

Fentanyl super labs in Canada pose new threat for U.S. opioid epidemic

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At a rural property an hour outside Vancouver in October, Canadian police found 2.5 million doses of fentanyl and 528 gallons of chemicals in a shipping container and a storage unit. Six months earlier, they raided a home in a cookie-cutter Vancouver subdivision packed with barrels of fentanyl-making chemicals, glassware and lab equipment.

Thousands of miles away outside Toronto, police in August found what is believed to be the largest fentanyl lab so far in Canada — hidden at a property 30 miles from the U.S. border crossing at Niagara Falls, N.Y.

U.S. authorities say they have little indication that Canadian-made fentanyl is being smuggled south in significant quantities. But at a time when record numbers of people are dying from overdoses in the United States, the spread of clandestine fentanyl labs in Canada has the potential to undermine U.S. enforcement efforts and worsen the opioid epidemic in both nations.

Investigators in Canada say the labs are producing fentanyl for domestic users and for export to Australia, New Zealand and, they assume, the United States.

“It’d be hard to believe it’s not occurring,” said Philip Heard, commander of the organized crime unit for police in Vancouver, a city hard-hit by fentanyl overdose deaths. “Most police leaders I’ve spoken to believe our production outstrips what our domestic demand is.”

The Canadian labs are a curveball for U.S. authorities whose efforts to combat fentanyl are focused on the southern border with Mexico. U.S. Customs and Border Protection has installed about \$800 million worth of powerful scanning and detection equipment at land border crossings since 2019. Nearly all that technology has been deployed along the U.S. southern border, where CBP confiscated nearly 27,000 pounds of fentanyl during the fiscal year that ended Sept. 30, the most ever.

Republican lawmakers in recent months have called for U.S. military strikes in Mexico targeting fentanyl traffickers and drug labs. The spread of fentanyl production to Canada suggests traffickers there are poised to benefit if Mexican suppliers get squeezed. The lightly-patrolled U.S.-Canada border spans more than 5,500 miles — the longest international boundary between two nations in the world — and has few physical barriers.

One candidate seeking the GOP presidential nomination, Vivek Ramaswamy, has proposed building a wall along the U.S. northern border, citing the threat of fentanyl smuggling from Canada. But the appearance of the Canadian labs has generated little reaction in Washington, where the U.S.-Mexico border remains the focus of the fentanyl debate.

The powerful, intensely addictive drug and other synthetic opioids claim more than 70,000 lives a year in the United States. A similar proportion of Canadians are dying of overdoses — about 7,000 annually. The two countries remain the only nations where fentanyl poses such a lethal threat.

CBP seized just two pounds of fentanyl along the northern border during the 2023 fiscal year, the agency's latest statistics show.

“We are not seeing any sort of southbound flow of fentanyl into the United States from Canada,” said Robert Hammer, the top Homeland Security Investigations agent in Seattle, who said he consulted with his fellow agents in Buffalo and Detroit.

“That’s not to say it’s not happening, and not to say it may not happen in the future,” Hammer cautioned.

Hammer said he remains skeptical Canadian-made fentanyl will displace the pills flooding into the United States from Mexico. “We are down to 45 cents a pill on the wholesale side here in Seattle,” he said. “You have to be pretty damn competitive to beat 45 cents a pill to compete with the Mexican cartels that have entrenched themselves with the distribution network they have set up here in the Pacific Northwest.”

Still, authorities in the United States and Canada are investigating the robust trade links between the countries, routes that provide ample opportunities for smuggling. In October, the Treasury Department issued sanctions against a Vancouver company that purports to sell beverage industry supplies, alleging it was a distributor of illicit precursor chemicals and equipment and sought to obtain from China nearly 3,000 liters of chemicals used to make fentanyl, heroin and meth. The company's owner has denied the allegations.

Drug experts have long warned that a crackdown along the U.S.-Mexico border could prompt criminal groups to seek alternative sources or begin producing fentanyl in the United States. Most of the labs encountered in the United States are what police agencies refer to as “pill press” operations, where traffickers make tablets out of fentanyl powder smuggled from Mexico.

The super labs that police are finding in Canada differ because they are synthesizing the drug — not merely pressing pills — using precursor chemicals sourced primarily from China.

Chemical companies and brokers in China supply the raw ingredients for the Canadian labs. Canadian authorities say criminal organizations behind the fentanyl labs include biker gangs and groups with links to Asia, but there are few obvious ties to Mexican cartels.

Daniel Anson, director of intelligence and investigations at the Canada Border Services Agency, estimated that 98 percent of the country's fentanyl-making materials are seized in Western Canada and originate in China. He said fewer seizures at maritime ports suggest smugglers may be increasingly using mail and courier services to get precursor chemicals into Canada; the packages are generally mislabeled to hide the true contents.

"Canada is struggling with the precursor chemicals," Anson said in an interview. He, too, believes Canada has become a fentanyl-exporting nation.

"It's pretty easy to move small amounts of precursors and still produce large amounts of fentanyl," he said.

Drug markets in Canada and the United States have long been intertwined, dating to the late 1800s and early 1900s when opium factories in the Vancouver area provided supply to the south. Marijuana grown in British Columbia indoor labs proliferated in the Pacific Northwest. Biker gangs such as the Hells Angels were big producers of crystal meth smuggled into the United States.

"Canada has long punched above its weight when it comes to illegal drug manufacturing," said Stephen Schneider, a professor of criminology at Saint Mary's University and author of "Iced: The Story of Organized Crime in Canada."

Globalization and the rise of China upended the illicit trade in North America. In the mid-2010s, Chinese chemical companies became the main suppliers of illicit fentanyl and other synthetic drugs, selling them online and shipping directly to Canada and the United States in packages disguised as other items. In one case highlighting the illegal commerce between the three nations, a group ran a fentanyl ring from inside a Canadian prison in 2015, arranging shipments of fentanyl from China to U.S. states — leading to a string of fatal and nonfatal overdoses in New Jersey, North Carolina, North Dakota and Oregon.

After China began restricting fentanyl exports in 2019, chemical companies instead began shipping precursor chemicals used to make the opioid. Cartels cornered the lucrative, deadly trade by setting up clandestine labs in Mexico, smuggling finished fentanyl into the United States.

Jonathan P. Caulkins, a Carnegie Mellon University professor who researches the global drug trade, said it makes sense that Canadian criminal groups have created their own labs because they are easily hidden and production costs are so low.

"Canada has its own domestic market — and if you're trying to supply the market, there's no reason why you would want to start in Mexico and go through the United States to get to Canada because the United States has very tough law enforcement," Caulkins said.

Fentanyl has driven an alarming rise in fatal drug overdoses in Canada, particularly in British Columbia, where they are the leading cause of death for people 10 to 59 years old.

Derek Westwick, who runs the Royal Canadian Mounted Police unit in British Columbia responsible for stopping precursor chemicals and finding drug labs, said his team has busted 10 operations in Western Canada — in isolated rural areas and dense urban neighborhoods. “The only common thread is they’re always rental properties,” Westwick said, explaining that leased properties are generally protected from seizure by law enforcement.

Police say the fentanyl labs have spread eastward from British Columbia — into Alberta and now Toronto.

In the Toronto area in 2020, what started as a large-scale investigation into meth labs uncovered a large-scale fentanyl pill pressing operation. Investigators seized nearly 124,000 counterfeit pain pills and 70 kilograms of fentanyl powder.

By August, police concluded a separate investigation known as Project Odeon, which was sparked by an overdose death two years earlier in Hamilton, just outside Toronto. Investigators discovered a dismantled fentanyl lab and an active one at a rural Hamilton home. They seized 3.5 tons of chemical byproduct from fentanyl production, 800 gallons of chemicals used to make the opioid and more than 25 kilograms of finished fentanyl.

Ontario Police Detective Inspector Lee Fulford said the lab had the capacity to churn out 20 to 30 kilograms of fentanyl weekly. “It’s alarming that much fentanyl would be hitting the streets of Toronto,” said Fulford, of the Organized Crime Enforcement Bureau.

Authorities charged 12 people, including a Toronto physician. Hamilton police officials said they identified a U.S. company that had sold three pieces of lab equipment, although they did not name the company.

Border officials in both countries say they are increasing efforts to monitor the flow of precursor chemicals and drugs at the border and in ports. In 2024, CBP officials plan to deploy the first set of next-generation scanners along the northern border for commercial vehicles entering near Buffalo and Detroit.

Anson, of the Canadian border agency, cited significant investments in handheld drug scanners and drug dogs in ports and mail centers. The agency has also created “safe sampling” lab areas where scientists can quickly and safely test chemicals.

The agency has created a pilot program geared toward interdicting fentanyl leaving Canada toward the United States, Australia and New Zealand. He said the team has seized outbound meth and MDMA, although he was not sure if fentanyl has yet been seized.

At the labs, Canadian authorities have seized firearms along with large quantities of cash. Criminal groups in Canada have not generated the levels of gangland warfare associated with similar operations in Mexico, but Caulkins, the drug researcher, said murders and drug trafficking don’t always go together.

“I don’t want to be best friends with Canadian drug traffickers, but I don’t think they have anything like the same degree of horrible violence and the destruction of democratic institutions” that the cartels produce in Mexico, Caulkins said.