

PREFACE BY THE EXECUTIVE DIRECTOR

In the past quarter century (namely, since the end of the Cold War), global governance has failed to keep pace with economic globalization. Therefore, as unprecedented openness in trade, finance, travel and communication has created economic growth and well-being, it has also given rise to massive opportunities for criminals to make their business prosper.

Organized crime has diversified, gone global and reached macro-economic proportions: illicit goods are sourced from one continent, trafficked across another, and marketed in a third. Mafias are today truly a transnational problem: a threat to security, especially in poor and conflict-ridden countries. Crime is fuelling corruption, infiltrating business and politics, and hindering development. And it is undermining governance by empowering those who operate outside the law:

- drug cartels are spreading violence in Central America, the Caribbean and West Africa;
- collusion between insurgents and criminal groups (in Central Africa, the Sahel and South-East Asia) fuels terrorism and plunders natural resources;
- smuggling of migrants and modern slavery have spread in Eastern Europe as much as South-East Asia and Latin America;
- in so many urban centres authorities have lost control to organized gangs;
- cybercrime threatens vital infrastructure and state security, steals identities and commits fraud;
- pirates from the world's poorest countries (the Horn of Africa) hold to ransom ships from the richest nations;
- counterfeit goods undermine licit trade and endanger lives;
- money-laundering in rogue jurisdictions and uncontrolled economic sectors corrupts the banking sector, worldwide.

So serious is the organized crime threat that the UN Security Council has on several occasions considered its implications in Afghanistan, the Democratic Republic of the Congo, Central America, Somalia, West Africa, and in relation to several themes (trafficking of arms, drugs, people, and natural resources). Around the world, organized crime has changed strategic doctrines and threat assessments. Armies have been mobilized to fight drug cartels, navies

have been sent to capture pirates. Yet the threat persists.

Despite the gravity of the threat, organized crime is insufficiently understood. There is a lack of information on transnational criminal markets and trends. The few studies that exist have looked at sections of the problem, by sector or country, rather than the big picture. Without a global perspective there cannot be evidence-based policy.

UNODC has produced this first-ever *Transnational Organized Crime Threat Assessment* to fill a knowledge gap and pave the way for future world crime reports. This Threat Assessment focuses on trafficking flows, connects the dots between regions, and gives a global overview of illicit markets: it reports about the ways and means international mafias have grown into an international problem.

What is striking about the global map of trafficking routes is that most illicit flows go to, and/or emanate from major economic powers (that is, the G8, but also informal groups like the BRIC). In other words, the world's biggest trading partners are also the world's biggest markets for illicit goods and services. On the one hand, this is a logical consequence of the huge increase in the volume of trade. On the other, it reflects the extent to which the underworld has become inextricably linked to the global economy, and vice versa, through the illicit trade of legal products (like natural resources), or the use of established banking, trade and communications networks (financial centres, shipping containers, the Internet) that are moving growing amounts of illicit goods and thus profiting crime.

It is also shocking how far many smuggled products, and people, travel before they reach their destination. Corruption, coercion and white collar collaborators (in the private and public sectors) lower risk to international mafias while the effective logistics they provide increases mafia profits. This model has made transnational crime one of the world's most sophisticated and profitable businesses.

The perspective afforded by this global study should provoke some new thinking on combating transnational organized crime.

First, since crime has gone global, purely national responses are inadequate: they displace the problem from one country to another. Regional and international responses are enabled by the United Nations Convention against Transnational Organized Crime (UNTOC) adopted in 2000. Its tenth anniversary is a good occasion to agree on a mechanism to

review its implementation, not least to make information-sharing compulsory which would enable UNODC to represent more effectively the global crime scene.

Second, states have to look beyond borders to protect their sovereignty. In the past, they have jealously guarded their territory. In the contemporary globalized world, this approach makes states more, rather than less vulnerable. If police stop at borders while criminals cross them freely, sovereignty is already breached – actually, it is surrendered to those who break the law. Therefore, trans-border intelligence-sharing and law enforcement cooperation are essential.

Third, since transnational organized crime is driven by market forces, countermeasures must disrupt those markets, and not just the criminal groups that exploit them. Otherwise, new criminals will simply fill the void, and new routes will be found.

Fourth, since traffickers follow the paths of least resistance – characterized by corruption, instability and underdevelopment – it is essential to strengthen security and the rule of law. The Millennium Development Goals (MDGs) are the most effective antidote to crime, while crime prevention helps to reach the MDGs. Peacebuilding and peacekeeping make fragile regions less prone to the conflict that affects crime, while fighting crime neutralizes spoilers who profit from instability.

Fifth, since criminals are motivated by profit, the key is to go after their money. That means strengthening integrity by implementing the United Nations Convention against Corruption. It also means stopping informal money transfers (*hawala*), offshore banking and the recycling through real estates that make it possible to launder money. In particular, governments and financial institutions should implement Article 52 of the anti-corruption Convention that requires Parties to know their customers, determine the beneficial owners of funds and prevent banking secrecy from protecting proceeds from crime.

Sixth, since the wide-open window of trade is letting criminals in, it is essential to install filters. In the past two decades, insufficient regulation and unchecked growth, together with the Internet and free trade zones, have enabled abuse of the economic and financial systems. Today, greater vigilance is needed to keep illicit goods out of the supply chain; prevent the diversion of licit products into the black market; strengthen anti-corruption measures; profile suspicious container and air traffic;

crack down on cybercrime; and exercise due diligence (for example, in banking and real estate).

In terms of global reach, penetration and impact, organized crime has become a threat affecting all Member States: they have a shared responsibility to respond. I hope this report will ring alarm bells, and contribute to new ways of looking at – and fighting – transnational organized crime.



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