

IRE107: INTERNATIONAL SECURITY

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Session 10: Transnational Crime



On the Agenda for Today

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- **The concept of Transnational Crime**
 - Contemporary Transnational Crime
 - Typology and Scope, groups, operating techniques
 - TOC in regional perspective

- **Examples of Transnational Organized Crime**
 - Human trafficking
 - Migrant smuggling
 - Trans-national Mafias
 - Illegal drug trafficking + Narcoterrorism
 - Money laundering
 - Crime and war economies
 - Illicit antiquities trade

- **International response to transnational crime**

The Concept of 'Transnational Crime'



- **Transnational crime =>**
 - “Offenses whose inception, prevention and/or direct or indirect effects involved **more than one country**” (UN,1995)
 - Involves well-organized criminal operations that **cross national boundaries**, but are not affiliated with a major criminal organization
 - Intrastate/national crimes that infringe **fundamental values** of the **international community**



The Concept of Transnational Crimes



- Crimes that have **actual or potential effect across national borders**
 - **A single perpetrator** engaging in criminal activities that **cross national boundaries**
 - Sophisticated criminal **transnational organizations**
- **No single, universally agreed upon definition** of 'Transnational organized groups' due to:
 - Their **sheer number**
 - **Diverse activities** (legal and illegal)
 - **Loosely structured, flexible, and highly adaptable nature**





The Concept of Transnational Crime

- Transnational crime **ranges from simple fraudulent email** and phishing schemes perpetrated globally to **illegal trafficking in people**, human organs, and illicit drugs
- Transnational crime is **not a modern phenomenon-** it has been perpetrated for as long as borders have separated neighboring countries
- Yet, Transnational crime has emerged as **one of the most pressing security challenges of the early 21st century-**

Contemporary Transnational Crime



“ Like legitimate business, transnational criminal enterprises are embracing globalization by adopting new communication and transportation technologies which allow them to pursue global markets”

(Center for Strategic and International Studies, 2001)

- What is new about transnational crime?
 - **Scope** and **magnitude** of activity => The **scope** of activities has **broadly diversified** (cybercrime, trade in human body parts, trafficking in flora and fauna, art theft, etc.)
 - Increasing **global impact**



Contemporary Transnational Crime

- Major issues affecting the rise of transnational organized crime:
 - **Globalization** (in general) => distance and spatial boundaries have almost become a non-issue
 - **Globalization of the economy** (i.e., downfall of the Soviet Union & the switch to a free-market economy in China)
 - **Emerging democracies**
 - **Opening of borders for trade and travel** => rising quantity & diversity of immigrants
 - **Improved communications technology** & seamless electronic environment

Typology and the Scope of OTC



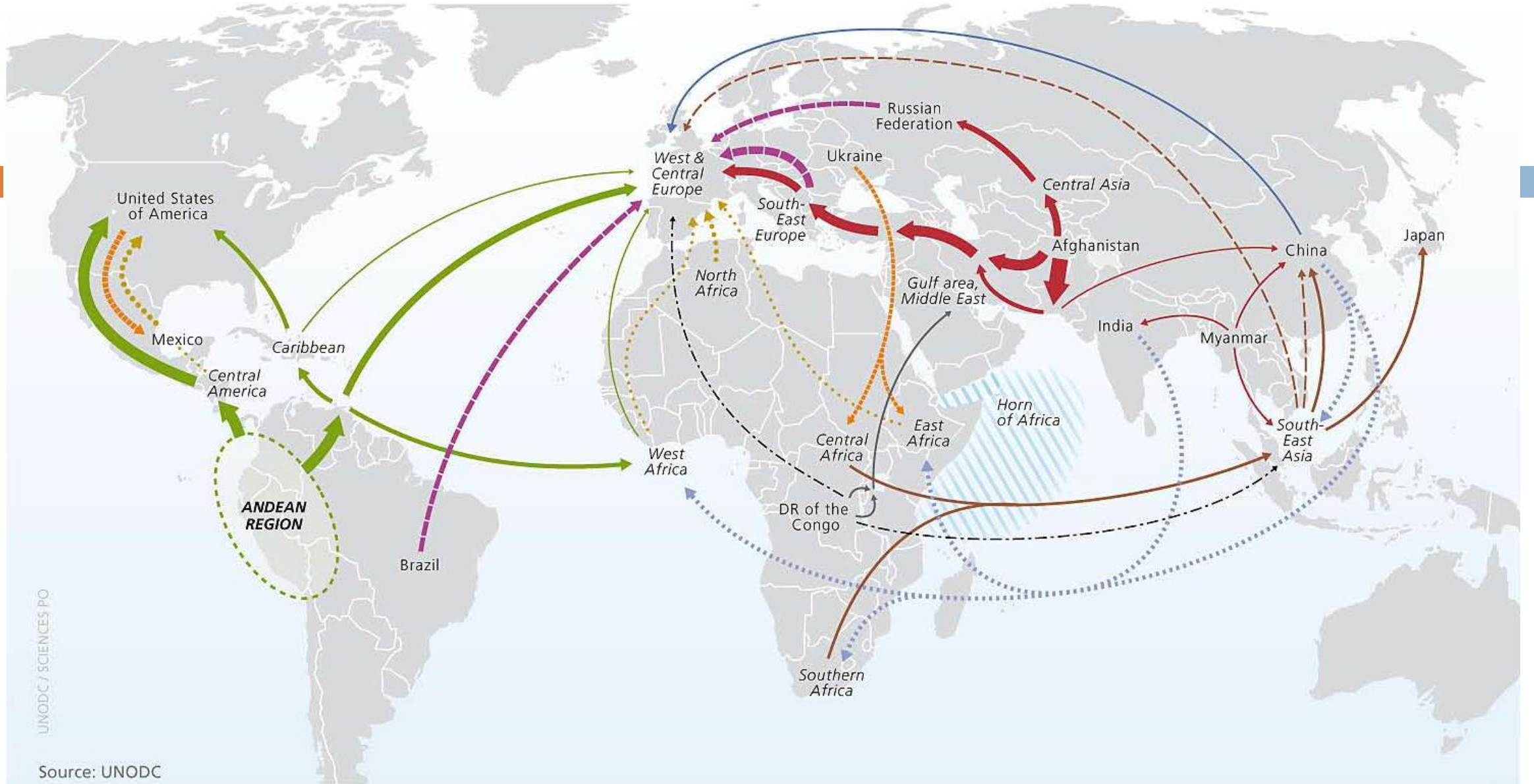
Transnational Organized crime involves two types of activity:

1. Provision of **illicit goods and services** and/or
2. **Infiltration of legitimate business**

Cases/Categories

- Illicit drugs (Heroin, Cocaine etc.)
- Human trafficking
- Arms trafficking
- Terrorism
- Corruption, money laundering
- Piracy/maritime

Criminal Activities	Organizations
Labour Racketeering/extortion	Sicilian Mafia, Russian Mafia, Chinese Triads
People trafficking	Drug Cartels
Drug trafficking	Conflict Goods Networks
Goods trafficking/conflict goods	Mercenaries/private security firms (‘Executive outcomes’)
Price-fixing	Illegal migration network (Linked to people trafficking)
Illegal gambling	
Prostitution	These may overlap
Extortion rings	
Private terrorism	



UNODC / SCIENCES PO

Source: UNODC

- | | | | |
|----------|---|-------------------------------|-------------|
| Heroin | Smuggling of migrants | Counterfeit medicines | Timber |
| Cocaine | Female trafficking victims (main sources) | Piracy off the Horn of Africa | Gold |
| Firearms | Counterfeit consumer goods | Wildlife | Cassiterite |

TOC in Regional perspective



Europe =>

- **Austria:** Groups from Albania and former Yugoslavia are involved in **pimping, drug trafficking** and **burglary**.
- **Denmark:** Motorcycle gangs are the highest profile groups, involved in the sale of **firearms** and **amphetamines**. Links with the Colombian cartels account for a significant percentage of **cocaine** imports.
- **Germany:** Most groups are involved in **drug trafficking, prostitution** and various **theft rings**. Only 7 of a total of 572 known organizations comprise more than 100 members.

TOC in Regional perspective



Europe =>

- **France:** one of Europe's main '**drug routes**'.
- **Ireland:** 8 main gangs, all based in Dublin. Principally involved in **drug trafficking** and **armed robbery**.
- **UK:** **Drug trafficking** is the main activity. British gangs are often organized along family lines and are also active in **car theft**, **armed robbery** and **forgery**.

TOC in Regional perspective



Central Asia =>

- **Developing** countries **rich** in **resources** (such as water and oil), yet are influenced by **corrupt governments**, longstanding **ethnic divides**, and a geographic location between major **drug producing regions**
- At **high risk** for organized crime problems

South Africa =>

- Organized crime involve a **loose** and highly **interchangeable** association of people
- Includes both **government officials** and **businesses**

Organized Groups



Pre-existing social or culturally-based groups =>

- Groups that have ongoing **hierarchical structures** from “bosses” to “soldiers”
- **Longstanding criminal activities** due to their influence in a local area
- **Socialize as a group** and engage in neighborhood life apart from crime (Mafia groups)

Organized Groups



Groups that emerge to exploit a specific criminal opportunity =>

- **Small, inter-ethnic ad hoc groups with limited hierarchy and limited group cohesiveness**
- **Networking** among groups occurs **when** needed to **carry out a criminal activity** (Russian Mafia, Ukraine, and South African groups)

Operating Techniques



International criminals use similar methods to execute their crimes:

- Violence
- Less visible techniques
- Communication via the internet, satellite phones
- Money laundering and corruption

Blending Formula

- Mixing **legitimate** and **illegitimate** activities => resources of terrorists/profits of international organized crime are combined with legitimate funds, making it hard to detect where criminal funds end and the legitimate funds begin

Blending Formula



Examples:

- 1999 => **Bank of New York case**, involved billions \$\$\$ emanating from Russia, partially originating in transnational activities of Russian organized crime
- Al Qaeda organizations uses charities to move money:
 - Such funds are mostly directed toward social welfare activities in the community, but a traditional 10% (or a much greater share), is used to support terrorists

Human Trafficking



- **Human Trafficking**
 - The illegal sale or trading of persons across borders against their will (through force, coercion, threat, or deception) for financial gain
 - Often includes an element of **smuggling**
 - Often an **international crime** => involving crossing borders **but** victims can be **trafficked within their own country**
- Negative consequences:
 - Fuels organized crime
 - Deprives of human capital
 - Undermines public health
 - Subverts government authority
 - Promotes social breakdown

Women's Trafficking



- Trafficked women are abducted/duped, 'broken' by gangs, then prostituted to pay an immigration debt or through threats to their safety/ their family's
 - Sub-saharan African women in Italy, women from the Balkans in the UK
 - **Different from prostitution:** no consent, no money, high risks of battery, long term mental health issues
 - Fuels shadow economies linked to other illegal activities
- **Children's trafficking** (males and females) for paedophile prostitution rings
- Estimate 700k women and children a year: **core human security concern**
- Points to **failure of immigration regimes** and **prostitution laws**

Migrant Smuggling



“The procurement, in order to obtain, directly or indirectly, a financial or other material benefit, of the illegal entry of a person into a state party of which the person is not a national or permanent resident”

(Article 3 of the UN Protocol against the Smuggling of Migrants by Land, Air & Sea)

- **In contrast to human trafficking**, migrant smuggling varies in one important way – **victimization**
 - The person involved **“voluntarily”** submits to being engaged in criminal activity.

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- Factors such as **economic deprivation, political instability** and **ethnic strife**, motivate individuals to **illegally cross borders** in search of a better life
- About 300k people are smuggled into western Europe each year (estimates)
- Russian migration officials estimate that up to 2 million Asian and African illegals live in Russia

Trans-national Mafias



- **‘Export’ of illegal activities through immigrant links** (e.g. Sicilian mafia in the US)
- **Cross-border illegal trade, use of open frontiers**
- Case Study=> Russian Organised Crime
 - Rampant growth since 1991 – economic liberalism has created new ‘entrepreneurs’
 - Corruption
 - Intimidation of businesses and public officials
 - Money laundering and extra-judicial killings/assassinations

Trans-national Mafias

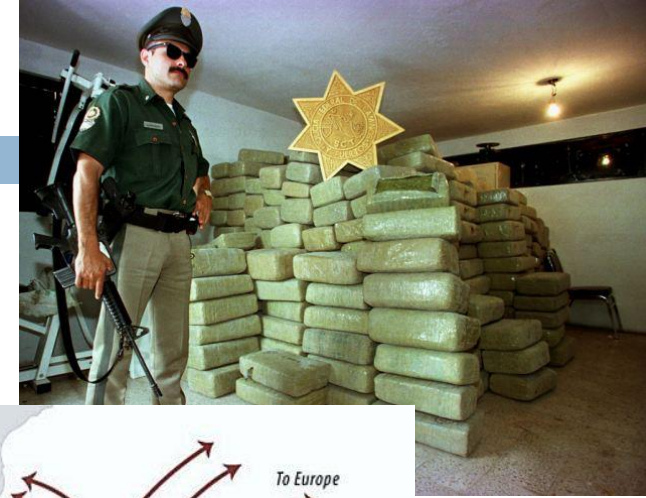


- Seen throughout Central and Eastern Europe + US (Brighton Beach)
- Involved in **prostitution** and **people trafficking rings** in Western Europe (along with Eastern European gangs)



Illegal Drug Trafficking

- Latin America, major producer of:
 - Cocaine (Bolivia, Columbia, Peru)
 - Heroin (Mexico)
 - Marijuana (Mexico, Jamaica)
- Key economic sector – ‘**shadow economy**’
- **Trans-border networks-** focus on the US market
- **American ‘War on Drugs’** – defined as a **security threat** and prompted significant responses (e.g. Invasion of Panama 1989-90)

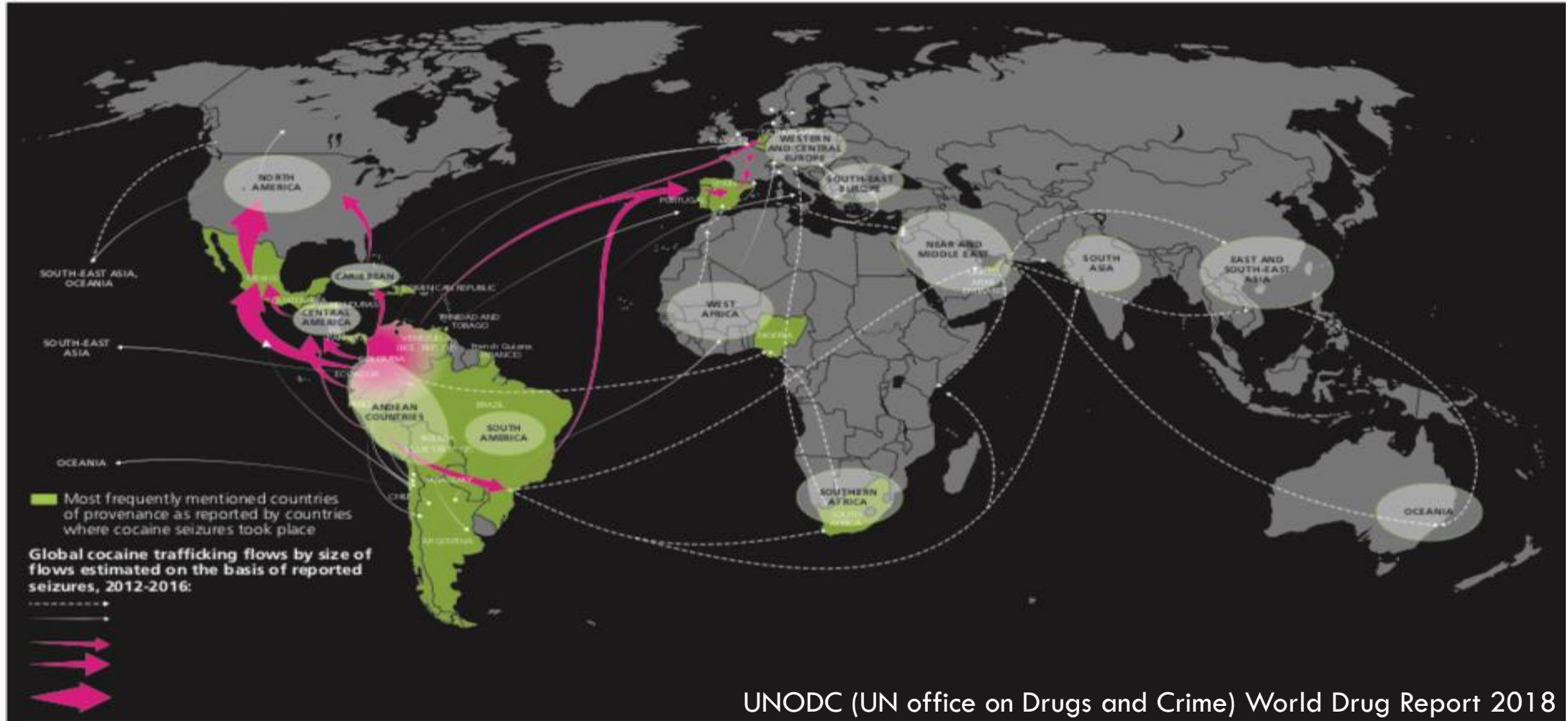


Congressional Research Service

Illegal Drug Trafficking



Main cocaine trafficking flows, 2012–2016



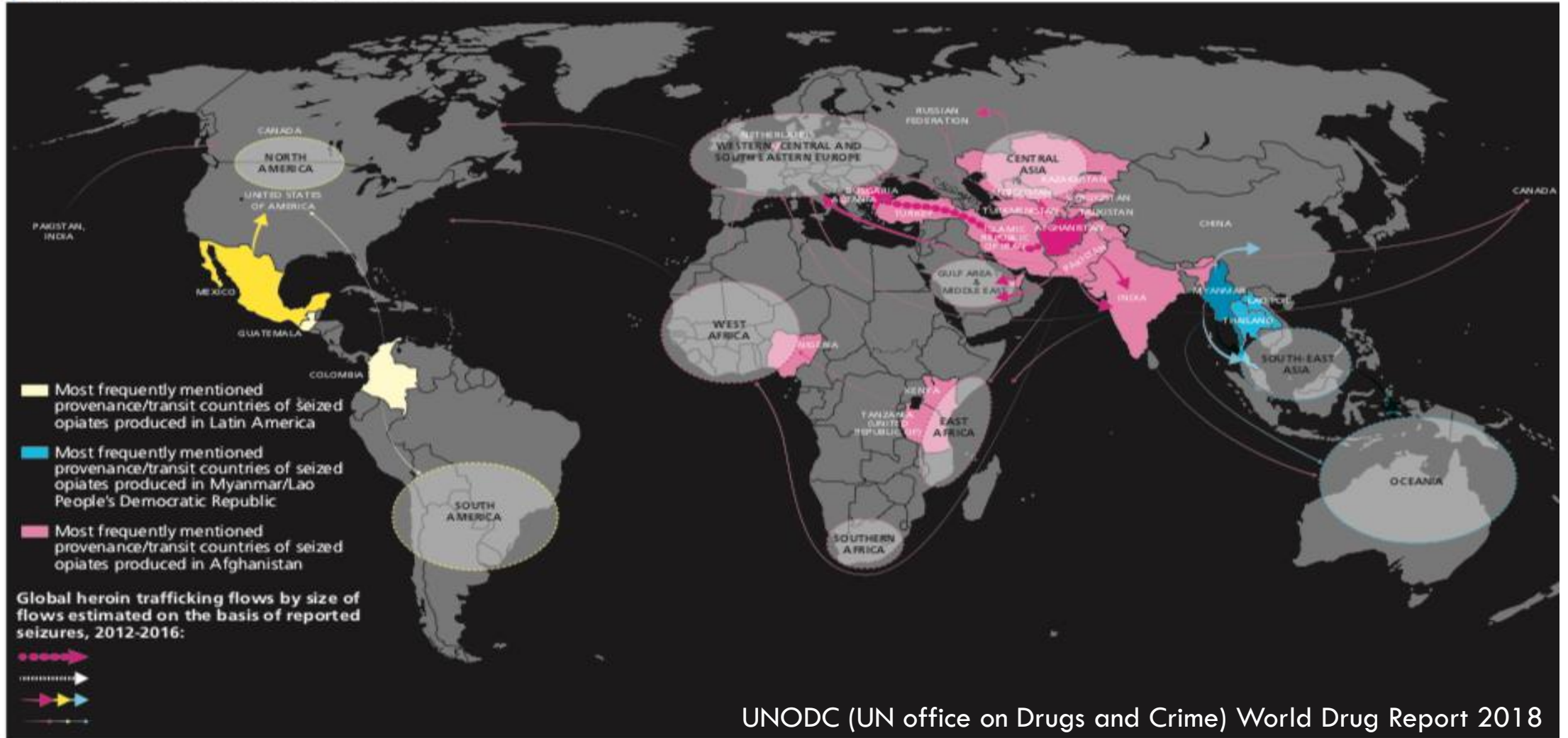
UNODC (UN office on Drugs and Crime) World Drug Report 2018

Sources: UNODC, responses to the annual report questionnaire and individual drug seizure database.



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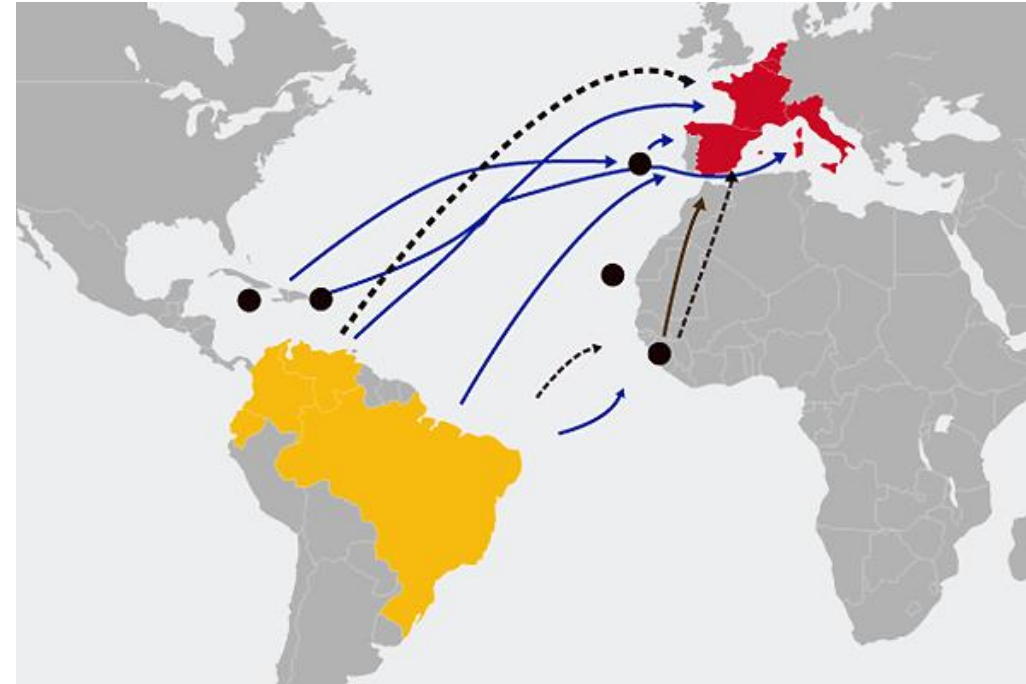


- **Not limited to the developing world:**
 - The **Aum Shinrikyo** cult, one of the largest producer/distributor of methamphetamines in **Japan** was responsible for the 1995 gas attack on the Tokyo subway
- **Illegal drug trafficking** constitutes the largest source of **profits** for both international organized crime **groups & terrorists:**
 - Trade in narcotics accounts for 2% of global economy (IMF)
 - 7% of international trade (UN)

Narcoterrorism



- **Link between terrorism and narcotics:** Drug cultivation, transport and distribution are recurrently used to support terrorist activities
- Phenomenon studied by **policymakers** and **scholars** since the mid-1980s:
 - **Sendero Luminoso:** a terrorist organization that operated in conjunction with coca producers in the high valleys of rural Peru



Main cocaine trafficking routes to Europe.
Map: InSight Crime

Narcoterrorism



- Late 1990s' => **US security community** started to focus on “**transnational threats**”
 - Combination of **narcotics trafficking, arms proliferation, organized crime, terrorism + cyberwarfare**
- Narcoterrorism is also associated with:
 - Combating the Medellin and Cali **cartels** + **Colombian guerilla factions**
 - Combating the **Tamil Tigers in Sri Lanka**
 - The rise of the Taliban and Al Qaeda in Afghanistan and the Islamic Movement of Uzbekistan throughout the Central Asian Republics

Money Laundering



- Movement of **illicit funds** for the purpose of **concealing the true source, ownership or use of the funds** => Money derived from criminal activity is transformed into funds with a legal source
- Money laundering provides the **fuel** for drug dealers, terrorists, arms dealers and other criminals to operate and expand their enterprises



Money Laundering



- **Rapid developments** in financial information, technology and communication allow money to move **anywhere** in the world with **speed** and **ease** => The task of combating money-laundering is thus **challenging** than ever
- The deeper "**dirty money**" gets into the **international banking system**, the more **difficult** it is to identify its origin



Money Laundering & Globalization



- **Difficult to estimate** the total amount of money that is laundered globally
- About 2 - 5% of global GDP, or \$800 billion - \$2 trillion
 - **Huge margin**, but even if the lower estimate is true => **serious problem**
- It has become more **difficult to find, freeze and forfeit criminally derived income/assets** due to **developments** in the international financial system:
 - Dollarization (the use of the \$\$\$ in transactions) of black markets
 - General trend towards financial deregulation
 - Progress of the Euromarket
 - Proliferation of financial secrecy havens

The Money-Laundering Cycle



- **Placement**

- Physically moving funds into financial institutions/retail economy

- **Layering**

- Multiple/complex financial transactions are conducted to further **conceal** their **illegal nature**

- **Integration**

- Illicit funds re-enter the economy **disguised as legitimate business earnings** (securities, businesses, real estate)



Crime & War Economies



- **Wars create 'law and order' vacuum which criminals fill:**
 - Sometimes **black market economy** is the only way to get basic goods during wars...
 - Goods traffickers have a vested interest in the **conflict *not ending*** – they may become actors in the conflict
- Other side of the coin:
 - Parties in civil wars **fund their activities through criminal activities**
- Trans-border involvement to **destabilise neighbours** and **exploit their resources illegally** (conflict diamonds in Sierra Leone)

Estimated Revenue from Conflict Resources, Selected Cases



Combatant	Resource	Period	Estimated Revenue
UNITA (Angola)	Diamonds	1992-2001	\$4-4.2 billion
RUF (Sierra Leone)	Diamonds	1990s	\$25-125 million/yr
Taylor (Liberia)	Timber	Late 1990s	\$100-187 million/yr
Sudan gvt	Oil	Since 1999	\$400 million/yr
Rwanda government	Coltan (from DRC)	1999-2000	\$250 million
Taliban (Afghanistan)	Opium, heroin	Mid-1990s-2001	\$30-40 million/yr
Northern Alliance (Afghanistan)	Lapis lazuli, emeralds, opium	Mid 1990s-2001	\$ 60 mill/yr
Khmer Rouge (Cambodia)	Timber	Mid-1990s	\$120-140 million/yr
Cambodia gvt	Timber	Mid-1990s	\$100-150 million/yr
Burma gvt	Timber	1990s	\$112 million year
FARC (Colombia)	Cocaine	Late 1990s	\$140 million/yr

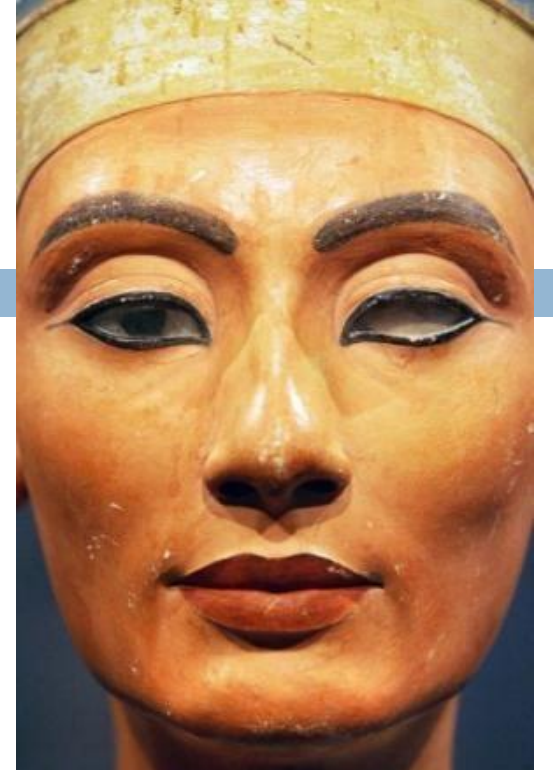
Source: Michael Renner, *The Anatomy of Resource Wars*, Worldwatch Paper 162, October 2002, p. 7, Table 1.

Illicit Antiquities Trade

- The **demand end is legal**
- Remarkably **high prices**
- Buyers usually of prominent socioeconomic status

Looted Antiquities

- Recently looted (“Black”)
- Looted in the past, but now considered licit (“Gray”)
- Dug up and turned over to rightful owner (“White”)



Why looted antiquities are important?

- Link to other types of crime (e.g. drugs, terrorism)
- Links to organized crime
- Can use the antiquities to launder money



International Response to TOC



2003 => **United Nations Convention Against Transnational Organized Crime**

- Aimed at **developing** and **monitoring** binding **agreements** that **target TOC**
- Measures include:
 - Criminalizing participation in a criminal group
 - Money-laundering laws
 - Extradition laws
 - Mutual legal assistance
 - Specific victim protection measures
 - Law enforcement provisions



International Response to TOC



Supplementing UN protocols:

- Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children
- Protocol against the Smuggling of Migrants by Land, Sea and Air
- Protocol against the Illicit Manufacturing and Trafficking in Firearms, Their Parts and Components and Ammunition

International Response to TOC



Further relevant International conventions:

- 1976 => Declaration of Principles to combat the abuse of narcotic drugs
- 1988 => Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
- 1997 => Association of Southeast Asian Nations Declaration on Transnational Crime
- 1998 => Manila Declaration on the Prevention and Control of Transnational crime
- 2000 => UN Convention against corruption

Next Session...



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- **Security Cooperation**



Thank You For Your Attention!

Questions???