advantage of the legitimate maritime commercial supply chain and marine port logistical operations. In particular, they exploit the opportunities that the marine container, and its worldwide shipping infrastructure, provides for the concealment, international shipping, and inter-city distribution of illegal drugs.

Inbound and outbound smuggling through marine ports is also facilitated by the placement of members and associates of criminal groups in influential positions at commercial marine ports. While this report cannot provide an estimate of the volume of drugs or other contraband smuggled through Canadian ports due to internal conspiracies, some of the largest smuggling cases (in terms of quantity of illegal goods) investigated by police have involved corruption at commercial seaports in Canada (See Annex 3, pp 160-162).

Despite the significant advances made in anti-smuggling enforcement and security at commercial marine ports, current law enforcement resources continue to be insufficient relative to the volume of cargo traded and smuggling that takes place at Canada's three largest container ports.

2 Introduction

2.1 Project Objectives

The purpose of this study is to identify any potential vulnerabilities of Canadian marine ports to organized criminal groups and activities. The report includes the following elements: a literature review; an overview of the marine port operations sector; a review of known or suspected organized criminal activity within the sector; and an overview of vulnerabilities.

This report satisfies these requirements by providing an overview of the marine port operations sector; a discussion and analysis of known or suspected organized criminal activity within commercial marine ports in Canada; and an examination of the nature of marine port vulnerabilities to organized crime. Much of this information was gathered through a review of open source literature.

2.2 Key Issue Areas

An overview of the Canadian port authorities selected for analysis.

This overview will include, but is not necessarily limited to, “an overview of the port authority regulatory environment; descriptive statistics on the size and structure of port authority operations; qualitative and quantitative data on the relevant stakeholders in the industry; and general characteristics of the port authority and commercial marine shipping industry.” Information sources include secondary literature on Canadian port authorities, reports as well as operating and statistical data documented by Canada Port Authorities, regulatory authorities, industry sources and statistical (CANSIM) data.

An overview of organized crime involvement at marine ports in Canada, the United States, and other selected foreign jurisdictions, based on a review of published and unpublished literature.

Based on a review of the literature, a comprehensive description and analysis of the accumulated knowledge concerning the nature, scope, and conditions that facilitate organized crime’s use of marine ports in Canada and the U.S. has been provided. These issues are examined in both historical and contemporary terms, identifying recent significant trends. Specifically, key issues identified and discussed as part of this overview include:

- the different purposes behind organized criminality occurring at marine ports;
- commodities smuggled through Canadian marine ports;
- methods and techniques used to facilitate the criminal use of marine ports;
- recent trends;
- marine ports in Canada that are particularly vulnerable to organized crime;
- conditions that contribute to the vulnerability of marine ports to organized crime; and
- successful enforcement measures at Canadian marine ports.

Overview of vulnerabilities – Specific vulnerabilities of marine ports to organized criminal activity includes a discussion of vulnerabilities applying to commercial marine ports as well as vulnerability assessments conducted for the ports of Montreal and Halifax specifically. Information for these analyses was gathered from a review of the literature as well as a limited number of interviews with government and industry officials.

2.3 Research Methods

Three research methods were used to gather data for this project: a review of the literature, review of Canadian socioeconomic database from Statistics Canada (CANSIM) data and interviews.

Literature Review - An extensive review and analysis of secondary and primary literature sources was conducted between April and August 2011. Much of the literature reviewed was published after 2000. The focus of the literature review is on: (1) organized crime involvement in marine ports; (2) an overview of marine port operations sector; and (3) vulnerabilities of marine ports to organized crime, including risk and threat assessment studies. The types of literature reviewed as part of this study include peer-reviewed scholarly literature; the news media; true crime non-fiction; open source criminal law enforcement reports, criminal intelligence reports, and press releases; reports and other public information from relevant industry regulators, such as Transport Canada; other relevant government reports, such as those issued by the Auditor General, Public Safety Canada, Justice Canada, or relevant Parliamentary or Senate committees; reports from port authorities; and reports and other sources of information from relevant professional associations, industry groups, and unions.

Interviews - Interviews were conducted with seven officials from the Royal Canadian Mounted Police (National Ports Enforcement Team, “H” Division, Halifax; Marine Enforcement Unit “C” Division, Montreal) ,Transport Canada (Transportation Security, Marine, Rail and Urban Transit Security Operations, Ottawa), the Canada Border Services Agency (Enforcement and Intelligence Division, Atlantic Canada, Halifax,) and the Montreal Port Authority (Security). The goal of the open-ended interviews was to obtain detailed information, analysis, and opinions pertaining to: an overview the Canadian port authorities, involvement of organized crime at marine ports, conditions that facilitate this involvement; and specific vulnerabilities of Canadian marine ports.

3 Discussion and Analysis

This section summarizes and analyzes the findings of this research project with particular emphasis on the following key issues:

- the different purposes behind organized crime’s use of marine ports;
- commodities smuggled through Canadian marine ports;
- methods and techniques used to facilitate the criminal use of marine ports;
- recent trends;

- marine ports in Canada that are particularly vulnerable to organized crime;
- conditions that contribute to the vulnerability of marine ports to organized crime; and
- successful enforcement measures at Canadian marine ports.

3.1 Different Purposes behind Organized Crime’s Use of Marine Ports / Commodities Smuggled through Marine Ports in Canada

The different purposes behind organized crime’s usage of marine ports can be divided into two broad categories: (1) profit-oriented crimes and (2) tactical (supporting) crimes.

3.1.1 Profit-Oriented Crimes

This category includes illegal activities that generate revenue and are profit-oriented. The main revenue-generating organized criminal activity at marine ports is smuggling, which includes both inbound and outbound smuggling.

Research for this project identified the following types of contraband that are smuggled into Canada through marine ports:

- illegal drugs (cocaine, hashish, hashish oil, marijuana, heroin, opium, khat, and synthetic drugs – MDMA, methamphetamines, ketamine, anabolic steroids);
- precursor chemicals used in the domestic production of synthetic drugs (Methylenedioxyphenyl)-2-propanone, Ephedrine, Phenyl-2-propanone); and
- counterfeit goods (tobacco products, pharmaceutical products, clothing and footwear).

Illegal immigrants have also entered Canada through marine ports via shipping containers; this includes individuals who entered the country as part of an organized smuggling effort.

Stolen cars and synthetic drugs (MDMA and methamphetamines) appear to be the goods most frequently exported illegally through Canadian Marine ports.

Another revenue-generating organized criminal activity that has been identified at Canadian marine ports is cargo theft.

Of all these profit-oriented organized criminal activities, marine ports are most vulnerable to the inbound smuggling of illegal drugs (in particular cocaine and hashish).

One common revenue generating organized criminal activity identified at the Port of New York and New Jersey, which did not appear in the literature on Canadian marine ports, was labour racketeering. At the Port of New York and New Jersey, labour racketeering entails corruption of unions (the International Longshoremen’s Association in particular) by organized criminal groups (specifically, New York’s mafia families), which generates revenue for these criminal groups through kickbacks, embezzlement of pension and welfare funds, and the extortion of

union members and companies doing business on the docks. Literature on Canadian marine ports identified members of criminal groups and/or conspirators involved in drug importation schemes having belonged to unions representing dockworkers; however, this corruption seems to be used solely for tactical purposes to facilitate smuggling through a port.

3.1.2 Tactical (Supporting) Crimes

This category includes criminal acts that support profit-oriented illegal activities at a marine port; in particular, criminal acts that facilitate inbound or outbound smuggling. At Canadian marine ports, tactical criminal activities revolve around internal conspiracies: placing operatives associated with criminal groups to work at the port and/or the corruption of dockworkers. Another tactical criminal activity identified in the literature is the intimidation of dockworkers not associated with these groups, as well as security and law enforcement personnel.

3.2 Methods and Techniques used to Facilitate Criminal Use of Marine Ports

For the purposes of analysis, the methods and techniques used by organized crime to facilitate smuggling and other criminal uses of Canadian marine ports can be broken down into the following three categories: (1) smuggling methods and concealment techniques; (2) corruption and internal conspiracies;¹ and (3) intimidation.

3.2.1 Smuggling Methods and Concealment Techniques

The methods used to smuggle goods into and out of Canada through marine ports, as well as the methods specifically employed to conceal the illegal goods, are manifold, but can be identified and analyzed through the following categories: (1) the use of shipping containers, (2) concealment, (3) the use of transit countries, (4) multiple illegal shipments by the same group, (5) multiple forms of contraband in one shipment, (6) flexibility/adaptability, and (7) cooperation among different groups.

Use of Shipping Containers

By the late 1960s, marine containers had become the global standard for the ocean-bound transport of industrial and consumer goods. While containerization brought with it a diminished ability for theft of goods on port property by stevedores and other industry labourers, it is widely acknowledged that these containers have greatly facilitated smuggling.

¹ For the purposes of this report, an “internal conspiracy” refers to any illegal activity that is knowingly facilitated by an employee of a legitimate organization that has access to resources or assets targeted by a criminal organization. With respect to smuggling through Canadian marine ports, internal conspiracies often involve labourers who have access to commercial marine port facilities.

The literature identified shipping containers as the most significant contemporary conveyance through which drugs and other contraband are smuggled into the country through marine ports. Smugglers making use of commercial shipping do not have much choice in that the vast majority of marine cargo is now shipped into Canada using containers; however, the shipping container does provide the smuggler with a number of advantages.

First, it facilitates the movement of large volumes of contraband. A distinctive characteristic of smuggling through marine ports, relative to other smuggling methods and ports of entry (airports, land border ports of entry, unofficial land border crossings or coastlines), is that marine containers, on average, are used to carry much larger volumes of contraband. Shipping containers are preferred by some organized smugglers because large volumes of contraband can be transported, thereby maximizing revenues and minimizing the probability of detection that comes with multiple shipments of smaller quantities. (Conversely, the higher probability that a large quantity of contraband is detected may prompt some smugglers to load multiple containers with small quantities of contraband, which provides greater concealment opportunities and a lower detection probability when shipped with large quantities of legitimate goods).

Second, illegal goods can be concealed among legitimate goods and/or packaging that is also being carried by a marine container.

Third, the shipping container itself helps to conceal the illegal goods (compared to bulk cargo, which is more exposed and easier to inspect).

Fourth, the sheer volume of cargo containers that are processed through marine ports makes it prohibitively difficult for enforcement authorities to comprehensively inspect container traffic (let alone detect illegal contraband) thereby creating greater chances the illegal shipments will go undetected.

Fifth, like legitimate goods, once landed and off-loaded, containers can be shipped inland (via rail or truck) to different destinations. According to the Criminal Intelligence Service Canada (CISC), “The shipment may move through the port environment unassisted by any criminal conspirator within the marine port, be delivered through the legitimate transportation system across Canada and then be subsequently diverted to the intended crime group” (CISC, 2004, 11). A federal Crown attorney interviewed for a newspaper article examining the vulnerability of marine ports to smuggling indicated that containers landing at the Port of Halifax containing large quantities of illegal drugs are often shipped on to Montreal, Toronto and other Canadian destinations where they are broken down into smaller quantities and then distributed to wholesalers. In recent years, he said, containers have become the shipping method of choice for drug traffickers (*Chronicle-Herald*, Jul 27 2005). The inter-modal nature of shipping containers as a means to facilitate the importation and wholesale distribution of illegal drugs in Canada is significant given that a portion of drugs arriving at Canadian marine ports are ultimately destined for other cities and regions in the country.

Marine containers are also seen as a boon for ship stowaways and human smugglers. On a marine vessel carrying bulk cargo, hiding places are at a premium. A sealed marine container, on the other hand, provides a perfect hiding place, and can even be outfitted to provide a

relatively manageable transit for stowaways, including crude sleeping arrangements, a portable toilet, water, and food supplies. Furthermore, when the vessel reaches port, a stowaway on a bulk carrier must attempt to reach shore undetected, whereas a stowaway inside a container can stay safely inside a container as it is being offloaded and transported to its ultimate destination.

In short, smugglers take advantage of the opportunities that marine containers provide for the international shipping, concealment, and inter-city transportation of illegal drugs, and the low risk of detection and seizure due to the large volumes of containers processed daily at a commercial marine port.

Concealment Techniques

A 2005 RCMP intelligence report examining smuggling and other organized crimes at Canadian marine ports asserts that hiding contraband is “hardly a challenge” for smugglers. “The methods employed by smugglers to conceal their illicit goods on board a ship are basically limitless” (as cited in *CanWest News*, May 14, 2005).

The primary technique used to conceal smuggled goods within a shipping container is to hide it within legitimate imported goods. (Annex 2)

Some of the marine port drug seizures identified in the literature reviewed reveal a high level of ingenuity and effort in concealing the illicit cargo. For example:

- In 1998, customs inspectors at a Halifax container terminal found 1,748 kilos of marijuana and hash oil packed in plastic packets hidden inside spinach cans. The cans were among 1,275 cases of food inside a marine container from Jamaica. “It’s a pretty good method, it’s not easy to detect,” a customs official said at the time (*Chronicle-Herald*, Jul 27 2005).
- In 2002, Customs officials discovered more than 21 kilos of opium in a marine container at the Port of Halifax. The drugs were found following a search of a container full of canned pickles bound for Toronto from Iran. The drugs were packed in blue and green latex balloons, roughly the same size and shape as the pickles inside the cans. In total, inspectors found 183 balloons full of drugs (*Canadian Press*, Sep 10 2002).
- In 2005, CBSA officials at the Port of Halifax found 14.4 kilos of marijuana concealed in boxes of pre-packaged biscuits. Some of the biscuits had been hollowed out and the drugs were concealed inside, wrapped in plastic and tape (Canada Border Services Agency, Sep 9 2005).
- In 2010, CBSA inspectors at the Port of Halifax found cocaine hidden in a container with boxes of ceramic tiles. When the boxes were X-rayed, hundreds of fake tiles interspersed with real green-and-white ones were discovered. Small packages of cocaine were concealed in the hollowed out area between the back and surface of the fake tiles. Agency officials discovered 343 kilograms of the drug in 76 of the 647 tile boxes. In all, 1,284 packages of cocaine were found in over 600 fake tiles. “These were fabricated tiles to look like a ceramic tile,” according to one CBSA official. “I’d say this is a pretty sophisticated concealment method, for sure. It would have taken a fair amount of effort” (*Chronicle-Herald*, Feb 6 2010).

In addition to hiding contraband among legitimate goods, another technique that is commonly used is to misrepresent the contents of a shipment on its manifest, which typically involves portraying illegal contraband as legitimate goods. This may include, as mentioned above, hiding illegal goods among legitimate goods or shipping only illegal contraband and then listing the contraband as legal goods. As identified in seizure cases, the latter option is used less frequently than the former. In some cases, the shipping manifest was doctored to portray illegal contraband as legitimate goods. For example, in 2004 a shipping container that arrived at the Port of Vancouver was accompanied by a shipping manifest declaring that it contained 450 cartons of rice noodles and 400 cartons of soy sauce. It was discovered that 66 of the soy sauce jugs contained about 1,800 kilos of the MDMA precursor chemical MDP2P. Police estimated there was enough to produce 21.2 million doses of ecstasy (*Vancouver Province*, Aug 25 2004). In another example, a marine container that was loaded in China and landed at the Port of Vancouver on June 26, 2003 had its contents described as “paper products,” but carried more than 43,500 cartons of counterfeit Canadian cigarettes and 3,000 cartons of Chinese-brand cigarettes. The next day, CBSA inspectors examined another suspicious container from China with paperwork that also described its contents as “paper products.” Inside were 29,550 cartons of counterfeit cigarettes. The next month, CBSA officers found more than 50,000 cartons of counterfeit cigarettes in a container loaded in China that had its contents officially described as “picture frames” (*CanWest News*, Aug 12 2003).

Finally, illegal contraband may be concealed in the packaging – including pallets upon which legitimate goods sit or doors of a box – that is used for shipping. A 2005 *Chronicle Herald* article describes how authorities at the Port of Halifax discovered 48 kilograms of opium “hidden inside two wooden door panels of a container bound for Ontario from Iran” (*Chronicle-Herald*, Jul 27 2005).

In some cases, the illegal drugs were not hidden in a shipping container but affixed to the hull of the ship itself. This includes a shipment of 300 kilos of marijuana from Jamaica to Montreal that was found hidden in seven metal cylinders attached to the sea chest area below the water line of a ship docked at the Port of Saguenay (CBSA, Aug 27 2009). According to a 2005 article in the *Halifax Chronicle-Herald*, “digital video images from submersibles in Sydney Harbour [Nova Scotia] in June and at Belledune [New Brunswick] in December revealed large quantities of cocaine attached to the ships’ hulls” (*Chronicle-Herald*, Jul 27 2005).

Misrepresentative Shipping Manifests

Another form of concealment is misrepresentative shipping manifests. According to the CISC, “In some cases, contraband is moved as part of the normal commercial marine movement and is assisted by false information on importation documents to obstruct enforcement scrutiny” (CISC, 2004, 11). Cases reviewed for this study reveal the two most frequent ways that shipping manifests are used to facilitate smuggling: first, the documents misrepresent the illegal contents of a shipment and, second, the country of origin for a shipment is misrepresented, which is especially common if it is a drug source country.

The falsification of necessary paperwork, combined with the concealment of drugs in marine containers, is perhaps the two most critical “scenes” in an inbound drug smuggling “script.” Most interdictions of illegal drugs imported through Canadian marine ports are prompted by the targeting and subsequent inspection of high-risk vessels and marine containers by the CBSA. As such, if the necessary “paperwork” (including electronic Advance Commercial Information) is doctored in a professional manner and the illegal goods are concealed consummately, the less likely a container will be targeted for inspection and if targeted, the less likely the drugs will be discovered. In short, drug smuggling scenes acted out on foreign shores are particularly important for either the success of the smugglers or Canadian enforcement agencies because most inspections by the CBSA at Canadian marine ports are triggered by the plans and actions taken before the cargo leaves a foreign port.

Use of Transit Countries

Smugglers will often ship illegal goods, in particular drugs, via one or more transit countries; in other words, between a drug source country or the country in which the goods were originally loaded into a container, the container will stop at one or more countries before reaching its Canadian destination. This is not unusual in the marine shipping industry; for logistical or economic reasons ships will often stop to load and/or unload at different countries before reaching a final destination. Smugglers take advantage of this routing, especially if it serves to help hide a shipment that may have originated in a known drug source country, such as Afghanistan, Pakistan, Colombia, or Jamaica (containers shipped from drug source countries increase the likelihood that it will be targeted for heightened scrutiny by CBSA).

In some countries, an “in transit” designation of cargo may also mean there will be no inspection and thus less chance of detection and interdiction while in transit. In 2001, for example, the RCMP said it broke up a Quebec-based hashish smuggling conspiracy that imported several tonnes into Eastern Canada. According to the *Globe and Mail*, “the RCMP said the hashish came from Pakistan, was shipped through India, then headed for Canada, either through European countries such as the Netherlands, Switzerland or Belgium, or through South Africa or Jamaica. Either way, police said, the drug then entered Canada through the Port of Montreal, Dorval Airport in Montreal and Pearson Airport in Toronto, usually hidden in containers of other goods, such as ceramic tiles or wooden statuettes” (*Globe and Mail*, May 17 2001).

Breaking Illegal Contraband Down into Multiple Shipments

Some major criminal groups and networks have, over the course of a few weeks, months and even years, imported multiple shipments of drugs and other contraband into the country. When multiple shipments, arranged by the same criminal smuggler, arrive within days or weeks of each other, the suspicion arises that large shipments have been broken down into smaller ones in order to avoid interdiction of a large shipment. In one case, reported by the *Canadian Press*, approximately 275 kilograms of cocaine hidden in seven shipping containers arriving from Mexico on different dates was seized at the Port of Vancouver. The first discovery of cocaine was made on September 2010 when CBSA officers searched two containers. Four days later, more cocaine was found in a separate shipment of five marine containers (*Canadian Press*, Oct 5 2010).

Multiple Forms of Contraband in one Shipment

A less common technique used to facilitate smuggling through marine ports is to ship multiple types of contraband in the same container, which in some cases may include different kinds of illegal drugs or illegal drugs mixed in with other contraband (e.g., counterfeit goods, precursor chemicals). Based on marine port seizures reviewed for this study, poly-drug shipments and the comingling of drugs with other contraband in marine containers are relatively rare occurrences. Co-mingling reveals the role played by organized criminal groups and networks – that deal in multiple forms of contraband – in smuggling through marine ports. The Port of Vancouver appears to be particularly vulnerable to shipments of multiple forms of contraband, which suggests the port is exploited by sophisticated Chinese criminal networks. These networks have bases of operations in Mainland China, Hong Kong, and Greater Vancouver, involve both Chinese and Canadian nationals, and deal in a range of illegal drugs and counterfeit goods. For example, in October of 2010, the CBSA targeted a suspicious shipment coming into the Port of Vancouver from China and the container was referred for inspection. The documents accompanying the container identified its contents as “footwear.” However, during their examination, CBSA officers uncovered 150 boxes hidden within the load, each of which contained a 22-kilo jug of phenyl-2-propanone, a precursor chemical used in the production of ecstasy. The rest of the shipment contained counterfeit Nike running shoes. On October 18, 2010, the RCMP control delivered the container to a home in Richmond. On November 4, the Drug Enforcement Branch arrested two men and a woman and searched two homes in Richmond, a home in Vancouver and one in Burnaby. The searches discovered 129 five-gallon containers of P2P, credit card skimmers, a counterfeiting operation, an identity theft operation and small amounts of methamphetamine and ecstasy (CBSA, Nov 24 2010).

Table 1 below summarizes other examples of containers arriving at Canadian marine ports with multiple types of contraband aboard.

Table 1 - Shipments with Multiple Contraband Arriving at Canadian Marine Ports						
Date of Seizure	Drugs and Quantity	Point of Origin / Transit Countries	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Feb 2002	Cocaine (50 k), marijuana, hashish	Chile via Panama	Halifax	Halifax, Toronto, Montreal, Hamilton	Plastic-wrapped blocks in duffel bags in container filled with wood products	<i>Canada NewsWire</i> , Feb 15 2002; <i>Chronicle-Herald</i> , Jul 10 2002; <i>Canadian Press</i> , Jul 10 2002; <i>Chronicle-Herald</i> , Jul 11 2002
July 2002	Marijuana (1433 k) & hash oil (72 k)	?	Saint John, NB	?	Shipping container	Criminal Intelligence Service Canada, 2003

Table 1 - Shipments with Multiple Contraband Arriving at Canadian Marine Ports						
Date of Seizure	Drugs and Quantity	Point of Origin / Transit Countries	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
June & July 2003	Counterfeit Viagra pills (74,000 doses), counterfeit Canadian-brand cigarettes (118,100 cartons)	China	Vancouver	?	Counterfeit Viagra were concealed within cigarette cartons & seized from three separate shipping containers	<i>CanWest News</i> , (Aug 12 2003; Criminal Intelligence Service Canada, 2006b, 2
Jan 2006	Hash oil (504 k), marijuana (362 k)	Jamaica	Halifax	?	Shipping container	RCMP, 2007, 3
Apr 2006	MDP2P (5 tonnes), ephedrine (1 tonne), counter-feit cigarettes (7,200 cartons)	China	Vancouver	Winnipeg	Concealed in a consignment of clothing in shipping container	RCMP, 2007, 25
Jul 2006	Hash oil (430 k), hash (600 k) marihuana (196 k)	Jamaica	Halifax	Toronto	Drugs wrapped in plastic & hidden under false floor in the bottom of a shipping container of pumpkins, yams and sweet potatoes	<i>Canadian Press</i> , Oct 23 2006; <i>National Post</i> , Oct 25 2006; Canada Border Services Agency, Oct 23 2006; RCMP, 2007, 4
Sept 2010	Cocaine & methamphetamine	Mexico	Vancouver	?	Wrapped in cellophane and hidden in patio bricks and lawn ornaments in seven separate shipping containers	<i>CBC News</i> , Oct. 5 2010
Nov 2010	Phenyl-2-propanone (6,128 k), counterfeit footwear	Vietnam	Vancouver	Richmond	Precursor chemicals hidden in a container shipment of suspected counterfeit Nike footwear	Canada Border Services Agency, Nov 24 2010; <i>Richmond Review</i> , Nov 24 2010

Organized crime groups have also been behind the smuggling of different types of drugs in different container shipments. Quebec-based crime groups such as the Hells Angels and West End Gang imported both cocaine and hashish, while the Rizzuto mafia family of Montreal

regularly imported cocaine, hashish, and heroin into Canada through marine ports in Quebec, Nova Scotia, and New Brunswick. In B.C., a Chinese criminal network was behind a massive shipment of precursor chemicals for the manufacture of ecstasy in early November 2010 and was also behind the largest counterfeit cigarette seizure in B.C. history the same month. Both shipments came through the Port of Vancouver. According to the *Richmond Review* newspaper:

The cigarette and chemical seizures occurred just days apart, both in Richmond, but it wasn't until Tuesday morning that police unveiled the size of the cigarette bust, described as more than 10 million cigarettes worth nearly \$5 million. A Burnaby man and six men of Chinese citizenship are facing charges. RCMP Const. Michael McLaughlin said this case illustrates that organized crime is diversifying its activities to wherever it can make money. Earlier this month, the *Richmond Review* revealed the massive seizure of thousands of kilograms of a precursor chemical used in the manufacture of the street drug ecstasy. Like the chemical precursor seizure, the contraband cigarettes, which were knock-offs of Marlboro and du Maurier, were first noticed in a shipping container at the Port of Vancouver. The 51,000 cartons of cigarettes were stacked on 50 pallets and the shipment originated in China (*Richmond Review*, Nov 30 2010).

Flexibility / Adaptability

One of the defining characteristics of criminal groups involved in smuggling is a high level of flexibility and adaptability, especially in the face of changing enforcement tactics and priorities. As Schneider writes in his 2000 study into contraband smuggling and its enforcement in Canada:

... many of the well organized smuggling groups were aware of the increased enforcement along the U.S.-Canada border, yet instead of abandoning their efforts, they simply adapted and re-oriented their *modus operandi*." According to an official from the RCMP Customs and Excise Branch, "They [organized smuggling groups] are learning. Every time we go to court, we have to disclose how we got them. And they are not stupid. They learn from that and then adapt. And that shows that we have had an impact because we are forcing them to do things they never did before." Research for this study confirms the resilience of organized smuggling groups. Law enforcement officials stated that well organized and professional smugglers have adapted by learning. Word of the enforcement successes and techniques were communicated through disclosure, word of mouth, counter-surveillance by the smuggling groups, media publicity of investigations and court cases, and even by the public relations campaigns of the agencies. As a result, the more attentive criminal element quickly adapted to the increased enforcement efforts. Canada Customs officials throughout the country cited specific examples of how their enhanced enforcement functions have not deterred smuggling groups, but have forced them to innovate and become more sophisticated (Schneider, 2000, 28).

A May 2004 intelligence assessment by the RCMP examining the involvement of criminal organizations, and the potential involvement of extremist groups, at the ports of Vancouver, Montreal, and Halifax confirmed that smugglers can quickly change their approach if one method of smuggling is interdicted by authorities. "Whenever a clear trend is detected by police and customs officials and repeated seizures are made, the smugglers will usually switch to

another method.” The intelligence assessment describes the various smuggling and concealment methods available to criminals using marine ports in Canada as “basically limitless” (as cited in *The Vancouver Sun*, May 14, 2005). By way of example, in 2006 the RCMP announced it had dismantled a major cocaine importation conspiracy based in Montreal and Quebec City. The RCMP told the media that the drug trafficking ring imported the cocaine by boat, but the drugs did not come through the Port of Montreal because of heightened security measures there (*CBC News*, Dec 7 2006).

The nature of the goods smuggled through marine ports is also a reflection of the flexibility and adaptability of organized crime. Well-organized smuggling groups and networks are highly opportunistic in that they tend to deal in goods that make them the most money, often responding to changes in demand. The increase in (counterfeit) tobacco product smuggling in recent years is in response to increased demand for cheap, black market cigarettes in Canada, while the theft and subsequent export of automobiles from North America is in response to the growth in the underground luxury automobile markets in Eastern Europe, the Middle East, Northern Africa, and Asia, where prices in the legitimate markets are very high (*Globe and Mail*, Jun 2 1998).

Concealment methods for drugs and other contraband have also adapted to new enforcement technology, according to Schneider (2000):

Customs officials also noted that, because of their enhanced detection capabilities, they are seeing more elaborate concealment methods. They cited a recent cocaine seizure in Halifax where narcotics were wrapped in several layers of duct tape as well as other types of wrap. A significant amount of grease was also applied to the wrapping. According to one Customs official, “we are 100% sure that it was done to combat the Ionscan and the dogs ... we are seeing different ways to mask the narcotics from our contraband detection technology.” Canada Customs officials acknowledged that the recent history of drug smuggling reveals a constant increase in sophistication. One official contended that the amount of change and advancements in concealment methods from 1980 to 1993 “is nothing compared to what it has been from 1993 to 1997,” indicating that the unprecedented increases in enforcement has, not necessarily impacted on if smuggling is to continue, but how it is to be carried out: “You may have seen a little bit of advancement in that period of time before the [federal Anti-Smuggling Initiative] when we expanded our examination techniques and the amount of exams and the quality of targeting and training. But we were seeing the same type of concealment in 1990 as we were seeing in 1980. Today, I mean the advances they have made since 1990 are incredible, in just the last few years alone. And that is due to our enforcement. How else could you explain it?”

The advancements in concealing contraband from detection by law enforcement was also noted in a study sponsored by the United States Customs Service and Coast Guard (McCready et. al., 1998).

Cooperation among Different Crime Groups and Professional Criminals

A significant trend in the world of organized crime has been an increase in the cooperation and networking among different criminal groups. Modern organized crime in Canada and abroad can

best be characterized as a fluid network of many autonomous buyers, brokers, financiers, middlemen, and distributors from different groups, ethnicities, nationalities, and countries that come together to make deals by capitalizing on each other's specialties and strengths. Criminologist James Finckenauer of Rutgers University writes that most contemporary organized crime conspiracies are "loosely affiliated networks of criminals who coalesce around certain criminal opportunities. The structure of these groups is much more amorphous, free floating and flatter, and thus lacking in a rigid hierarchy" (Finckenauer, 2005, 65). In a Statistics Canada survey of police agencies exploring organized crime, the respondents indicated that 93 percent of the criminal organizations they investigated in this country had links with other crime groups. The purposes of these linkages were to combine expertise, share personnel, facilities, or smuggling routes, exchange goods and services, or to expand into new markets (Sauvé, 1999). Similar observations have been applied to organized smuggling operations. In his study into contraband smuggling in Canada, Schneider notes, "Larger cigarette smuggling operations were characterized by formal and informal networks between different groups and individuals. Canadian police cases and research demonstrate that most tobacco and liquor smuggling and distribution operations during this period were not conducted by monolithic, hierarchical and vertically-integrated groups. Instead they were dominated by an informal and opportunistic network of autonomous entrepreneurs, many of whom often specialized in specific aspects of the smuggling pipeline, such as arranging financing, purchasing the cigarettes in the United States, brokering transportation, physically transporting the goods, storing, wholesaling, and retailing" (Schneider, 2002, 26).

Drug smuggling and trafficking also epitomize "the new networked structure of organized crime," according to Schneider, "in that few criminal groups independently carry out all the essential functions of the drug trade, from production to street-level distribution. Instead, drug trafficking conspiracies, both domestically and internationally, are generally made up of a network of individuals and groups, each of which specializes in one or more aspects of the trade, such as supplying the raw material or processed product; arranging financing; brokering the purchase, transportation, or distribution; physically transporting the goods; or storing, wholesaling, and retailing the product" (Schneider, 2009, 345).

Insufficient information was been obtained through the research to comment knowledgeably on the structure of the groups and/or networks involved in smuggling through marine ports. However, during the 1990s and early 2000s, three of Quebec's largest drug trafficking groups – the Hells Angels, the West End Gang, and the Rizzuto mafia family – cooperated with one another when illegal drugs were brought through the Port of Montreal. Lamothe and Humphreys describe the cooperation that existed between Maurice (Mom) Boucher, leader of the elite Quebec Hells Angels' Nomad chapter, and the Montreal Mafia and West End Gang during the 1990s:

The Italians had the contacts in South America and the bikers didn't, at that point. The Italians said to the Hells, "We'll bring it into the port, you arrange to get it out of the port and it's yours to distribute in the province," Bouchard said of the early deal that set out the primary roles of the Mafia, the West End Gang and the Hells Angels. The West End Gang, an Irish-based mob, had a foothold in the Port of Montreal and, for a price, which might just as easily be a share of the drug shipment, they would make sure a load made it off a

ship and in the hands of the Hells Angels, without anyone in the [Mafia] having to touch the drugs. Handling the bulk importation exposed the Mafia to the least risk of arrest. An agreement was formed between the three criminal organizations to control the supply and price of drugs a forum called the Consortium (Lamothe and Humphreys, 2008, 307-308).

3.2.2 Corruption and Internal Conspiracies

There is considerable evidence that all three of Canada's largest containerized marine ports are vulnerable to corruption and internal conspiracies, much of it at the hands of sophisticated criminal groups, such as the Hells Angels, West End Gang, and Montreal's Rizzuto crime family. Many of the internal conspiracies identified in the literature have involved the use of corrupt labourers working at port terminals. These employees were often in influential positions critical to unloading, storing, and moving shipping containers from ports. This includes workers who operated cranes and fork lifts that physically moved shipping containers, checkers responsible for determining the movement of containers off ships and their location on the dock, supervisors who oversee labourers, as well as clerical (office) staff who prepare the necessary documents for offloading and inter-modal shipping and enter cargo and shipping container information into computerized databases (*Chronicle-Herald*, Jul 11 2002; Marsden & Sher, 2003).

Internal conspiracies at marine ports are not only used to quickly and quietly spirit away contraband-filled containers; they have been used to tip off criminal groups of a seizure by law enforcement to avoid capture and arrest, such as may occur during a controlled delivery. Many drug seizures at commercial marine ports are unaccompanied by arrests raising suspicions that, in some instances, workers at the ports are informing drug smugglers so they are not identified and arrested while their intercepted goods are under surveillance or being controlled delivered by police. According to a former chief with the Halifax Ports Police, "Mom' Boucher got a call one day saying he'd won the lottery. In other words, don't bother coming down to try to collect your goods. They have been intercepted. So they know. They know they have people in place" (*Global News Transcripts*, Dec 8, 2004).

3.2.3 Intimidation

The intimidation of dock workers and law enforcement personnel by members and associates of crime groups has been identified as another tactic to help ensure drugs and other contraband are smuggled through marine ports unfettered. In testimony before the Standing Senate Committee on National Security and Defence, Canada Customs officials said they have been subjected to intimidation tactics as they inspected containers. "Containers had been known to be suspended over their vehicles during an inspection, to be 'accidentally' dropped close to inspectors – a brutal warning that their lives are at risk," according to a Senate Committee report (Standing Senate Committee on National Security and Defence, 2002a). In a 2002 *Globe and Mail* article, Serge Charette, national president of the union representing customs officers, made similar allegations. "Mr. Charette is concerned about the intimidation of customs officers, according to the article. "He cited several examples in which forklift operators rammed containers while [customs] officers were inside carrying out inspections. He also said containers have been

dangled on cranes directly over officers' heads" (*Globe and Mail*, Aug 31 2002). In one exposé that detailed organized crime's infiltration of marine ports, a former Vancouver Ports Police officer told interviewers he and his colleagues faced constant threats and intimidation. "Cargo can fall, people can fall in ships' holds. 'Accidents' on the waterfront are just written off as accidents ... Certain things have happened to people who don't play ball" (Marsden & Sher, 2003).

A 2005 intelligence assessment by the RCMP examining criminal involvement at marine ports contended that members and associates of organized crime groups "have rooted themselves firmly on the docks over decades" and "with these elements exerting general control over their work area, law-abiding co-workers often find themselves coerced into co-operating in illegal acts or turning a blind eye. In Montreal, "all criminal activities are related in some way to organized crime. Very few petty criminals would consider operating as 'independents' in an environment where crime groups are so omnipresent" (as cited in *CanWest News*, May 14 2005). Members of Hells Angels who work on the Vancouver waterfront have been accused of wearing their colours for intimidation purposes (*Globe and Mail*, Aug 31 2002).

In response to accusations of intimidation at commercial marine ports, a 2002 *Globe and Mail* article cited a sceptical Derik Hodgson, then press secretary for Elinor Caplan, the former minister responsible for the Canada Customs and Revenue Agency. Hodgson told the media that incidents of intimidation are "very difficult to document."

"That's not to say intimidation doesn't happen. It's a very real concern. They are all investigated, and anything that can be done is done. There is certainly reason for concern here. There are known Hells Angels working in the Port of Vancouver. There are customs inspectors in Halifax that have said they've been watched by known Hells Angels associates. Now is that intimidation because somebody looks at you? And there have been crane incidents with operators dropping a load near inspectors while they're inspecting an adjacent container. Is that intimidation or stupidity on the part of a crane operator?" (*Globe and Mail*, Aug 31 2002).

3.3 Recent Trends

Since 2005, arguably the three most significant developments with respect to the vulnerability of Canadian marine ports to organized crime as revealed by the literature are: (1) shipments of precursor chemicals, which are used for the domestic production of synthetic drugs, in particular MDMA and methamphetamine; (2) export of Canadian-manufactured synthetic drugs (MDMA and methamphetamine) to other countries, and (3) the large scale import of counterfeit consumer products, in particular cigarettes. What makes these trends significant is that they are linked by three other inter-related factors: (1) the precursor chemicals and counterfeit goods are most frequently shipped from China, (2) the principal marine gateway into Canada is the Port of Vancouver, and (3) the inbound smuggling of precursor chemicals as well as the outbound smuggling of domestically manufactured synthetic drugs is largely controlled by Chinese criminal networks.

3.4 Marine Ports in Canada Particularly Vulnerable to Organized Crime

In its 2007 report examining security at commercial marine ports, the Standing Senate Committee on National Security and Defence committee writes:

... the Seaports are exploited by organized crime to move contraband in and out of Canada, particularly illicit drugs. Historically, the country's three largest container ports of Vancouver, Montreal and Halifax have caused the greatest concern, simply because of the vast quantities of commercial cargo they handle. But all Canadian ports that receive international traffic are vulnerable to exploitation by organized crime (Standing Senate Committee on National Security and Defence, 2007, p. 4).

The Senate committee determined that Canada's three largest marine ports are the most vulnerable commercial ports for both inbound and outbound smuggling. The sheer volume of container traffic handled by these ports is a major factor in their popularity among smugglers due to how this traffic reduces the probability of the illicit cargo being detected and seized. Smugglers also tend to emulate legitimate transportation routes and nodes insofar as they use similar methods (i.e., cargo containers) and the same ports (Halifax, Montreal, and Vancouver) as legitimate shipments. Further, legitimate shipments are used as a means to conceal illegal drugs and other contraband.

Vancouver and Montreal have long been significant conduits for the importation of opium and heroin, in part due to each city's large addict populations. Montreal's rapid escalation as a major conduit for heroin entering North America beginning in the post-war period is also due to its proximity to New York, which has long had the largest addict population of any city in North America, as well as the strong ties between the heroin-importing mafia groups in New York City and Montreal (in the post-war period, the so-called Italian mafia operating in Montreal was a wing of New York's Bonanno mafia family). In the early 1950s the Montreal mafia, New York's mafia families, and French Corsican mobsters began the so-called French Connection in which hundreds, if not thousands of kilos of heroin were imported largely through the Port of Montreal and the Ports of New York and New Jersey. One of the early promoters of Montreal's port as a gateway for European-processed heroin was Carmine Galante, who, in the 1950s was a captain with New York's Bonanno family and was stationed in Montreal to look after the family's interests in the city. According to Lamothe and Humphreys, Galante "saw first-hand the substantial profits flowing from the France-to-Montreal-to-New York heroin trade. After the Second World War, when American ports were under scrutiny, Galante recognized that the port of Montreal could provide an easier and safer route to get heroin to the burgeoning American Market. This discovery would consume him for the rest of his life" (Lamothe and Humphreys, 2008, 25).

The vulnerability assessment conducted for the Port of Montreal (See Annex 4) confirms that some dockworkers have ties to various organized criminal groups and syndicates and are involved in internal conspiracies to facilitate the movement of containerized cargo containing illicit goods, commodities, and drugs. Despite the security measures that have been implemented by the Montreal Port Authority and the various terminals, there continues to be a number of

vulnerabilities exploited by criminal groups and corrupt dockworkers to compromise security at the various terminals. The implementation of the employee screening programs by Transport Canada and increased access control procedures have not hampered the efforts of corrupt dockworkers who facilitate the movement of illegal goods. Workers have become proficient at defeating the security enhancements and continue to operate freely inside the marine port facility. Dockworkers have reportedly used forged bills of lading to facilitate the movement of illegal cargo for organized criminal groups. There are a number of trucking companies used to facilitate the movement of containers off the marine port.

The access control procedures are ineffective at curtailing the illegal activities and controlling the movement of truckers and their cargo for illegitimate means.²

In the first half of the twentieth century, the single largest conduit for importing illegal opiates was the Port of Vancouver. This dominance declined somewhat in the post war period; however, by the early 1970s Vancouver re-emerged as a major entry point for heroin from Southeast Asia when that region began producing bumper crops.

Historically, the Port of Halifax has not been a major entry point for illegal drug imports into Canada. It wasn't until 2008 that heroin was seized at the port. Yet, the Port of Halifax and, to a lesser extent, container ports in New Brunswick, have seen a steady growth in drug seizures since the early 1990s, which suggests that drug smuggling through these ports has increased as enforcement measures have intensified at the Port of Montreal, and Quebec-based drug trafficking groups have diversified their smuggling routes. Based purely on drug seizures at Canadian marine ports since 2000 identified through public literature (an unscientific method), Halifax appears to be the most frequented port for hashish and cocaine shipments. A vulnerability assessment for the Port of Halifax indicates the predominant criminal activity is related to drug importation (smuggling), illegal automobile exportation and illegal importation (smuggling) of counterfeit goods.

Canada's three major marine ports have become major conduits for inbound and outbound smuggling because certain sophisticated criminal groups have become well entrenched in each of the host cities and have deemed the ports essential to their smuggling operations. In Montreal, the Mafia, Hells Angels, and West End Gang all established the port as a significant gateway for heroin, hashish, and cocaine, while the Port of Halifax and smaller ports in New Brunswick have also been used for smuggling by the Montreal mafia and the Nova Scotia and Quebec chapters of the Hells Angels. On the west coast, the Hells Angels and transnational Chinese criminal networks are the two most powerful criminal forces behind the Port of Vancouver's prominence as an entry point for heroin, cocaine, synthetic drugs, precursor chemicals, and counterfeit goods. The role that Chinese criminal networks have played in the proliferation of synthetic drug labs in the Lower Mainland has established the Port of Vancouver as this country's largest gateway for the inbound smuggling of precursor chemicals from China and the outbound smuggling of ecstasy and crystal meth to Australia, Japan and other Pacific Rim countries.

² Information for the vulnerability assessments are based partially on interviews conducted with federal enforcement and regulatory personnel conducted in June and July 2011.

One criminal group that has helped entrench smuggling through all three of Canada's major containerized ports is the Hells Angels. Their use of these ports is reflective of the group's national presence – with chapters or puppet clubs in almost every province. Montreal, Halifax, and Vancouver were deliberately chosen as sites for the outlaw motorcycle club's pioneering chapters in Canada because they were port cities on both the east and west coasts. Schneider alludes to this strategy when he writes about the expansion of the Hells Angels in Canada in the early 1980s:

Following its conquest of Quebec, and frustrated by its inability to expand into Ontario, the Hells Angels set their sights on other provinces. At the top of their list were two provinces strategically placed for their ambitious national plans: British Columbia and Nova Scotia. Like Montreal, Vancouver and Halifax are port cities and thus fit neatly into the Hells Angels' ambitious smuggling ventures. Vancouver is also within easy reach of the Angels' California stronghold. According to a 1986 report by the RCMP and the DEA, Vancouver had become a "fertile springboard" and "an important transit point for drugs, weapons and other contraband. As a result of their meetings with Canadian motorcycle gangs, it became possible for the Hells Angels to set up a pipeline from the United States through British Columbia and across Canada to Quebec." Vancouver is also attractive because the Lower Mainland had one of the country's largest addict populations, providing a lucrative new drug market for the Angels. The Halifax port was eyed as an important entry point for cocaine from South America and Florida. A presence in both provinces also allowed the Angels to establish the outermost flanks in their planned coast-to-coast network of chapters (Schneider, 2009, 398).

The coast on which a container port is located will dictate the type of drugs and other contraband commonly smuggled through the port, as well as the source countries for the drugs and contraband. Marine ports on the east coast are most vulnerable to such illegal drugs as hashish (from Pakistan), heroin and opium (from Afghanistan and Iran), and cocaine (from Colombia). On the west coast, the Port of Vancouver is most vulnerable to illegal shipments from China, which is a major source of heroin, precursor chemicals for synthetic drugs, and counterfeit goods. The destination countries for outbound smuggling will also be dictated by the coast on which the container port is located. Stolen cars bound for Eastern Europe, the Middle East or West Africa are often shipped via ports in Montreal or Halifax while stolen vehicles moved through the Port of Vancouver often end up in Asia. Synthetic drugs produced in Greater Vancouver and shipped through one of its container ports are ultimately destined for Pacific Rim countries, in particular Australia.

In short, the nature of the vulnerability of Canada's three main marine ports to organized crime is influenced by its geographic location, the criminal organizations or networks active in that area, the ties these groups or networks have in other countries (as sources or destinations of illegal goods), as well as the countries that are the major sources for both legitimate and illegitimate trade through these Canadian marine ports.

3.5 Conditions that Contribute to the Vulnerability of Marine Ports to Organized Crime

The conditions contributing to the vulnerability of marine ports to smuggling must be placed in a larger context: Canada's overall susceptibility to smuggling. As Schneider states in his book 2009 *Iced: The Story of Organized Crime in Canada*, "Perhaps no other country in the world has as many conditions in place that are conducive to a vibrant smuggling trade: Canada has thousands of miles of poorly enforced coastline; thousands of miles of unguarded border with the United States of America, the largest consumer of drugs and contraband in the world, and, most uniquely, a large concentration of people living within a short distance of that border (thereby providing a convenient market for the contraband as well as a sympathetic and skilled labour pool from which to draw smugglers and distributors)" (2009, 554). Schneider argues that smuggling is the most persistent and widespread form of organized criminality in Canada in both historical and contemporary terms.

Another context that should be considered when examining the vulnerability of marine ports to criminal groups and networks is the susceptibility of other economic sectors and institutions in Canada to organized crime. One study found that based on money laundering alone, criminal groups in Canada were active in such industries as banking, real estate, insurance, currency exchange, securities, construction, entertainment, legalized gambling, restaurants and bars, hotels, waste disposal, import-export, supermarkets as well as food production and wholesaling (Schneider, 2003). As a RCMP officer succinctly put it in a media interview, "Organized crime has its tentacles all throughout Canadian society, and the ports are no different" (*Vancouver Sun*, May 14, 2005).

Of course, commercial marine ports are simply one conduit through which drugs and other illegal contraband (and people) are smuggled into Canada. Land border points and airports are also consistently used for smuggling purposes, while tractor-trailer trucks and air cargo rival marine containers in popularity as conveyances for drug smuggling. Even in the context of maritime smuggling, marine ports represent just one entry point for illegal drugs. For instance, since 1994 large quantities of cocaine and hashish have been seized, not simply at the Port of Halifax but also from: waterproof bags hidden under a wharf in Ragged Harbour in Queens County, two boats and a number of rental trucks at Baleine, near Louisbourg in Cape Breton; the freighter *Pacifico* off Shelburne; a yacht off the coast of Cape Breton, the hull of a Venezuelan ship in Aulds Cove, Antigonish County, and a sailboat off Tangier, just west of Sheet Harbour (*Chronicle-Herald*, July 15, 2002; *Daily News*, Jan 23 2003; Schneider, 2009). According to the Standing Senate Committee on National Security and Defence (2002a), "about 50% of illegal drugs make it to Canada via small boats, which land their contraband on remote beaches." These smaller boats are often supplied by motherships that anchor in international waters.

Nova Scotia is also a microcosm for the immense challenges facing law enforcement in combating maritime smuggling, as summarized by a 1993 *Globe and Mail* article on maritime smuggling affecting Nova Scotia:

Law enforcement has barely kept pace. With only a handful of boats and planes, fewer than 50 of Nova Scotia's 1,000-odd RCMP officers work full time in drug enforcement;

five were added last year. Outside Halifax, around a coastline stretching almost 8,000 kilometres, most of the smaller detachments close for the weekend. To compensate for the shortfall, the early 1980s saw the establishment of Coastal Watch, a sort of maritime Crimestoppers program by which tips get relayed to the police. There is ample evidence of its need (*Globe and Mail*, April 12 1993).

Little has changed in terms of smuggling enforcement outside of Halifax since this article was written; neither the RCMP or the Coast Guard have adequate resources to sufficiently patrol the coast, while Coastal Watch, a citizen-based surveillance program modelled after Neighbourhood Watch, continues to be the principal means through which suspicious activity along Nova Scotia's coastline is detected.

Beyond these broad contexts, Canadian commercial marine ports are vulnerable to organized crime and smuggling for a number of reasons that are specific to the nature of container ports. The CISC states that this vulnerability stems from the different variety of traffic through marine ports: "various components to marine movement ... may be exploited by criminal groups including: commercial container movement, commercial general cargo and bulk shipments, roll-on-roll-off vessels, cruise ships, fishing vessels, private personal vessels, and crew members of vessels" (CISC, 2004, 11). A 2005 media interview with RCMP Inspector Doug Kiloh, who at the time was in charge of enforcement for the port in Vancouver, couched the multiple vulnerabilities of marine ports and the inherent challenges in policing them in similar terms, "There are quite a variety of challenges to us – the human factor, the ability to screen and check product, the size and volume," Kiloh said (*Vancouver Sun*, May 14, 2005).

Vulnerability assessments for the ports of Montreal and Halifax conducted for this project (see Annex 4) indicate that situational factors increasing the risk of smuggling and other organized criminality at these ports include the limited numbers of containers that can be inspected by the CBSA, current protocols within container terminals that permit stowage of domestic and international containers (including empty containers) in the same compound (the latter of which have been exploited by smugglers transferring imported drugs for domestic delivery), and the potential corruption of industry insiders (including dock workers, truckers, supervisors, clerical staff, and security personnel at port terminals), to gain access to restricted areas by personnel without the proper security clearances.

Marine Containers, Container Traffic Volume, and Limited Inspection Resources

While the advent of the marine container has facilitated smuggling immensely through its ability to conceal illegal cargo, it is the sheer volume of marine containers processed through Canada's marine ports each day that truly facilitates smuggling. Yet, it is not simply the volume of containers that creates the vulnerability; it is the finite resources available to law enforcement relative to the large volume of container traffic that exacerbates the vulnerability of marine ports to smuggling. In other words, the ratio of containers processed through a Canadian container port to the enforcement resources available to inspect containers is extremely high, which means

the inspection of all containers for illegal contents is a near impossibility.³ Citing the testimony of Chief Superintendent Ian Atkins of the RCMP in Nova Scotia, a 2002 report by the Standing Senate Committee on National Security and Defence notes, “container terminals are the favourite target of organized criminal activity ... containers are an excellent way of moving contraband, because the vast majority move through the port without being checked by Customs officers.” The volume of shipping containers processed through marine ports not only inhibits inspections of inbound containers, but also outbound ones. Cars stolen in Canada and exported through marine ports are able to leave the country “with relative ease for the same reason that an estimated 95 per cent of smuggled drugs get in: The huge volume of cargo flowing in and out of the country precludes any systematic scrutiny” (*Globe and Mail*, June 2 1998).

Traditionally, an average of three percent of all containers arriving at the three major ports in Canada is inspected (*Postmedia News*, Nov 27 1998; *CanWest News*, May 14 2005). This figure of three percent is actually the national inspection standard for the CBSA. According to a 2004 *Canadian Press* story, approximately 500,000 containers pass through the Port of Halifax every year and while “in the past about three per cent of all containers were inspected” due to the addition of X-ray equipment “approximately seven per cent of containers are currently being checked” (*Canadian Press*, Dec 8 2004). In February of 2004, CBSA officials told a Standing Senate Committee that national inspection rates were closer to four percent (Standing Senate Committee on National Security and Defence, 2004, 134). A 2007 Auditor General of Canada report on border enforcement in Canada estimated that “Marine ports have the capacity to fully examine less than one percent of arriving containers” (Auditor General, 2007, 23).

As discussed later in this report, enforcement officials argue that the vulnerability of marine ports to organized smuggling is reduced through the targeting and inspection of high-risk containers and vessels. Yet, due in part to limited enforcement resources relative to container traffic volume, it has been estimated that less than five percent of all illegal drugs imported through marine ports are detected (*Global News Transcripts* Dec 8, 2004).

Expansion of port facilities has increased the volume of container traffic, which has heightened the vulnerability of marine ports to smuggling. As stated in a 2001 report by the B.C. Ministry of the Attorney General, “In June 1997, the Port of Vancouver opened DeltaPort, the newest container facility. This effectively doubled the Port of Vancouver’s container capacity to over one million containers per year. Bulk heroin smugglers were quick to realize the illicit potential this gave them to bring in continuous shipments of heroin directly to Vancouver” (British Columbia Ministry of Attorney General, 2001, 28).

The vulnerability that a high ratio of marine containers to enforcement resources creates should also be placed in a broader context – the need to process and expedite containers through

³ Officials with the Vancouver Port Authority testified to a Senate committee that the acquisition of mobile scanners that can generate an image of the contents of a 40-foot container in approximately 40 seconds makes it possible “in theory” to screen 100 percent of the containers moving through the Port (The Standing Senate Committee on National Security and Defence, 2002a). In the U.S., laws have been enacted to require the scanning of 100 percent of all shipping containers entering American marine ports (Alix, Carluer, & Slack, 2010).

commercial marine ports efficiently. Inspections of shipping containers can potentially have a negative impact on the expedient flow of goods imported into and exported out of Canada. Despite security concerns at commercial marine ports that have arisen due to organized smuggling, internal conspiracies, and the threat of terrorist attacks, a major preoccupation of the federal government (not to mention the private sector) has been to ensure that international trade is inhibited as little as possible by border security or red tape. The utmost importance is placed on unencumbered movement of goods across Canada's borders and the realities of a Canadian economy so reliant on international trade no doubt helps to increase the vulnerability of marine ports to organized smuggling. The 2003 CISC Annual Report on organized crime points out that the "majority of all commercial non-U.S. origin trade enters Canada through a marine port" which highlights how the nature of Canada's reliance on international trade makes marine ports susceptible to smuggling through legitimate commercial carriers and official ports of entry. "There are many Canadian marine ports that receive some form of international shipping, whether container or general cargo, and all are vulnerable as potential contraband entry points and consequently criminal infiltration and exploitation" (Criminal CISC, 2003).

Dock Workers and Others Doing Business at Marine Ports

While marine ports are made vulnerable to smuggling due to the volume of shipping containers that arrive every day, they are also vulnerable to internal conspiracies and corrupt industry insiders due, in part, to the large number of individuals who work or do business at marine ports. In a 2002 Senate Committee report, Vancouver Port Authority officials estimated there were 27,000 persons working on port property (Standing Senate Committee on National Security and Defence, 2002a). Not only does a large number of industry insiders increase the risks of corruption (due to sheer probability combined with a larger pool that can be targeted by criminal groups), but to screen and monitor such a large number of workers is an immense task. To complicate matters, the majority of individuals who conduct business at a marine port belong to a vast array of mostly private sector companies and do not come under the direct control of port or governmental authorities. Moreover, stevedoring labour is for the most part hired through union hiring halls. Sources have noted there is a long history of nepotism in dock worker hiring practices by organized labour, while organized criminal groups most notably in New York and New Jersey, have infiltrated unions representing dock workers. Ircha (2011) contends that throughout the world, a majority of ports continue to hire under-educated workers, often on a casual, irregular basis, with low pay, conditions that make them vulnerable to corruption. Sources interviewed also report that dockworkers are reluctant to cooperate with security or police and follow an unofficial, yet strict code of silence.⁴

In recent years, all those who work in restricted areas at Canadian ports are required to be security cleared under the Marine Transportation Security Clearance Program (MTSCP). These measures were undertaken to guard against internal conspiracies at Canadian commercial marine and airports that may facilitate either terrorist or organized criminal (smuggling) offences. Restricted areas that require security clearance include: areas in the marine facilities that contain the central controls for security and surveillance equipment; areas that contain the central

⁴ Personnel communication, July 2011

lighting system controls; areas that are designated for the loading or unloading of cargo and ships' stores at cruise ship terminals; and, land areas adjacent to vessels interfacing with cruise ship terminals. Specifically, Transport Canada has imposed policies whereby “employees who require access to a restricted area at an airport, marine port or persons who perform certain designated duties must have a valid Transportation Security Clearance.” To obtain a clearance, “applicants must provide basic biological information such as date of birth, surname, given names(s), surname at birth, birth certificate number, province of issue and municipality/province of birth; fingerprints, a facial image; and five contiguous years of verifiable and reliable information on their work, study and residency.” The applicant must also consent to a background check.

Transport Canada verifies the suitability of each Transportation Security Clearance applicant with the RCMP, the Canadian Security Intelligence Service and if necessary, Citizenship and Immigration Canada ... In assessing risk, Transport Canada considers a broad range of intelligence, including information from multiple criminal intelligence databases available to the RCMP. Individuals may be identified as representing an unacceptable level of risk because of criminal activity or association with organized crime, and their Transportation Security Clearance may be refused, suspended or cancelled. In this way the Program also serves to prevent criminal activity at airports and marine ports (Transport Canada, 2010).

The Standing Senate Committee on National Security and Defence has been critical of Transport Canada’s security clearance system for marine ports arguing that there are “some obvious flaws to this plan.” Most significantly, not all port workers are required to obtain a transportation security clearance; only those who need access to certain restricted areas. Originally the MTSCP was envisioned to be applied to all personnel working with port facilities, however, as indicated on the Transport Canada website: “In response to stakeholder concerns about the practicality of requiring clearances of all workers as originally envisaged, Transport Canada instead has developed a risk-based criteria to focus the MTSCP on specific designated duties and smaller restricted areas that will require a security clearance.” As a result, the Committee was informed by the Assistant Deputy Minister for Safety and Security at Transport Canada that less than half of all port workers will require a security clearance (Standing Senate Committee on National Security and Defence, 2007). Thus, the greatest liability may lie with the 50 percent of workers who do not require background verification as part of the employment standards. Anecdotal information provided during interviews conducted as part of the vulnerability assessments revealed that MTSCP does not currently apply to all persons who access restricted or sensitive areas. For example, truck drivers accessing container terminals are not cleared through the MTSCP.⁵

⁵ Personnel communication, July 2011

Physical Site Security

The vulnerability of marine ports to criminal activity may also stem from the difficulties in providing adequate physical security, especially given the challenging layout and spatial characteristics of marine ports as well as the high volume of traffic and workers entering and exiting a marine port. Developing and implementing an adequate level of security is particularly challenging given that “ports are specifically designed to make entry and exit easy and efficient” (*Security*, 2007, 36).

In the 2005 edition of its *Canadian Security Guide Book*, the Standing Senate Committee on National Security and Defence (2004) characterized the perimeters of ports as being “badly protected” which provides “opportunities for smuggling and the infiltration of terrorists.” In its security guide issued in 2007, it repeated this criticism, writing “Security on the perimeters of Canadian ports is porous” (14). “To our knowledge no Canadian ports have either waterside fencing or 24/7 waterside police patrols, and this is a huge vulnerability” (15).

Physical site security – such as target hardening, access and egress control, and surveillance – is largely used to prevent theft; yet cargo theft at marine ports is a relatively rare occurrence. Further, as reported by the *Globe and Mail*, perimeter security is of little value to combat internal conspiracies. “Security experts say the moves by port authorities to improve perimeter security are meaningless if the bad guys are already entrenched on the inside.” In short, controlling what happens outside the terminal gate remains the challenge, as the MTSCP has, for the most part, addressed the issue inside the gate. No amount of security vigilance can contemplate all probabilities for organized crime to succeed.

However, physical security measures are also highly relevant to smuggling enforcement, particularly in relation to transport companies and their drivers that pick up and remove drugs and other illegal goods from marine port terminals. A vulnerability assessment of the Port of Montreal conducted for this research indicates that access control for truckers is not strictly enforced and is ineffective for controlling the movement of truckers and their cargo for illegitimate means. The security officials who are assigned the task of controlling the movement of people and vehicles that enter any of the four container terminals grant access upon presentation of identification. Security officials register some basic information regarding the trucker and the vehicle, but there are no other effective controls and measures in place to verify the identity of the truck driver or the vehicle registration, including the trucking company. Further, there are no regulated security guidelines in place to verify if a company is legitimate or not, including the driver. In short, there are significant gaps in security procedures related to inter-modal (truck) transportation for marine ports, including those related to the screening and verification of transport companies and drivers as well as with regard to access and egress control.

Another potential vulnerability is that security is not always the responsibility of the port authority. For example, the Port of Montreal exercises authority and ownership over the entire marine port facility. For other marine companies or terminals, they lease the space from the Montreal Port Authority to operate their business (grain or container terminal). It then becomes

the responsibility of the company leasing the space to appoint a Port Facility Security Officer and develop their own security measures.

They are requested by the Montreal Port Authority to report all incidents to the Director of Security but a vulnerability assessment conducted for this research indicates that these reports are not always made.⁶

Security provisions, such as CCTV surveillance, may be of some value to identifying internal conspiracies, especially if these provisions can identify port workers who are unloading containers that prove to be holding drugs and other contraband. Yet, given the high numbers of containers that are unloaded from a ship onto the dockyard and trucks, it is extremely difficult for anyone, other than the workers themselves, to follow the movement of containers inside the dockyard. Corrupted dockworkers place a premium on unloading drug-laden containers from a vessel and moving them around the dockyard to avoid detection by security or border service agency officials. Containers loaded with illegal drugs and other contraband may be moved several times while at a marine port expressly to avoid law enforcement detection and interdiction. The utmost importance is also placed on moving the drugs out of a port terminal as quickly as possible.

Since 2004, marine ports in Canada that serve ships of 500 gross tonnage and more on international voyages have had to ensure marine port security (and workforce screening) is in accordance with the International Ship and Port Facility Security (ISPS) Code. The ISPS requires such ports to implement risk-based measures to monitor and control access of ships, cargo, and people. In that year, the federal government instituted a \$115 million Marine Security Contribution Program to help port authorities and marine facility owners enhance security. The creation of Customs Controlled Areas (CCAs) – in which border services officers have the authority to examine goods and to question and search people within areas designated as CCAs – may also contribute to physical site security at marine ports. In the wake of these and other physical security initiatives port authorities, regulators and law enforcement officials reject criticism of lax physical security at marine ports. In a 2007 article, Lynch extols the security measures undertaken at the Port of Vancouver:

With a \$12.8 million investment, the Vancouver Port Authority (VPA) is committed to going above and beyond the ISPS requirements in ensuring maximum security of the perimeter around its territorial responsibilities. The Authority is achieving this goal through absolute control of its gates and doorways. All access points are continuously monitored using digital cameras and any attempt at tampering with them results in security personnel being dispatched in seconds. The perimeter of the Port is monitored through state-of-the-art digital telescopic cameras and software that can scan details of vehicles and individuals behaving in a manner that is out of the ordinary and follow them around the property. Cargo and passengers have to go through stringent security procedures prior to boarding any ship at the Port. VPA is able to profile all ships in dock and it shares

⁶ Personnel communication, July 2011

information and intelligence with its security partners. Clearly, the vision of VPA is to see Vancouver Port being the most secure facility of its kind in the world (Lynch, 2007).

Policing of Marine Ports

Since the disbanding of the Canada Ports Police in 1996, there have been criticisms of the extent and organization of the policing of marine ports and, more specifically, the lack of a dedicated federal police force with powers to enforce the *Criminal Code* and other relevant federal statutes. According to the Standing Senate Committee on National Security and Defence (2007):

From the point of view of security, the devolution of seaports and airports to local authorities has failed. Security forces at seaports and airports are under-staffed and ill-prepared to deal with organized crime and terrorism. There is a need for specialized police in unique environments – and seaports and airports clearly qualify as unique environments. The Netherlands has about 420 police permanently stationed at the Port of Rotterdam alone. There are only 24 RCMP officers assigned to Canada’s 19 ports, and every one of them is posted to Halifax, Montreal or Vancouver. Eight are slated to be posted to Hamilton by the end of this year ... The current situation at Canada’s ports is untenable. The RCMP has not even been adequately funded to put meaningful contingents of officers at the ports of Halifax, Montreal, and Vancouver, let alone the staff needed to coordinate an entire perimeter defence (Standing Senate Committee on National Security and Defence, 2007, 18, 21).

In addition to stationing more peace officers at marine ports, the committee argued that the RCMP, not local police forces, should have ultimately responsibility for policing on and around the docks. “The security of Canada’s perimeter should not depend upon the quality of local police forces located on any part of the perimeter, nor upon the rigour with which particular airport and seaport authorities treat security threats. Protecting Canada’s perimeter should be put in the hands of the RCMP, which is best suited to coordinate a good defence across the entire scope of the perimeter (Standing Senate Committee on National Security and Defence, 2007, 20).

As detailed in the following section, the policing of criminal activity on and stemming from marine ports (including interdiction and investigations) has been enhanced since the 2007 Senate committee report. Yet even these enhancements have not been free from weaknesses and criticisms.

3.6 Successful Enforcement Measures at Canadian Marine Ports

This section identifies and examines recent successful enforcement efforts and techniques aimed at smuggling and other (organized) criminal conspiracies at Canadian marine ports. Numerous port security and enforcement initiatives – at the policy and program level as well as nationally and locally – have been implemented since the start of the millennium and especially since the terrorist attacks of 9/11.

This is not a comprehensive assessment of security and enforcement at marine ports. Instead, based on a review of the literature, it focuses on enforcement (interdiction and, to a lesser extent investigative) methods and techniques that *appear to directly and tangibly lead to successful enforcement outcomes* as identified in open source literature. For this report, successful enforcement outcomes are measured by (1) seizures of drugs and other contraband, (2) the identification, arrest and prosecution of offenders involved, and (3) the dismantling of smuggling and other organized criminal conspiracies.

Even with this narrow focus, there are insufficient details from the publicly available literature to thoroughly identify and examine successful enforcement methods and techniques. News releases from law enforcement agencies are the main source of information for this section because they frequently discuss the interdiction and investigative techniques that contribute to a particular enforcement outcome. However, public information from enforcement agencies on interdiction and investigative techniques is frequently vague (for good reason).

Risk Assessments and Targeting

A number of marine containers from which drugs and other contraband have been detected and seized had been flagged for inspection by CBSA targeting units. The Marine Cargo Targeting Units use a risk-based approach to determine which containers are “high risk; that is, containers which are suspicious and should be referred for inspection. Relying on intelligence information, referrals from police or other ports, or the analysis of shipping manifests, targeting units analyze numerous indicators, separately and in conjunction with one another, to identify suspicious circumstances. Some of the most common variables used by targeting units to flag ships and shipments for secondary inspection include the point of origin of the shipment (i.e. if it is a drug source or commonly used transit country) and inaccuracies or other suspicious details in a shipping manifest.

CBSA targeting units are responsible for examining the manifests of all containers arriving at a marine port, which is often the starting point for a risk assessment. In recent years, this is conducted via “automated advance targeting” of marine and air cargo through the receipt of Advance Commercial Information (ACI), which is information sent electronically from carriers and freight forwarders to the CBSA. A targeting unit then inputs this information into its TITAN-marine automated risk assessment system, which was introduced in 2004. According to the Auditor General of Canada, the CBSA

... is one of three border agencies in the world using advance automated targeting tools to risk-score incoming shipments. The system analyzes electronic manifests of commercial shipments coming to Canada, and assigns a risk score to each shipment. A higher risk should translate into a higher score. TITAN allows border services officers to view data on incoming cargo electronically, and link to databases containing information used in the risk assessment process (Auditor General of Canada, 2007, 23).

Since the 2007 Auditor General’s report, the CBSA has taken steps to enhance its risk-based targeting systems, including the Bay Plan project, in which “marine carriers will send an electronic message to the CBSA, in advance of a vessel's arrival, to identify the position and

characteristics of all containers on the vessel. With this advance information, CBSA officers can target shipments and analyze discrepancies to more accurately assess the risk posed by each container” (CBSA, 2011).

Some examples of seizures that were initiated by the work of targeting units are summarized below:

- On June 22, 2004, CBSA inspectors X-rayed a container at the Port of Halifax carrying black pepper, curry powder and noodles and found 60 bundles of cocaine, each containing around a kilogram of the drug. The container originated in Grenada and was in transit to Ontario. A CBSA spokesperson would only vaguely disclose to the media what made this particular container suspicious. “We get that information 24 hours before the goods are loaded onto a container ship in a foreign port. We do the necessary background checks, we examine the paperwork, we do our intelligence background” (*Daily News*, Sep 17 2004).
- In January of 2003, the targeting unit at the Port of Halifax selected a container to be inspected that originated in Pakistan and arrived by way of Hong Kong and Italy. A mobile scanner discovered 11.5 metric tonnes of hashish in the cargo. A customs official told the media the container was targeted because of its point of origin and because of inaccuracies in its documents. “There appeared to be some information that, if not false, it was at least missing, incomplete ... Based on the assessment, they felt we should have a look at it” (*Canadian Press*, Jan 22 2003; *Daily News*, Jan 23 2003).
- In March of 2003, CBSA inspectors at the Port of Halifax found 172 kilograms of cocaine in a marine container full of furniture and clothing. The container was loaded in Haiti and bound for Montreal. According to a *Canadian Press* article, a CBSA spokesperson said the seizure was the result of good intelligence and “old-fashioned inspection work.” CBSA officers were suspicious of the container because of “inconsistencies” in the shipping documents (*Canadian Press*, Apr 7 2003).

Supporting the local targeting units is the CBSA’s National Risk Assessment Centre (NRAC), which was established in 2004. According to Lynch (2007), the “NRAC, which operates 24/7, serves as an interface between intelligence agencies at the international, national, and local levels. The Centre uses sophisticated intelligence-gathering techniques and technology and shares its intelligence with law enforcement partners and field officers across Canada. This information is used to stop entry of high-risk people, illegal contraband, drugs and weapons into Canada.” With respect to marine ports specifically, “the National Risk Assessment Centre’s responsibility is to risk-assess marine containers for national security concerns prior to their arrival in Canada . If the Agency receives information suggesting that a marine container poses a potential threat to national security, it refers the container for examination at the foreign port of origin before loading” (Auditor General of Canada, 2007, 21).

The National Risk Assessment Centre and Marine Cargo Targeting Units share the responsibility for applying risk assessment criteria to all commercial cargo arriving by marine vessel. NRAC analysts review Advance Commercial Information provided by carriers for each shipment and then conduct a risk assessment (before it leaves a foreign port). If a high risk shipment is

identified, the analysts may issue a “do not load” or “do not unload” order. The cargo is then examined either at the foreign port or upon arrival at a Canadian port (CBSA, 2008).

Another initiative that may be contributing to the flow of useful information to NRAC and CBSA targeting units is the Container Security Initiative. Under this initiative, CBSA officers have been stationed in foreign marine ports to work with local authorities to conduct risk assessments of vessels and containers bound for Canada (*Canada NewsWire*, Oct 20 2005; *Canadian Press*, Oct 20 2005). However, according to the Canada Border Services Agency, “although the CBSA made a commitment to sign two more international partnership agreements to increase the deployment of CBSA officers abroad, this initiative will be discontinued in 2011-12 ... the Agency will leverage the strong international partnerships established under the Container Security Initiative to request examinations for high-risk cargo in advance of vessel departures” (CBSA, n.d., 21).

Despite these recent initiatives, and the role that targeting units play in the detection of drugs and other contraband in shipping containers, there have been criticisms of CBSA risk assessments and container targeting. In particular, in a 2007 audit of the CBSA, the Auditor General wrote, “Not all air and marine cargo shipments are assessed before they arrive” in Canada:

The Agency cannot provide assurance that it conducts risk assessments of all air and marine cargo in advance of arrival. In the marine mode, we found that the Agency had done a preliminary analysis of discrepancies between what enters Canada and the advance information supplied. To address potential gaps in advance information, the Agency has met with shipping authorities. However, the Agency does not consistently assess the extent of the gap between what it has been told is arriving and what actually arrives. It is not tracking the timeliness of its risk assessment process for marine containers because it does not compare the time of arrival with the risk assessment date (Auditor General of Canada, 2007, 21).

Specifically, the Auditor General’s report stated that some high risk shipping containers loaded and shipped to Canada from foreign ports “appeared to have arrived in Canada before being risk-assessed for national security concerns” and “containers entered Canada without the required advance targeting or any further examination” (Auditor General of Canada, 2007, 22). Further, the Auditor General criticized the use of the TITAN risk management system when it’s audit found that the CBSA had “not determined which level of examination is appropriate for which TITAN score” and, as such an “examination is not mandatory for marine containers and air cargo that receive high scores indicating a high risk.” In the Auditor General’s analysis of risk scores and examination results for approximately two million shipping containers that arrived in Canada in 2006:

We found little relationship between a high score and the decision to examine a container. The local officers told us that they are not confident in using the automated risk score to select containers for examination. They rely more on their own analysis of various databases and local knowledge. Pre-arrival targeters were not consistently documenting why they were choosing to refer certain shipments for examination and not others. As a result, it is difficult for the Agency to determine key factors in pre-arrival targeters’

decision-making processes, which would improve upon key aspects of pre-arrival targeting practices (Auditor General of Canada, 2007, 24).

For the Standing Senate Committee on National Security and Defence, there are two flaws “at the core of the government’s approach to screening containers at Canadian ports: 1. It relies heavily on past shipping behaviour and has little margin for identifying unexpected threat characteristics 2. It allows inspection capacity to take precedence over risk analysis in determining how much risk it is willing to tolerate” (Standing Senate Committee on National Security and Defence, 2007, 30).

Inspections

The CBSA has at its disposal two basic means to inspect shipping containers: (1) imaging the contents with x-ray technology and (2) physical inspections (which include partial examinations, in which the container is opened without fully unpacking it and full examinations where the container is fully unpacked). CBSA claims that it has the resources to scan and/or inspect all containers it deems “high risk” (Standing Senate Committee on National Security and Defence, 2004).

The Auditor General’s 2007 audit of the CBSA summarizes recent investments made into container inspection technology:

To enhance its inspection capabilities and capacity, the Agency has invested more than \$70 million over the past five years in specialized equipment to detect contraband and dangerous goods ... The Agency has successfully used this equipment to make high-value contraband seizures. It receives annual funding of \$11.8 million to operate, maintain, and replace this equipment, which it has allocated to higher-risk land and marine ports. The most significant investment is in its Vehicle and Cargo Inspection System (VACIS™) units that use gamma-ray imaging to inspect the contents of containers and vehicles. The Agency has deployed 12 mobile VACIS™ units at a cost of \$24 million and three pallet VACIS™ machines at a cost of \$5 million (Auditor General of Canada, 2007, 30).

The VACIS purchased by the federal government consist of scanners mounted on mobile trucks with a moveable arm that uses gamma rays to examine the insides of containers allowing operators to “view radiographic images of containerized goods on a computer to quickly identify hidden compartments associated with the transportation of stolen or smuggled goods. Designed to complement additional manual inspections, the gamma-ray technology non-intrusively inspects containers at a rate of one per minute” (*Materials Management and Distribution*, 2002, 7).

The images produced by the gamma ray machines help inspectors identify contents without having to open containers (increasing efficiency) and can detect contents that may be inconsistent with what is described in shipping manifests. According to one CBSA official, inspectors “have in their mind what this cargo should look like when they take an X-ray of it” (*Chronicle Herald*, Feb 12 2010). Federal officials claim that not only does this technology help

increase their ability to detect drugs and other contraband, it also “significantly” increases the number of containers that can be screened (*Transport Canada News Release Jan 22 2003*).

Cases identified in the literature in which drugs and other contraband were detected through the use of this technology are summarized below.

- At the Port of Halifax, CBSA agents found 200 kilograms of cocaine hidden inside six bags carrying 22 cylindrical packages stored among some household moulding that had been shipped from Chile. A CBSA spokesperson said that agents first checked the shipping manifest to see what was inside the container and then scanned it with a VACIS to see if the manifest was accurate. “...officers saw that there were six shapes in there that didn’t look like they would correspond with what the manifested cargo was supposed to be.” Agents then inspected the container and found the drugs (*Chronicle Herald*, Feb 12 2010).
- In June of 2006, CBSA agents at the Port of Halifax uncovered more than 4,000 kilos of hash while searching a marine container from Pakistan en route to Ontario. The container was flagged as high risk by the targeting unit after examining the shipping manifests, which listed the contents as raw cotton. A VACIS detected dark images in the centre of the 100 bales and when the bales were opened, CBSA inspectors found 40 packets, each one containing about 1 kilo of hashish (Canada Border Services Agency, Jul 21 2006).
- Over 600 kilograms of hashish, hash oil, and marijuana were discovered at the Port of Halifax in a shipment of pumpkins, yams, and sweet potatoes from Jamaica. The drugs were wrapped in plastic and stashed under a false floor in the bottom of a shipping container. CBSA officials said the drugs were discovered after the container was passed through a VACIS that uncovered “anomalies” in the floor. The container was emptied and officers then drilled through the floor, which brought up traces of hashish oil (*National Post*, Oct 25 2006).
- In January of 2011, more than 1,000 kilos of ketamine was seized by the CBSA at the Port of Vancouver. The white powder was vacuum-sealed in bags and secreted in boxes containing mugs that arrived in a container from Hong Kong. Suspicious CBSA agents scanned the container and noticed discrepancies between the X-ray image and what was listed on the shipping manifest. A full examination of the container was then conducted and the manual search turned up the ketamine hidden under the mugs in 84 of the 402 boxes. (*Vancouver Sun*, Jan 26 2011).

In addition to the VACIS technology, in 2004 the CBSA acquired two new types of equipment to enhance inspection capabilities at marine ports. This included the Remote Operated Vehicles, which allows inspectors the opportunity to directly examine the entire exterior portion of a vessel’s hull below the water line (*Canada NewsWire*, Jun 15 2005). In 2009, a remote operated vehicle helped identify 300 kilos of marijuana hidden under the hull of a ship docked at the port of Saguenay. According to one media report, “The drugs were found in seven metal cylinders attached to the sea chest area below the water line of the vessel. Officers from the CBSA's Flexible Response Team discovered the contraband using a remote-operated vehicle (ROV) that examines the hull of ships. The ROV revealed an anomaly around the hull that warranted further investigation” (*Canada Border Services Agency*, August 27 2009).

Manual Searches by CBSA Personnel

As indicated in many of the previously cited cases, complementing the use of technology to help detect the presence of drugs and other contraband is the physical inspection of ships and marine containers by CBSA personnel, which plays a critical role in detecting drugs and other contraband. Specialized units, such as the CBSA's Flexible Response Team, have also proven to be effective in detecting drugs that are considerably well hidden.

Summary: CSBA Interdiction at Marine Ports

What is clear in all of the aforementioned case studies is that each of the CBSA interdiction techniques and units – intelligence gathering, risk-based targeting, technology-based inspections, and manual searches by trained personnel – function as a complementary part of an integrated approach to smuggling interdiction at marine ports. Typically, a targeting unit will flag a ship or shipment for secondary inspection based on the outcome of a standardized risk assessment procedure. Detection resources such as a VACIS or detector dogs will then be used as an efficient and effective means for an exterior scan of a container. This is followed by a more intensive physical search by CBSA personnel. Beyond the detection phase, a criminal investigation will commonly entail intelligence gathering, a controlled delivery, and/or surveillance.

Despite the integrated approach and the seizures it has helped produce, the CBSA is constrained by limited resources and the availability of those resources relative to the volume of container traffic processed through marine ports, meaning between only one and seven percent of all shipping containers are ultimately inspected. While the proportion of high risk containers inspected is much higher, it is commonly acknowledged that only a small fraction of drugs and other contraband hidden in shipping containers are discovered at commercial marine ports.

Inter-agency cooperation

Cases involving the detection of drugs or other contraband by the CBSA and follow-up criminal investigations by the RCMP or other police agencies are typical examples of the interagency cooperation and coordination necessary for effective law enforcement against smuggling operations. The formal and informal cooperation and coordination that takes place between enforcement agencies in combating smuggling through commercial marine ports appears to be an important factor in a number of successful enforcement outcomes.

With respect to interdiction and enforcement at commercial marine ports, the most common partnerships are between the CBSA and the RCMP. This inter-agency coordination has been formalized through the National Port Enforcement Teams, which are composed of the CBSA, the RCMP and local police forces. According to the RCMP,

National Port Enforcement Teams (NPETs) conduct investigations of federal statute offences while maintaining the free flow of goods, persons and services. Their goal is to significantly disrupt and/or eliminate the capacity of organized crime groups to utilize

Canada's seaports as a conduit for cargo and/or persons that may pose a threat to national security. They are intelligence-led teams and integrated with federal, provincial and municipal law-enforcement agencies (Royal Canadian Mounted Police, 2009b).

The roles of the two lead agencies in the NPET are quite complementary. The CBSA takes the lead in detecting drugs and other contraband at marine ports, while also supplying intelligence information in support of such seizures and criminal investigations. The role of the RCMP is to gather and provide intelligence information that can help detect drugs and other contraband coming into port, while also conducting criminal investigations.

A typical case identified in the literature involving tactical joint enforcement by the CBSA and the RCMP begins with the seizure of drugs or other contraband at a marine port by the CBSA and a controlled delivery of the illegal cache by the RCMP. Some of these typical cases are summarized below.

- In October of 2008, CBSA officers in Halifax intercepted a marine shipment of towels that contained 27.8 kilos of heroin "secreted in the hollowed-out areas between the corrugated layers of cardboard that formed the side of the boxes. The Halifax-based National Ports Enforcement Team removed the heroin from the boxes and allowed the shipment, which originated in Pakistan, to continue to its final destination in Toronto, Ontario for a controlled delivery" (Royal Canadian Mounted Police, 2009a, 25). Four people were arrested after attempting to claim delivery of the commercial shipment. The RCMP's Greater Toronto Area Drug Section later executed a search warrant on a residence in Ajax, Ontario, which resulted in the seizure of documents related to the shipment and importation of the towels, as well as a live hand grenade and ammunition (Royal Canadian Mounted Police, 2009a, 25; Royal Canadian Mounted Police, 2009b; *Canadian Press*, Nov 4 2008).
- After CBSA officers at the Port of Halifax discovered 625 kilograms of hash and hash oil in a shipping container full of the pumpkins, yams and sweet potatoes originating in Jamaica and bound for Toronto, the agency called in the RCMP, which in turn contacted Metro Toronto Police Service. The drugs were removed from the container, the produce was replaced, and police conducted a controlled delivery to a west Toronto warehouse that was listed on the shipping manifest. Police watched as two men attached the container to a transport truck, which was driven to Lynden, Ontario and then backed into a private garage. Police later arrested two men and charged them with theft and drug offences (*National Post*, Oct 25 2006).
- In October 2010, CBSA at the Port of Vancouver discovered inside a marine container that arrived from Vietnam a shipment of counterfeit Nike footwear. Also inside were 150 Nike shoe boxes each containing a 22-kilo jug of the MDMA precursor, phenyl-2-propanone. The case was referred to the RCMP, which made a controlled delivery of the shipment to a home in Richmond. Police subsequently executed a search warrant on this home and two other Richmond homes as well as two homes in Burnaby and Vancouver (*Richmond Review*, Nov 24 2010).
- A number of inter-agency task forces have been formed to combat the export of stolen vehicles. Between March and August 2008, Project SIENNA was implemented at the ports of Montreal and Halifax. Targeting the exportation of stolen vehicles, the task force

was made up of the RCMP, the CBSA, and the Insurance Bureau of Canada. During that period, Project SIENNA resulted in the recovery of 258 stolen vehicles – 62 in Halifax and 196 in Montreal (RCMP, 2009b). Other task force operations in Canada that have targeted the theft and export of cars include Project CEASE (Controlled Enforcement of Automobiles Stolen for Export) in British Columbia and Project CERVO (Control of the Exportation and Receiving of Stolen Vehicles Overseas) in Quebec (Wallace, 2004, 16).

A persistent critique of border security enforcement at commercial marine ports by the Standing Senate Committee on National Security and Defence has been the “large number of municipalities” involved in policing port properties, “not to mention separate provincial and federal detachments of the R.C.M.P., departments and agencies, and private security companies. Consequently, there is seldom a clear division of responsibility.” Police officials who testified before Committee indicated that any problems that may arise from the number of different government enforcement agencies with jurisdiction over a single marine port has been overcome through the formation of inter-agency cooperation “combining the various police forces and agencies, each of which contributes sources of information and intelligence to the combined effort” (Standing Senate Committee on National Security and Defence, 2002a).

Despite the value that inter-agency cooperation and coordination brings to addressing the vulnerabilities of marine ports to organized crime, it is clear that relative to the volume of drugs and other contraband transported through the ports and the number and scope of the criminal organizations behind such shipments, law enforcement is clearly under-resourced and overwhelmed by the extent of the problem. This challenge was succinctly documented in the Standing Senate Committee’s 2007 report, based on testimony from RCMP officials in B.C. in charge of the joint enforcement task force responsible for policing the Port of Vancouver:

The RCMP told the Committee in January 2007 that Indo-Canadian, Asian and traditional organized crime groups – including the Hells Angels – remain very active in the Port of Vancouver. They also conceded that despite knowing that these groups continue to operate and threaten port security, the RCMP could only tackle about 30 percent of these activities due to limited resources (Standing Senate Committee on National Security and Defence, 2002a, 4).

4 Conclusion

The literature reviewed clearly shows that Canadian marine ports are highly vulnerable to organized criminal conspiracies. From a historical perspective, the problem appears to have escalated; prior to the 1970s, organized criminality at Canadian marine ports was largely confined to the inbound smuggling of opiates (heroin and morphine). Today, Canadian marine ports are conduits for the inbound smuggling of a wide range of illegal drugs (opiates, cocaine, cannabis, synthetic drugs), precursor chemicals for the domestic production of synthetic drugs and counterfeit goods. They are also now being used to smuggle stolen vehicles and domestically-produced synthetic drugs out of the country. The criminal activity to which commercial marine ports are most vulnerable is inbound drug smuggling.

Smugglers take full advantage of the legitimate maritime commercial supply chain and marine port logistical operations. In particular, they exploit the opportunities that the marine container, and its worldwide shipping infrastructure, provide for the concealment, international shipping and inter-city distribution of illegal drugs. At a conceptual level, smuggling through marine ports is representative of how organized crime utilizes and exploits legitimate commerce for their gain. (Smuggling is one of a few illegal activities that is highly dependent upon, and intertwined with legitimate commercial transactions of international trade, actors and processes – money laundering as well as white-collar and financial crimes are other examples.) Smugglers exploiting official ports of entry benefit from the imperatives of the Canadian economy that is so heavily reliant on international trade, which also creates resistance to security measures that slow the processing of goods being imported or exported.

Inbound and outbound smuggling through marine ports is also facilitated by the placement of members and associates of criminal groups in influential positions at commercial marine ports and, to a lesser extent, the use of intimidation tactics. While this research cannot provide an estimate of the extent to which drugs or other contraband smuggled through Canadian ports are facilitated by internal conspiracies, some of the largest smuggling cases involving commercial marine ports (in terms of quantity of illegal goods) investigated by police have involved corruption at a seaport. With that said, contrary to some claims that criminal organizations “control” certain commercial marine ports in Canada, the evidence presented by the literature supports the conclusion of Project SALVE, the 2004 RCMP intelligence assessment, which rejects such claims, but does acknowledge that members and associates of crime groups are “well entrenched” and “have rooted themselves firmly on the docks over decades” (as cited in *CanWest News*, May 14 2005).

Unlike the United States, research for this project did not reveal any instances where directors or officers of unions representing dockworkers in Canada have been corrupted or directly influenced by criminal groups to facilitate smuggling or for other profit-making labour racketeering ventures (such as the raiding of pension funds or extorting companies doing business at marine ports). Indeed, this research did not uncover any evidence of labour racketeering among unions representing dockworkers in Canada. Further research would be necessary to make an actual determination as to the presence or absence of labour racketeering at Canadian commercial seaports.

Based on a qualitative analysis of seizures at marine ports gleaned from publicly available sources, it is Canada’s three largest marine ports – Halifax, Montreal, and Vancouver – that are most vulnerable to smuggling. This vulnerability stems in part from the fact that the majority of imported goods processed through commercial marine ports in this country land at one of these three ports. As such, the sheer volume of container traffic through these ports makes detection of illegal contraband prohibitive. Montreal and Vancouver also have large consumer markets for imported drugs, which increases the attractiveness of ports in these two cities. Criminal groups, such as the Italian mafia and the Hells Angels, appear to have originally established a presence in these cities expressly to utilize the commercial seaports for drug importation purposes.

Vulnerabilities specific to marine ports include the ideal concealment opportunities provided by container shipping, the sheer volume of marine containers processed every day (making targeting

and inspections difficult), the susceptibility of the marine port workforce to corruption and internal conspiracies, and the challenges in screening and monitoring the vast numbers of individuals that work or do business on the docks.

Despite the significant advances made in anti-smuggling enforcement and security at commercial marine ports – including sophisticated intelligence gathering, risk assessments and targeting, effective technology, dedicated and competent personnel, inter-agency enforcement task forces, and increased physical and workforce security measures – current law enforcement resources continue to be insufficient relative to the scope of smuggling that takes place at Canada’s three largest container ports. It is commonly acknowledged that only a small fraction of the drugs and other contraband are being detected at the docks, while most of the criminal groups and networks that use the marine ports for their criminal purposes are not disrupted, let alone targeted by enforcement actions. Indeed, as research, law enforcement cases, and criminal intelligence has shown, for every new security measure introduced, those involved in smuggling have adapted to these measures and have found innovative ways to defeat the security procedures.

Annex 1: Marine Ports Sector Overview

Purpose of the Report

The purpose of this section of the report is to provide an overview of the Canadian port authorities. This includes “an overview of the port authority regulatory environment; descriptive statistics on the size and structure of port authority operations; qualitative and quantitative data on the relevant stakeholders in the industry; and general characteristics of the port authority and commercial marine shipping industry.” Information sources used for this section include a review of secondary literature on Canadian port authorities, reports, as well as operating and statistical data documented by Canada Port Authorities (CPAs), regulatory authorities, and industry sources, statistical (CANSIM) data, as well as interviews with port authority, industry, and regulatory officials. The scope and specific focus of this report’s sectoral overview is guided by potential vulnerabilities to organized criminal activity. In this context, security vulnerabilities will often be influenced by the location, government designation and other characteristics.

Where possible, the following ports will be used as case studies: Halifax Port Authority, Montreal Port Authority, Thunder Bay Port Authority, Vancouver Port Authority, and Greater Victoria Harbour Authority. However, this report will also present the top five to ten ports and whenever possible include the previously mentioned five ports in the data tables and discussion.

Methodology

This report is based on a literature review of relevant port governance scholarly articles, a search of the Brooks and Pallis Port Management database, a search of the PortEconomics database, and a review of relevant Government of Canada publications. It also examines the research on port security with regard to terrorism where relevant to issues like port worker credentials, container screening, vessel security programs and general security regulations aimed at tightening surety regimes at North American ports.

A Dalhousie e-library search by Prowler for “organized crime” and “ports” provided only the news published when the CPC Port Police were replaced at the time of the port governance reform, as well as more specific announcements of particular events. Further literature examination has been undertaken in subsequent phases of this study.

Although research was undertaken utilizing Statistics Canada data, it is important to note that data series 4060001, shipping statistics (coastwise and international) in tons was discontinued 1999.

An Overview of Port Traffic in Canada

In total, there are 323 ports in Canada, in three classifications by governance structure, which is discussed in the next section. This section provides background information, as available, on traffic at Canada’s largest ports, whether or not they are Canada Port Authority (CPA) ports.

Canada's legitimate import trade with the world accounted for \$403.7 billion dollars in 2010, while legitimate exports accounted for \$399.4 billion (International Trade Canada, 2011). The majority of that trade in terms of tonnage is bulk cargoes. The largest volume shipments passing through Canada's ports are crude petroleum and grains. A significant percentage of bulk cargo in Canada is transferred at privately owned facilities that do not come under the jurisdiction of port authorities, whether they are CPA ports or not. A good illustration of this is the fact that the second largest and ninth largest "ports" in Canada are the refinery at Come-by-Chance and the offshore platforms in Newfoundland (Table 1). About one-half of Canada's international traffic is handled at CPA ports.

Table 2 - Top 10 Ports in Canada in 2008 and Percent of Domestic Traffic

Port	Cargo Tonnage (000 tonnes)	Percent Domestic	Category (1)
Metro Vancouver	96,750	13.4	Canada Port Authority
Come-by-Chance	30,469	43.7	Local/regional port (2)
Saint John	25,400	14.6	Canada Port Authority
Port Hawkesbury	29,841	12.1	Local/regional port (2)
Sept-Iles/Pointe Noir	22,235	9.1	Canada Port Authority
Quebec/Lévis	26,799	18.0	Canada Port Authority
Montreal/Contrecoeur	26,807	21.4	Canada Port Authority
Port-Cartier	15,920	26.9	Canada Port Authority
Newfoundland Offshore (3)	17,203	88.8	Private
Nanticoke	14,147	14.7	Deproclaimed
All Other Ports	157,010	44.0	
Total Traffic	462,581	29.6	

Note: 1. The type of port is that indicated in the transfer inventory at the web site of Transport Canada as of 31 March 2011.

2. Transport Canada's interest was terminated except that the harbour bed remains under Transport Canada's purview and so harbour dues are charged.

3. This is defined by Statistics Canada as shipments from the Terra Nova and Hibernia offshore oil and gas platforms, for the most part direct to foreign markets.

Source: Calculated from 2008 data as provided by Statistics Canada (2010), Table 6. Container trade (noted in Table 2), being relatively high value and low density, is a minor player in tonnage terms but a significant player in value terms. Its importance from an economic perspective is due to its role in both job creation at the ports and contribution to port revenue.

Table 3 - Canada Port Authority Ports and the Volume of Traffic Handled

Canada Port Authorities	2008 Tonnes Handled (Millions)	Port Share of Tonnes Handled (%)	2008 TEUs (000) (2)
Port Metro Vancouver	88.3	19.3	2,492
Quebec City/Lévis	27.0	5.9	
Montreal/Contrecoeur	27.0	5.9	1,474
Saint John	25.6	5.6	49
Sept-Îles/Pointe-Noire	22.6	4.9	
Hamilton	11.1	2.4	
Prince Rupert	10.6	2.3	
Halifax	10.3	2.2	387
Thunder Bay	8.1	1.8	
Windsor Ontario	5.2	1.1	
Trois-Rivières	2.6	0.6	
Belledune	2.0	0.4	
Toronto	1.3	0.3	18
St. John's	1.4	0.3	118
Nanaimo	1.4	0.3	
Port Alberni	1.1	0.2	
Chicoutimi (Port Saguenay)	0.3	0.1	
Total CPA Ports	246.0	53.8	4,721
Non-CPA ports (1)	211.4	46.2	
Total all ports	547.4	100.0%	

Note: 1. This estimate is based on an estimated total traffic using historical data and market shares. It includes both international and domestic traffic.

2. A TEU is a twenty-foot equivalent unit and represents containerized cargo carried in a 20' x 8' by 8' container. A 40' standard container is 2 TEU. TEU data are included in the tonnes handled data.

Source: The data in the second and third columns are extracted from Table M23, PWGSC (2010), p. A108. The data in the last column are extracted from the American Association of Port Authorities Port Industry Statistics (www.aapa-ports.org). Canada's maritime trade with the U.S. totalled 120.4 million tonnes in 2008, a little more than half of Canada's trade with overseas countries (205.0 million tonnes) as noted in Table 3 (PWGSC, 2010, Tables M25 and M26, p. A108). Given the significant role played by commodity products in overall Canadian trade and the variance in volumes and trading partners' year-over-year, it would be unwise to rely too heavily on either the origin and destination data in Table 3 or the commodity data reported in Table 4. These merely paint a very broad picture.

Table 4 - Canada's Overseas Maritime Trade by Country

Destination	Exports (2008)	Origin	Imports (2008)
United States	25,875	China, Peoples Republic	20,207
Japan	10,099	Japan	8,490
China, Peoples Republic	9,325	United States	9,344
United Kingdom	4,047	Germany	6,322
Korea, South	3,288	Algeria	5,316
Netherlands	2,733	Norway	4,689
Germany	2,703	United Kingdom	3,069
Norway	2,570	Italy	2,481
Brazil	1,952	Korea, South	2,391
India	1,890	France	2,297
Belgium	1,818	Saudi Arabia	2,182
Italy	1,674	Angola	2,075
France	1,674	Iraq	1,857
Other Countries	26,599	Other Countries	29,273
Grand Total (Exports)	96,245	Grand Total (Imports)	98,994

Source: Based on data from Table M27, PWGSC (2010), p. A109.

Table 5 - Marine Imports and Exports by Commodity

Commodity Exported	Millions of dollars	Commodity Imported	Millions of dollars
Grains	10,873.1	Crude petroleum	20,048.7
Non-ferrous products and alloys	8,320.9	Residual	12,074.5
Other food products	6,253.6	Passenger motor vehicle	8,706.6
Coal	5,978.7	Machinery and related equipment	7,657.1
Residual	4,180.3	Electrical machinery and electronic equipment	4,460.9
Machinery and related products	3,803.3	Gasoline and fuel	4,216.9
Woodpulp	3,648.5	Other food products	4,142.0
Gasoline and fuel	3,244.7	Furniture, appliances and household equipment	3,790.0
Potash	2,921.7	Fabricated steel products	3,674.7
Iron ore	2,374.1	Inorganic chemicals	2,496.1
Non-ferrous metals	2,310.4	Other chemicals	2,466.2
Inorganic chemicals	1,952.0	Plastics and rubber products	2,419.8
Lumber	1,603.5	Non-ferrous products and alloys	2,264.8
Newsprint	1,594.5	Primary iron and steel products	2,081.1
Other commodities	11,310.9	Other commodities	10,151.1
Total (All Commodities)	70,370.3	Total (All commodities)	90,650.7

Source: Based on data from Table M29, PWGSC (2010), p. A110.

Overview of Port Authority Governance and Regulation in Canada

The last time that Canada's port regulatory environment was reformed was in the mid-1990s under the Liberal government. There had been a varied history of governance reform in Canada prior to that, and some historical context is in order to understand the governance and regulation of Canada's ports today.

Canada implemented its first port policy in 1936 with the creation of the National Harbours Board (NHB), a Crown Corporation, reporting to the federal government. By the early 1980s, there were 15 ports under the control of the NHB; the management system was bureaucratic and centralized, accountable to the Minister of Transport. Port management in Canada was such that a standard set of port charges was determined in Ottawa and applied across the country, implemented by staff employed at the ports. In the 1980s, the 15 NHB ports in the country handled about one half of all Canada's trade.

In addition to the NHB ports, there were nine ports operating under local harbor commissions, and governed by the *The Harbour Commissions Act of 1964*. (These included Hamilton, Oshawa, Port Hope, Thunder Bay, Toronto and Windsor on the Great Lakes and Fraser, Nanaimo and Port Alberni on the west coast.) Each harbour commission was incorporated, and operated under its own private act. Harbour commission activities were managed by a board of both federal and municipal appointees with significant local autonomy. Harbour commissions offered the local commercial interests greater discretion in managing the assets of the port and an easier approval process for infrastructure financing than faced by the NHB ports (Gratwick and Elliott 1992). While NHB ports had better access to capital for major capital projects through the Minister of Transport, harbour commissions were more nimble on the ground locally and therefore were seen to have the benefits and flexibility of local management.

Finally there was a third group of "ports," the more than 500 small ports and government wharves administered directly by Transport Canada, where the Minister of Public Works had responsibility for major repairs and investment. Furthermore, there were more than 2,000 public harbors and government wharves that were transferred in 1973 to the Department of the Environment.

The Reform of Ports' Governance

By the late 1970s, the NHB ports were being widely criticized for their inability to adapt to a changing competitive environment. It was at this time that containerization was being widely adopted and had become the global standard for the transport of manufactured parts and consumer goods. Ports throughout the world faced the challenge of making infrastructure investments to serve a new transport system, and the governance of Canada's ports was soundly criticized for not moving quickly enough to meet the challenge.

Containerization also brought with it a diminished ability on the part of stevedoring labor to engage in theft of products on port property. As a result, insurance rates on cargo shipments dropped if they were containerized, and cargo owners and forwarders were thrilled with their new ability to trade more securely by the advent of sealed containers that could be regularly

monitored to ensure content integrity. The preference of those who pay for freight transportation had become a tsunami of adoption of the concept and Canadian ports needed investment to participate in the business. Pressures were such that the NHB ports envied the greater local discretion that harbour commissions enjoyed and there was considerable interest on their part in reforming port governance; those seeking reform hoped that decentralization of managerial control away from Ottawa would assist each port in gaining the economic development and advantage it desired for its region.

In 1981, legislation was introduced in the form of *The Canada Port Corporation Act 1982* to reform port governance in Canada. Under this act there was a parent board of directors of the Canada Port Corporation in Ottawa reporting to the Minister of Transport and each NHB port became a Local Port Corporation (LPC). The Minister of Transport retained control of each LPC by appointing its Board of Directors; they in turn appointed the chief executive officer. However, the LPCs still did not control their own financing, and they had to send their budget to Ottawa for approval. If financing was required, it was obtained using the borrowing power of the federal government.

For the next 15, approximately, ports continued to be financially supported by the federal government, with the ability to borrow from private financial institutions like banks. However, the significant capital requirements for container terminal investments, berth renewal, dredging and so on meant that LPCs were still dependent on their relationship with Ottawa and the investments approved were those determined by the Minister to be in the best interests of the nation, and often not those envisaged as highest priorities by the local business community. Furthermore, this small legislative effort to move away from government command and control of Canada's largest ports did not deliver the local responsiveness and flexibility in economic development desired in the provinces.

As the global regulatory environment changed in the 1980s and early 1990s, it became apparent that there was an international move toward the principles of new public management. Both the Reagan government of the U.S. and the Thatcher government of the UK overhauled many public sector controlled business activities. There was divergence in the way these two treated ports. In the UK, ports were truly privatized, sold off or publicly traded through an Initial Public Offering. In the U.S. they remained public bodies, mostly controlled by states or municipal governments. In many other countries, there was a move to corporatize or privatize ports. This was also the era when the Government of Canada privatized through Initial Public Offering two crown assets, Air Canada and Canadian National Railway.

By the spring of 1994, Canada's dire financial situation had become apparent to the Government, and its mission was to make the transportation system affordable while ensuring that the system remained safe, reliable, and efficient. The government paved the way for port reform through the release of the *National Marine Policy* document in 1994. This proposed a decision to commercialize the ports most important to the trade of Canada. Commercialization would entail the government withdrawing from the operation of transportation infrastructure while retaining ownership of it; the commercialized entity would be managed and operated by a separate, non-recourse government agency, which would make lease payments to the government for the use of the infrastructure.

In 1995, changes were made to the *Canada Transportation Act 1995* to accomplish the government's objectives for the transportation system. However, the act did not apply to ports, although it did to the railways serving them, and so there was a need for port-specific legislation to make ports financially self-sufficient, and no longer able to access the capital of government. Understanding that Canada's fiscal situation was in deficit and unsustainable, and in order to shift the burden of financing ports in Canada from the taxpayer to the user, the government introduced the *Canada Marine Act 1998*, which did not allow CPA ports to be agents of the crown in financial matters. Transport Canada also set in motion the process of removing all but remote ports from Transport Canada's non-CPA inventory; this led to deproclamation of harbours and ports that were no longer deemed to be important enough to keep as Canadian assets. In many cases, Transport Canada retained ownership of the harbour bed, enabling it to continue to collect harbour dues from ships visiting the ports it no longer maintained. (For further understanding of the history of this governance change, and its impact on the current port regulatory environment in Canada, please see Brooks (2004, 2007) and Gratwick and Elliott (1992), all of which detail the events more fully.)

The result of this wave of port reform is that there are now three types of ports in Canada.

Group 1: Canadian Port Authority Ports

Under the *Canada Marine Act 1998*, the previous LPC ports remained owned by the government, but each LPC transitioned to a Canada Port Authority. It is important to note that Part 2 of the *Canada Marine Act 1998* sets guidelines for safety, navigation, dredging and other activities for public ports retained by the federal government. (This means that all non-CPA ports are subject to the *Public Harbours and Port Facilities Act*, with respect to safety, navigation and so on.) Table 2 identifies the 17 CPA ports currently in operation in Canada. At the time of the *Canada Marine Act 1998*, there were 19 CPA ports, but the three in Vancouver (Vancouver, Fraser and North Fraser) have subsequently been merged into the Vancouver Fraser Port Authority, commonly known as Port Metro Vancouver, Canada's largest port.

There are three functional roles within every port. Some activities are regulatory, such as the monitoring of environmental practices or marine security, while others are provided as part of a port's operations. Some of these operating functions may be undertaken by the port authority in its role as landlord, while others are undertaken by a port's tenants and the landlord can only use moral suasion or clauses in the tenancy agreement to impose conditions on performance or, more importantly, to extract information about the activities on a tenant's property. Sometimes the provision of services takes place at both tenant and landlord facilities, when the landlord is also an operator. Therefore, within each port, port employees conduct some activities while others are provided by the private sector. Each CPA port may find itself doing one, two or all three of these roles, or part of them, depending on its particular contractual arrangements and obligations. The most common allocation of responsibilities for CPAs is found in Figure 1, which provides a starting point for assessing vulnerabilities.

A key question at the time of reform was the future of the harbour commissions, which were allowed to continue as such for up to two years after this reform agenda was legislated. In that

period, they had to decide whether they would become CPAs or whether they would be divested, that is treated as local or regional ports (Group 2).

Table 6 - Allocation of functions for Canada Port Authorities

Governance	Regulator Functions	Port Functions	
		Landlord	Operator
Public	<ul style="list-style-type: none"> •Licensing, permitting •Vessel traffic safety •Customs and immigration 	<ul style="list-style-type: none"> •Waterside maintenance (e.g. dredging) 	<ul style="list-style-type: none"> •Cargo and passenger handling •Pilotage and towage
<i>Mixed Public/ Private</i>	<ul style="list-style-type: none"> •Port monitoring •Emergency services •Protection of public interest on behalf of the community 	<ul style="list-style-type: none"> •Marketing of location, development strategies, planning •Maintenance of port access 	<ul style="list-style-type: none"> •Line handling •Facilities security, maintenance and repair •Marketing of operations
Private	<ul style="list-style-type: none"> •Determining port policy and environmental policies applicable 	<ul style="list-style-type: none"> •Port security •Land acquisition, disposal 	<ul style="list-style-type: none"> •Waste disposal •Landside and berth capital investment

Note: The font typeface indicates allocation. **Bold** indicates private sector ownership and provision while *italics* indicates mixed public private ownership and provision. If the government retains ownership via a government corporation, the function remains regular in style.

Source: Brooks (2004), Table 4. Permission to use will be required by the *Review of Network Economics*.

Group 2: Local and Regional Ports

The second type of ports are those that were deemed to be less important to Canada’s national economy given their local or regional nature. The government determined that these ports would be transferred to local or regional interests, e.g. they would follow a “privatization” program. The federal government established a hierarchy of who may “acquire” a privatized port. First, they could be transferred to another federal government department. If no federal department wished to acquire the responsibility for the port, then provinces were given the chance to acquire the port. Next in line were municipal or other public bodies. Only if none of these government agencies were interested could the port be transferred to a private entity. As a result of this hierarchy of “acquirors,” most local and regional ports have either been transferred to other federal government departments, to the provinces, or to local municipalities (Table 5).

Table 7 - Types of ports in Canada (As of March 31, 2011)

Type of Port	Number
Canadian Port Authorities (1)	17
Local/regional ports (2)	280
Ports under provincial government jurisdiction	42
Ports transferred to federal government departments (not Transport Canada)	66
Ports transferred to local interests	131
Local/regional ports remaining under Transport Canada purview (still to be devolved)	41
Remote ports	26
Total	323

Note: 1. On 1 January 2008, three CPAs (Vancouver, Fraser River and North Fraser) were amalgamated into one port authority, hence the number 17.

2. Including the 19 CPAs, there were 568 ports in Canada prior to the *National Marine Policy 1994*. Of the 549 non-CPA ports, 211 were deproclaimed before March 1999, 8 demolished, and 24 where Transport Canada's interest was terminated. The list above contains the remaining 306 non-CPA ports.

Source: Based on data from Transport Canada's Ports Transfer Inventory as of May 3, 2011. Figure 2 illustrates the most commonly found allocation of responsibilities for port activities for the Local/Regional type of ports.

Appendix 1 contains a list of ports that are currently classified as local and regional ports remaining under Transport Canada. A list of the 131 ports transferred to local and regional interests may be found at <http://www.tc.gc.ca/eng/programs/ports-transferredlocalinterests-777.htm>.

It is particularly interesting to note that some ports were deemed to be only of local importance, and were originally classified as the local/regional type, but over time grew to have greater significance in their contribution to the economy. Good illustrations of ports of significance that are not CPAs but make a substantial contribution to the Canadian economy are, from Table 1, Come-by-Chance, NL, Port Hawkesbury, NS and Nanticoke, ON. The first two have been removed from the government's port inventory although the Government of Canada continues to have an interest in the harbour bed and collect revenue in the form of harbour dues from these ports; the third has been deproclaimed and yet is the 10th largest "port", shipping significant volumes of coal, iron ores, fuels and metallic waste and scrap. All three ports load and unload bulk commodities only.

Group 3: Remote Ports

The third group of ports in Canada are those deemed to be remote but in the public interest to continue being managed by the federal government. Most of these ports are located in communities dependent on marine services for provisioning and resupply. A good example would be Bella Bella on BC's west coast, where the port is required to service a community extremely dependent on its port for connection with the rest of Canada. Appendix 2 contains a list of remote ports that are still under the jurisdiction of the federal government, while Figure 5.3 illustrates the typical allocation of responsibilities for port activities for remote ports.

Finally, as noted above, there are those ports that were de-proclaimed but may still be active, such as Nanticoke, the tenth largest port in Canada.

Profiling Canada Port Authority Ports

The purpose of this section is to profile CPA ports in order to assess their vulnerabilities to organized criminal activity. In addition to the overall background on CPA ports in Canada discussed above, Appendix 3 contains a more detailed profile of the facilities, tenants and cargo types for four CPA ports—Halifax, Montreal, Thunder Bay and Vancouver. Where possible, this profile includes data on employees and on the finances of the port that is detailed in this section rather than the appendices for reasons noted in the next few paragraphs.

Table 8 - Allocation of functions for Local / Regional ports in Canada

Governance	Regulator Functions	Port Functions	
		Landlord	Operator
Public	<ul style="list-style-type: none"> •<i>Licensing, permitting</i> •<i>Vessel traffic safety</i> 	<ul style="list-style-type: none"> •Waterside maintenance (e.g. dredging) •Marketing of location, development strategies, planning •Maintenance of port access •Port security •Land acquisition, disposal 	<ul style="list-style-type: none"> •Cargo and passenger handling •<u>Pilotage</u> and towage •<u>Line handling</u> •<u>Facilities security, maintenance, and repair</u> •Marketing of operations •Waste disposal •Landside and berth capital investment
<i>Mixed Public/Private</i>	<ul style="list-style-type: none"> •Customs and immigration •Port monitoring •Emergency services •Protection of public interest on behalf of the community 		
Private	<ul style="list-style-type: none"> •Determining port policy and <i>environmental policies</i> applicable 		

Note: The font typeface indicates allocation. **Bold** indicates private sector ownership and provision while *italics* indicate location-dependent mixed ownership and provision. If the government retains ownership via a government corporation, the function remains regular typeface. Underline means may not be provided.

Source: Brooks (2004).

Table 9 - Allocation of functions for Remote ports in Canada

Governance	Regulator Functions	Port Functions	
		Landlord	Operator
Public	<ul style="list-style-type: none"> •Licensing, permitting •Vessel traffic safety •Customs and immigration 	<ul style="list-style-type: none"> •Waterside maintenance (e.g. dredging) 	<ul style="list-style-type: none"> •<u>Cargo and passenger handling</u> •<u>Pilotage and towage</u>
<i>Mixed Public/ Private</i>	<ul style="list-style-type: none"> •Port monitoring •Emergency services •Protection of public interest on behalf of the community 	<ul style="list-style-type: none"> •Marketing of location, development strategies, planning •Maintenance of port access 	<ul style="list-style-type: none"> •<u>Line handling</u> •<u>Facilities security,</u> maintenance, and repair •Marketing of operations
Private	<ul style="list-style-type: none"> •Determining port policy and environmental policies applicable 	<ul style="list-style-type: none"> •Port security •Land acquisition, disposal 	<ul style="list-style-type: none"> •<u>Waste disposal</u> •<i>Landside and berth capital investment</i>

Note: The font typeface indicates allocation. **Bold** indicates private sector ownership and provision while *italics* indicate location-dependent mixed ownership and provision. If the government retains ownership via a government corporation, the function remains regular typeface. Underline means may not be provided.

Source: Brooks (2004), Table 6. Permission to use will be required by the *Review of Network Economics*.

Financial Profiles for Canada Port Authority Ports

In terms of the financial positions of Canada’s CPA ports, Port Metro Vancouver accounts for more than half of the income from all CPA ports (Table 6). Several ports lose money annually, even though they are mandated to be financially self-sufficient, with the Port of Toronto incurring the biggest losses. As the CPA ports are not allowed to sell land (which remains federal property), and the Port of Toronto handles less than one percent of Canada’s marine cargo, its ability to improve its financial situation can be limited. Its situation is somewhat better, however, than the Port of Windsor, which is the only CPA with a negative operating ratio (that is, its operating expenses exceed its operating revenue). Significantly, both Toronto and Nanaimo have seen significant traffic declines 2008 over 2007 (PWGSC, 2010: Table M23).

Table 10 - Financial Status of Canada Port Authority Ports (2008)

CPA Ports		Operating Revenues	Operating Expenses	Other revenues/(expenses)	Net income/(loss)
Port	Metro				
Vancouver		139,877	64,053	(35,456)	40,368
Montreal		88,887	59,758	(18,297)	10,832
Halifax		28,447	14,167	(9,175)	5,105
Quebec		24,244	15,454	(5,185)	3,605
Toronto		19,859	17,446	(1,550)	863
Hamilton		16,550	10,007	(5,069)	1,474
Saint John		12,291	10,452	(2,916)	(1,077)
Sept-Îles		11,470	5,545	(3,214)	2,711
Prince Rupert		11,381	8,177	(3,323)	119
Nanaimo		7,846	6,276	(1,227)	343
Belledune		7,719	2,872	(2,392)	2,455
St. John's		5,104	3,335	(1,266)	503
Trois-Rivières		4,554	2,705	(59)	1,790
Port Alberni		2,436	2,420	(379)	(363)
Thunder Bay		2,389	1,931	295	753
Saguenay		1,626	1,217	364	773
Windsor		1,088	1,110	167	145
Total CPA Ports		385,768	226,925	(88,682)	70,161

Note: The ports have been ordered in descending order of revenue. All amounts are in thousands of Canadian dollars.

Source: PWGSC (2010) Table M9, page A102.

Employment by Canadian Port Authorities and Terminal Operators

The CPA port employment data available (PWGSC, 2010: Table EC39, page A29) are not particularly relevant to this study, as employees are mostly management and administration staff. Employment data for the cargo-handling labour are not reported by Transport Canada or Statistics Canada, as ports act as landlords and it is the terminals operated by tenants who contract directly with stevedoring and other port labour. Therefore, this data is only accessible by request to the terminal operator.

Most of the academic literature on port labour focuses on issues of port productivity, e.g., how to get more productivity with fewer employees or workers. There is considerable literature on port labour from this perspective in the U.K, Europe, and Asia.

That said, port stevedoring labour is for the most part hired through union hiring halls. As noted by Ircha (2011), labour-management issues are often contentious, sometimes even adversarial. There remains, throughout the world, a majority of ports that continue to hire under-educated workers, often on a casual, irregular basis, with the result that the ports are vulnerable to organized crime, with its ability to exploit the work force. In many ports, the stevedoring labour is more loyal to the union than to the port authority or private sector company because it is the

union that governs whether the stevedore works or not. As Ircha notes, however, there is a move in Europe towards hiring a core of permanent workers by the terminals, using the hiring hall to supplement when more workers are needed. He indicates that this approach has been adopted by Westshore Terminals in Port Metro Vancouver and Ridley Terminal in Prince Rupert.

All those who work in secure areas at Canadian ports are required to be security cleared under the Marine Transportation Security Clearance Program. This program requires clearance by all those who are engaged in security responsibilities, including “authorized screening and security guard functions; the taking of applications for security clearances; access to security information at the marine facility or port; the supervision of marine facility operations; the creation, alteration, control or maintenance of cargo documentation, crew lists, or passenger lists; and the planning or directing of cargo or container movement” (Transport Canada, 2008).

Restricted areas that require security clearance include: areas in the marine facilities that contain the central controls for security and surveillance equipment; areas that contain the central lighting system controls; areas that are designated for the loading or unloading of cargo and ships' stores at cruise ship terminals; and, land areas adjacent to vessels interfacing with cruise ship terminals. This means that persons working in these restricted areas would require a transportation security clearance. Areas at cruise ship terminals where baggage and ship's stores are loaded or unloaded would also require a transportation security clearance for access. The security clearance includes a criminal record check, considering the relevant files of law enforcement agencies, Canadian Security Intelligence Service, and immigration and citizenship status. Fingerprinting and facial image recognition are used by the RCMP to confirm the details of the security clearance.

In conclusion, port vulnerability issues related to organized crime are treated in the same way as port vulnerability issues related to terrorism. As will be noted later, those with the intention will always seek a means to an end, and port labour is as vulnerable as other industries where individuals work in “non-permanent” employment and may be targeted by criminal elements.

Profiling Local/Regional Ports

Appendix 4 of this annex contains a more detailed profile of the facilities, tenants and cargo types for two non-CPA Local/Regional ports, Victoria and Canso. Canso (Port Hawkesbury) has also been included as one of the largest of these types of ports in Canada. As for the financial status of non-CPA ports, only aggregated data are reported for all ports managed by Transport Canada (PWGSC, 2010: Table M10, page A103), and no data is available for the 66 ports managed by other federal government departments. Therefore, there is little insight on particular ports to be provided by this data. For all the local and regional ports divested, no financial data are available, except when provided directly by the port on request (and likely not even then). Where ports are provincially or municipally held, financial data may be a line item in the budget of the government entity but are not readily accessible. Likewise, employment data are unavailable. Similarly, the Remote ports data are in the aggregated data noted above and are not reported separately from the Local/Regional ports managed by Transport Canada. Finally, as indicated earlier, some ports are privately held. For example, the port of Come-by-Chance, as one of the Top 10 ports in Canada, has been profiled in Appendix 5.

The Regulation of Port Security in Canada

A legacy of the September 11th 2001 terrorist attacks (and earlier attacks on the USS COLE and the ACHILLE LAURO) is the current global regulatory regime for ports and port security. The foundation of modern port security regulation is the International Ship and Port Facility Security Code (ISPS Code) adopted by the International Maritime Organization (IMO) on 12 December 2002 and which came into force on 1 July 2004. The ISPS Code imposes measures on ships, ports, and terminal operators that are intended to provide much greater security than had previously existed. Canada is a signatory to the Code, which required Transport Canada to certify that Canadian ports met the Code at the time of its implementation. In order to do so, the Government of Canada made security grants available to help each port secure its premises and introduce or enhance existing security requirements for personnel. (An audit of the grants program has reported in January 2010 and the executive summary conclusions are quoted in the box below.)

Audit of the Marine Security Contribution Program

“The National Security Policy (NSP), tabled in April 2004, identified a strategy to strengthen marine security measures at domestic ports and other marine facilities through the establishment of a contribution program to reimburse up to 75% of eligible costs for security enhancements incurred after April 1, 2004. In August 2004, Treasury Board (TB) approved funding for the Marine Security Contribution Program (MSCP) in the amount of \$115M over three years, which included \$3M for program administration. The eligibility requirements for MSCP were subsequently amended in June 2006 to include domestic ferry operators and the program was extended for a further two years until November 30, 2009 for all eligible entities except the Canada Port Authorities (CPAs). No additional funding was provided.

At the time that the audit was performed, four funding rounds had been completed. Funding amounting to \$108.6M had been approved for 1,112 projects to be implemented by 293 recipients.”

Source: Transport Canada (2010).

Under the ISPS Code, all ships and ports are required to have a security plan, based on a security assessment. Transport Canada is the executing agency on Canada’s obligations under the ISPS code and the next sub-section identifies the key personnel in carrying out this mandate.

In the realm of container shipping, all vessels calling the U.S. are required as part of the Container Security Initiative (CSI), to declare via the Automated Targeting System to the Department of Homeland Security the contents of all containers on the ship’s manifest 24 hours prior to loading (known as the Advanced Notification Rules). Halifax, Montreal, and Vancouver are CSI ports with U.S. Customs and Border Protection agents working to secure cargoes bound for the U.S. The extent of information sharing between CBP officials and the Canada Border Services Agency is a key factor in the Canadian response to terrorist activity, but also in the effort to address smuggling and organized criminal activity.

The impact of the ISPS Code is enhanced by new measures for trans-border movements instituted by other international organizations, like the World Customs Organization (WCO), the International Labour Organization (ILO) and the International Standards Organization (ISO) (Hossain *et al.*, 2009). For example, the WCO has undertaken several initiatives to facilitate both the efficiency and security of moving trade shipments across international borders. These include a unique consignment referencing system, security standards for international supply chain management, and a process for granting authorized status to “economic operators,” such as shippers and carriers and their agents in the international supply chain who achieve minimum security compliance standards. All of these measures have reduced the opportunities for organized crime to interfere in the system of international goods movement without “insider” assistance and have enhanced the IT targeting capabilities of security officials.

The ISO has introduced standards for high security mechanical seals and is planning for the future application of electronic seals for containers. In addition, the ILO revised and modernized in 2003 the convention on seafarers’ identification credentials (*C185 Seafarers’ Identity Documents Convention (Revised)* in force 9 February 2005), which sets the standards for seafarer’s credentials, including biometric data. Again, these measures have tightened the controls used by security officials and made access to organized criminals more difficult. The next section explores the issue of vulnerabilities in greater detail.

Canada’s Container Ports and Supply Chain Vulnerabilities

The key factor in assessing port vulnerability is the type of cargo handled by the port. In the case of seafarers, the situation is about the same irrespective of the type of cargo carried by a ship. To explain, a modern ship has less than 20 officers and crew; depending on regulated manning scales, some vessels may have even less than 10. The existence of stowaways is therefore obvious when found. A crew knows who belongs on board. Crew security has tightened over the past decade, and seafarers are now required to have a Seafarer’s Identity Document. The management of seafarers in ports has received close scrutiny from authorities keen to address terrorism concerns.

Where the difference occurs from a vessel and cargo perspective is the case of human smuggling. When a ship is a bulk carrier, there are relatively fewer areas for stowaways to hide comfortably and stowaways are more likely to be found at sea when they run out of food or water, or fail to hide their location adequately. On the other hand, a container can be outfitted to provide a relatively manageable transit for a larger number of stowaways, with portable toilet, crude sleeping arrangements, water and food supplies, and so on. Furthermore, when the vessel reaches port, a stowaway on a bulk carrier must attempt to reach shore undetected, whereas a stowaway on a container ship (inside that outfitted container) has merely to wait to be released by those he or she has paid to secure passage. Hence there is a predicted preference for human smugglers to prefer the container ship option as a means of controlling their risk and transporting larger numbers of “paying” passengers. Vessels ferrying only human cargo are, of course, a third option recently seen on Canada’s west coast, following the perfection of this smuggling business model in Australian immigration.

Owners of cargo transported by container have considerable interest in ensuring that container integrity is maintained. The cargo can be worth well in excess of \$1 million per container. Unanticipated incursion into the container may cause damage to that highly valuable cargo. In addition, the cargo owner will want to prevent any theft en route. Brooks and Button (2006) found that the security costs that cargo interests bear account for less than 1% of the total costs of shipping a container. To provide context, the transport cost of a bottle of wine is about 10 cents. Given the value of the cargo and the relatively small cost of security, cargo owners are in a position to endorse container security measures for their own benefit. A number of industry associations in both North America and Europe have been working actively with the Department of Homeland Security, Canada Border Services Agency and the World Customs Organization to implement regimes that focus on ensuring that cargo is protected.

In the container security industry, there are two approaches to managing the challenge: prevention of the opportunistic use of the container by criminals, and detection of those containers purposefully used by human or drug smugglers. The first relies on all supply chain partners to be vigilant in checking container seals for targeted incursion by those who wish to use the container opportunistically for smuggling after it has left the shipper's premises. The second relies not only on the vigilance of supply chain partners looking for something that is not in order, but also on the vigilance of authorities in assessing information data streams, such as the ship's manifest or advanced notification data, to identify those containers that may have been "stuffed" with humans or drugs at origin.

These approaches are similar to that of the OECD's (2004) which divides threats into "Hijacked Containers" and "Trojan Horses." The Hijacked Container will have a bill of lading that looks normal but incursion has taken place; either the seal has been broken and replaced (numbers no longer matching) or the container doors have been removed and replaced while keeping the seal intact (extremely difficult to do). In the case of the Trojan Horse, the documentation is fraudulent and the container contains humans, drugs or other undesirable contents from its origin. In other words, containers afford a less risky route for smuggling and so container ports and their terminals are more likely to be targets for organized crime.

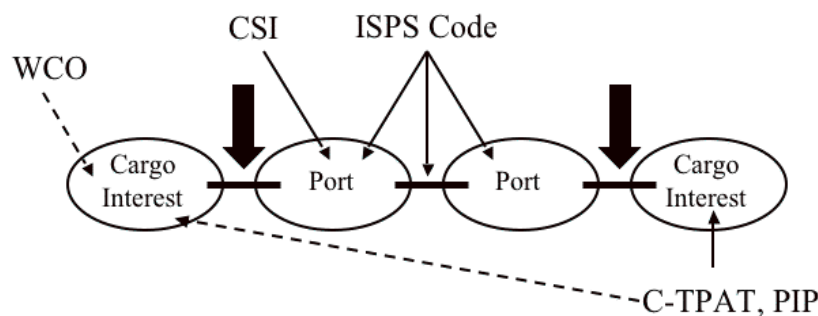
Therefore, in order to assess port vulnerabilities, it is important to focus specifically on container terminals in Canada in this section. There are certainly fewer of these than the 300+ ports on the Transport Canada port inventory. The three largest container terminals in Canada are Vancouver, Montréal and Halifax. There are smaller numbers of containers transferred at Saint John, Toronto, St. John's and Prince Rupert. Table 2, presented previously, indicates the volumes of marine containers loaded or unloaded at these ports in TEUs⁷, the standard measure of container traffic. In addition, however, containers may be unloaded or loaded from the deck of a ship using shore-based cranes at any port.

⁷ The twenty-foot equivalent unit (TEU) is an inexact unit of cargo capacity often used to describe the capacity of container ships and container terminals. It is based on the volume of a 20-foot-long (6.1 m) intermodal container, a standard-sized metal box which can be easily transferred between different modes of transportation, such as ships, trains and trucks

The World Customs Organization has adopted a number of measures to work towards container security while maintaining a seamless flow of international trade (WCO, 2002, 2005). They have, for example, provided guidelines for advanced cargo information to facilitate pre-arrival electronic transmission of customs data. This is a key factor in assisting public safety-related initiatives in identifying fictitious and fraudulent documentation and hence possible Trojan Horse containers.

The question in all of this discussion of cargo type and vulnerabilities is: where is the weakest link in the supply chain? Figure 5 illustrates the classic supply chain, with circles representing transfer points (nodes) and the heavy, solid lines representing links, or the suppliers of transport services. Links are usually controlled by one corporate entity – ship, rail line, and road. Vulnerability is perceived to be greater at the nodes, which are, in this case, the ports. Containers, according to Brooks and Button (2007), are most vulnerable at rest, and least vulnerable when in motion. The least vulnerable location in the chain is on the high seas, where they are inaccessible to all but the ship’s crew and, as seen recently, Somali pirates. Land delays of any kind increase vulnerability for vehicles and equipment that must sit and wait. As a result, ships are generally perceived to be more secure than railways, and these in turn, are seen as more secure than trucks. Thus the heavy downward arrows in Figure 5 identify those weakest links.

Figure 5: Security Programs in Place



Source: Brooks and Button (2007: Figure 1). Rights belong to Mary R. Brooks. Used with permission.

Furthermore, large multinationals (retailers like Wal-Mart and Home Depot or contract manufacturers like Nike and Dell) have become highly involved in their supply chains, providing oversight scrutiny across the globe, and have been active in monitoring their suppliers, while many small companies choose to outsource supply chain management to third party suppliers. Thus, involvement in supply chain security may vary widely. Brooks and Button (2007) also noted that suppliers of first mile or last mile links – those involving collection and distribution – are often small players that enter and leave markets easily, and thus have unknown track records, which can increase the vulnerability to human or drug smuggling or other organized criminal activity.

No amount of security vigilance can contemplate all probabilities for organized crime to succeed. As noted by Brooks and Pelot (2008), “potentially high impact, very likely events ...

must be addressed with intensive efforts to prevent them and to mitigate the consequences should prevention fail. Conversely, relatively low probability minor impact events ... do not command the same attention for prevention plans.” The key is understanding risk in three dimensions: probabilities, consequences and vulnerabilities. Therefore, security officers need to ensure that the high impact events (consequences) are addressed first, through prevention and mitigation planning. The first and last mile in international supply chains are truly the weakest links in vulnerability terms. As the largest supplier of transportation services, trucking is the next frontier for public safety in international freight transportation; it may also be considered the weak link in freight and human security.

Annex 2: The 41 Local and Regional Ports Not Yet Transferred as of March 31, 2011

Newfoundland and Labrador (8)

Botwood

Charlottetown

Fortune

Long Pond Manuels

Main Brook

Marystown

Roddickton

Terrenceville

Nova Scotia (2)

Liverpool

(Brooklyn Breakwater)

Lunenburg

(Battery Point Breakwater)

Prince Edward Island (1)

Georgetown

Ontario (8)

Burlington

Cornwall

Owen Sound

Pelee Island

Sarnia

South Baymouth

Tobermory

Walpole Island

Alberta (1)

Fort Chipewyan

Quebec (21)

Baie-Comeau

Cap-à-l'Aigle

Carleton

Chandler

Gaspé (Sandy Beach)

Gros-Cacouna

Les Méchins

Matane

Miguasha-Ouest

Mont-Louis

Notre-Dame-du-Lac

Paspébiac

Pointe-au-Père

Pointe-au-Pic

Portneuf

Rimouski
Saint-François
Saint-Juste-du-Lac
Sorel
Tadoussac
Vieux-Fort

Annex 3: The 26 Remote Ports in the Transport Canada Inventory as of March 31, 2011

Quebec (10)
Baie-Johan-Beetz
Blanc-Sablon
Cap-aux-Meules
Harrington Harbour
Kegaska
La Tabatière
Natashquan
Romaine
Saint-Augustin
(Pointe-à-la-Truite)
Tête-à-la-Baleine
British Columbia (15)
Bamfield⁸
Bella Bella
Fair Harbour
False Bay
Hartley Bay
Kingcome Inlet
Klemtu
Kyuquot
New Brighton
Owen Bay
British Columbia (cont'd)
Port Neville
Quatsino
Rivers Inlet
Sandspit
Surge Narrows
Other (1)
Berens River, MB

⁸ Note: Bamfield East was transferred in March 2011. Bamfield West remains in this inventory.

Annex 4: Literature Review: Organized Crime Activity within the Marine Ports Sector

Introduction

As stated in the project proposal, the goal of this literature review is to provide “a comprehensive description and analysis of the accumulated knowledge concerning the nature, scope, and conditions that facilitate organized crime’s use of marine ports in Canada and abroad...” This bibliography will document sources that “provide a historical analysis of how marine ports in Canada and abroad have been used by organized crime, emphasizing a contemporary uses, changes of usages, if any, from a historical perspective, as well as recent trends.”

This literature review places particular emphasis on the following key issues:

- the different purposes behind organized crime’s usage of marine ports;
- a detailed description of the nature of smuggling through marine ports;
- techniques used by organized criminals to facilitate use of marine ports (while minimizing risks);
- marine ports that have been particularly vulnerable to organized crime in Canada and abroad;
- conditions that contribute to the vulnerability of marine ports to organized crime; and
- successful enforcement techniques.

The sources used for this literature can be demarcated into the following categories:

- *Peer-reviewed scholarly literature*, which will be examined for each of the three aforementioned areas of focus (databases searched: EBSCO Academic Search Premier; Google Books; Google Scholar; Ingenta; JSTOR; Lexis-Nexis; Oxford University Press - Oxford Journals; PAIS International; Project MUSE; Sage Journals Online; Sociological Abstracts; SpringerLink; Wiley InterScience)
- *Media sources*, with particular emphasis on identifying historical and contemporary articles regarding organized crime involvement at marine ports domestically and internationally (databases searched: ABI/INFORM Global; CBCA: Canadian Business and Current Events; CPI.Q: Canadian Periodicals Index Quarterly; Eureka: Newspaper and News media; *Globe and Mail* – Canada’s Heritage from 1844; NewsScan.com; *The New York Times*; *Toronto Star*: Pages of the Past; Wall Street Journal)
- *True crime non-fiction*, emphasizing historical and contemporary stories on organized crime involvement at marine ports domestically and internationally;
- *Criminal law enforcement, criminal intelligence, as well as customs and immigration intelligence reports (if available)*, which will be reviewed to identify relevant criminal and enforcement statistics, case studies, description of (organized) criminal activity at ports, as well as threat and risk assessment reports that expose vulnerabilities;
- *Reports and press releases from relevant industry regulators, such as Transport Canada;*

- *Other relevant government reports*, such as those issued by the Auditor General, Public Safety Canada, Justice Canada, or relevant Parliamentary or Senate committees;
- *Reports from relevant professional associations, industry groups, and unions.*

Vulnerability of Canadian Marine Ports to Organized Crime: A Historical Context⁹

The vulnerability of marine ports to organized crime can be placed in a historical context. Historically, smuggling through marine ports in what is now Canada began to escalate dramatically around the start of the 18th Century as Great Britain levied more and more taxes and customs duties on her colonies. At the end of this century, the contraband market in the Maritimes was so large that illegal imports began to surpass legal landings of such essentials as tea, wine, spirits, soap, candles, tobacco, cottons, and sailcloth. (54)

In February 1865, a 50 percent tariff on opium imported into the colony of B.C. was imposed, far exceeding the usual 12.5 percent applied to most other imports. The substantial tariff prompted the widespread smuggling of opium into Canada. Less than a few months after the tariffs were imposed, colonial customs officials at B.C. ports began making seizures of contraband opium, most of which was being smuggled aboard passenger steamer ships from Hong Kong or San Francisco. (96)

Following its enactment of national prohibition laws in 1920, America would be supplied with illegal booze from a diverse number of countries. Canada was by far the greatest source, however, outstripping all other countries combined. Bootleggers and rumrunners also took advantage of the legal liquor export trade to circumvent provincial Prohibition statutes through “short circuiting,” a practice where liquor exports found their way back onto Canadian shores. Vessels leaving from Vancouver with a load of whiskey consigned to be delivered to Mexico would sail to some unfrequented part of the B.C. coast, where they would unload their cargo and then, to avoid suspicion, return to home port only after sufficient time had elapsed to make the voyage to Mexico. In the Maritimes, cargo that was to be exported to foreign shores was unloaded on the coast of New Brunswick, Nova Scotia, or Prince Edward Island just hours after it left port. (183)

By the mid-1920s, bootlegging had become a national industry in Canada. From British Columbia, liquor was routinely smuggled into Washington State and as far south as California. Most liquor-laden ships consigned for delivery in Mexico rarely sailed past Washington’s Puget Sound. The Manitoba Refineries, a liquor export company based in British Columbia, was regarded by the Royal Commission on Customs and Excise as “a typical illustration of what is and has been the practice at the ports of Vancouver and Victoria in connection with all so-called shipments of liquor in transit.” The ship *Chris Moeller* cleared the Port of Vancouver with a cargo of 17,779 cases of liquor owned by the Manitoba Refineries. Her official destination was

⁹ This section has been abridged from: Stephen Schneider. (2009). *Iced: The Story of Organized Crime in Canada*. Toronto: John Wiley and Sons.

San Blas, Mexico. Shortly after disembarking from Vancouver, she called at the port of Victoria to take on an additional 3,700 cases. Customs officers became suspicious of the large cargo and refused a clearance from Victoria pending an investigation (191)

Despite the multitude of smuggling routes, there was probably no spot across the U.S.-Canada border that was as porous as the Detroit River. Seventy miles long, but less than a mile across in some places, smugglers could cross from one shore to the other in just a matter of minutes. Along a 15-mile stretch of the northern side of the Detroit River, there were at least two dozen government-licensed export docks that served as the launching pad for Canadian liquor. Numerous other marine ports were launching pads for shipments of booze to America. (193)

The highly profitable illicit trade also resulted in significant corruption among Canadian Customs and Excise officials stationed at marine ports who were paid to sign export documents for foreign ports knowing the cargo was in fact destined for the United States. Canadian Customs and Excise officials were paid to sign export documents for foreign ports knowing the cargo was destined for the United States. Some customs officials were gracious enough to sign a number of blank liquor export permits, leaving the rumrunner to fill in such required information as destinations, cargo size, and departure date. One customs report on corruption at Canadian ports notes that liquor imported from Europe landed in Vancouver and was “held in Sufferance sheds until convenient to tranship to certain boats engaged in rum-running.” Some of the imported liquor would be consumed while in the Port of Vancouver, “with the knowledge of the Customs Officer on duty, who is invited into the different rooms to partake in the hospitality of those in possession of liquor.” (217)

The immense scope and blatant nature of the graft shocked the minister of national revenue, William D. Euler, when he visited Windsor in 1928 to personally observe rumrunning operations. “I could see the United States Customs office in the other shore,” Euler recollected in a media interview. “And I could also see that it was not difficult to detect any boats that left the Canadian shore to go to the American side.” The minister asked a Detroit bootlegger where customs officers happened to be when all the illegal liquor streaming uninterrupted across the river. “It just happens that they are not there when we go across,” the man replied. (218)

It was also during the 1920s that Montreal and Vancouver became positioned as conduits through which opium and morphine (and later heroin) from Europe and South East Asia respectively would make its way onto the continent. Montreal was a popular conduit for drug smuggling because it was a terminus for nearly all Canadian and United States railways, was located close to the American border, and was connected to New York and other major American cities along the eastern seaboard through brand-new asphalt highways. Montreal’s vibrant red-light district and large addict population also helped to ensure a substantial domestic market for imported heroin. (161)

Beginning in the 1920s, passenger steamer ships were the primary transportation mode for opium and other drugs smuggled through the Port of Vancouver. In one report from 1922, the RCMP estimated that the Canadian Pacific’s Empress passenger ships carried “some 800 lbs of narcotics” into Vancouver during the previous year with another “1200 lbs of narcotics distributed over the other four lines from the Orient.” It was the crew of these ships who were

the smuggling workhorses, some working independently, some conspiring with other crew members and officers, while still others were recruited by drug trafficking rings or Chinese merchants. A RCMP report from 1921 claimed, "Opium, Morphine and Cocaine is brought in on every vessel coming from the Orient" and then transported ashore undetected through internal conspiracies among customs officers, railway police, and dockworkers.

Another RCMP report, dated April 7, 1921, contains evidence of drug smuggling and internal conspiracies among customs officers, railway police, and dockworkers. Based on evidence provided by Frank Yip, who worked on passenger ships docking in Vancouver, an RCMP inspector wrote:

Opium, Morphine and Cocaine is brought in on every vessel coming from the Orient. It is brought across by the Chinese and Japanese sailors aboard, and taken off by Chinamen, wearing vests specially made, containing thirty pockets, each for a tin of Opium. Also local Chinese visit the boats on a pretext of seeing their friends, and carry the dope off in a similar way. Yip claims that the Chinese pay \$3.00 per tin for every tin taken off, to the Customs and Railway Officials. The guard on the gang-plank "Splits" with these officials, and is responsible for these people going on and off the ships at will. In wet weather when the longshoremen are wearing heavy coats, they pack it off also. Yip says that all the officials who have the handling of the ships cargoes are implicated. If the Chinese think they are being watched, they get the Railway Police to carry the stuff off. (157-158)

Asian crew members were not the only ones accused of opium smuggling. In an RCMP report, dated October 18, 1921, confidential sources accused Captain Hopcraft, of the Empress of Japan, as heading "a gang of Drug Smugglers" that also involved the ship's master of arms, a baggage master, and a purser. The information received by the RCMP indicated that "four different Chinamen" regularly visited the captain's home in Shaughnessy Heights and hauled away large quantities of opium and other narcotics. "The Captain also has two China boys visiting his home daily when the ship is in port, supposed to be servants. They carry things off the ship without being searched, and they may be packing these drugs as they are interested in same. The Gangway Customs officer is well supplied with cigars and whisky for letting them off without being bothered." (158)

Among the dockworkers accused of conspiring to smuggle opium ashore was the secretary of the longshoreman's union in Victoria. According to one RCMP memo, "it was common talk" on Victoria's waterfront that this man "had frequently brought drugs from the boats ashore." Customs officials would also be accused of collusion with smugglers. One of those making such charges was Frank Eccles, and between 1921 and 1923, at least six customs officials were dismissed or quit due to these allegations (although there is no indication that criminal charges were ever laid against them). (158)

In August of 1923, the accuser became the accused when Constable Eccles, along with Constable William (Doc) Smith, a fellow drug squad member, Sergeant Robert Mundy, who was in charge of the RCMP's undercover operations, and Frank Fernandez, a police informant, were arrested at Victoria and charged with illegal possession of opium. That year, a classified RCMP report disclosed that "No. 23, Special-Agent Eccles, had purchased a fast green-coloured boat in which

he and an ex-Customs Officer, named James Sperring, were getting drugs from the Empress Boats.” (158)

During the 1950s and 1960s Canada was a major conduit for heroin smuggling from Europe to North America, much of which came through the Port of Montreal. Up until the mid-1970s, the world capital for heroin production and distribution was the French port city of Marseilles. Located less than an hour’s plane ride from Corsica and with direct maritime connections to opium sources in Southwest Asia and to heroin markets in North America, Marseilles became the hub for the conversion of Turkish opium and Lebanese morphine into heroin. Quebec’s cultural, commercial, and linguistic ties to France, the subservience of the mafia in the province to the American Cosa Nostra, as well as Montreal’s inviting seaports and close proximity to New York, made the city a major entry point for heroin being shipped into North America. According to a 1963 U.S. Senate Committee on organized crime, “in the early 1950’s, the clandestine processing of heroin from morphine base had shifted to the hands of the French Corsican traffickers, along with a substantial share of the import trade into the United States. The advent of the Corsicans as major traffickers brought changes in the smuggling operations; for years, the main port of entry had been New York but now the French Corsicans supplied the drugs to their French speaking Canadian confederates for smuggling into the United States.” (230-231)

By the 1970s, the Port of Vancouver emerged as a major entry point for heroin from Asia.

Revenue-Generating Organized Criminal Activity at Marine Ports

This section examines the profit-oriented criminal interests that drive organized crime’s use of Canadian marine ports. Much of this section focuses on inbound smuggling, in particular drug smuggling, which constitutes the dominant threat to marine ports from organized crime, not only due to the smuggling itself, but also because it is the ultimate purpose behind corruption and internal conspiracies at marine ports. This section also examines other forms of inbound smuggling (counterfeit goods, precursor chemicals for domestic synthetic drug production, illegal migrants), forms of outbound smuggling (stolen vehicles, Canadian-made illegal drugs), as well as cargo theft.

Smuggling through Canadian Marine Ports: Overview

Canadian marine ports’ vulnerability to organized crime is overwhelmingly due to the inbound smuggling of illegal drugs. To a lesser extent, this vulnerability stems from the inbound smuggling of precursor chemicals used for the domestic manufacture of synthetic drugs and the illegal import of counterfeit consumer goods (in particular tobacco products), both of which appear to be a recent trends. The literature also identifies marine ports as landing points for illegal immigrants, including stowaways as well as individuals smuggled into the country on a more organized basis.

Canadian marine ports are also increasingly vulnerable to the outbound smuggling of certain commodities. Automobiles stolen in Canada by organized crime rings are often exported to foreign destinations for sale and marine ports are the primary – if not the only – gateway through which these autos are exported from Canada. A more recent trend is the export of illegal

synthetic drugs (which accompanies another recent trend: Canada's emergence of a producer and an exporter of ecstasy and methamphetamines).

Relative to land border points, which are the primary conduits for goods smuggled into Canada from the U.S. and out of Canada into the U.S., Canadian *marine ports* are most vulnerable to goods smuggled in from countries overseas. A 1998 threat assessment by Canada Customs states that shipping containers carrying imported goods into Canada present the greatest risk of drugs and other dangerous items being smuggled into the country. Although drugs are the primary threat, other illicit goods such as child pornography, firearms, and alcohol were also entering Canada illegally by marine container during the 1990s, the report says (as cited in the *Montreal Gazette*, Nov 27 1998). Because Canadian marine ports exist on both the east and west coasts, they are vulnerable to illegal goods smuggled in across the Atlantic (heroin and synthetic drugs from Europe, cocaine from South America and the Caribbean, hashish from Pakistan and Northern Africa, hash oil from Jamaica, and opium and heroin from Afghanistan) as well as the Pacific (in particular heroin from Southeast Asia, counterfeit goods and precursor chemicals from China, and cocaine from South America).

China's emergence as one of the world's largest sources of counterfeit goods in the world has meant that the Port of Vancouver has become increasingly vulnerable to the illegal import of such commodities, which is reflected in the recent seizures of counterfeit cigarettes from China at the Port of Vancouver (*Vancouver Province*, Aug 25 2004; *CanWest News*, May 14 2005; Royal Canadian Mounted Police, 2007a, 23, 25; *Canada Border Services Agency*, Nov. 10 2010). Moreover, the significant role that Chinese criminal organizations have played in the recent escalation in the production of ecstasy in Greater Vancouver is tied to and corroborated by the large scale seizures of shipments of precursor chemicals at the Port of Vancouver that originate in China (Royal Canadian Mounted Police, 2007a, 23, 25; *Canadian Press*, May 8, 2008; *Richmond Review*, Nov. 24 2010) as well as the outbound smuggling of synthetic drugs destined for other Pacific Rim countries, such as Australia and Japan (Royal Canadian Mounted Police, 2006; 2007; 2008; *Vancouver Sun*, Feb 7, 2006; *Postmedia News*, Nov 20 2009).

The demand for luxury vehicles in the Middle East and Russia has also made east coast marine ports, in particular Montreal, highly susceptible to the export of cars and other vehicles stolen in Canada (Mogck & Therrien, 1998; *Globe and Mail*, June 2 1998; Wallace, 2004; *CanWest News*, Apr 17, 2008), while a market for synthetic drugs in Australia has contributed to the Port of Vancouver's role as a conduit for the export of large amounts of ecstasy (*Vancouver Sun*, Feb 7, 2006; *Postmedia News [Vancouver Province]*, Nov 20 2009).

Shipping containers represent the most significant conveyance through which drugs and other contraband are smuggling into the country through marine ports.

Inbound Smuggling of Drugs and Precursor Chemicals

As indicated above, Canadian marine ports are highly vulnerable to the inbound smuggling of illegal drugs; based on seizure data and other public intelligence information identified through this literature review the majority of illegal cargo smuggled through Canadian ports – by frequency of shipments and cumulative volume – appear to be illegal drugs.

Illegal Drugs Smuggled Through Canadian Marine Ports in Canada

All forms of illegal drugs have been seized at Canadian marine ports: cocaine, hashish, hashish oil, heroin, khat, marijuana, opium, and synthetic drugs (ecstasy, methamphetamines, ketamine, anabolic steroids). Based on an analysis of public reports of seizures provided by the Canadian Border Services Agency and the RCMP, the drugs that appear to be smuggled into the country through marine ports most frequently and by volume are hashish (including hashish oil), cocaine, and synthetic drugs.¹⁰

Hash / Hash Oil

According to the RCMP's *Drug Situation Report* for 2005, "multi-tonne seizures of hashish continued in Canada in 2005. Mothership operations and marine cargo containers remain the preferred method of smuggling hashish into Canada (Royal Canadian Mounted Police, 2006, 9). In 2006, "hashish smuggled at the multitonne level into Canada was generally concealed in commercial cargo containers aboard marine vessels en route to the ports of Montreal and Halifax. To a lesser extent, some hashish shipments, with the final destination of Toronto and/or Montreal, arrived at the Port of Vancouver (Royal Canadian Mounted Police, 2007a, 3). In 2007, according to the RCMP, "hashish and hash oil shipments were smuggled into Canada by all types of transportation: private vehicle, commercial aircraft, marine vessel, and courier. Hashish was generally imported by air, concealed with legitimate cargo on commercial flights, and by courier packages. Hash oil was imported mainly by the marine mode" (Royal Canadian Mounted Police, 2008, 6-7). The majority of hashish seized in 2008 "was transported to Canada by sea, demonstrating that the marine mode continues to be the primary choice for hashish smugglers (Royal Canadian Mounted Police, 2009a, 16). In its *Drug Situation Report* for 2009, the RCMP observes that "hash and hash oil smuggled into Canada originated mainly from South Asia (e.g. Afghanistan and Pakistan), the Middle East (e.g. Lebanon), Africa (e.g. Morocco, South Africa, Mozambique, and Kenya), and the Caribbean (e.g. Jamaica)." Meanwhile, "African countries remained key transit points for hashish (hash) products destined for Canada, as they have been since the mid-1990s. Of the total amount of hash seized in Canada in 2009, 53 percent transited through various countries on this continent." While "commercial airlines have been used to smuggle smaller amounts of hash using either air freight or couriers/drug mules," in general, "large multitonne shipments of hash are traditionally transported to Canada aboard motherships or concealed in marine containers" (Royal Canadian Mounted Police, 2010, 20).

For its 2009 *Drug Situation Report*, the RCMP emphasized the central roles played by (1) Pakistan as a source country for hashish exported to Canada and (2) commercial marine ports – Halifax and Montreal in particular – as the main entry points for *large quantities* of hash smuggled in the country:

¹⁰ Caution should be exercised when quantifying illegal drug imports by frequency and volume; these are only estimates based on law enforcement seizures and intelligence data, which may be an unrepresentative metric. Moreover, this literature review does not claim to present an exhaustive accounting of all drug seizures at marine ports.

As in previous years, Pakistan remained one of the primary source/transit countries for hash destined to Canada in 2009. Of the 9,907 kg seized, approximately 40 percent originated from Pakistan, the majority of which can be attributed to a single 4,000 kg seizure from a marine vessel. In a similar multi-tonne seizure of hash (4,035 kg), a marine shipment originating from Mozambique/Kenya was seized at the Port of Montreal. These two seizures accounted for over 80 percent of the total hash seized in Canada, giving support to the premise that the marine mode of transportation is the preferred method for shipping large quantities of hash to Canada. In fact, the majority of hash products seized in 2009 arrived in Canada via marine shipments at the Ports of Montreal and Halifax; yet, Toronto Pearson International Airport reported the most seizures. With the exclusion of these above mentioned seizures, the majority of the hash products seized in 2009 in Canada originated either from Afghanistan or transited through South Africa (RCMP, 2010, 20).

Table 6.1 below provides a summary of hashish and hashish oil seizures at Canadian marine ports between 2000 and 2010 identified through the literature review. The salient features of these illegal shipments generally reflect the intelligence assessments of the RCMP: the drugs are often smuggled through marine ports in large quantities, (which is conducive to the use of shipping containers) and the hash is often concealed among legitimate imported goods. The origins of the marine shipments are quite varied (Pakistan is just one of many points of origins), although in all cases the drugs are smuggled across the Atlantic and the main marine port entry points are Halifax and Montreal, while the ultimate destinations of the drugs in Canada are frequently Montreal or Toronto. Contrary to the findings of the RCMP, the use of African nations as transit countries for hash and hash oil imported into Canada through marine ports is indicated in only a minority of cases identified in the public literature.

Date of Seizure	Drugs and Quantity	Point of Origin / Transit Countries	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Aug 2000	Hashish (200 k)	Netherlands	Montreal	London, Ontario	Hidden in shipping container with farm machinery equipment	<i>Canada NewsWire</i> , Aug 11 2000
Oct 2000	Hashish (5 tons)	?	Montreal	?	Shipping container	<i>Montreal Gazette</i> , Oct 21, 2000
Feb 2002	Cocaine (50 k), marijuana, hashish	Chile via Panama	Halifax	Halifax, Toronto, Montreal, Hamilton	Plastic-wrapped blocks in duffel bags in container filled with wood products	<i>Canada NewsWire</i> , Feb 15 2002; <i>Chronicle-Herald</i> , Jul 10 2002; <i>Canadian Press</i> , Jul 10 2002; <i>Chronicle-Herald</i> , Jul 11 2002
July 2002	Marijuana (1433 k), hash oil (72 k)	?	Saint John, NB	?	Shipping container	Criminal Intelligence Service Canada, 2003

Table 11 - Selective Hashish and Hashish Oil Seizures at Canadian Marine Ports, 2000-2010

Date of Seizure	Drugs and Quantity	Point of Origin / Transit Countries	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Jan 2003	Hashish (11.5 tonnes)	Pakistan via Hong Kong, Malaysia Singapore & Italy	Halifax	Montreal	Container filled with cotton fabric & cat food	<i>The Canadian Press</i> , Jan 22 2003; <i>Chronicle-Herald</i> , Jul 27 2005
Jan 2006	Hash Oil (504 k); marijuana (362 k)	Jamaica	?	?	?	RCMP, 2007, 3
Jun 2006	Hashish (107 k)	Morocco	Halifax	Montreal	Packed in plastic envelopes & glued to wooden boards assembled into wooden furniture	<i>Montreal Gazette</i> , Jun 29 2006; <i>Canada NewsWire</i> , Jun 28 2006; RCMP, 2007, 3
Jun 2006	Hashish (4000 k)	Pakistan	Halifax	Toronto	4,000 one-kilo cellophane-wrapped packets marked chilli nuts hidden inside 100 bales of cotton	<i>The Daily News</i> , July 22 2006; <i>Canadian Press</i> , Jul 21 2006; Canada Border Services Agency, Jul 21 2006
Jul 2006	Hashish oil (430 k), hashish (600 k) marijuana (196 k)	Jamaica	Halifax	Toronto	Drugs wrapped in plastic & hidden under false floor in the bottom of a container of pumpkins, yams & sweet potatoes	<i>Canadian Press</i> , Oct 23 2006; <i>National Post</i> , Oct 25 2006; Canada Border Services Agency, Oct 23 2006; Royal Canadian Mounted Police, 2007, 4
Apr 2009	Hashish (212 k)	Middle East	Halifax	Toronto	Shipping container	<i>Canada NewsWire</i> , Jul 8 2009
Sep 2009	Hashish	Pakistan	Montreal	?	Shipping container	RCMP, 2010, 20
2009	Hashish (4,035 k)	Mozambique / Kenya	Montreal	?	Shipping container	RCMP, 2010, 20
Feb 2010	Hashish (1700 k)	South Africa	Montreal	?	864 packets found in false-bottom wooden crates, containing masks and statues	Canada Border Services Agency, Feb 18 2010; <i>Canadian Press</i> , Feb 18 2010

Marijuana

Relative to the cannabis derivative hashish, there appears to be much less marijuana smuggled into the Canada, through marine ports and otherwise. This may be due to Canada's self-sufficiency in marijuana due to burgeoning domestic production. According to the RCMP's *Drug Situation Report* for 2009, "the majority of marihuana seized was domestically produced,

yet the drug continued to be imported from Jamaica, the United States, the Netherlands, and Thailand” (RCMP, 2010, 16).

Public information on seizures at marine ports indicate that much of the marijuana that is imported comes directly from Jamaica in individual shipments that are comparable in size to that of hashish imports (hundreds of kilos). The Port of Halifax is the most frequent conduit for marine shipments of hashish, but the illicit cargo is often destined for other Canadian cities (Montreal and Toronto in particular). While shipping containers were used for most of the cases identified at marine ports, in one seizure at the Port of Saguenay in Quebec, the marijuana was affixed to the hull of a ship. Seizures indicate that the marijuana is often imported in poly-drug shipments; in most of these poly-drug shipments the marijuana is accompanied by hashish (and/or hash oil). Table 6.2 summarizes marijuana seizures at Canadian marine ports identified through open source literature.

Date of Seizure	Drugs and Quantity	Point of Origin / Transit Countries	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Feb 2002	Cocaine (50 k), marijuana, hashish	Chile via Panama	Halifax	Halifax, Toronto, Montreal, Hamilton	?	<i>Canada NewsWire</i> , Feb 15 2002; <i>Chronicle-Herald</i> , Jul 10 2002; <i>Canadian Press</i> , Jul 10 2002; <i>Chronicle-Herald</i> , Jul 11 2002
July 2002	Marijuana (1433 k), hash oil (72 k)	?	Saint John, NB	?	Shipping container	Criminal Intelligence Service Canada, 2003
Sept 2005	Marijuana (14.4 k)	Jamaica	Halifax	?	139 packages of drugs in boxes of pre-packaged biscuits, some of which were hollowed out with drugs concealed inside, wrapped in plastic and tape	Canada Border Services Agency, Sep 9 2005
Jan 2006	Hash Oil (504 k); marijuana (362 k)	Jamaica	Halifax	?	Shipping container	RCMP, 2007, 3
Jul 2006	Hashish (600 k), hash oil (430 k), marijuana (196 k)	Jamaica	Halifax	Toronto	Drugs wrapped in plastic & hidden under false floor in the bottom of a container with pumpkins, yams & sweet potatoes	<i>Canadian Press</i> , Oct 23 2006; <i>National Post</i> , Oct 25 2006; Royal Canadian Mounted Police, 2007, 4; Canada Border Services Agency, Oct 23 2006

Date of Seizure	Drugs and Quantity	Point of Origin / Transit Countries	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Aug 2009	Marijuana (300 k)	Jamaica	Montreal	?	Hidden in seven metal cylinders attached to the exterior sea chest area, below the water line, of a ship docked at the port of Saguenay	Canada Border Services Agency, Aug 27 2009

Cocaine

While Colombia continues to be the world’s single greatest producer and exporter of cocaine hydrochloride (United Nations Office of Drugs and Crime, 2010, 65-66), much of the shipments arriving in Canada – through marine ports and airports – transit first through South American and Caribbean countries.¹¹ In its *Drug Situation Report* for 2006, the RCMP identified Venezuela as a cocaine “source country of concern to Canada” (RCMP, 2007, 5). As indicated in Table 3 below, other South American countries serving as points of origin for marine container shipments of cocaine to Canada since 2000 include Panama, Chile, and Mexico. For 2009, the RCMP notes that the “Caribbean has been and continues to be a transshipment region for large cocaine shipments destined for Canada, especially by marine cargo.” Caribbean countries that were identified as the origin of marine container shipments of cocaine to Canada in various seizures at Canadian marine ports include Grenada, Haiti, and the Bahamas. In its 2009 *Drug Situation Report* the RCMP writes, “As drug trafficking organizations in the Andean region continually modify their smuggling tactics, partly in response to law enforcement interdiction activities, transit countries and methods of transportation vary from year to year. Organized crime groups have applied this strategy to marine shipments and commercial flights, transiting cocaine through several countries within South/Central America and the Caribbean en route to its final destinations in efforts to circumvent law enforcement” (RCMP, 2010, 22).

As Table 6.3 shows, Halifax and Montreal and the primary marine port conduits for cocaine coming into Canada, while ports in New Brunswick have also realized significant seizures since 2000. The central role that east coast marine ports play in cocaine importation is due to a number of reasons: the source of cocaine destined for Canada is Colombia, Caribbean countries often serve as transit countries, major cocaine-importing groups are situated in Quebec, while the

¹¹ The United States is, in fact, the predominant transit country for cocaine shipments destined for Canada, but these shipments are mainly smuggled through land ports of entry by commercial trucks (RCMP, 2010, 22).

destinations of much of the cocaine imported into Canada through marine ports and other ports of entry are Quebec and Ontario.

Table 13 - Selective Cocaine Seizures at Canadian Marine Ports, 2000-2010						
Date of Seizure	Drugs and Quantity	Point of Origin / Transit Country	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Oct 2000	Cocaine (20 kilos)	?	Montreal	Montreal	Shipping container	<i>Montreal Gazette</i> , Oct 21, 2000
Dec 2001	Cocaine (73 k)	Panama	Halifax	?	Hidden in shipping container with cases of brandy	<i>Canada NewsWire</i> , Dec 13 2001
Feb 2002	Cocaine (50 k), marijuana, hashish	Chile via Panama	Halifax	Halifax, Toronto, Montreal, Hamilton	Plastic-wrapped blocks in duffel bags in shipping container filled with wood products	<i>Canada NewsWire</i> , Feb 15 2002; <i>Chronicle-Herald</i> , Jul 10 2002; <i>Canadian Press</i> , Jul 10 2002; <i>Chronicle-Herald</i> , Jul 11 2002
July 2002	Cocaine (21 k)	Chile	Halifax	?	Duffel bags in shipping container with wine	<i>Canadian Press</i> , Jul 8 2002
Mar 2003	Cocaine (172 k)	Haiti	Halifax	Montreal	Shipping container full of furniture and clothing	<i>Canadian Press</i> , Apr 7 2003
Jun 2004	Cocaine (68 k)	Grenada	Halifax	?	Shipping container carrying black pepper, curry powder & noodles	<i>The Daily News</i> , Sep 17 2004; <i>Canadian Press</i> , Sep 16 2004
Dec 2004	Cocaine (53 k)	Colombia via Venezuela	Port of Belledune, NB	Sept Iles, Quebec	Attached to the “underbelly of a ship”	<i>New Brunswick Telegraph Journal</i> , Dec 4 2004
2005	Cocaine (400 k)	Venezuela	Halifax	Quebec	Shipping container	Royal Canadian Mounted Police, 2006, 3
May 2007	Cocaine (160 k)	Mexico via Bahamas	Montreal	?	Hidden in four kilo plastic bags each buried in frozen mango puree (shipping container)	<i>CanWest News</i> , Feb 9, 2010; RCMP, 2008, 9

Date of Seizure	Drugs and Quantity	Point of Origin / Transit Country	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Dec 2008	Cocaine (276 k)	Guyana	Saint John, NB	?	1,653 packages of cocaine in 551 cardboard boxes in container	<i>Canada NewsWire</i> , Dec 23 2008; RCMP, 2008, 19
Sep 2009	Cocaine (142 k)	Peru via California	California	Vancouver	concealed within a marine container shipment of wood	RCMP, 2009, 24
Nov 2009	Cocaine (343 k)	Venezuela	Halifax	Montreal	hidden in hundreds of fake ceramic tiles among real tiles in container	<i>Metro Halifax</i> , Jun 2 2010; RCMP, 2010, 24; Canada Border Services Agency, Jun 1 2010
Jan 2010	Cocaine (27 k)	?	Montreal	Toronto	Shipping container	<i>CanWest News</i> , Feb 9, 2010
Feb 2010	Cocaine (200 k)	Chile	Halifax	?	Container with six bags carrying 22 cylindrical packages stored among wooden mouldings used as household trim	<i>Chronicle Herald</i> , Feb 12 2010; <i>Canada Border Service Agency</i> , Feb 11 2010; <i>CBC News</i> , Feb 11 2010
Sept 2010	Cocaine & methamphetamine	Mexico	Vancouver	?	Wrapped in cellophane and hidden in patio bricks and lawn ornaments in seven separate shipping containers	<i>CBC News</i> , Oct 5 2010

Heroin

Montreal and Vancouver have long been the major marine channels for heroin into Canada, although as Table 6.4 shows all there was at least one heroin seizure at each of Canada's three major ports between 2000 and 2010. For Halifax and Montreal, the main points of origin for marine-bound heroin shipments are Pakistan and India. According to the RCMP's *Drug Situation Report* for 2009, overall "Pakistan remained the primary gateway for heroin destined for Canada, followed by India, the United Kingdom, and the United Arab Emirates (UAE)" (RCMP, 2010, 28).

On the west coast, China is a significant maritime gateway for heroin shipments to Canada. This reflects the dominant role that Chinese criminal networks, with a presence in both China and British Columbia, play in heroin importation and trafficking in Western Canada. India is also emerging as a point of origin for marine shipments of heroin to B.C., which is indicative of the growing part that South and Southwest Asian countries (e.g. Afghanistan, Pakistan, Iran, India, and Turkey) have played as suppliers for the North American heroin market, replacing Southeast Asia (e.g. Myanmar, Thailand, and Laos) as the primary source countries in Asia (RCMP, 2010, 27).

According to the RCMP (2009, 24) heroin is most frequently smuggled into Canada via “the postal/courier mode, resulting in smaller individual shipments. In comparison, shipments smuggled using air and marine modes tended to be larger.” In its *Drug Situation Report* for 2006, the RCMP states, “the largest number of heroin seizures occurred in the air passenger and postal modes, however, the largest single quantity of heroin seized arrived via marine cargo.” This shipment was 27 kilos from India seized at the port of Vancouver (RCMP, 2007, 17). In 2009, 213 kilograms of heroin were seized in Canada. This represented a significant increase in quantity of heroin seized compared to the previous year – an increase that is attributed to a single marine shipment of 108 kilos in 2009, which alone surpassed the 102 kilos seized in all of 2008 (RCMP, 2010, 28). For the RCMP, “the interdiction of increasingly large heroin shipments suggested a corresponding increase in the scale of operations of the drug trafficking organizations involved in this trade. Such large shipments not only require significant financial backing, but also require a network of well-resourced suppliers” (RCMP, 2010, 28).

In 2008, nearly 28 kilograms of heroin, destined for Toronto, was seized from a marine shipping container in the Port of Halifax. This was the first time heroin had been seized from a marine port in the Atlantic region (*CanWest News*, Nov 4 2008). For much of the post-war period, Montreal was the main gateway for marine shipments of southwest Asian heroin into Canada.

Date of Seizure	Drugs and Quantity	Point of Origin / Transit Countries	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Feb 1999	Heroin (43 k)	China	Vancouver	?	Six packs of heroin were hidden among the 733 boxes of sugar and beans in shipping container	<i>Vancouver Province</i> , (Aug 25 2004)
Sept 2000	Heroin (150 k)	China	Vancouver	?	?	<i>Canadian Press</i> , Jul 31 2003
July 2006	Heroin (27 k)	India	Vancouver	?	Disguised among bags of rice in shipping container	Royal Canadian Mounted Police, 2007a, 17

Date of Seizure	Drugs and Quantity	Point of Origin / Transit Countries	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Oct. 2008	Heroin (28 k)	Pakistan	Halifax	Toronto	Secreted in the hollowed-out areas between corrugated layers of cardboard that formed the side of the 430 boxes of towels in container	<i>CanWest News</i> , Nov 4 2008; <i>Canadian Press</i> , Nov 4 2008; <i>Halifax News Net</i> , Oct 31, 2008, RCMP, 2009, 25
2009	Heroin (108)	Afghanistan via Pakistan & UAE	?	Toronto	?	RCMP, 2010, 28
April 2011	Heroin (35 k)	Pakistan	Montreal	?	Hidden in pallets inside a shipping container	<i>Montreal Gazette</i> , April 23 2011; <i>Toronto Star</i> , Apr. 22 2011

Opium

Approximately 108 kilograms of opium was seized in Canada in 2008. The majority of the opium seized was smuggled into the country through air cargo, whereas the single largest shipment seized (30 kilos) arrived via a marine shipment at the port of Vancouver from Turkey (RCMP, 2009, 26). In 2009, Canadian authorities seized “a record-breaking” 339 kilograms of opium, according to the RCMP, “more than tripling the amount seized in 2008.” This sharp increase can be largely attributed to the seizure of large air and marine cargo shipments. “Toronto Pearson International Airport accounted for the largest total quantity of opium seized at a Canadian port of entry, followed by the Montreal International Mail Processing Centre, and the Port of Montreal where 29 kg of opium were seized from a marine shipment of marble tiles” (RCMP, 2010, 30).

The majority of opium seized in Canada in 2009 originated in South and Southwest Asia. As with heroin, South and Southwest Asia has surpassed and replaced Southeast Asia as the primary supplier of opium to the Canadian market (RCMP, 2010, 29). With that said, while much of the opium smuggled into Canada is harvested in Afghanistan, the opium frequently transits other southwestern Asian nations before arriving in this country. As indicated in Table 6.5 below, based on publicly available seizure information, Iran appears to be the main gateway for marine shipments of opium into Canada. As a conduit for opiates, Halifax appears to have joined Montreal and Vancouver, which historically have been the two main marine entry points for opium. Toronto appears to be the main destination for opium imports, at least for those coming through eastern marine ports.

Date of Seizure	Drugs and Quantity	Point of Origin / Transit Countries	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Aug 2002	Opium (21 k)	Iran	Halifax	Toronto	Packed in blue and green latex balloons in canned pickles in container	<i>Canadian Press</i> , Sep 10 2002
Nov 2004	Opium (48 k)	Iran	Halifax	Ontario	Drugs hidden inside two wooden door panels of a container	<i>Chronicle-Herald</i> , Jul 27 2005; <i>Canadian Press</i> , Dec 8 2004
Sept 2008	Opium (30 k)	Turkey	Vancouver	Surrey	Hidden in 104 (of a total of 3,900) plastic jars each containing an estimated 1.6 kilograms of pickles and black olives.	RCMP, 2009, 26
Jan 2010	Opium (97 k)	Iran	Montreal	Toronto	shipping container with furniture & household appliances; the opium was hidden in panels of a refrigerator	<i>Montreal Gazette</i> , Jan 23 2010; <i>Globe and Mail</i> , Jan 28, 2011
Jan 2010	Opium (17.6 k)	Iran	Montreal	?	formed in the shape of pickled cucumbers in Shipping container	<i>Globe and Mail</i> , Jan 28, 2011

Khat

According to the RCMP, Kenya is “the principal producing country for khat destined for Canada, followed by Ethiopia, and Uganda” (RCMP, 2010, 25). Khat is rarely imported directly from source countries, however; instead it is generally smuggled into Canada aboard commercial flights from European countries, in particular Great Britain (where khat is not an illegal substance) but also the Netherlands, the U.S, Germany, Belgium, and to a lesser extent, France, Switzerland, Afghanistan, Italy, Hong Kong, China, and India (RCMP, 2009, 22). While khat has traditionally been smuggled into Canada by air cargo and international mail, 639 kilograms was discovered, concealed in bongo drums at the Port of Montreal from a shipment originating in Kenya. This was the single largest shipment of freeze dried khat seized in 2009 and “marked the first known instance of marine transport being used to smuggle khat into Canada. This method

will likely continue to be used to smuggle freeze-dried khat in contrast with air transportation generally used for fresh khat,” according to the RCMP (2010, 25, 26).

Synthetic Drugs

Ecstasy

Prior to 2004, the majority of ecstasy available in Canada was manufactured in the Netherlands and to a lesser extent, Belgium (RCMP, 2010, 32). As with many other drugs imported into Canada, while ecstasy pills were most often smuggled into the country through commercial flights and air cargo, large volumes were sent in single shipments via shipping containers. For example in August of 2003, 260 kilograms (2.6 million individual doses) of ecstasy was discovered at the Port of Montreal in a shipping container from Belgium. At the time, this was the largest ecstasy seizure in Canadian history (*Chronicle-Herald*, Dec 12 2003). In February 2004, 110 kilos was seized at the Port of Halifax in a container carrying wine bottle corks (*Canadian Press*, Feb 10 2004). Since then, importations of ecstasy into Canada have decreased significantly due to the increase in domestic production.

Ketamine

The hallucinogenic Ketamine is supplied to the illicit Canadian market either through diversions from legal domestic sources or is smuggled into the country. According to the RCMP, “In 2005, a significant increase in international diversion occurred. India emerged as a source country for ketamine smuggling to Canada. The postal system was used to smuggle a moderate-sized shipment of ketamine while an organized crime group attempted to smuggle an extraordinary large amount of the drug by marine cargo (RCMP, 2006, 19). In their *Drug Situation Report* for 2008, the RCMP notes that the “International smuggling of ketamine increased” that year with southwest Asia (Pakistan and India in particular) constituting “the primary source region for the Canadian illicit market” (RCMP, 2009 34). While most seizures of ketamine in Canada have been made from air cargo, large marine shipments have also been seized, including 530 kilos at the Port of Halifax in 2005 and approximately 1,000 kilos at the Port of Vancouver in 2010 (see Table 6.6). The latter seizure is indicative of the overall increase in the supply and trafficking of ketamine in Canada, “especially in the Pacific and Northwest regions, as well as Ontario” which is responding to increased demand for this drug as an alternative or supplement to ecstasy (RCMP, 2010, 37).

Table 16 - Selective Synthetic Drug Seizures at Canadian Marine Ports, 2003-2010						
Date of Seizure	Drugs and Quantity	Point of Origin / Transit Country	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
Aug 2003	Ecstasy (260 k)	Belgium	Montreal	Vancouver	Shipping container	<i>Chronicle-Herald</i> , Dec. 12 2003
Feb 2004	Ecstasy (110 k)	?	Halifax	Toronto	Container carrying wine bottle corks	<i>Canadian Press</i> , Feb 10 2004; <i>Chronicle-Herald</i> , Jul 27 2005
Oct 2005	Ketamine (530 k)	India	Halifax	Toronto (and possibly U.S.)	Hidden in plastic thermoses in a shipping container	<i>Daily News</i> , Dec 10 2005; <i>Canada NewsWire</i> , Dec 8 2005; RCMP, 2006, 20;
Sept 2009	GBL (1,995 litres)	?	Montreal	?	Contained in nine 45-gallon drums in shipping container	RCMP, 2010, 41
May 2010	Ketamine (32 k)	?	Vancouver	Toronto	?	<i>CanWest News</i> , May 28 2010
Sept 2010	Cocaine & methamphetamine	Mexico	Vancouver	?	Wrapped in cellophane and hidden in patio bricks and lawn ornaments in seven separate shipping containers	<i>CBC News</i> , Oct. 5 2010
Dec 2010	Ketamine (approx 1,000 k)	Hong Kong	Vancouver	Greater Vancouver	Vacuum-sealed in bags and secreted in boxes containing mugs	<i>Vancouver Sun</i> , Jan 26 2011

Precursor Chemicals

An analysis of marine port seizures since 2000 suggests a steady increase in the frequency and volume of illegal imports of precursor chemicals, such as ephedrine, MDP-2-P, and norephedrine, which are used to produce synthetic drugs, including ecstasy, methamphetamines, and amphetamines, in Canada. The growing number of seizures and the ever-increasing volume of individual (illegal) shipments of precursor chemicals into Canada accompany another recent trend: Canada's emergence of a producer and an exporter of synthetic drugs, in particular ecstasy and methamphetamine.

Based on public seizure data for marine ports identified as part of this literature review, the most frequently imported precursor chemical into Canada is MDP2P, which is an ingredient in ecstasy. China is the single largest point of origin for these shipments and, as such, Vancouver is the main gateway into Canada. The RCMP notes that “importations of MDP2P from China to Canada via marine cargo began in late 2004” (RCMP, 2007, 23). By the end of 2005, Canadian authorities seized more than 7,100 kilograms of MDP2P arriving in marine containers from China and destined for synthetic drug operating labs in Ontario and British Columbia (RCMP, 2006, 13). According to the RCMP, “Asian criminal groups were very active in smuggling large-scale chemical shipments into Canada from China via marine cargo (RCMP, 2006, 17). In its 2008 *Drug Situation Report*, the RCMP writes, “Interception in and en route to Canada of large marine cargo shipments containing norephedrine (a primary precursor in the production of amphetamine), suggested that amphetamine was re-emerging on the Canadian drug scene” (RCMP, 2009, 34). As with other illicit drugs smuggled into Canada, shipping containers facilitate large volumes precursor chemicals; in 2006 alone, authorities seized two shipments of 5 metric tonnes and 2.5 metric tonnes at the Port of Vancouver in April and May respectively (RCMP, 2007, 25).

Table 17 - Selective Precursor Chemical Seizures at Canadian Marine Ports, 2000-2010

Date of Seizure	Drugs and Quantity	Point of Origin	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
July 2004	MDP2P (1,800 k)	China	Vancouver	Vancouver / Toronto	Hidden in 66 soy sauce bottles among larger container shipment of soy sauce	<i>Vancouver Province</i> , Aug 25 2004
Sept 2005	MDP2P (2,000 litres)	China	Vancouver	?	Shipping container with canned water chestnuts	RCMP, 2006, 18
Nov 2005	MDP2P	China	Vancouver	?	?	RCMP, 2006, 18
Apr 2006	MDP2P (5 tonnes), ephedrine (1 tonne), counterfeit cigarettes (7,200 cartons)	China	Vancouver	Winnipeg	Concealed in a consignment of clothing in shipping container	RCMP, 2007, 25
May 2006	MDP2P (2.5 tonnes)	China	Vancouver	Toronto	concealed among a shipment of plastic pitchers, cups, shelving units and pails	RCMP, 2007, 25

Table 17 - Selective Precursor Chemical Seizures at Canadian Marine Ports, 2000-2010

Date of Seizure	Drugs and Quantity	Point of Origin	Canadian Marine Port Used	Ultimate Destination of Drugs	Smuggling / Concealment Methods	Sources
May 2008	MDP2P (3.7 tonnes)	China	Vancouver	?	Manifest described contents as 78 barrels of sodium hydroxide	<i>Canadian Press</i> , May 8, 2008; RCMP, 2009, 37
Oct 2008	Ephedrine	?	Montreal	?	?	RCMP, 2009, 37
2010	Ephedrine (44 k)	India	Montreal	?	Hidden among boxes of bath towels in shipping container	<i>Globe and Mail</i> , Jan 28 2011
Nov 2010	Phenyl-2-propanone (6,128 k)	Vietnam	Vancouver	Richmond	Hidden in a container shipment of counterfeit Nike footwear	<i>Richmond Review</i> , Nov 24 2010

Summary: The Smuggling of Drugs and Precursor Chemicals through Canadian Marine Ports

All three of Canada's main marine ports are highly susceptible to inbound drug smuggling. In both historical and contemporary terms, the coast on which the marine port is located will largely dictate source countries for illegal drugs: marine ports on the east coast are most vulnerable to such drug source countries as Pakistan, Jamaica or Morocco (hashish), Afghanistan and Iran (heroin and opium), and Colombia (cocaine) via other South American and Caribbean countries. On the west coast, the Port of Vancouver was historically most vulnerable to shipments of opium and heroin from Southeast Asia, but today this vulnerability stems from illegal imports from China, which is a major source of precursor chemicals for synthetic drugs. The Port of Vancouver's vulnerability to shipments of precursor chemicals is due to a number of factors: the prevalence of Chinese criminal groups in British Columbia, which are dominant players in the production, distribution, and export of ecstasy and crystal meth, the presence of a number of synthetic drug labs in the lower mainland, and the Port of Vancouver's proximity to China, the source of much of the precursor chemicals imported into the country.

Canadian marine ports constitute important conduits for the wholesale distribution of drugs to cities and regions throughout Canada. In many of the cases identified in this research, the final destination of the drugs smuggled through a marine port was a city other than that in which the port was located. This is especially true for ports in Nova Scotia and New Brunswick, which are used by Quebec-based criminal organizations to smuggle drugs into that province. Major criminal groups in Quebec – such as the Hells Angels and Montreal's Rizzuto Mafia family – have used Nova Scotia and New Brunswick ports as gateways for the import of cocaine and hashish. Indeed, one of the main reasons the Hells Angels established a chapter in Halifax was to help facilitate drug shipments through the port. When the Hells Angels Halifax chapter was shut down by police in 2003, it was believed that certain shipments of cocaine and hashish imported through Port of Halifax was directed by Hells Angels chapters in Quebec (Sher & Marsden, 2003; Lamothe & Humphreys, 2006; Schneider, 2009).

Overwhelmingly, illegal drugs are smuggled into marine ports through shipping containers. This is not unusual since the three largest ports primarily handle container traffic. Shipping containers are preferred by smugglers because large quantities of drugs can be concealed in them. They are also highly conducive to smuggling due to the opportunities they provide to conceal drugs, the volume of shipping containers processed through Canada's three main commercial ports, which makes inspections difficult, and the inter-modal nature of shipping containers, which facilitates transportation (by train or truck) to other cities and regions in the country beyond the port. In a minority of other seizures, Canada Border Services Agents discovered drugs affixed to the hull of ships (*New Brunswick Telegraph Journal*, Dec 4 2004; *Chronicle-Herald*, Jul 27 2005; Canada Border Services Agency, Aug 27 2009).

Inbound Smuggling of Counterfeit Goods

Canadian marine ports have become increasingly vulnerable to the inbound smuggling of counterfeit consumer products. This reflects a broader global trend: a rampant escalation in the manufacture, importation, and distribution of counterfeit consumer products in Canada and internationally in recent years.

Publically available information on seizures at Canadian marine ports (see Table 6.8 below) reveals a number of salient issues regarding the smuggling of counterfeit goods into Canada through marine ports.

First, the marine port that appears to be most vulnerable to the smuggling of counterfeit consumer goods is the Port of Vancouver, which is not surprising given that China is now the world's largest source of counterfeit products.

Second, the Port of Vancouver appears to be particularly vulnerable to shipments of counterfeit cigarettes. Numerous seizures made at the Port of Vancouver are just the tip of the iceberg for counterfeit cigarette smuggling into Canada, much of which originates in China. In its 2007 report analyzing the illicit tobacco market in Canada, the RCMP (2007b, 4, 1) writes,

Cigarettes manufactured on the U.S. side of Akwesasne [native reserve] and counterfeit cigarettes originating from China constitute the main sources of illicit tobacco importation in Canada ... Sea Containers of counterfeit cigarettes originating from China continued to be smuggled into the country ... These counterfeit cigarettes primarily enter the country via marine ports in Vancouver and are shipped by train or land transportation to destinations in British Columbia, Ontario, Quebec and New Brunswick ... During this reporting period, counterfeit cigarettes were found at the street level in British Columbia, Ontario, Quebec and New Brunswick.

Third, like illegal drugs and precursor chemicals, shipping containers are used to smuggle large quantities of counterfeit articles. Some examples of large quantities of contraband cigarettes seized at the Port of Vancouver include: 118,100 cartons in 2003 (in three separate shipments); 38,000 cartons in 2008, and 51,000 cartons in 2010 (*CanWest News*, Aug 12 2003; *CanWest News*, Sep 9, 2008; Canada Border Services Agency, Nov. 10 2011). The 51,000 cartons seized in 2010 were found in one shipping container and constitutes the largest counterfeit tobacco

seizure to date in British Columbia. Police estimated the retail value of the cigarettes at \$3.4 million (*Vancouver Sun*, May 6 2010).

Fourth, a number of the marine shipments of counterfeit goods contain multiple consumer products or are shipped along with illegal drugs or precursor chemicals. For example, in June and July of 2003 Canada Border Services agents found 74,000 doses of counterfeit Viagra pills along with 118,100 cartons of counterfeit Canadian-brand cigarettes in three shipping containers at the Port of Vancouver (*CanWest News*, Aug 12 2003; Criminal Intelligence Service Canada, 2006b, 2). In 2006, 7,200 cartons of cigarettes were found along with significant quantities of MDP2P and ephedrine (RCMP, 2007a, 25).

Fifth, behind these illegal shipments are sophisticated Chinese criminal networks that have operatives working in China, Canada, and other intermediary countries. The RCMP (2007b, 4) refers to these networks opaquely when it writes, “Crime groups in Vancouver and Toronto are using marine containers to smuggle counterfeit cigarettes as well as other commodities originating from China.” A number of factors reveal the involvement of Chinese criminal networks in the smuggling of counterfeit products: they are known to be behind much of the production, transportation, and wholesale distribution of counterfeit consumer products in Canada; multiple counterfeited consumer products (e.g., pharmaceuticals and cigarettes) have been found in single imported shipments; the nature of the counterfeit products smuggled into Canada (cigarettes, apparel, prescription drugs) are often associated with Chinese criminal networks; the fake products are shipped from (and most likely produced in) China; and the counterfeit goods have been shipped with synthetic drugs or precursor chemicals destined to be used for the manufacture of synthetic drugs in British Columbia (Chinese criminal networks are the largest producers of synthetic drugs in B.C.). Citing a senior Canada Customs inspector, a 1998 article in *B.C. Report Magazine* states that the Port of Vancouver is vulnerable to other counterfeit products commonly produced by Chinese criminal networks: “Vancouver in many ways may well be the counterfeit credit card capital of the world. More counterfeit credit cards have passed through the port of Vancouver than any other single port of entry anywhere in the world, says senior Customs inspector Colin McDouall. That is undoubtedly a tribute by the Big Circle Boys¹² to the laxity of Canadian laws” (Hall, 1998). Following the seizure of the largest counterfeit cigarette shipment ever in British Columbia in 2010, the RCMP arrested “a Burnaby man and six Chinese men” according to a Canada Border Services Agency press release. The news release goes on to say, “The large-scale shipment of illegal, uncontrolled cigarettes can only be accomplished with a sophisticated apparatus of cigarette manufacturers, shippers, distributors and retailers. There is little doubt that only organized crime has the money or resources for this kind of enterprise” (Canada Border Service Agency, Nov 10 2010).

¹² The term “Big Circle Boys” refers to a loose association of professional Chinese criminals who, beginning in the 1980s, were responsible for a dramatic upsurge in the scope and sophistication of organized crime in British Columbia and other parts of the country. Their criminal activities included commercial theft, heroin trafficking, marijuana production, immigrant smuggling, counterfeiting, as well as cheque and credit card fraud.

Table 18 - Canadian Marine Port Seizures of Counterfeit Consumer Goods, 2003-2010					
Date of Seizure	Contraband & Quantity	Point of Origin	Canadian Marine Port Used	Smuggling / Concealment Methods	Sources
June & July 2003	Counterfeit Viagra pills (14.8 k, 74,000 doses) / counterfeit Canadian-brand cigarettes (118,100 cartons)	China	Vancouver	Counterfeit Viagra was concealed in cigarette cartons & seized from three separate shipping containers	<i>CanWest News</i> , Aug 12 2003; Criminal Intelligence Service Canada, 2006b, 2
Apr 2006	MDP2P (5 tonnes), ephedrine (1 tonne), counterfeit cigarettes (7,200 cartons)	China	Vancouver	Concealed in a consignment of clothing	RCMP, 2007a, 25
Nov 2006	Counterfeit designer clothing	Hong Kong	Vancouver	?	<i>CBC News</i> , Nov. 17 2006
Aug 2008	Counterfeit cigarettes (38,000 cartons)	China	Vancouver	Concealed in five separate marine containers bound for Ontario	RCMP, 2007b, 5; <i>CanWest News</i> , Sep 9, 2008
April 2010	Counterfeit cigarettes	China	Vancouver	Shipping container; manifest listed contents as household sinks	Canada Border Services Agency, May 5 2010; <i>Vancouver Sun</i> , May 6 2010
Nov 2010	Phenyl-2-propanone (6,128 k); counterfeit footwear	Vietnam	Vancouver	Precursor chemicals hidden in a container shipment of suspected counterfeit Nike footwear	Canada Border Services Agency, Nov 24 2010; <i>Richmond Review</i> , Nov 24 2010
Nov 2010	Counterfeit cigarettes (51,000 cartons)	China	Vancouver	Cartons were stacked on 50 pallets	Canada Border Services Agency, Nov. 10 2010; <i>Richmond Review</i> , Nov 30 2010

Illegal Immigrants and Migrant Smuggling

In addition to legal and illegal merchandise, people are highly profitable “commodities” smuggled across national borders, making migrant smuggling one of the fastest growing and most profitable organized criminal enterprises in the world. For years, Canada has been seen as a sanctuary for illegal immigrants, in part because most anyone who lands here can immediately claim refugee status and then access the country’s social services. But while Canada may be a

destination country for some immigrants entering the country illegally, it is mostly used as a transit point for those who wish to covertly enter the United States.

Illegal immigrants who have entered Canada through commercial seaports via shipping containers include both stowaways, acting on their own volition, as well as larger groups of individuals smuggled into the country by “snakeheads” working on an organized basis. Relative to other ports of entry (airports, land border crossings, unofficial seacoast ports of entry), however, Canadian marine ports appear to have been used infrequently for migrant smuggling and, in recent years, the number of illegal immigrants discovered at commercial seaports and/or who have arrived through shipping containers is minimal. This has not always been the case. A 2010 article by the *Globe and Mail* asserts that during the years surrounding the turn of the millennium, “Montreal and Halifax were regarded as leading world destinations for stowaway migrants. In 1999 alone, more than 100 were caught aboard 36 ships pulling into eastern Canadian ports. Three Romanians were found dead in a container alongside four survivors in one grisly incident at the Port of Montreal” (*Globe and Mail*, Oct. 8 2010). In a 2005 *Ottawa Citizen* article examining smuggling through marine ports, the newspaper indicated that from the year 2000 to the first six months of 2003, 82 illegal immigrants were discovered hidden aboard ships docking at the Port of Montreal while 91 were discovered at the Port of Vancouver (*CanWest News [Ottawa Citizen]*, May 14 2005).

Among this total of 91 illegals were 25 people from China who hid in a 12-metre-long industrial container, which landed at the Port of Vancouver in January of 2000. The ship was scheduled to be unloaded in Seattle before docking in B.C., however it was diverted to Vancouver prematurely because of a port backlog in Seattle. According to a *Globe and Mail* report, the stowaways were found in a shipping container in which they “slept and ate in one end and used the other end for garbage and human waste. They are apparently none the worse for wear after their voyage from Hong Kong to Vancouver in the container, which was ventilated by small fans operated by 12-volt batteries and buried under thousands of tonnes of other cargo on the California Jupiter, a Japanese-owned ship registered in Liberia.” The article states that with this recent case in Vancouver, authorities in the U.S. and Canada have found 85 illegal migrants in shipping containers in one week. “Thirty migrants from China were found in containers on two ships that arrived in Los Angeles and Long Beach, Calif., on Dec. 28. Another 18 were discovered inside a cargo container on Sunday at Long Beach. The same day, a dozen migrants from China were taken into custody after arriving in the Seattle port of Harbour Island (*Globe and Mail*, Jan 5 2000).

This discovery of illegal migrants in January 2000 was a first for the Port of Vancouver. Citing RCMP officials, the *Globe and Mail* reported that the arrival of the migrants was “clearly the work of snakeheads, a global network of criminals who are turning to new methods of smuggling human cargo into Western countries.” One RCMP official was quoted as saying, “Based on the sophistication and organization involved, there’s no hiding the fact that this was part of an organized group ... Everyone’s eyes are now opened to the possibility that these kinds of containers could be coming here with greater frequency” (*Globe and Mail*, Jan 5 2000). As alluded to by the RCMP member, at time of the discovery of these migrants, the use of shipping containers appeared to be a new tactic for the organized migrant smugglers; prior to this, most

illegal migrants were smuggled into the country aboard cargo ships, but were destined for unofficial ports of entry along the coastline.

The smuggling of illegal migrants into Canada via shipping containers became a national security issue in 2002, when a suspected al-Qaeda operative was discovered at the southern Italian port of Gioia Tauro inside a marine container that was bound for Halifax.” The Egyptian-born Canadian was reportedly equipped with a satellite phone, a laptop computer, plans of airports, an aviation mechanic’s certificate and security passes for airports in Egypt, Thailand and Canada” (*Globe and Mail*, Aug 31 2002).

The problem of stowaways and alien smuggling at the Port of Halifax was the subject of a 2003 cable from the U.S. Consulate in Halifax (and recently published on the Wikileaks website). Portions of the cable are replicated below:

Over the past several years, Canadian authorities in Halifax have discovered increasing numbers of intending immigrants arriving as stowaways aboard commercial container ships bound from southern European ports. Contacts in the Royal Canadian Mounted Police (RCMP) and in Citizenship and Immigration Canada (CIC) have told Congen [Counsel General] that, in 2000, they arrested at least 25 persons attempting to enter the country in this manner. By 2002, the number had risen to 42 ... Marine container stowaways arriving in Halifax are predominantly Romanian (at least 90 percent), although a small number of Moldavians, Bulgarians, and other Eastern Europeans have also taken this route ... About 90 percent claim to have been assisted by a smuggler, who brings them into the cargo terminal and places them in a container prior to loading. The intending immigrants are responsible for bringing their own food, water, toilet facilities, and cutting tools. Fees for this service generally range from 500 to 1,500 Euros. CIC and RCMP officials strongly suspect that these smugglers have ties to organized crime, but they have made no progress in identifying which criminal organizations are involved ... Smugglers typically place the intending immigrants in 40-foot shipping containers loaded with heavy goods such as ceramic tile, paper, wine, or cognac. These containers have sufficient empty space inside to accommodate the passengers. The smugglers instruct their customers to cut themselves out of their containers after about two days at sea, once the vessel is far enough out to guarantee that the ship’s captain will not turn around to put the stowaways ashore at the port of origin. Halifax officials are convinced that these smuggling rings have accomplices among the stevedores responsible for loading vessels, since the containers with stowaways invariably are placed along the outside of a stack, allowing the occupants an easy exit from the container ... In past years, according to Halifax officials, most container stowaways had originated from the Italian ports of Livorno and Genova ... As Italian ports are becoming less accessible, our contacts say, alien smugglers are shifting their efforts to Spain, transforming Barcelona into the preferred port of departure for container ship stowaways (United States Consulate Halifax, Apr 3 2003).

In the years following this cable, isolated cases of individuals stowing away in shipping containers destined for Canadian ports were made public. A March 17 2008 story by the *Canadian Press* reported on “four stowaways on a cargo ship” who managed to elude guards

at a Halifax terminal gate earlier that week and then take a cab to Truro, about one hour from Halifax, before being captured. The four Algerian men “were aboard an empty cargo bus that was transported aboard the Atlantic Container Lines vessel Atlantic Cartier from northern Europe to Halifax.

A source said the men managed to slip off the vessel, get to the security port’s gate, then flee from guards after they were asked to produce identification” (*Canadian Press*, Mar 17 2008). A *Globe and Mail* article dated October 8, 2010 tells the story of nine stowaways who, earlier that week, had walked out of a shipping container at the Port of Montreal that had been unloaded from the MSC *Lugano* that originated in Morocco. Italy may have been the intended point of landing for the migrants, as ship was due to leave Montreal for Italy. According to the newspaper, “It’s been a long time since the scene played out at Montreal’s port ... Stowaway discoveries aboard legitimate shipping vessels have become rare in Canada after international shipping rules were tightened in the 2000s and desperate migrants found easier targets” (*Globe and Mail*, Oct. 8 2010).

Outbound Smuggling through Canadian Marine Ports

Canadian marine ports are also gateways for the illegal export of synthetic drugs produced in Canada as well as cars and other vehicles stolen in this country.

Outbound Drug Smuggling

While Canada has historically been an importer of illegal drugs, it has also now established itself as an exporter of illegal drugs, in particular marijuana, ecstasy, and methamphetamine. This is a significant development for marine ports (as well as airports and official land border crossings) as well as border security and other enforcement agencies, which now must deal outbound drug smuggling in addition to their traditional focus of inbound drug smuggling. Moreover, the illegal export of synthetic drugs is helping to fuel the problem of domestic drug production in this country, which in turn promotes the smuggling of precursor chemicals through Canadian marine ports. The larger ramifications are that the domestic production and export of illegal drugs has helped dramatically change Canada’s role in the global theatre of transnational organized crime. Canada’s emergence as an international source country for marijuana and certain synthetic drugs has been disparagingly documented in numerous reports by American authorities, which has lumped Canada in with such drug source countries as Mexico, Colombia, Afghanistan, and Jamaica. In its 2005 *International Narcotics Control Strategy Report*, the U.S. State Department declared that the sharp increase in the production of ecstasy north of the border had created conditions “for Canada to become a major U.S. supplier of this dangerous drug” (United States Department of State, 2005). Further, drug production in Canada has attracted and helped solidify the presence of transnational criminal organizations in this country. According to the State Department, criminal groups prefer to locate their ecstasy labs in Canada because, unlike the U.S., there is no requirement to register pill presses, which are imported legally from China and the United States into Canada. Federal penalties for ecstasy offences in the U.S. are also much harsher than Canadian criminal penalties (United States Department of State, 2005).

The United States is Canada's largest market for illegal drug exports, and the majority of both the marijuana and synthetic drugs produced in Canada is shipped to the U.S. through land border points via commercial and private vehicles (RCMP, 2006, 2007, 2008, 2009, 2010). However, other overseas markets for Canadian-produced ecstasy (MDMA) and crystal meth (methamphetamine), such as Australia and Japan, rely to a greater extent on clandestine shipments that arrived via shipping containers.

In its *Drug Situation Report* for 2005, the RCMP states, "Methamphetamine manufactured in Canada is being transported to other international markets via the postal system, air passenger couriers and marine cargo" (RCMP, 2006, 14). In its report for 2007, the RCMP notes "Large shipments of Ecstasy sent from Canada to Australia were smuggled via marine cargo" (RCMP, 2008, 10). A year later, the RCMP reported that "As in 2007, Canadian-produced MDMA also supplied the Asia-Pacific market. The primary foreign destination was Australia, where several large shipments were seized in-country, or intercepted en route by CBSA or other authorities. As observed in 2007, marine and air cargo were most frequently used to smuggle large shipments of Ecstasy to this part of the world" (RCMP, 2009, 28).

In its drug situation reports for 2005 to 2007, the RCMP documented the following seizures by Australian and Japanese authorities of Canadian-produced synthetic drugs and marijuana exported via shipping containers originating in Canadian marine ports:

- December 2005: 46 kg of methamphetamine originating in Ontario was seized in Sydney, Australia. The drug was hidden in a speed boat shipped overseas via marine cargo (RCMP, 2006, 16).
- June 2006: 1.2 million ecstasy tablets were seized in Melbourne, Australia from a shipping container en route from British Columbia (RCMP, 2007, 12).
- September 2006: 120,000 tablets of ecstasy and 135 kilos of cocaine were seized in Brisbane, Australia from marine cargo en route from British Columbia (RCMP, 2007, 12).
- July 2007: "a string of significant methamphetamine seizures effected in the Asia-Pacific region, notably Australia and Japan, indicated increased and heightened international smuggling from Canada to world markets. Air and marine cargo were utilized to smuggle shipments of methamphetamine ranging from 16 kilograms to 155 kilograms, the latter of which was part of a polydrug shipment" (RCMP, 2008, 19).
- August 2007: customs officers in Osaka, Japan, seized 280 kilograms of marijuana hidden in a marine shipment containing wood flooring originating in Vancouver. The polydrug shipment also contained 688,000 MDMA tablets and 155 kilograms of methamphetamine (RCMP, 2008, 5, 16).

In its *Drug Situation Report* for 2008, the RCMP discusses Project OSPA, a joint investigation "between Australian authorities and the RCMP, which targeted a Canadian-based criminal organization responsible for sending large poly-drug shipments to Australia. The drugs, smuggled via marine containers shipments and concealed within foot spas and massage chairs, were seized in and en route (transiting the U.S.) to Australia, between May and June 2008. During this investigation, four separate shipments resulted in the interdiction of approximately

211 kilograms of cocaine destined for the Australian market, along with 346.5 kilograms of synthetic drugs” (RCMP, 2009, 19-20).

In the same report, the RCMP notes that a continuing trend in international smuggling for 2008 “is the use of marine cargo to transport larger quantities of methamphetamine. Project OSPA established that the grouping of shipments of methamphetamine, MDMA and cocaine was one of the varying methods utilized by transnational [organized crime groups] to smuggle drug commodities across the globe” (RCMP, 2009, 32).

Outbound Smuggling of Stolen Vehicles

Beginning in the mid-1980s, auto theft in Canada began to increase steadily, which according to a 1998 RCMP intelligence report entitled Project Sparkplug is “largely attributable to the fact that increasingly sophisticated organized crime groups have flooded the stolen car market” (Mogck & Therrien, 1998, i). As stated in a 2004 Statistics Canada publication entitled *Exploring the Involvement of Organized Crime in Motor Vehicle Theft*, “While thrill-seeking continues to be a major motive for the theft of vehicles, vehicles stolen for profit is a serious concern in certain parts of the country” (Wallace, 2004, 5).

For-profit auto theft in North America has become the purview of well organized criminal groups and networks and the greatest profit derived from this trade can be found in selling the stolen vehicles overseas. “The prevalence of organized crime involvement in vehicle thefts can be roughly estimated by looking at the proportion of stolen vehicles not recovered,” Wallace writes, as it is these vehicles that are exported abroad. The vehicles that realize the most profit overseas are luxury cars; as such, these are often the targets of auto theft and export conspiracies operating in Canadian cities (Wallace, 2004, 5, 19, 14). In 1998, for example, police in the Bulgarian capital of Sofia announced the detention of a dozen suspects who were in the possession of a Mercedes-Benz 600 SEL, a Cadillac Fleetwood, a Volvo G70, a Nissan Infinity, and a four-wheel-drive Dodge Durango. All were brand new, with a sticker value averaging \$60,000, and all were stolen in Quebec and transported in a shipping container to Eastern Europe through the port of Halifax (*Globe and Mail*, June 2 1998).

“One thread that runs through the stealing-for-export industry,” according to the *Globe and Mail* “is its enormous profitability. Because of low local availability and high tariffs, luxury cars can often be sold overseas for two or even three times their North American sticker price” (*Globe and Mail*, June 2 1998). Stolen vehicles loaded onto containers for export overseas “are often accompanied by false documentation claiming the container holds a different type of cargo” (Wallace, 2004, 14). The cars impounded in Sofia, for example, arrived at the Greek port of Piraeus from Halifax in containers with falsified documentation listing the sealed containers’ contents as fibreglass (*Globe and Mail*, June 2 1998). In some cases, “the organized crime groups may have a link to a port in the form of individuals in key positions who are influential in the movement of commercial cargo off a vessel and within the port environment” (Wallace, 2004, 14).

According to a 2004 RCMP Intelligence report entitled Project Salve, the marine ports used to ship vehicles illegally out of Canada are often determined by the ultimate destination for the cars. Stolen cars bound for Eastern Europe, the Middle East or West Africa are often shipped via the

Port of Montreal. Stolen vehicles that are shipped out of the port of Halifax are more likely to arrive in Eastern Europe or the West Indies. Stolen vehicles moved through the port of Vancouver often end up in Asia (as cited in *CanWest News*, May 14 2005). According to a 2001 report by the British Columbia Ministry of the Attorney General “Numerous criminal groups and car theft rings are profiting from auto theft and smuggling within the province. It is suspected that Eastern European-based organized crime and the Big Circle Boys are involved in the stolen auto trade. It is also reported that the Lotus Gang, Vietnamese-based organized crime and the Hong Kong-based 14K Triad are involved in the shipment of stolen luxury vehicles to the U.S. and foreign countries (Ministry of Attorney General, 2001, 74).

Numerous police investigations have discovered stolen cars in marine containers on the waterfront just before they were to be shipped to Europe or the Middle East (*Canadian Press*, August 13, 2001). In one recent example, police in Quebec carried out a major operation to dismantle a vehicle theft and export ring. “Two searches were conducted in Montréal and six individuals were arrested in the Montréal and Montérégie regions,” according to a 2011 RCMP news release. “In the course of the investigation, 23 vehicles were recovered including luxury vehicles, personal watercrafts, a trailer and heavy machinery, for a total value of more than one million dollars. Based on information gathered during the investigation, the stolen vehicles were shipped to the Arab Emirates and Congo from the Port of Montréal” (RCMP Press Release, March 23, 2011).

Montreal has become the unofficial auto theft capital of Canada partly because of the presence of a number of criminal groups that take advantage of the city’s ports to ship stolen vehicles abroad (*Report Newsmagazine*, Sept 10 2001; Wallace, 2004, 5; *CanWest News*, Apr 17, 2008). According to Wallace, while Montreal “appears to have the largest problem of organized vehicle theft in the country” larger urban centres in Ontario as well as Halifax also have high rates of organized vehicle theft (Wallace, 2004, 5).

In addition to luxury cars, there is evidence that construction equipment is also stolen in Canada for export overseas via shipping containers. In 2010 *CBC news* reported, “thieves stole more than 3,300 pieces of construction equipment” in 2009, including expensive loaders and backhoes. “The vehicles, which often can be started with a single key because owners want it that way, are put in containers and exported to Europe, the Middle East and Africa ... A stolen loader was recovered at the Montreal port” (*CBC News*, Oct. 18 2010).

Cargo Theft at Canadian Marine Ports

The theft of cargo from marine ports is another area of vulnerability that may be connected to organized crime, although there are few cases documented in the media and comparatively little literature examining this problem in Canada (despite the prevalence of cargo theft at U.S. marine ports). If the lack of public cases is used as a benchmark, cargo theft from Canadian marine ports is not a prevalent problem.

With that said, the media has reported on a few cases of cargo theft from marine ports that have transpired in recent years. In November of 2002, police in Montreal arrested seven people who were involved in the theft a shipping container from a marine port terminal with \$500,000 worth

of Swedish vodka. Surveillance led police to a warehouse in the city where they seized the liquor that was destined for the Ontario Liquor Board. The media noted that this theft took place during a current rash of theft of liquor cargo throughout the city (*Canadian Press*, Nov 25 2002).

Sometime between April 10 and 20 2004, a 13-metre-long cargo container went missing from the Fairview terminal, operated by the Ceres Corporation at the Port of Halifax (*Canadian Press*, May 27 2004; *Daily News [Halifax]*, May 29 2004). Details on the contents of the container were not released by the port authority or Ceres Corporation. In June of the same year, the media reported that a cargo container that had gone missing from a commercial marine terminal in New Westminster, B.C. was recovered by police some three weeks later. Little information was publicly released regarding the circumstances surrounding the mysterious absence and recovery of the cargo container (*Chronicle-Herald*, June 2 2004).

There is little public information on the involvement of criminal organizations in the aforementioned thefts or cargo theft at Canadian marine ports by organized crime generally. However, to some the challenges involved in surreptitiously removing large, heavy cargo containers from a secured marine port terminal suggests the necessity of some level of organization, including internal conspiracies at a port to facilitate the thefts. “A crane is used to move containers on and off trucks and boats. Stealing a large container would be no easy task, and could likely not be accomplished alone” the *Halifax Daily News* wrote in its coverage of the 2004 cargo theft from the port (*Daily News*, May 29 2004). In its article on the same theft, the *Chronicle-Herald* cited “experts” who “say the thefts were likely complex operations involving thieves with inside knowledge of their targets. ‘A container that size doesn’t walk off the port by itself,’ said Julian Sher, author of several books on organized crime in Canada. ‘There’s no way something like that can be pulled off without an intricate operation.’” Following the recovery of the stolen vodka at the Port of Montreal in 2002, the *Canadian Press* reported, “An investigation by Montreal police led to organized crime, said Cmdr. Mario Plante of the department’s organized crime division ... Plante said it’s not the first time the port, and ship containers, have been the scene of a crime. While Plante did not specifically want to comment on port security, he said it’s possible organized crime has ‘contacts’ there.”

Outside of these cases, there is little public literature on the involvement of organized crime in cargo theft from marine ports in Canada. In a 1984 article for *Saturday Night* magazine on Montreal’s West End Gang, author Dan Burke describes how in the early 1970s, Gerald Matticks and his three brothers worked on “contract” with this criminal group to hijack tractor-trailer trucks in and around Port of Montreal terminals. Using information obtained from insiders working on the docks, they would whisk away tractor-trailers full of imported merchandise using heavy-duty tow trucks (Burke, 1987, 27). Gerald Matticks would go on to become one of the leaders of the West End Gang and, in this capacity, imported hundreds of millions of dollars of drugs through the Port of Montreal.

Organized Crime-related Corruption and Internal Conspiracies at Canadian Commercial Marine Ports

In his book on the history of organized crime in Canada, Schneider (2009, 366) documents how the illegal entry and exit of drugs, cigarettes, booze, and other smuggled goods has, in some instances, been assisted by corrupt workers at Canada's official ports of entry. "Corrupt border officials and dockworkers were active at the ports during the height of opium and liquor smuggling during the 1920s and also lent a helping hand when heroin and morphine were being smuggled through the ports of Montreal and Vancouver beginning in the 1940s."

Little was reported in the media or public law enforcement reports on organized crime-influenced corruption and internal conspiracies at Canadian marine ports in the post-war period (despite the contrary in the United States). However, this changed in the mid-1990s, when numerous drug smuggling cases revealed the extent to which marine ports were vulnerable to organized crime. This vulnerability was confirmed by law enforcement, criminal intelligence, and government reports on the infiltration of commercial seaports – in particular the ports of Halifax, Montreal, and Vancouver – by criminal groups.

In 1995, the media in Vancouver described the contents of a confidential report by British Columbia's Co-ordinated Law Enforcement Unit that alleged, in the words of one *Canadian Press* article that "organized crime has infiltrated the Vancouver waterfront and is dealing in drugs, guns and the export of stolen cars." The report "identifies 40 people associated with Hell's Angels employed with waterfront unions," reported radio station CKNW. The intelligence assessment said some are foremen who have access to ships, containers and their own trucking companies to load and unload products." According to the *Canadian Press*, B.C.'s then-Attorney General Ujjal Dosanjh acknowledged that organized crime's growing involvement at Vancouver's marine ports was a serious matter. The report called for stricter policing of the commercial waterfront and was leaked to the media at a time when the federal government was planning to disband the Ports Canada Police (*Canadian Press*, Dec 12 1995).

In its 1998 annual report on organized crime, the Criminal Intelligence Service Canada writes that criminal organizations are "firmly entrenched in all major Canadian seaports and are responsible for the bulk of the contraband entering Canada through the ports":

It is usually accomplished through the placement of criminal members, associates, relatives, and friends in legitimate employment positions at the port. This presence allows criminal organizations to acquire valuable knowledge of import and port procedures and to monitor law enforcement activity at the port. Associates in key positions facilitate the movement of contraband into the ports and ensure that it remains concealed until it can be removed and distributed on the contraband market. They also facilitate the theft and diversion of legitimate imported goods and assist in the export of illegal goods, such as stolen vehicles, from Canada to other countries (Criminal Intelligence Service Canada, 1998, 19).

The same year, the *Vancouver Sun* reported on RCMP internal documents indicating that members of the Hells Angels had infiltrated the Port of Vancouver, allegations that the port

authority, longshoremen's union, and companies working at the port denied (Vancouver Sun, Jan 28, 1998).

In its 2001 annual report, the CISC notes that "major crime groups such as outlaw motorcycle clubs, Asian crime groups, East European-based criminal organizations and Traditional organized crime have developed long-term alliances or temporary deals to jointly use their connections at any North American marine port to initially move contraband into one country and subsequently either way across the U.S.-Canada land border" (Criminal Intelligence Service Canada, 2001, 46). That same year, a report on organized crime in B.C. released by the provincial Ministry of the Attorney General, states "there is suspected collusion with members of the Hells Angels and their criminal associates who operate on the waterfront, principally in marshalling the resources necessary to move stolen vehicles out of the country to lucrative foreign destinations" (Ministry of Attorney General, 2001, 74).

A 2002 public report from the Standing Senate Committee on National Security and Defence entitled *Canadian Security And Military Preparedness* described testimony concerning organized crime groups that are "generally active" at the ports (Standing Senate Committee on National Security and Defence, 2002b). The committee published testimony from law enforcement officials who acknowledged that crime groups had infiltrated Canada's three major commercial marine ports. The report summarized the testimony of an intelligence analyst from the "British Columbia Organized Crime Unit" who noted that for the Port of Vancouver:

... all the elements of traditional organized crime had infiltrated the Port, as well as more modern threats such as Asian Triads, Russian Gangsters, and Narco-Terrorists. The range of criminal activity is assessed as much the same as at the Port of Montreal. Motorcycle gangs are active and visible, linking criminal activities in the eastern and western ports (The Standing Senate Committee on National Security and Defence, 2002a).

Representatives of the Vancouver's port authority testified that they did not have any knowledge of organized crime activities at their commercial marine terminals; however, customs officials told the Senate committee that the Hell's Angels is the dominant criminal influence within the port and customs officers working there are often subjected to intimidation while executing their duties. "Containers had been known to be suspended over their vehicles during an inspection, to be 'accidentally' dropped close to inspectors – a brutal warning that their lives are at risk," the Senate report says (The Standing Senate Committee on National Security and Defence, 2002a).

Chief Supt. Ian Atkins, the RCMP's head of criminal operations in Nova Scotia at the time, testified to the Senate committee that of a sample of 500 longshoremen working at the Port of Halifax, 187 (37 percent), had criminal records, while in the Port of Charlottetown 28 of 51 (55 percent) had criminal records (Standing Senate Committee on National Security and Defence, 2002a). Based on these estimates, the Senate committee concluded that an

... extraordinarily large percentage of port employees have criminal records. Police and other officials expressed concern that these people had chosen to work at ports because such employment presents opportunities for further criminal activity ... The implications of

this lack of control of criminal activity at Canadian ports are clear. The Committee concluded that where organized crime flourishes, it does so because activities at any given port are beyond the control of the authorities in charge of the port. Clearly, this lack of control creates fertile ground for terrorist activity, including covert immigration, and potentially the covert importation and shipment of weapons and other agents of mass destruction” (The Standing Senate Committee on National Security and Defence, 2002b).

In response to these surveys of dockworkers’ criminal pasts, the head of the International Longshoremen’s Association accused the RCMP of sensationalizing the data. “I would like to see a breakdown of the criminal records,” Gerald Murphy, president of Local 269 of the union was quoted as saying in a *Canadian Press* article. “Murphy said he wonders if that might show many convictions happened long ago and involved offences like impaired driving, assault and domestic disputes that have nothing to do with the port” (*Canadian Press*, Jan 23 2002). The RCMP also pointed out that a criminal record alone does not suggest an individual is currently involved in criminal activities where he or she works, let alone an associate of a criminal organization (*CanWest News*, May 14 2005).

A 2002 *Globe and Mail* article reports similar figures for the Port of Montreal produced by a joint organized-crime task force made up of Montreal city police, Quebec provincial police and the RCMP, which estimates that approximately “15 per cent of stevedores and 36 per cent of checkers working at the Port of Montreal have criminal records, as do 54 per cent of the employees of an outside firm with the contract to pick up garbage and to service ships on the docks” (*Globe and Mail*, Aug 31 2002).

The same news article cites a confidential intelligence report by the Organized Crime Agency of British Columbia:

Canada’s three major seaports – Halifax, Montreal and Vancouver – are littered with criminals. The report identifies five full-fledged members and 43 associates of the Angels working in various positions on Vancouver’s docks. “Some wear their colours to intimidate ... One member of the Hells Angels is a senior trainer for longshoremen at the Delta Port, the largest container facility on the West Coast and a highly vulnerable target for organized crime and terrorist groups. We have also identified members of East European, Indo-Canadian, Colombian, Mexican [and] triad organized-crime syndicates working on the port. It has become a mutually acceptable environment because there is a [lot] of money to be made, so there is no upside to fighting with each other. The gangs have connections in Halifax, Montreal and numerous American ports” (*Globe and Mail*, Aug 31 2002).

In 2002, police uncovered a case of corruption at the Port of Halifax that was tied to ongoing importation of more than 3,100 kilos of hashish and cocaine since 1999 that was then distributed to other provinces for trafficking. In July of that year, several individuals in Ontario, Quebec and Nova Scotia were arrested by police. Among those was a former dockworker at the Port of Halifax and was responsible for determining where crane operators were to place shipping containers after they had been unloaded from ships. A senior RCMP source alleged this individual was at the centre of the drug smuggling operation and had ties to foreign suppliers and

domestic organized crime groups in Canada. Two other Halifax men arrested were also port workers. One was a non-unionized employee in the administrative offices of the Ceres Corporation, which operates the Fairview Cove container terminal at the Port of Halifax and was responsible for the loading and unloading of vessels and entering cargo information into a computerized database. The third port worker was a foreman who co-ordinated an eight-man crew that operates cranes.

In court documents, police state that the crane supervisor, along with two other port workers, conspired with at least seven men from Quebec to import cocaine in containers brought into the Port of Halifax. Among the Quebec men implicated in this conspiracy was Steven (Bull) Bertrand who allegedly had ties to the Hells Angels Nomad chapter in Montreal and its leader, Maurice (Mom) Boucher. Bertrand was charged with conspiracy to import 45 kilograms of cocaine into Halifax's port and in 2003 he pleaded guilty (*Montreal Gazette*, Jan 21 2003). The three Halifax port workers were also convicted. Evidence at their trials revealed they informed their co-conspirators where and when vessels carrying the Montreal-bound cocaine was arriving at the Port of Halifax and allowed these individuals to unload the containers and remove them from the docks unhindered (*Chronicle-Herald*, Jul 10 2002; *Canadian Press*, Jul 10 2002; *Chronicle-Herald*, Jul 11 2002; *Daily News*, Jul 12 2002; *Daily News*, Dec 20 2002; *Canadian Press*, May 19, 2004; *Canadian Press*, May 27 2004). A police investigation showed that Arthur became the "door" to make sure drugs went through Halifax safe and sound. Criminal groups and drug wholesalers would contact the crane operator supervisor and inform him of when shipments were arriving, giving him the code numbers on the containers. He would then pass this information on to corrupted contacts working for the shipping companies. When the containers with the drugs arrived, the containers would be set aside on the docks, and then eventually opened, with the drugs removed and put in vans and sent to Montreal or other cities (O'Connor & O'Connor, 2011, 189-190; CBC, 2006).

In November of 2000, citing a RCMP member with the drug enforcement section in Montreal, the *Montreal Gazette* reported that recent "drug seizures out of the Port of Montreal clearly show the port is infiltrated by a consortium of organized crime syndicates that includes the Hells Angels..." The RCMP member referred to his section's investigations into six large hashish seizures that year – totalling 21,000 kilos. All of the hash had arrived in shipping containers at the Port of Montreal. In addition, two other shipments destined Montreal – one 10,000 kilos and the other 11,500 Kilos – were seized at foreign ports. "The drugs come in and out of the port really easily, which means there is a powerful organization [controlling the port]," according to Staff-Sgt Jean Pierre Boucher. "They are able to get the drugs out faster than the legitimate goods" (*The Gazette*, Nov 7, 2000).

The "powerful organization" he was referring to was the so-called West End Gang,

... a moniker applied by police to a network of professional criminals, mostly of Irish descent, who grew up in the slums of Montreal's West End. Despite its changing leadership and a varying cast of characters over its forty-year existence, the West End Gang went on to become one of the biggest importers of hashish and cocaine in the country, working closely with other criminal entrepreneurs from drug suppliers in the U.S.,

Colombia, Pakistan, and the Middle East to wholesalers and retailers in Canada, including outlaw motorcycle gangs and the Italian mafia (Schneider, 2009, 345).

By the start of the new millennium, Gerald Matticks, the acknowledged head of the gang, was importing multi-tonne shipments of cocaine and hashish into Quebec through the Port of Montreal. Matticks was able to move large quantities through the port because of his influence there. “He virtually controlled the hiring of checkers, a waterfront job responsible for overseeing the movement of containers off ships and essential to ensuring the safe passage of drugs through the port. Gerald’s son Donald even worked on the docks as a checker for fifteen years before being caught up in a police dragnet in 2002. He would later tell a parole board that he began working at the port at the age of twenty-four and used his position to sneak drug-filled containers past the port gates without being inspected” (Schneider, 209, 348-349). This job directing containers at the port helped his father and associates orchestrate the importation of 44 tonnes of hashish and 265 kilograms of cocaine – estimated at \$2.1-billion on the street – through the Port of Montreal from 1999 to 2001. Police allege that the drugs arrived at the port in shipping containers, were loaded onto trucks and diverted through Donald Matticks and other corrupt dock workers to a warehouse off port grounds (*Globe and Mail*, Dec 5 2002). “Authorities have long alleged that the Mattickses trafficked with impunity because they controlled port employees. In a 1996 trial, a former Canadian Pacific executive said he was offered \$50,000 to help Mr. Matticks smuggle drugs through the Port of Montreal” (*Globe and Mail*, Aug 7 2002). Gerald Matticks was arrested on August 6, 2001. He subsequently pleaded guilty to drug charges and received a twelve-year sentence.

Besides Donald Matticks, many other checkers at the Port of Montreal purportedly owed their job to Gerald Matticks. “I know a lot of people who work on the waterfront,” according to Kevin McGarr, a former Montreal detective who worked on investigations targeting the West End Gang. “Most of them got their jobs from Matticks. He had a stranglehold on the checkers” (Marsden & Sher, 2003). According to Marsden and Sher:

To control the smuggling, Matticks needed only a small group of workers at a time: someone who has access to the shipping plans and the checker who knows the container number. Even if you didn’t have the seal number for the container that held your dirty cargo, Matticks could help you. You order dope from Pakistan via Asia and the Netherlands. It leaves Peshawar to Singapore. Someone there snaps a Polaroid of your container. You get the picture and you give it to Matticks, explains McGarr. “And you say, ‘When this one comes off the boat – there’s no paperwork for it – just have it put somewhere.’ No problem.” Even when nothing moved on the port, Matticks could get things moving. During a truckers’ strike in the fall of 2000, pickets blocked access to the docks. One truck got through the lines to pick up a container, supposedly packed with chocolate from Belgium. When police followed it to a factory, they also found a tonne of hashish (Marsden & Sher, 2003).

Marsden and Sher also describe the involvement of the Hells Angels at Port of Vancouver:

[Canada Port Police officers] Toddington and Fotia began compiling a mountain of intelligence dossiers and briefing notes. In August 1994, their first major report unveiled

“a massive billion-dollar-plus drug import industry.” At its centre was one group: “The Hells Angels have extensively infiltrated the operations of the port. Angels are among the first to board arriving ships. They unload the goods, place them for storage, load them onto trucks and prepare the necessary documents for shipping.” The ranks of the biggest union on the waterfront, the International Longshore and Warehouse Union (ILWU), were “littered with members and associates of the Angels. They are placed in key positions that enable them to commit crimes.”

The police found 10 full-patch [Hells Angels] members plus 30 associates with ILWU accreditation. The East End chapter had the largest contingent of port workers in its ranks – hardly surprising, given the chapter’s physical proximity to the harbour and its historical affinity with drug smuggling...

“They’re in key positions to have anything moved to where they want it to be moved,” says Fotia. Some worked in offices and, according to police, “held key positions that allowed access to sensitive shipping information.” Others were forklift drivers or dispatchers who control the movement of cargo; still others ... were promoted to positions of managers and foremen and could control the movement of people. “You could have people putting the containers anywhere they want,” says Toddington. Customs inspectors check only 3% of all the containers coming into the country. So on the docks in Vancouver and across the country, smuggling has become a sophisticated, well-orchestrated operation. The bikers put people in key positions to facilitate a “tailgate operation,” so called because the bikers can organize the movement of drugs from a container right onto one of their waiting vehicles with exquisite precision.

Here is how it sometimes works: the bikers on the waterfront know exactly what container to look for on what vessel. Once the ship docks, a Hells foreman or sympathizer arranges a work crew -- the crane operator, the forklift driver, the flatbed driver all have to be in on it. The targeted container is set apart from the others, perhaps in the corner of a warehouse or somewhere else out of sight. The bikers then back the container right up into one of their trucks – tailgate to tailgate – that is parked on the dock. They break the seal on the container and remove the drugs. Inside one of the drug bags or sometimes taped inside the door of the container itself are a duplicate set of seals. The smugglers then simply close the container, reseal it, put it back on the truck and ship it off with the rest of the consignment. No one is ever the wiser. “Everything looks normal,” says Fotia. “It’s what’s happening behind the scenes that’s important” (Marsden & Sher, 2003).

In its 2003 annual report on organized crime, the CISC dedicated a section to the infiltration at Canadian marine ports by organized crime. “The criminal presence within a marine port is often not apparent to the majority of port employees. It is not necessarily a pervasive presence and may be limited to small number of individuals within key positions that are influential in the movement of commercial cargo off a vessel and within the port environment. In some instances, criminal elements within the port will subject legitimate employees to intimidation to either enlist their cooperation or ensure their silence.” The report briefly discusses the two “successful enforcement actions at the Ports of Halifax and Montreal that disrupted the illegal activities of a major criminal group operating within each port” in 2002. “However, despite these enforcement

successes, there remains a criminal presence within each port that could potentially continue to facilitate the future movement of contraband, particularly illicit drugs, into Canada. For example, trafficking organizations continued to exploit the Port of Halifax as a conduit for illicit drugs as evident in two subsequent seizures by law enforcement: 11.5 tonnes of hashish in January 2003; and 172 kilograms of cocaine in March 2003.”

In its 2004 annual report on organized crime, the CISC writes,

A significant component of the threat at marine ports is a criminal strategy of either the placement of criminal associates within the port environment or the corruption of current members of the port work force. The criminal presence within a port workforce may only involve a small number of individuals who attempt to conceal criminal activity from their co-workers. These criminal conspirators are usually employed in positions that allow access to port information and the movement of commercial cargo from the vessels and through the port environment. In some instances, the conspirators extract contraband from marine containers prior to enforcement inspection, while in other instances containers may disappear (CISC, 2004, 11).

All marine ports that receive international shipping are potentially vulnerable to criminal exploitation; however, this situation has been particularly identified at the three largest marine container ports of Vancouver, Montreal and Halifax. The most significant criminal influences within the marine ports are linked to the HELLS ANGELS, Traditional (Italian-based) organized crime groups and independent domestic crime groups. Independent crime groups are not necessarily affiliated to any of the more established crime groups and usually act as facilitators in the movement of contraband. These groups are usually entrepreneurial and will offer their services to any criminal client for a fee (CISC, 2004, 11-12).

At the Port of Vancouver, sectors of the workforce have been infiltrated by a small number of criminal elements, including some members and associates of the HELLS ANGELS, as well as other independent criminal operators. The port is being exploited to move illicit commodities into Canada as made evident by law enforcement seizures during 2003 including several incidents involving counterfeit products, in particular Canadian-brand cigarettes, and illicit drugs such as an 18-kilogram seizure of opium in December. In Ontario, there are numerous marine ports located within the Great Lakes System that are at potential risk for criminal exploitation as they are situated near areas of major organized crime groups, particularly Traditional (Italian-based) crime groups, Asian-based organized crime groups and the HELLS ANGELS. (CISC, 2004, 12)

In 2005, the media reported on a RCMP Intelligence Assessment entitled Project Salve, which details the vulnerability of the ports of Montreal, Vancouver and Halifax to organized crime. According to a *Canwest News* report, the intelligence assessment contends that members and associates of organized crime groups are “well entrenched” at these ports and “have rooted themselves firmly on the docks over decades.” The document describes how dockworkers with criminal ties are employed in “crucial” positions and intimidate law-abiding dock workers and, to a lesser extent, police and Canada Border Services officials. “With these elements exerting

general control over their work area, law-abiding co-workers often find themselves coerced into co-operating in illegal acts or turning a blind eye,” the assessment is reported to say. In Montreal, “all criminal activities are related in some way to organized crime. Very few petty criminals would consider operating as ‘independents’ in an environment where crime groups are so omnipresent” (*CanWest News*, May 14 2005).

In 2007, the Standing Senate Committee on National Security and Defence issued a report addressing security and enforcement at marine ports. Based on RCMP testimony the committee’s report states, “that Indo-Canadian, Asian and traditional organized crime groups – including the Hells Angels – remain very active in the Port of Vancouver.” The RCMP also conceded that despite intelligence information on the presence of and threats posed to port security by organized crime, the Force “could only tackle about 30 percent of these activities due to limited resources” (Standing Senate Committee on National Security and Defence, 2007, 4). However, as reported by the media, RCMP Insp. Doug Kiloh, who was in charge of an integrated port enforcement task force in Vancouver at the time, assured the Senate committee that the Port of Vancouver is not controlled by criminal elements like the Hells Angels. He did not deny this criminal group had members and associates who worked at the docks, but stated it does not exercise any significant degree of control over dock workers or management. “There’s no question the Hells Angels do have a presence on the port,” Kiloh said. “It is a small presence, but they are in the port, they do know how the port works, and they were on the port as employees long before they became Hells Angels” (*Canadian Press*, Mar 2 2005).

United States: Corruption and Labour Racketeering at the Port of New York and New Jersey

Even in the aftermath of the 9/11 terrorist attacks, the United States Maritime Administration acknowledged that organized criminal activities posed the greatest threat to marine ports. “The most prevalent threat to port security in the Western Hemisphere remains drug smuggling, followed by cargo threat, stowaways and alien smuggling, and sea robbery in the port or harbor” (United States Maritime Administration, 2002, 7). Arguably, there is no commercial marine port in the U.S. more vulnerable to organized crime than the Port of New York and New Jersey. In addition to the previously mentioned criminal activities, the port has also been highly vulnerable to labour racketeering. More specifically, the International Longshoremen's Association (ILA) has long been accused of being corrupted by New York City mafia families.

Literature documenting accusations of corruption within the ILA at the Port of New York and New Jersey date back to the late 1940s and was viewed in the context of widespread crime and corruption on the waterfront. A series of articles by Malcolm Johnson in 1948 for the *New York Sun* vividly detailed crime on the New York waterfront. “The series exposed what he called an ‘outlaw frontier,’ where organized criminals had a stranglehold on the ports. These gangs enforced their reign of terror through thievery, control of narcotics traffic, smuggling, shakedowns, kickbacks, bribery, extortion, and murder. They were allied with a crime cartel that Johnson labelled the syndicate – now known as the Mafia – that controlled organized crime in the U.S., including the powerful International Longshoremen’s Union” (Cohen, 2005, 1329). In December of 1952, the *U.S. News & World Report* published an article entitled, “Union shakedown” which examines how the mafia and other criminals extorted shipping companies in

order to avoid strikes (*United States News and World Report*, 1952, 65-66). In the early 1960s, Bud Schulberg chronicled in the *Saturday Evening Post* the continued problems at the marine port, including widespread theft, union corruption, abuses in the hiring process, and the involvement of the mafia and other criminals in the ongoing extortion of shipping companies (Schulberg, 1963, 28-45).

In his 1982 essay, "On the waterfront revisited: The criminology of waterfront organized crime" criminologist Alan Block provides a critical examination of the structure and development of organized crime on the New York City waterfront beginning in the 1950s. It focuses on the relationship between the New York mafia families, the ILA, private sector companies doing business on the docks and the Waterfront Commission of the New York Harbor. Block traces organized crime's infiltration of the ILA to five mafia families during the 1940s. While their influence receded during the 1950s in the face of enforcement actions, even more powerful mafia groups, in particular the Gambino and Genovese families, stepped in and exerted control over the ILA and legitimate companies doing business on the docks. Block concludes that "the impact of organization and regulation on private enterprises and relationships between professional criminals and politicians are significant factors in shaping waterfront organized crime" (Block, 1982).

A number of successful prosecutions of organized crime figures and corrupt union officials from the mid-1970s to early 1980s did not significantly impair the mafia's corrupt influence on the ILA and waterfront businesses (President's Commission on Organized Crime, 1986, 36-43; Abadinsky, 1990, 357-63). Racketeering continued at the Port of New York and New Jersey throughout the 1980s, which was succinctly summarized in a 1986 *New York Times* article:

Federal investigators say they have uncovered evidence of widespread racketeering on the New York-New Jersey waterfront, including kickbacks, embezzlement and conflicts of interest in the administration of \$40 million in pension and welfare funds for longshoremen. A yearlong inquiry has found evidence that the waterfront – after numerous Federal and local investigations over the last 30 years – is still rife with payoffs for contracts, extortion of businessmen and infiltration by organized-crime figures, according to investigators and court documents. The current investigation into purported racketeering by businessmen and officers of the International Longshoremen's Association, the union that represents dock workers, has also focused on these accusations: Officials said they had evidence that several union and industry representatives who manage the pension, health-services and other fringe-benefit funds had obtained thousands of dollars in kickbacks from vendors supplying services such as investment counseling to the funds. According to court documents, 10 companies that repair ships and freight containers made payments totaling \$958,000 to a consulting company that is now out of business. Investigators said in court papers that they suspected that the payments had been funneled to the consulting concern to conceal kickbacks to union officials and others in return for labor peace and help in getting contracts. Investigators also said the payments might have been designed to thwart investigations and as possible tax-evasion schemes (*New York Times*, Mar 21 1986).

In February of 1990, the Federal Government launched a lawsuit, under the civil provisions of the *Racketeer Influenced and Corrupt Organizations* (RICO) statute, against six ILA locals and 44 union officials as well as reputed New York mafia family members, including Gambino Family boss John Gotti, in an effort to end mafia influence over the ILA. The suit alleged a pattern of racketeering that included embezzlement of union funds, extortion and murder. Under pressure from federal prosecutors, top officers of ILA locals in New York and New Jersey agreed to resign, while 11 individuals named in the suit (including Gotti) were forced to disgorge \$313,853 in illegally obtained kickbacks and payoffs. Others linked to organized crime were prohibited from holding or seeking jobs on the New York and New Jersey waterfronts (*New York Times*, Feb 15 1990; *New York Times*, Dec 19 1991; *Wall Street Journal*, Aug 24 1993).

Despite these enforcement actions, the ILA continued to be accused of ties to the Gambino family. In 2002, a federal indictment was brought against two of John Gotti's brothers, his nephew and six others for racketeering activities in relation to the ILA. When the case came to trial, a former president of the ILA admitted that the Gambino family held sway over dockworkers through union officials who accepted cash payments from the mafia family. In March of 2003, Peter Gotti, John's brother, was convicted of racketeering, conspiracy and money laundering due in part to his ties to the ILA (*New York Times*, Jun 5 2002; *New York Times*, Jan 29 2003; *New York Times*, Mar 18 2003). In 2002, Frank Scollo, a former ILA international vice president and head of Brooklyn Local 1814, pleaded guilty to racketeering charges after testifying that he funnelled payoffs to mob figures to influence the awarding of an ILA pharmaceutical-benefits contract. Around this same time, the ILA was facing the prospect of yet another civil lawsuit under RICO, which could potentially oust union officials and/or put the ILA under trusteeship (Bonney, 2003).

In 2004, federal officials unsealed an indictment charging two leaders of the ILA who – alleged to be associates of the Genovese mafia family – with extortion aimed at placing Genovese associates as officers in the ILA, steering lucrative union-benefit contracts to companies that paid kickbacks to the Genovese family, and controlling the operation of companies doing business with the Port Authority for the benefit of the Genovese mafia clan (United States Attorney's Office Press Release, Jul 27 2004; *Star Ledger*, May 1 2005). With respect to the latter charge, "the government alleges that the Genovese family controls the container and chassis repair industries, and the ILA operations, on the piers in New York/New Jersey, utilizing explicit and implicit threats of violence to exclude legitimate companies from competing for business, and to extort money from those companies who they permitted to work on the piers (United States Attorney's Office, Jul 27 2004).

In July 2005, federal prosecutors made good on their promise to launch another civil RICO lawsuit against the ILA and some of its officers, along with alleged members and associates of the Gambino family. The civil suit contends that since at least 1995, the Gambino and Genovese families exercised control over the ILA president and other top-ranking ILA officials, which included rigging union votes that got them elected, while carrying out a pattern of other unlawful schemes, including extortion (Marine, 2006).

In 2009, Edward Aulisi, a checker working at the Port of New York and New Jersey, and son of former ILA Local 1235 President Vincent Aulisi, was barred from working at any port property

due to his association with Michael (Mikey Cigars) Coppola, an reputed member of the Genovese family (Waterfront Commission of the New York Harbor, Nov 18 2009). In 2010, Albert Cernadas, a former president of ILA Local 1235 was arrested on federal charges of racketeering, extortion and conspiracy. The indictment alleges that Cernadas extorted members of his own union from 1982 to 2006 forcing them to make cash payments each year during the Christmas period when the longshoremen receive their annual portion of royalty payments paid from shipping companies. Some of this cash allegedly went to members of the Genovese crime family (Waterfront Commission of the New York Harbor, Dec 14 2010; *Star-Ledger*, Dec 16 2010).

In January of 2011, 15 people were charged with various racketeering-related crimes, including extorting members of ILA Local Union 1235 and other New Jersey ILA locals. According to the indictment, “Certain defendants, who include numerous current and former officials in local ILA unions based in New Jersey, are alleged to be affiliated with the Genovese family” and conspired with Nunzio LaGrasso, an associate of the Genovese family and the vice-president of ILA Local 1478 in Newark, to extort ILA members each year (United States Department of Justice, Jan 20 2011).

Annex 5: Selective Seizures at Canada's Three Major Commercial Marine Ports

(Based on open source information)

HALIFAX						
Date of Marine Port Seizure	Drugs / Contraband Seized	Origination Point / Transit Countries	Smuggling / Concealment Methods	Ultimate Destination of Drugs	Successful Enforcement Efforts	Sources
Dec 2001	Cocaine (73 kg)	Panama	Hidden in container of brandy	?	Targeting, intelligence gathering, X-Ray	<i>Canada NewsWire</i> , Dec 13 2001
Feb 2002	Cocaine (50 kg), marijuana, hashish	Chile via Panama	Plastic-wrapped blocks in duffel bags in container filled with wood products	Halifax, Toronto, Montreal, Hamilton	?	<i>Canada NewsWire</i> , Feb 15 2002; <i>Chronicle-Herald</i> , Jul 10 2002; <i>Canadian Press</i> , Jul 10 2002; <i>Chronicle-Herald</i> , Jul 11 2002
July 2002	Cocaine (21 kg)	Chile	Duffel bags in container with wine	?	?	<i>Canadian Press</i> , Jul 8 2002
Aug 2002	Opium (21 kg)	Iran	Packed in blue and green latex balloons in canned pickles in container	Toronto	?	<i>Canadian Press NewsWire</i> , Sep 10 2002
Jan 2003	Hashish (11.5 tonnes)	Pakistan via Hong Kong, Malaysia, Singapore and Italy	Container filled with cotton fabric and cat food	Montreal	Intelligence information, targeting (due to point of origin & inaccuracies in documents), VACIS,	<i>Canadian Press</i> , Jan 22 2003; <i>Halifax Chronicle-Herald</i> , Jul 27 2005
Mar 2003	Cocaine (172 kg)	Haiti	container full of furniture and clothing	Montreal	Intelligence, targeting due to "inconsistencies" in documents	<i>Canadian Press</i> , Apr 7 2003
Feb 2004	Ecstasy (110 kg)	?	Container carrying wine bottle corks	Toronto	Suspicious due to shipping container's manifest; x-ray	<i>Canadian Press</i> , Feb 10 2004; <i>Halifax Chronicle-Herald</i> , Jul 27 2005

HALIFAX						
Date of Marine Port Seizure	Drugs / Contraband Seized	Origination Point / Transit Countries	Smuggling / Concealment Methods	Ultimate Destination of Drugs	Successful Enforcement Efforts	Sources
Jun 2004	Cocaine (68 kg)	Grenada	Container carrying black pepper, curry powder & noodles	?	Intelligence, targeting, x-ray	<i>The Daily News</i> , Sep 17 2004; <i>Canadian Press</i> , Sep 16 2004
Nov, 2004	Opium (48 kg)	Iran	Drugs hidden inside two wooden door panels of a container	Ontario	Targeting, detector dog, x-ray	<i>Halifax Chronicle-Herald</i> , (Jul 27 2005); <i>Canadian Press NewsWire</i> , Dec 8 2004)
2005	Cocaine (400 kg)	Venezuela	Shipping container	Quebec	?	Royal Canadian Mounted Police, 2006, 3
Sept 2005	Marijuana (14.4 kg)	Jamaica	139 packages of drugs in boxes of pre-packaged biscuits, some of which were hollowed out with drugs concealed inside, wrapped in plastic and tape	?	Targeting, X-ray	Canada Border Services Agency (Sep 9 2005)
Oct 2005	Ketamine (530 kg)	India	plastic thermoses in a container	Toronto (and possibly U.S.)	?	<i>The Daily News</i> , Dec 10 2005; <i>Canada NewsWire</i> , Dec 8 2005; RCMP, 2006, 20
Jan 2006	Hash Oil (504 kg); marijuana (362 kg)	Jamaica	Shipping container	?	?	RCMP, 2007, 3
Jun 2006	Hashish (107 kg)	Morocco	packed into plastic envelopes and glued on to wooden boards assembled into	Montreal	Tip from RCMP; X-ray	<i>Montreal Gazette</i> , Jun 29 2006; <i>Canada NewsWire</i> , Jun 28 2006; RCMP, 2007, 3

HALIFAX						
Date of Marine Port Seizure	Drugs / Contraband Seized	Origination Point / Transit Countries	Smuggling / Concealment Methods	Ultimate Destination of Drugs	Successful Enforcement Efforts	Sources
			Moroccan wooden furniture in container			
Jun 2006	Hashish (4000 kg)	Pakistan	4,000 one-kilogram cellophane-wrapped packets marked chilli nuts hidden inside 100 large bales of cotton in container	Toronto	Targeted due to point of origin (Pakistan); X-ray	<i>Daily News</i> , July 22 2006; <i>Canadian Press</i> , Jul 21 2006; Canada Border Services Agency, Jul 21 2006; RCMP, 2007, 7
Jul 2006	Hashish (600 kg), hash oil (430 kg) & marijuana (196 kg)	Jamaica	Drugs wrapped in plastic & hidden under false floor in the bottom of a shipping container of pumpkins, yams and sweet potatoes	Toronto	X-ray found "anomalies" in the floor of the container; Controlled delivery	<i>Canadian Press</i> , Oct 23 2006; <i>National Post</i> , Oct 25 2006; RCMP, 2007, 4; Canada Border Services Agency, Oct 23 2006
July 2007	Marijuana (90 kg) & hash oil (93 kg)	Jamaica	Shipping container	Toronto	?	RCMP, 2008, 7
Aug 2007	Cocaine (88 kg)	Venezuela	Concealed in 12 boxes of floor tiles in shipping container	?	Quebec	RCMP, 2008, 10
Mar 2008	Hashish (320 kg)	Morocco	Drugs hidden false compartments in floor of crates carrying olive oil & pottery found in container	Montreal	Crates were unloaded and examined with an X-ray	<i>CanWest News</i> , Dec 9 2008; <i>Globe and Mail</i> , Dec 10 2008; RCMP, 2009, 17

HALIFAX						
Date of Marine Port Seizure	Drugs / Contraband Seized	Origination Point / Transit Countries	Smuggling / Concealment Methods	Ultimate Destination of Drugs	Successful Enforcement Efforts	Sources
Oct 2008	Heroin (28 kg)	Pakistan	Drugs secreted in the hollowed-out areas between corrugated layers of cardboard that formed the side of the 430 boxes of towels in container	Toronto	Targeting (due to point of origin); x-ray; controlled delivery	<i>CanWest News</i> , Nov 4 2008; <i>Canadian Press</i> , Nov 4 2008; <i>Halifax News Net</i> , Oct 31, 2008; RCMP, 2009, 25
Apr 2009	Hashish (212 kg)	Middle East	Shipping container	Toronto	?	<i>Canada NewsWire</i> , Jul 8 2009
Nov 2009	Cocaine (343 kg)	Venezuela	Coke Hidden in hundreds of fake ceramic tiles among real tiles in container	Montreal	Targeting	<i>Metro Halifax</i> , Jun 2 2010; RCMP, 2010, 24; Canada Border Services Agency, Jun 1 2010
Feb 2010	Cocaine (200kg)	Chile	Container with six bags carrying 22 cylindrical packages stored among wooden mouldings used as household trim	?	Random x-ray (and contents compared with shipping manifest to prompt secondary inspection)	<i>Chronicle Herald</i> , Feb 12 2010; <i>Canada Border Service Agency News Release</i> , Feb 11 2010; <i>CBC News</i> , Feb 11 2010

MONTREAL						
Date of Marine Port Seizure	Drugs / Contraband Seized	Origination Point / Transit Countries	Smuggling / Concealment Methods	Ultimate Destination of Drugs	Successful Enforcement Efforts	Sources
Aug 2000	Hashish (200 kg)	Netherlands	Hidden in shipping container with farm machinery equipment	London, Ontario	?	<i>Canada NewsWire</i> , Aug 11 2000
Oct 2000	Hashish (5 tons)	?	Shipping container	Montreal	?	<i>Montreal Gazette</i> , Oct 21, 2000
Oct 2000	Cocaine (20 kg)	?	Shipping container	Montreal	?	<i>Montreal Gazette</i> , Oct 21, 2000
Aug 2003	Ecstasy (260 kg)	Belgium	Shipping container	Vancouver	?	<i>Chronicle-Herald</i> , (Dec 12 2003)
May 2007	Cocaine (160 kg)	Mexico via Bahamas	Hidden in plastic bags of four kilograms each buried in frozen mango puree (shipping container)	?	?	<i>CanWest News</i> , Feb 9, 2010; RCMP, 2008, 9
Oct 2008	Ephedrine	?	?	?	?	RCMP, 2009, 37
Mar 2009	Khat (639 kg)	Kenya	?	?	?	RCMP, 2010, 26
Aug 2009	Marijuana (300 kilos)	Jamaica	Hidden in seven metal cylinders attached to the (hull) sea chest area below the water line of a ship docked at the port of Saguenay	?	CBSA's Flexible Response Team discovered the contraband using a remote-operated vehicle (ROV) that examines the hull of ships. The ROV revealed an anomaly around the hull that warranted further investigation	Canada Border Services Agency, Aug 27 2009
Sept 2009	Hashish	Pakistan	?	?	?	RCMP, 2010, 20
Sept 2009	GBL (1,995 litres)	?	Shipped in nine 45-gallon drums	?	?	RCMP, 2010, 41
2009	Hashish (4,035 kg)	Mozambique / Kenya	?	?	?	RCMP, 2010, 20
Jan 2010	Cocaine (27 kg)	?	Shipping container	Toronto	Controlled delivery	<i>CanWest News</i> , (Feb 9, 2010)

MONTREAL						
Date of Marine Port Seizure	Drugs / Contraband Seized	Origination Point / Transit Countries	Smuggling / Concealment Methods	Ultimate Destination of Drugs	Successful Enforcement Efforts	Sources
Jan 2010	Opium (97 kg)	Iran	Shipping container with furniture & household appliances; the opium was hidden in panels of a refrigerator	Toronto	?	<i>Montreal Gazette</i> , Jan 23 2010; <i>Globe and Mail</i> , Jan 28, 2011
Jan 2010	Opium (17.6 kg)	Iran	formed in the shape of pickled cucumbers in Shipping container	Toronto	?	<i>Globe and Mail</i> , Jan 28, 2011
Feb 2010	Hashish (1700 kg)	South Africa	864 packets found in false-bottom wooden crates, containing masks and statues (shipping container)	?	Routine inspection	<i>Canadian Press</i> , Feb 18 2010; Canada Border Services Agency, February 18 2010
2010	Ephedrine (44 kg)	India	Shipping container with bath towels	?	?	<i>Globe and Mail</i> , Jan 28 2011
April 2011	Heroin (35 kg)	Pakistan	hidden in pallets inside a shipping container	?	?	<i>Montreal Gazette</i> , Apr 23 2011; <i>Toronto Star</i> , Apr 22 2011

VANCOUVER						
Date of Marine Port Seizure	Drugs / Contraband Seized	Origination Point / Transit Countries	Smuggling / Concealment Methods	Ultimate Destination of Drugs	Successful Enforcement Efforts	Sources
Feb 1999	Heroin (43 kg)	China	Six packs of heroin were hidden among the 733 boxes of sugar and beans in shipping container	?	X-ray	<i>Vancouver Province</i> , Aug 25 2004
Sept 2000	Heroin (150 kg)	China	Shipping container	?	?	<i>Canadian Press</i> , Jul 31 2003
June & July 2003	Counterfeit Viagra pills (14.8 kg, 72,000 doses) / counterfeit Canadian-brand cigarettes (118,100 cartons)	China	counterfeit Viagra were concealed within cigarette cartons & seized from three separate shipping containers	?	(CCRA) inspectors identified a suspicious shipment	<i>CanWest News</i> , Aug 12 2003; Criminal Intelligence Service Canada, 2006b, 2
July 2004	MDP2P (1,800 kg)	China	Hidden in 66 soy sauce bottles among larger container shipment of soy sauce	Vancouver/ Toronto	?	<i>Vancouver Province</i> , Aug 25 2004
Sept 2005	MDP2P (2,000 litres)	China	Shipping container with canned water chestnuts	?	?	RCMP, 2006, 18
Nov 2005	MDP2P	China	?	?	?	RCMP, 2006, 18
Apr 2006	MDP2P (5 tonnes), ephedrine (1 tonne), counterfeit cigarettes (7,200 cartons)	China	Concealed in a consignment of clothing	Winnipeg	?	RCMP, 2007, 25

VANCOUVER						
Date of Marine Port Seizure	Drugs / Contraband Seized	Origination Point / Transit Countries	Smuggling / Concealment Methods	Ultimate Destination of Drugs	Successful Enforcement Efforts	Sources
May 2006	MDP2P (2.5 tonnes)	China	concealed among a shipment of plastic pitchers, cups, shelving units and pails	Toronto	?	RCMP, 2007, 25
Nov 2006	Counterfeit designer clothing	Hong Kong	?	Calgary	?	<i>CBC News</i> , Nov 17 2006
July 2006	Heroin (27 kg)	India	disguised among bags of rice in shipping container	?	?	RCMP, 2007, 17
May 2008	MDP2P (3.7 tonnes)	China	Manifest described contents as 78 barrels of sodium hydroxide	?	Intelligence, secondary inspection	<i>Canadian Press</i> , May 8, 2008; RCMP, 2009, 37
Aug 2008	Counterfeit cigarettes (38,000 cartons)	China	Concealed in five separate marine containers bound for Ontario	Ontario	Controlled delivery	RCMP, 2007b, 5; <i>CanWest News</i> , Sep 9, 2008
Sept 2008	Opium (30 kg)	Turkey	Hidden in 104 (of a total of 3,900) plastic jars each containing an estimated 1.6 kilograms of pickles and black olives.	Surrey	CBSA randomly selected shipping container for secondary examination, revealing a shipment of plastic jars . Many jars contained a gelatine-like substance that was tested for illegal substances.	RCMP, 2009, 26
Nov 2010	Phenyl-2-propanone (6,128 kg); counterfeit footwear	Vietnam	Precursor chemicals hidden in a container shipment of counterfeit Nike footwear	Richmond	Controlled delivery	Canada Border Services Agency, Nov 24 2010; <i>Richmond Review</i> , Nov 24 2010

VANCOUVER						
Date of Marine Port Seizure	Drugs / Contraband Seized	Origination Point / Transit Countries	Smuggling / Concealment Methods	Ultimate Destination of Drugs	Successful Enforcement Efforts	Sources
Nov 2010	Counterfeit cigarettes (51,000 cartons)	China	Cartons were stacked on 50 pallets		CBSA identified a suspicious shipment aboard a container vessel and referred it for a detailed examination. The documentation that accompanied the container, which originated in China, indicated that it contained roofing nails, screw kits, cutting blades and other tools. However, when CBSA officers X-rayed the shipment they found inconsistencies.	<i>Richmond Review</i> , Nov 30 2010; <i>Canada Border Services Agency</i> , Nov 10 2010
April 2010	Counterfeit cigarettes	China	Shipping container; manifest listed contents as household sinks	?	When the shipment was X-rayed officers noticed inconsistencies in the images; full examination	Canada Border Services Agency May 5 2010; <i>Vancouver Sun</i> , May 6 2010
May 2010	Ketamine (32 kg)	?	?	Toronto	Controlled delivery	<i>CanWest News</i> , May 28 2010
Dec 2010	Ketamine (approx 1,000 kg)	Hong Kong	vacuum-sealed in bags and secreted in boxes containing mugs	Richmond	X-ray, CBSA noticed discrepancies in the X-ray image and conducted full examination (manual search)	<i>Vancouver Sun</i> , Jan 26 2011
Sept 2010	Cocaine & methamphetamine	Mexico	Wrapped in cellophane and hidden in patio bricks and lawn ornaments in seven separate shipping containers	?	Intelligence, targeting, secondary inspection	<i>CBC News</i> , Oct 5 2010

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