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“Organized Crime Has Globalized and Turned into a Security Threat”

A new UNODC report shows how, using violence and bribes, international criminal markets have become major centres of power

VIENNA, 17 June (UN Information Service) – “Organized crime has globalized and turned into one of the world’s foremost economic and armed powers,” said Antonio Maria Costa, Executive Director of the United Nations Office on Drugs and Crime (UNODC) at the launch of a new UNODC report on *The Globalization of Crime: A Transnational Organized Crime Threat Assessment*. The Report, released today at the Council on Foreign Relations in New York, looks at major trafficking flows of drugs (cocaine and heroin), firearms, counterfeit products, stolen natural resources, and people trafficked for sex or forced labour, as well as smuggled migrants. It also covers maritime piracy and cybercrime.

Work on the Report was initiated following concerns expressed by UN countries, the Security Council, the G8, and other international organizations about the threat posed by transnational organized crime, and the need to counter-act it. Producing the report was a challenge due to the fact that evidence on the subject has thus far been limited and uneven. “Despite the intrinsic difficulty of doing research on crime, UNODC was able to document the enormous power and global reach of international mafias,” said Mr. Costa.

The Report shows the extent to which illicit flows affect the entire world. “Today, the criminal market spans the planet: illicit goods are sourced from one continent, trafficked across another, and marketed in a third,” said Mr. Costa. “Transnational crime has become a threat to peace and development, even to the sovereignty of nations,” warned the head of UNODC. “Criminals use weapons and violence, but also money and bribes to buy elections, politicians and power – even the military,” said Mr. Costa. The threat to governance and stability is analysed in a chapter on “Regions under Stress”.

The UNODC report on *The Globalization of Crime* features a number of high-impact maps and charts that illustrate illicit flows and their markets. “Illicit trades involve all major nations: the G8 and BRIC countries alike, as well as regional powers. Since the world’s biggest economies are also the biggest markets for illicit trade, I ask their leaders to help the United Nations fight organized crime more effectively. At the moment there is benign neglect towards a problem that is hurting everyone, especially poor countries that are not able to defend themselves,” said Mr. Costa.

The Report’s main findings are that:

- There are an estimated 140,000 victims of human trafficking for the purposes of sexual exploitation in Europe alone, generating a gross annual income of US\$3 billion for their exploiters. “World-wide there are millions of modern slaves traded at a price not higher in real terms than centuries ago,” said Mr. Costa.
- The two most prominent flows for smuggling migrants are from Africa to Europe and from Latin America to the US. Around 2.5-3 million migrants are smuggled from Latin America to the United States every year, generating US\$6.6 billion for smugglers.
- Europe is the highest value regional heroin market (US\$20 billion), while Russia is now the single largest national heroin consumer in the world (70 tons). “Narcotics kill 30,000-40,000 young Russians per year, twice the number of Red Army soldiers killed during the invasion of Afghanistan in the decade of the ‘80s.” said Mr. Costa.

- The North American cocaine market is shrinking, because of lower demand and greater law enforcement. This has generated a turf war among trafficking gangs, particularly in Mexico, and new drug routes. “Along the entire Atlantic coast of Latin America cocaine is trans-shipped into Europe via Africa,” said Mr. Costa. “Under attack, some west African nations risk failing.”
- The countries that grow most of the world’s illicit drugs, like Afghanistan (opium) and Colombia (coca), receive the most attention and criticism. Yet, most drug profits are made in the destination (rich) countries. For example, out of a global market of perhaps US\$55 billion for Afghan heroin, only about 5 per cent (US\$2.3 billions) accrues to Afghan farmers, traders and insurgents. Of the US\$72 billion cocaine market in North America and Europe, some 70 per cent of the profits are made by mid-level dealers in the consumer countries, not in the Andean region.
- The global market for illicit fire-arms is estimated at US\$170-320 million per year, which is 10-20 per cent of the licit market. Although the smuggling of arms tends to be episodic (i.e. related to specific conflicts), the amounts have been so large, to kill as many people as some pandemics.
- The illegal exploitation of natural resources and the trafficking in wildlife from Africa and South-east Asia are disrupting fragile eco-systems and driving species to extinction. UNODC estimates that illicit wood products imported from Asia to the EU and China were worth some US\$2.5 billion in 2009.
- The number of counterfeit goods detected at the European border has gone up by a factor of ten over the past decade, for a yearly value of more than US\$10 billion. As much as half of medications tested in Africa and South East Asia are counterfeited and substandard, increasing, rather than reducing the chance of illness.
- The number of piracy attacks off the Horn of Africa has doubled in the past year (from 111 in 2008 to 217 in 2009), and is still rising. Pirates from one of the world’s poorest countries (Somalia) are holding to ransom ships from some of the richest, despite the patrolling by the world’s most powerful navies. Of the more than US\$100 million annual income generated by ransom, only a quarter goes to the pirates, the rest to organized crime.
- More than 1.5 million people a year suffer the theft of their identity for an economic loss estimated at US\$1 billion, while cybercrime is endangering the security of nations: power grids, air trafficking and nuclear installations have been penetrated.

These are just a few examples of the wealth of new evidence included in the UNODC Report that also makes a number of suggestions on how to deal with the threats posed by the globalization of crime.

In the first place, Mr. Costa called for “disrupting the market forces” behind these illicit trades. “The breaking-up of criminal groups per se does not work, as those arrested are immediately replaced,” he said. He cautioned that “law enforcement against mafia groups will not stop illicit activities if the underlying markets remain unaddressed, including the army of white-collar criminals – lawyers, accountants, realtors and bankers – who cover them up and launder their proceeds. The greed of white collar professionals is driving black markets, as much as that of crime syndicates.”

The Report insists that, since crime has gone global, national responses are inadequate: they displace the problem from one country to another. It calls for global responses on the basis of the UN (Palermo) Convention against Transnational Organized Crime (UNTOC) which was adopted in 2000. “Crime has internationalized faster than law enforcement and world governance,” said Mr. Costa. “The Palermo Convention was created precisely to generate an international response to these transnational threats, but is often neglected,” he said. “Governments that are serious about tackling the globalization of crime should spur the nations that are lagging behind in the implementation of the Convention,” said the head of UNODC.

He also called attention to the difference between countries being unwilling rather than being unable to fight organized crime, appealing for more development and technical assistance to reduce vulnerability of poor nations. “When states fail to deliver public services and security, criminals fill the vacuum,” said Mr. Costa. “Reaching the Millennium Development Goals would be an effective antidote to crime, that in itself is an obstacle to development,” he added. He also called for greater attention to criminal justice in peace-building and peace-keeping operations: “since crime creates instability, peace is the best way of containing crime,” he said.

“Criminals are motivated by profit: so let us go after their money,” said Mr. Costa. “We must increase the risks and lower the incentives that enable the bloody hand of organized crime to manipulate the invisible hand of competition,” said Mr. Costa. He called for more robust implementation of the United Nations Convention against Corruption, more effective anti-money laundering measures, and a crackdown on bank secrecy.

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The full report is available in hard copy, or on the UNODC website at www.unodc.org