



CONCLUSION

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This report has been framed as a threat assessment, so it is fair to ask: which transnational organized crime flow poses the greatest global threat?

Throughout the report, when feasible, an estimated dollar value has been ascribed to each flow, in order to facilitate comparison. Of course, this is just one metric, and others may be more significant, as discussed below. But higher value flows can pose a higher risk because they place more money in the hands of criminals, who may use it to put bullets in guns or to bribe officials. This kind of comparison is especially useful when looking at areas where organized crime could pose a threat to the state.

The value estimates presented in this report must be regarded as extremely tentative. Since the data are incomplete everywhere, different estimation methods have been employed with each flow, and this affects their comparability. Many are based on seizures, which reflect an unknown level of enforcement success. In general, they should be seen more as indicators of the order of magnitude of the problem than figures of any precision.

Still, the differences between flows discussed in this report are striking. Drugs remain the highest value illicit commodities trafficked internationally, by quite a wide margin. The flows coming closest are actually those best integrated into licit markets – counterfeit goods and illicit timber – as well as those involving illicit human movement. Firearms,

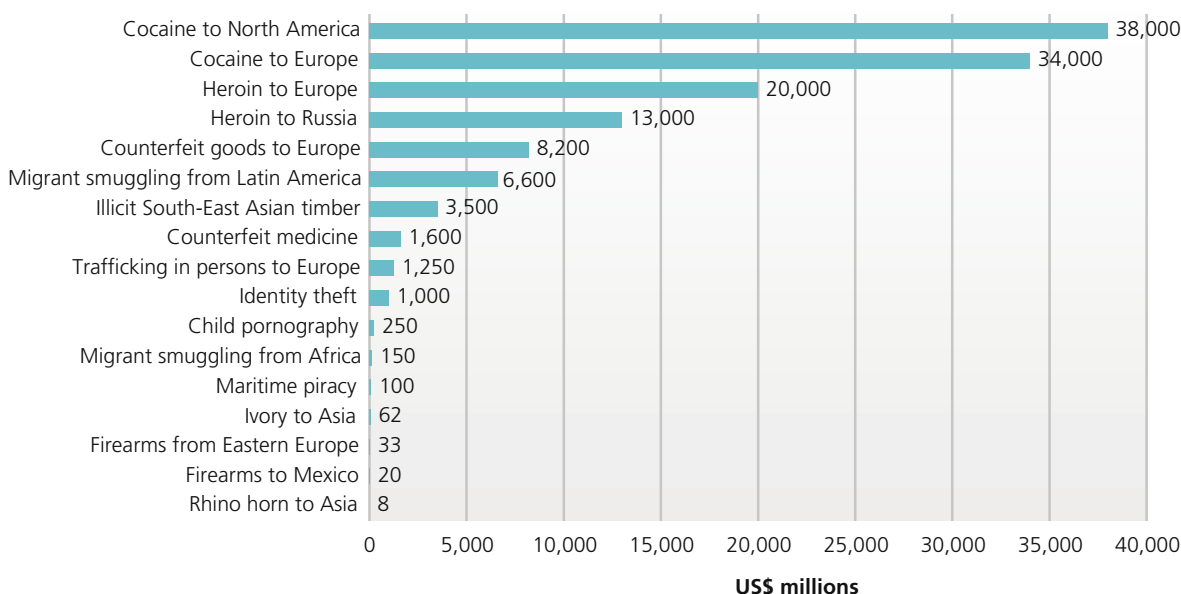
for reasons described above, make up some of the lowest value flows. The estimated total value of the flows considered in this report is about US\$125 billion per year, of which about 85% is generated by drug markets.

In addition to absolute value, a number of factors can affect the threat posed by a particular flow. Flows that direct a large amount of money to a small number of individuals or groups are more dangerous than those where the proceeds are more widely disbursed. Migrant smuggling from Mexico to the US results in billions of dollars changing hands, as much as local profits from cocaine, but so many hands are involved that the threat is much less. The identities of the traffickers is also clearly relevant, as is the location where the value accrues. Those who manufacture counterfeits in East Asia generate huge revenues collectively, but none of these people has any interest in taking on the state. The same amount of money in the hands of militants in Central Africa would be considerably more problematic.

The nature of the enterprise is also relevant. Human trafficking, for example, involves a lot of overheads. In the case of women trafficked to Europe for the purposes of sexual exploitation, it involves the housing and upkeep of some 140,000 workers, plus the costs of security and marketing. Turnover may be large, but profits, many of which accrue to small trafficking groups, are likely to be relatively small. In comparison, almost all the money gained through

FIG. 200:

TOC VALUE ESTIMATES DISCUSSED IN THIS REPORT COMPARED



Source: UNODC estimates

identity theft is profit, with operating costs reduced to the price of an Internet connection.

Weighing all these considerations, drugs appear to generate the most dangerous flow of profits, followed by environmental resources. Individual traffickers may make tens of millions, if not hundreds of millions, of dollars in a relative small number of transactions. Production areas are often affected by insurgency, and transit countries often suffer both from either high rates of murder, high levels of corruption, or both. With core demand generated by a consumer base of addicts, drugs also represent a long-term source of income for organized crime groups. But drug flows also illustrate that it does not take a lot of money to cause a lot of damage. Traffickers and insurgents in Afghanistan, for example, command only a small share of the value of the global heroin market, but cause far more violence than traffickers in Europe, where most of the value of the market resides. Similarly, those who fight over extractive industries in Africa may be competing for relatively small amounts of money, but in the context, these profits are worth killing for.

Although important, the impact of destabilizing money flows is just one aspect of the threat posed by organized crime. The direct impact of drugs, which have resulted in addiction, disease and death for millions, is equally severe. The violation of human rights when a woman is trafficked for sexual exploitation, or when a child is violated for pornography, can never be adequately quantified. Firearms trafficking may not generate the largest incomes, but can even more directly challenge peace and stability. The market for tiger parts may be worth only a few million dollars per year, but the poachers pursuing this market could still drive these animals to extinction.

Another way of looking at the threat is to look at the trend. Only four of the 16 TOC problems discussed in this report are clearly increasing, but this may be because only the largest and best established flows were included. Some organized crime problems have been around for decades, and may already be declining due to interventions and other factors. Others are rapidly emerging, and it may be possible to take action before the problem spirals out of control. For example, there has been a recent surge in demand for rhino horn associated with growth of the market in the east; a demand that could cause irreversible damage in a short period of time if not addressed.

In addition, the trend in the volume of contraband

moved and the trend in threat may point in different directions. For example, the cocaine flow to the United States has been in long-term decline, with a sudden drop off since 2006. At the same time, violence associated with this flow has dramatically increased. Changes in routing can also strongly affect the threat posed by a trafficking flow, such as when cocaine to Europe began to be diverted through West Africa.

In the end, it appears that drugs remain the backbone of transnational organized crime, commanding the largest share of revenues, and fuelling violence, corruption, conflict and addiction. But this report has examined only a few markets in natural resources, and it is possible that some could be comparable both in scale and in impact, at least in the source countries. More research is needed on these extractive markets and their relationship with TOC and conflict.

Given this complexity, can any meaningful lessons be drawn from the findings of this report about TOC as a whole? At least three major points come to the fore:

1. Because most trafficking flows are driven more by the market than by the groups involved in them, efforts that target these groups – the traditional law enforcement response – are unlikely to be successful on their own.
2. Because TOC markets are global in scale, global strategies are required to address them, and anything else is likely to produce unwanted side effects, often in the most vulnerable countries.
3. Because globalized commerce has made it difficult to distinguish the licit from the illicit, enhanced regulation and accountability in licit commerce could undermine demand for illicit goods and services.

Responding to TOC markets requires more than law enforcement

The preceding chapters have illustrated what was suggested at the outset of this report: most of what we call “transnational organized crime” today is rooted in market forces, not the plotting of professional criminal groups. For example, a large number of people know that firearms legally acquired in the United States can be sold for much more in Mexico. No mastermind is needed to coordinate the hundreds of straw purchasers required to satisfy demand. Similarly, people in rural areas of South-East Asia understand that the wildlife that surrounds them has value. So long as the buyers remain in certain

well-known collection points, no one has to contract these traditional hunters to do the job. Sophisticated structures are not needed to dispatch teetering boatloads of migrants into the Atlantic or the Mediterranean, or to post stolen credit card information on underground bulletin boards. Piracy in Somalia has become a vocation, almost a movement. Individual pirate groups may become more or less important, but for as long as the opportunity exists and barriers to entry are low, there will be many young men willing to risk their lives for a shot at escaping conflict and hunger.

This is not to say that organized criminal groups are irrelevant to global TOC problems. Triad-type groups mediate relations between traffickers and officials in many markets in Asia. The Camorra remains important in receiving and distributing counterfeit goods in Europe, as well as in a number of other rackets. The Mexican cartels are becoming multi-crime enterprises, likely to endure even if cocaine demand were to dry up. These and many less well-known groups play an important role in promoting contraband provision and sales of illicit services. Much like insurgents, many take advantage of their geographic control and network of corrupt officials to facilitate the business of crime. In doing so, they can acquire tremendous power, and become a problem in their own right. But in the end, they are participants in the market, not the source of it.

The implications of this central finding are several. While arresting and incarcerating individual perpetrators is important for its general deterrent effect, doing so is not sufficient to counteract illicit trade. So long as there is standing demand, and there remain areas where illicit goods can be sourced and trafficked, the market will adapt to any loss of personnel. Since the problem of TOC cannot be resolved purely through arrests and seizures, it cannot be reduced to a criminal justice issue. The solutions will require a much broader range of tools than those currently in the hands of law enforcement officials.

Global strategies are needed for global problems

Of the 16 crime problems examined in this report, 13 are intercontinental. What happens in these markets is a product of supply on one end of the world and demand on another, as well as conditions in a string of transit countries. Interventions at any point in this chain will have implications for every link. From a global perspective, national or even

regional efforts made in isolation can be worse than ineffective; they can be counterproductive, as the problem is pushed from regions that pose resistance to those that do not, or cannot.

Treating transnational organized crime markets will require two parallel sets of measures. First, there is a need to strengthen global resistance to TOC by building both the national and international capacity to track and respond to the problem. This is something like strengthening the immune system, and represents a long-term collective project. Second, there is a need to create global strategies to collectively address TOC problems that have become so acute that they require special intervention. This is more like a response to a particular infection, and would involve international strategic planning. In either case, the intervention must occur systemically, involving the whole organism. Both supply side and demand side measures must be coordinated, and the problem must be approached at a global level.

Regulating the licit can curtail the illicit

Traditional approaches tend to focus on influencing the behaviour of people whose behaviour is very difficult to influence. Many of those involved in TOC markets have very little to lose. Some are desperately poor, and contribute to global crime because there are few alternative options available. Some are marginal members of affluent societies, who participate in TOC as part of a broader counterculture. Of course, there are organized criminals who are both privileged and greedy, but they generally rely on the work of countless others who are not so well-off.

It is difficult to deter the desperate and the marginal with the threat of incarceration. These are often people for whom the immediate rewards of participation in TOC seem far more significant than the distant possibility of arrest. Coca and opium poppy farmers, street gang members, drug-addicted sex workers, straw purchasers, bush meat poachers, trafficking victims turned traffickers, the illegal migrants who vend counterfeit goods and the small manufacturers who produce them: most of the people who make illicit markets possible either do not appreciate that what they are doing is wrong, or they no longer care. Many are focused on making it through the day, and for some, imprisonment is not the least attractive alternative.

But there is another group of people whose behaviour is very important to maintaining these mar-

kets, a group with quite a bit to lose if they are found to be operating outside the law: those who operate on the licit side of these same markets.

Lack of clarity about the origin of certain goods allows otherwise honest buyers, including commercial firms, to purchase illicit merchandise. This results in much larger demand than there would normally be for contraband goods. When products are sold openly, the average buyer assumes they can be bought in good conscience. Professional buying agents may be under pressure to find the cheapest source available, and globalized commerce has made it impossible to individually screen each vendor. Regulating these markets globally would eliminate the good faith buyer pool, substantially reducing demand for contraband. All suppliers to the licit market internationally must be carefully monitored to ensure nothing illegal gets passed off as legitimate goods.

For example, trafficked timber and minerals enter the legitimate supply chain and are used by companies that can claim ignorance as to the ultimate origin of these commodities. Counterfeit goods and medicines are often produced by the same firms that make the licensed products and may be sold from legitimate wholesale and retail outlets. Similarly, the trade in illicit ivory is only lucrative because there is a parallel licit supply, and ivory can be sold and used openly. Ivory would lose much of its marketability if buying it were unequivocally an illegal act, or if ownership of these status goods had to be concealed. In some cases, consumers are duped; in others, there is willing blindness. If the source of these products were clearly documented internationally, they would not be confronted with this dilemma.

The same may even be true of services. Whatever decision a national government makes on the legality of foreign workers or the sex trade, this decision must be enforced. The line between the legal and the illegal must be clear and consistently enforced. There must be no grey area, because this grey area conceals the workings of transnational organized crime.

Illicit drugs remain one of the few items discussed in this report that are illicit on their face, but even these are reliant on poorly regulated international commerce in chemical precursors. When only legitimate users of acetic anhydride can access it, for example, heroin production will be considerably more difficult.

A number of the most significant flows discussed in

this report are by-products of licit commerce that has globalized at a rate in excess of our collective ability to regulate them. Supply chains are not subject to comprehensive audit because no one can keep track of the myriad products being shuffled back and forth across national borders. What goes on domestically remains obscured, and trade secrets have come to be regarded as matters of national security. It is in this murk and muddle that transnational trafficking germinates.

Putting an end to the parallel trade in illicit goods is part of the larger project of bringing transparency and accountability to global commercial flows, but considerable progress could be made by focusing on a few of the most problematic commodities. The Extractive Industries Transparency Initiative provides an example in the oil and mineral field. A similar effort could be mounted for environmental resources, and global accountability programmes launched for arms, pharmaceuticals, and even certain sectors of manufactured goods and chemicals.

More accurate accounting of containerized shipping could also help reduce the volumes of contraband transported internationally. Most global commercial flows proceed by sea, but at present, transnational shipping is a chaotic affair, with international waters a largely lawless zone. Progress has been made in assuring bulk carriers are licensed and monitored. So too should be their cargoes, if commercial accountability is to become a reality.

Of course, this logic does not apply to those forms of organized crime that are predatory, rather than market-based, such as identity theft and piracy. Arrest and seizures are not much more likely to curtail these activities than they are to eliminate contraband markets, however. Internet access is growing in the developing world, where law enforcement capacity is limited, and there is currently no viable criminal justice system in Somalia. Here, the solutions are more likely to be technological, aimed at making it more difficult to acquire money in these ways. In the end, each flow is unique, and the interventions required to address it cannot be prescribed without detailed consideration of the particularities, but the potential for taming the illicit by regulating the licit should be explored in each instance.

Coming to terms with TOC

This report represents the first attempt by UNODC to survey the broad terrain of transnational organized crime. It comes nearly 10 years after the meeting in Palermo that gave birth to the Convention.

Progress has been slow in coming to terms with this multi-faceted and complex topic. It is hoped this threat assessment will help promote the international cooperation required to take on these global problems.

