

# ESTIMATION OF DRUG TRADE AND POTENTIAL IMPACT ON GDP IN THE CZECH REPUBLIC

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# Estimation of drug trade

From demand side

- number of drug users,
- average annual consumption of drug users,
- prices.

# Number of drug users

## Data sources:

- ESPAD (),
- GENACIS (),
- population survey (),
- estimation of hidden population of hard drug users.

## Data details:

- by gender (mans, woman),
- 5years age groups,
- frequency of use (1x in year, 1x in month, 1x in week, 3-4 times in week, every day).

# Average consumption of drug users

- the average frequency of drug use from surveys,
- amount consumed (cannabis: , information from drug users in treatment about their drug use habits).

# Prices

Two different prices:

- wholesale prices (business prices for trade in big amounts),
- “street prices” (final prices paid by users for final consumption).

# Drug consumption

The value of drug consumed in country

=

number of drug users

X

Average consumption of drug users

X

Street price

- each year,
- separately for all kind drugs (in CZE: cannabis drugs, pervitin, heroin, ecstasy, LSD, subutex, cocaine).

## Drug consumption continued

- the value of drug consumed includes consumption of drugs produced for own final use.
- some amount of drug consumption is not going via market.
- the total amount of money, which population spend for drugs is lower, is lower of the value produced by the drug users for their own use or between communities.

# System of the National Accounts

➤ the methodology is described in SNA93 and in ESA95.



# Domestic production

- in NA language it's Output
- production for market
- production for own use
- in CZE it's marihuana and pervitin
- dilution of heroin it's domestic production also (then we need to know drug purities on import and drug purities sold on streets)

# Costs on production

- in NA language it's Intermediate consumption
- marihuana – outdoor production (without costs)
- marihuana – indoor production (2 EUR/1 gram; 70% are costs for electric power, 20% for fertilizers, substrates and water, 10% are initial costs for the cultivation as lamps, filters and the like)
- pervitin (amphetamine base, 70 grams of pervitin are about 20 000 CZK (95% of the amount are the expenditures for chemicals and the rest are the expenditure for laboratory glass, the lamp, scales)
- costs for dilution is not significant
- data source: information from producers

# Foreign trade

- import (in CZE: heroin, ecstasy, LSD, cocaine, marihuana and hashish)
- export (in CZE only small amount of domestic production)
- the re-export is not a part of the foreign trade

# Trade margin

- trade margins in drug trade are profits of drug dealers
- in the case of illicit drugs the profits are not taxable
- result from price difference between wholesale and sales to final users

# Expenditures of drug users

- in NA language it's the Final expenditures of households
- expenditures of drug users, who buy illicit drugs on market

# Final use of own production

- value of consumed drugs, which are produce for own personal or community use
- it's out of market

# Balance of the national accounts

- Supply side: production + import + trade margin

is equal to

- use side: export + final drug consumption

# Value added from the drug market

- the value added is calculated:

Production

+

Trade margin

-

Intermediate consumption

- the figure is comparable with GDP (in case of CZE it's about 0,2 % GDP)

Thank you for your attention 😊

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