



U.S. Department of Justice
Drug Enforcement Administration



Mexican Cartel Presence and Impact in Australia and New Zealand

DEA Joint Intelligence Report

NOVEMBER 2024



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Executive Summary

Mexican cartels, primarily the Sinaloa Cartel and Jalisco New Generation Cartel (CJNG), are increasingly targeting illicit drug markets in Australia and New Zealand. In collaboration with organized crime groups (OCGs) and money laundering organizations (MLOs) in Australia and New Zealand, cartels are capitalizing on the highly lucrative methamphetamine and cocaine markets in the region. Large scale Mexico-origin methamphetamine shipments in sophisticated concealments via air and sea cargo are expected to continue, most often transshipped^a and re-exported^b from North America and Asia. A temporary onshore presence of cartel associates in Australia and New Zealand has been identified, to ensure the logistics of illicit drug trafficking activity, leaving distribution to well-established local criminal organizations such as domestic outlaw motorcycle gangs.

Scope and Aim

This joint report was prepared by the Australian Criminal Intelligence Commission (ACIC), Australian Federal Police (AFP), U.S. Drug Enforcement Administration (DEA), and New Zealand Police (NZP). It is intended to address the threat of increasing Mexican cartel activity in Australia and New Zealand and to inform the relevant law enforcement stakeholders, policy makers, and general public.

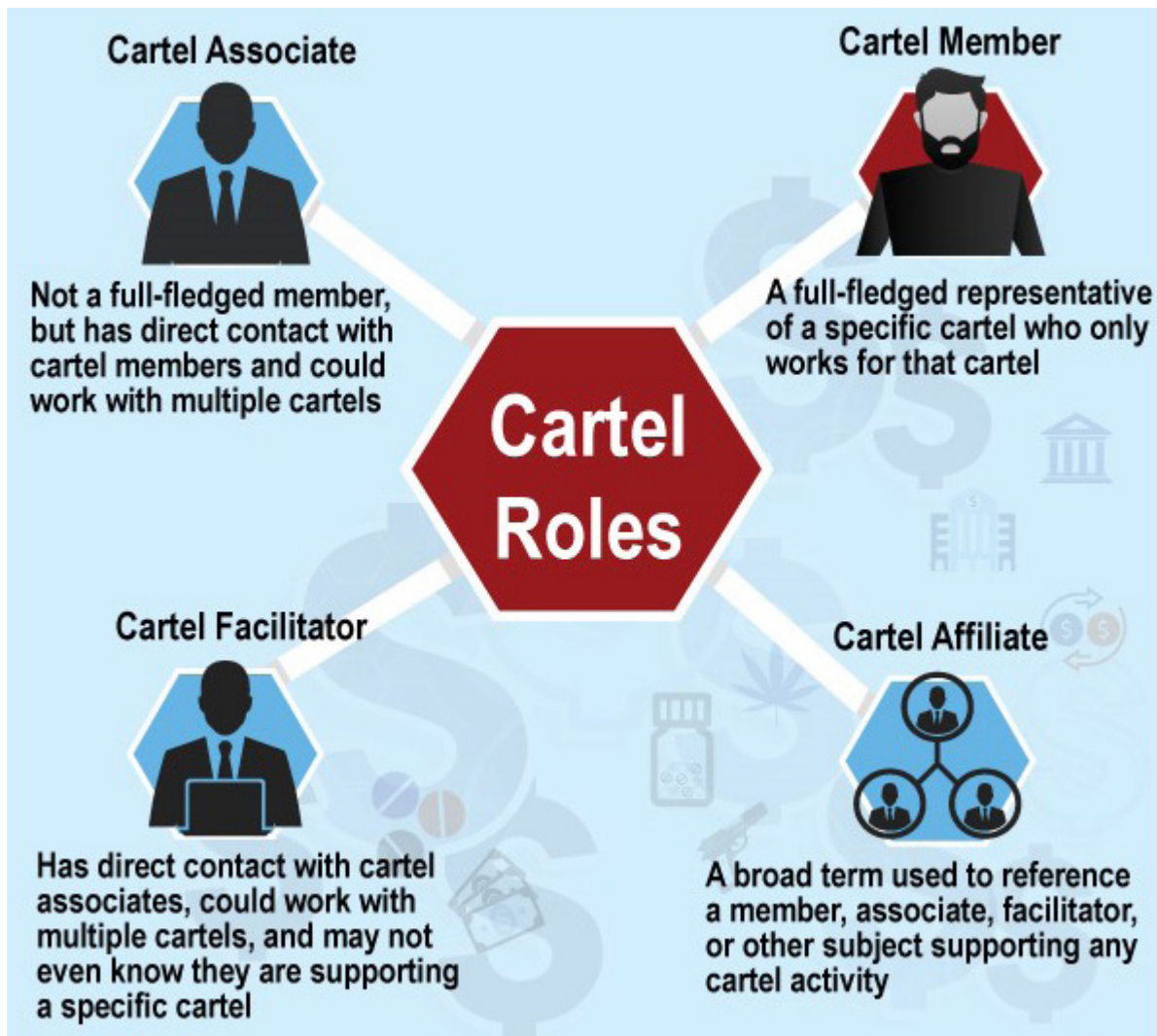
a. Movement of goods through multiple countries prior to reaching destination.

b. Creation of new shipping documentation at each leg of transshipment to obscure the origin.

BACKGROUND – Mexican Cartels and Illicit Drug Picture in Australia and New Zealand

- The Sinaloa Cartel and CJNG are two of the most powerful and violent transnational criminal organizations (TCOs) in the world. Although primarily operating in Mexico and the United States, both cartels are actively globalizing through defined roles (see Figure 1).

(U) Figure 1: Cartel Roles, 2023



Source: DEA

- With the exception of cannabis, methamphetamine is the most consumed illicit drug in Australia and New Zealand. Trafficking of methamphetamine from Mexico to Australia and New Zealand has increased notably in recent years, and the cartels will almost certainly continue to target these countries as the market remains profitable. During 2021, 4.2 metric tonnes^c of Mexican methamphetamine bound for Australia were detected, followed by 10.1 tonnes in 2022. Current data indicates that these amounts were exceeded in 2023, with 9.4 tonnes seized as of May 2023, demonstrating that the Australian market is being increasingly targeted by drug traffickers. A portion of the New Zealand seizures likely are destined for the Australian market and vice versa. From January 2021 through May 2023, 1.4 tonnes of methamphetamine from the Americas were seized by New Zealand authorities; this includes 296 kilograms smuggled directly from Mexico.
- Australia and New Zealand are being targeted with large cocaine imports from multiple TCOs in South America. These TCOs use similar trafficking routes and concealment methodologies; as such, the proportion of cocaine seized in the region is difficult to attribute to a specific TCO. The Sinaloa Cartel and CJNG often traffic South American-origin cocaine to other parts of the world, such as the United States, due to their strong relationships with regional OCGs and their connections to trusted insiders.^d
- The Sinaloa Cartel and CJNG are responsible for the vast majority of fentanyl production in Mexico. The illicit fentanyl market in Australia and New Zealand is small, with only a few illicit fentanyl importations detected. Law enforcement authorities are aware of the risk fentanyl poses to the community and continue to closely monitor this threat.

In February 2022, Australia detected the largest fentanyl seizure to date: TCOs attempted to traffic 11 kilograms of fentanyl into Melbourne, Australia from Canada. It is unknown if this fentanyl was originally produced in Mexico and transshipped via Canada—which is a common Mexican cartel obfuscation tactic—or if the fentanyl was produced in Canada. There have been no detections of illicit fentanyl trafficked to New Zealand to date.

Key Assessments

Highly Lucrative Drug Market Makes Australia and New Zealand Desirable Targets for Traffickers. Australia and New Zealand are two of the most lucrative drug markets in the world (see Figure 2). The global expansion of Mexican cartels allows traffickers to minimize reliance on a single drug market or revenue stream, while maximizing profits. The market price for illicit drugs in Australia and New Zealand varies with location, availability, and purity as factors.

^c One US ton is equal to 0.907185 metric tonnes; metric tonnes are used in this product to stay consistent with previously released seizure numbers in Australia and New Zealand.

^d Government or non-government officials and individuals who exploit their employment within the supply chain to facilitate criminal activity for OCGs.

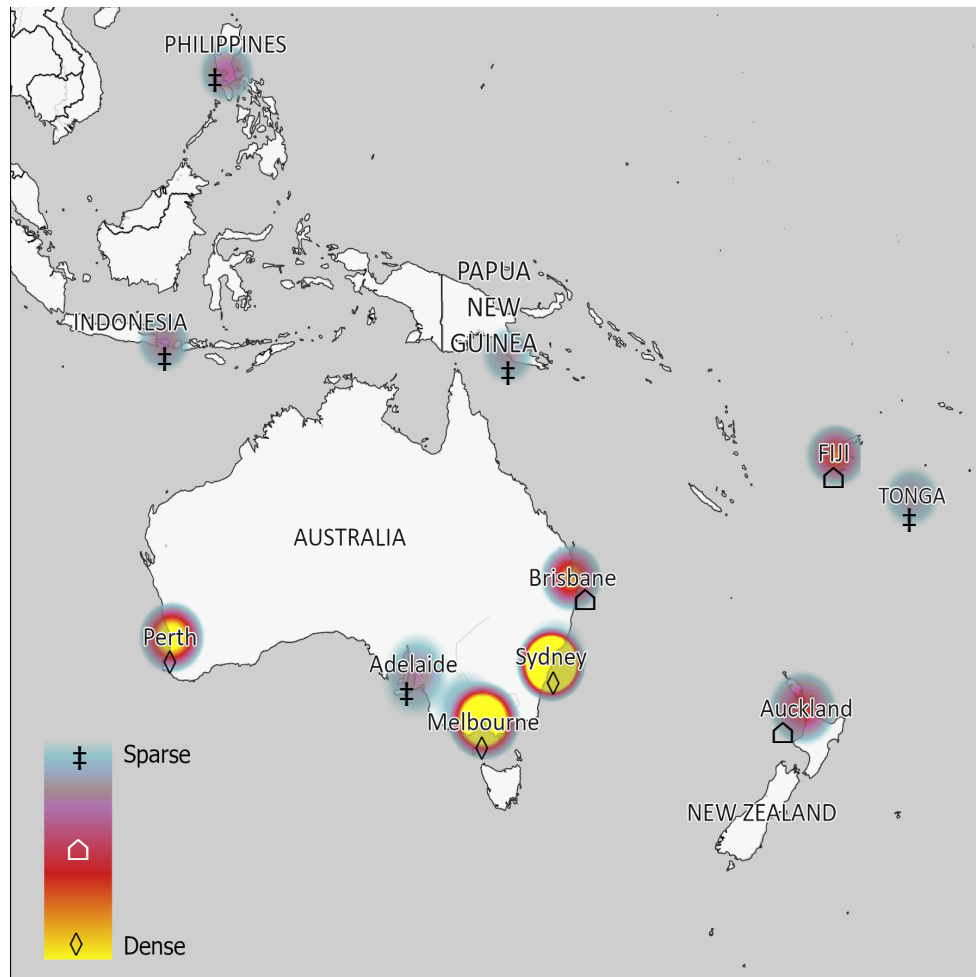
(U) Figure 2: Wholesale Price for Cocaine and Methamphetamine by Country, 2021-2023

	Cocaine price, per kilogram				Methamphetamine price, per kilogram			
Australia	AUD	100,000	–	420,000	AUD	150,000	–	300,000
	NZD	107,000	–	449,400	NZD	160,500	–	321,000
	USD	63,500	–	266,300	USD	95,200	–	190,300
New Zealand	AUD	170,000	–	280,000	AUD	94,000	–	180,000
	NZD	180,000	–	300,000	NZD	100,000	–	190,000
	USD	107,900	–	177,600	USD	59,700	–	114,200
US	AUD	12,600	–	45,000	AUD	1,500	–	4,500
	NZD	13,500	–	48,200	NZD	1,600	–	4,900
	USD	8,000	–	28,600	USD	950	–	2,900
Mexico	AUD	7,000	–	21,000	AUD	250	–	8,500
	NZD	7,500	–	22,500	NZD	270	–	9,100
	USD	4,500	–	13,400	USD	160	–	5,400

Source: Australian Criminal Intelligence Commission, Australian Federal Police, Drug Enforcement Administration, and New Zealand Police

- Cartel Presence in Australia and New Zealand** – There is currently no indication that Mexican cartels have established persistent onshore factions in Australia and New Zealand. However, the cartels likely intend to establish a more permanent presence. Mexican cartel affiliates have been identified travelling to New Zealand and Australia to facilitate the trafficking of illicit drugs, and to remit drug proceeds from Australia and New Zealand back to Mexico (see Figure 3). Mexican cartels almost certainly exploit a variety of methods, including social media such as Facebook, to recruit and maintain onshore affiliates. Mexican cartels are indiscriminate with their collaboration/relationships and work with different onshore criminal groups. As such, no one OCG dominates the relationship with Mexican cartels, potentially increasing the chance for violence as criminal groups vie for more control of the regional drug market. These criminal relationships and related trafficking activities are often facilitated by transnational criminal brokers with connections to the Sinaloa Cartel and CJNG.

(U) Figure 3: Heat Map Showing Mexican Cartel Affiliate Presence in Australasia, 2021-2023



Source: DEA

- Trafficking Routes and Methods** – Mexican cartels will almost certainly continue to target Australia and New Zealand with illicit drugs, primarily Mexico-origin methamphetamine concealed in sophisticated air and sea cargo consignments. This indicates further diversification from established Southeast Asian methamphetamine pipelines, which historically supplied the majority of methamphetamine in Australia and New Zealand. The purity of Mexican methamphetamine in these markets has fluctuated over the years but is currently high, and it is in demand in both countries, fueling targeting of the region by the Sinaloa Cartel and CJNG. Concealments from Mexico have increased in complexity, indicating an expansion in traffickers' wealth, sophistication, and dedication to the Australia drug market. Concealments vary considerably, with some detection examples being hydraulic presses, farming machinery, electrical transformers, and alcohol. Heavy machinery concealments are often shipped via sea cargo; the size, weight, and complexity of these concealments would require extensive manufacturing equipment, space, and expertise. Mexico-origin methamphetamine is often transshipped and re-exported via the United States, Canada, and other transport hubs, before routing to Australia and New Zealand (see Figure 4). Transshipment and re-exportation are often used to obscure Mexico as the origin in an attempt to reduce the likelihood of detection by authorities.



In March of 2023, NZP issued a health advisory to the public after methamphetamine-contaminated 'HoneyBear House Beer' was trafficked into New Zealand from Mexico. A member of the public died after consuming one of the beers that, unbeknown to him, contained high purity liquid methamphetamine. Two individuals have been charged.

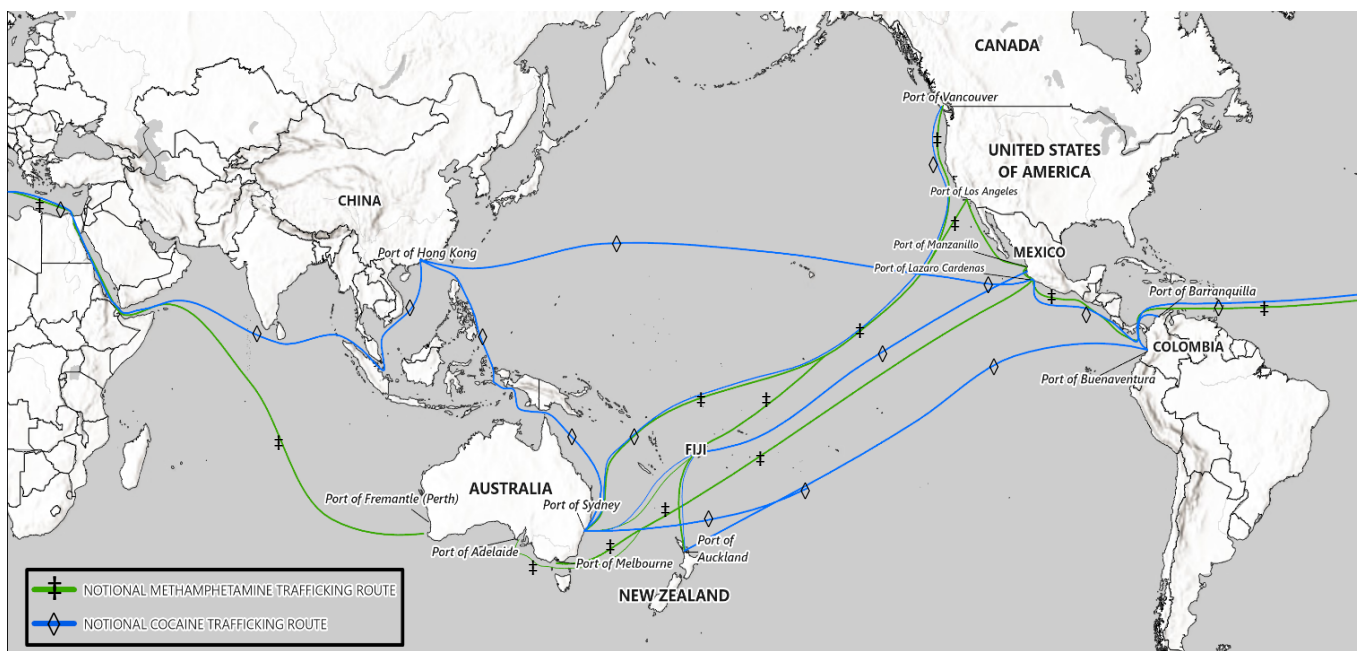
Source: Open Source

On April 18, 2023, a 'hydraulic press' consignment arrived in Sydney, Australia, shipped from Mexico. Engineering experts drilled into the core of the hydraulic press and identified a white substance deep inside the machinery. More than 300 kilograms of methamphetamine were located inside. Development of such a complex concealment is consistent with Mexican cartel methodology.

Source: Open Source May 2023



(U) Figure 4: Maritime Drug Trafficking Routes from The Americas to Australasia, 2023



Source: Australian Criminal Intelligence Commission, Australian Federal Police, Drug Enforcement Administration, and New Zealand Police

- **Trusted Insiders** - Domestic OCGs almost certainly coordinate with trusted insiders in Australia and New Zealand to support illicit drug-trafficking activities by Mexican cartels. OCGs are known to have a network of trusted insiders at strategic locations within airports and maritime ports to facilitate the movement of illicit drugs into Australia and New Zealand. Airport and airline employees, stevedores, and logistics staff with direct access to restricted areas, air/sea cargo, and freight tracking have been identified as common roles targeted by OCGs for collusion in illicit activities.

In February 2023, NZP and New Zealand Customs Service culminated Operation Settler, an investigation into a TCO operating out of Mexico trafficking methamphetamine into New Zealand. OCGs targeting New Zealand actively place affiliates strategically in New Zealand, to catch product and to move drug profits out of the country. A Mexican national was located in New Zealand with 14 kilograms of methamphetamine, money counting machines, and approximately NZD \$400,000.

- **Illicit Finance** – OCGs based in Australia and New Zealand sourcing illicit drugs from Mexican cartels are using established MLOs to launder funds back to Mexico. Chinese MLOs and Mexican cartels have longstanding financial relationships that allow for laundering billions of dollars for the cartels every year through the Chinese Underground Banking System^e and other laundering methods. Industry reporting indicates that cartels are increasingly collaborating with Chinese partners for their extensive cryptocurrency laundering networks and their ability to quickly remit proceeds around the world with extremely low fees.
- **Communication Methods** – Communication between drug traffickers in Australia and New Zealand, associated offshore brokers, and cartel members is accomplished using a variety of methods. After a relationship is brokered, communication is often facilitated via encrypted communication platforms. Organized crime entities interchange encryption platforms to compartmentalize elements of their illegal activities and avoid law enforcement detection. Despite worldwide law enforcement interception and disruption of prolific encrypted communications platforms in recent years, dedicated encrypted communication devices and encrypted applications are expected to remain the communication method of choice for TCOs.
- **Pacific Islands** – The Pacific is a known transshipment point for illicit drug trafficking to Australia and New Zealand, and current shifts in the Pacific criminal environment are likely to influence market targeting by Mexican cartels. Seizures of Mexico-origin methamphetamine in Australia and New Zealand most frequently identified the United States as the embarkation country, followed by Canada and Mexico. Mexican cartels have been known to use Pacific Island nations as transshipment and re-exportation hubs en route to final destinations in Australia and New Zealand. The Pacific Islands, due to their geographic location, are used strategically as transshipment points for small-craft maritime drug trafficking from the Americas to Australia and New Zealand.

^e. The Chinese Underground Banking System is a form of informal value transfer system that can be used to circumvent tight Chinese government regulations monitoring the movements of funds for personal purposes by Chinese citizens out of China.

Outlook

Mexican cartels, primarily the Sinaloa Cartel and CJNG, have demonstrated their intention and capacity to globalize, further targeting lucrative markets with illicit drugs. Australia and New Zealand will continue to be two of the most desirable markets, primarily due to the high cost of illicit drugs, and therefore potential for high profit margins, in the region. Continued collaboration, multi-agency support to existing law enforcement efforts in the Americas, and information sharing between authorities in Australia, New Zealand, and the United States, along with the wider Five Eyes community, is essential to continue combating the threat of Mexican cartels around the world. The Sinaloa Cartel and CJNG likely hold long-term expansion goals and links to Australian and New Zealand OCG resources and onshore capabilities. ACIC, AFP, DEA, and NZP will continue to work in partnership, monitor and share relevant information regarding drug trafficking, and mitigate the threat of Mexican cartels in the region.



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(U) This joint intelligence product was prepared by the U.S. Drug Enforcement Administration (DEA) Intelligence Program; Asia Pacific Division and Strategic Intelligence Section, in coordination with the Australian Criminal Intelligence Commission, Australian Federal Police, and New Zealand Police. Comments and questions may be addressed to the DEA Indicator Programs Section at: DEA.IntelligenceProducts@dea.gov. For media/press inquiries call (571) 776-2508.

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