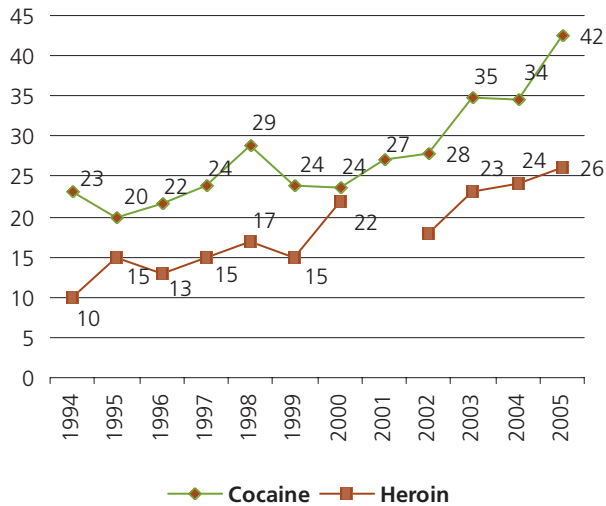


## 2. Invisible empire or invisible hand? Organized crime and transnational drug trafficking

### 2.1 Introduction

Transnational drug interdiction is an evolving technology. Decades of experience, of successes and failures, inform the way anti-trafficking operations are conducted today. While the traffickers have also learned from experience, there have been clear gains in the share of the global drug outputs seized by law enforcement. Between 1994 and 2005, the share of global heroin production that was seized more than doubled, from 10 per cent to 26 per cent, while the share of global cocaine production seized increased from 23 per cent to 42 per cent. This chapter argues that documenting this success, particularly by capturing and analysing the details of each seizure, is key to ensuring that it continues.

**Fig. 1: Share of global drug supply seized, 1994-2005\***



Source: UNODC calculations

\* data for heroin in 2001 not comparable due to Taliban ban

Attaching firm numbers to the transnational drug trade is important, because markets can be deceptive. What may appear to be highly coordinated enterprises are often the independent actions of a large number of people dancing to the same economic tune. In clandestine activities like transnational drug trafficking, it can be even more difficult to distinguish centralised control from common motivation, or to know the rules that

govern market activity. The process of transporting drugs like cocaine and heroin across multiple borders, often by convoluted routes, is an operation of considerable complexity, which would seem to call for large, specialised organizations. But it remains unclear whether highly organized crime groups do, in fact, dominate the global drugs market.

Admittedly, quantifying a clandestine phenomenon like organized crime is a complex undertaking, and most indicators will, of necessity, be indirect. But these difficulties must be overcome, because having an accurate picture of illicit activity is vital to formulating sound policy. To tackle transnational drug trafficking, it is important to understand how it is organized, and by whom. If large organizations were driving the trade, then targeting these organizations would be essential to stopping the flow of drugs. If, on the other hand, the organizations are merely participants in a freestanding market, then the market itself must be addressed. For example, the classic strategy for combating organized crime involves pressuring low-level functionaries to inform against high-ranking crime bosses, with the aim of “decapitating” the criminal organization. This technique is useful where top-down command structures mean that the important information for directing the criminal activity is concentrated at the top. But this approach is far less effective when the criminal activity is not reliant on such a hierarchy.

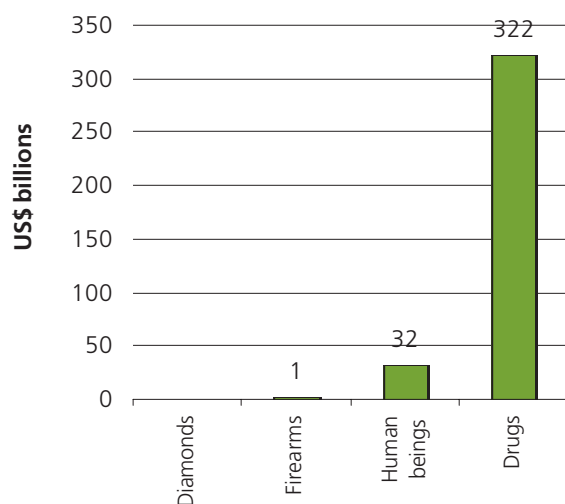
Similarly, crime networks can be disrupted by identifying the weak links in a criminal commodity chain, or by targeting those actors whose skills are in relatively short supply. For example, in 2000/2001, Australian law enforcement was able to significantly disrupt local heroin trafficking networks by focusing on the relatively small number of brokers who brought together suppliers, financiers, skilled traffickers, and street distributors. This tack would be less successful where the skills needed to conduct the criminal activity, as well as the incentives to do so, are widespread.

Thus, a key question for international drug law enforcement is: how important are large criminal organizations to the drug trade? This brief chapter suggests some ways

in which this question might be answered.

Drug trafficking is of interest to transnational organized crime groups because drugs generate more profits than any other form of trafficking. Placing a value on illicit markets is difficult, but the estimates generated by specialist organisations show that the drugs trade is greater in value than most other criminal commodities by at least an order of magnitude. In the 2005 World Drug Report, UNODC valued the world narcotics trade at some US\$320 billion, a figure in keeping with previous estimates from a variety of sources. Estimates for other major illicit flows are considerably less. For example, in 2005 the International Labour Organization estimated the value of global human trafficking to be US\$32 billion.<sup>1</sup> Estimates of the value of the trade in conflict diamonds range from 1.5 - 2 per cent to 3 - 15 per cent of the overall trade in rough diamonds.<sup>2</sup> Small Arms Survey puts the value of the illicit firearms trade at no more than US\$1 billion.<sup>3</sup> The relatively high value assigned to the drug trade is understandable because, unlike human beings, diamonds or firearms, the drug supply is consumed each year and in need of continuous renewal. As a result, drug trafficking remains the single most profitable sector of transnational criminality.

**Fig. 2: Estimated global value of illicit markets**



Source: UNODC, 2005; ILO, 2005; US GAO, 2002; Small Arms Survey, 2002iv

These profits accrue to a wide range of actors, from poor rural farmers to affluent urban dealers. But, in many instances, the single most profitable sector of the market is the process of transporting the drugs internationally. The funds raised by trafficking groups can be used to underwrite other criminal activity and even political insurgency. It is thus vital for international security that firm tabs be kept on the identity and nature of the groups that benefit from the drug trade.

What share of this lucrative market is controlled by organized crime groups? It is true that most known organized crime groups engage in drug dealing, but this is rarely the only form of criminal activity in which they are involved.<sup>5</sup> It is also true that, under the broad definition of the United Nations Convention against Transnational Organized Crime, nearly all transnational drug trafficking is conducted by organized crime groups. Under the Convention:

*[an] organized criminal group [is] a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes ... in order to obtain, directly or indirectly, a financial or other material benefit.*<sup>6</sup>

Transnational drug trafficking generally requires the involvement of at least three people, it requires some time, and is profit-motivated, so most drug trafficking groups would be considered organized crime groups under this schema. But the Convention definition was cast broadly, in the interest of capturing the wide range of international experience. For the purposes of analysis, it is important to distinguish between degrees of organization.

Drug trafficking groups today appear to lie along a spectrum. On the one hand, there are the groups that popularly spring to mind when “organized crime” is mentioned: large, highly-structured, longstanding groups, the criminal equivalent of a transnational corporation, perhaps best typified by the Sicilian Cosa Nostra in its heyday. On the other hand, there are the small, flexible and impermanent associations of entrepreneurs and criminal service-providers commonly labelled “criminal networks”, of which West African organized crime groups are often used as exemplars. Even less organized are those groups which, while they may fit the Convention definition, involve a large number of people who would not consider themselves professional criminals, organized mainly by market forces. While all of these likely play a role in global drug trafficking today, it remains unclear what shares of any given drug flow each group commands.

Many national and regional organizations provide annual assessments of organized crime and its involvement in drug trafficking. These are based on criminal intelligence, including much field experience. However, they typically focus on a single country or region, and they are largely qualitative assessments. These reports could be greatly enhanced by a set of standard indicators that could be tracked over time, globally. The following section suggests some possible candidates for this purpose.

### Has organized crime become less organized?

Crime experts appear to agree that the traditional image of organized crime groups as highly structured, hierarchical entities has become outdated. Increasing emphasis is being placed on more flexible structures involving networks of skilled individuals. For example, Europol has recently argued that, “Organised crime groups are becoming increasingly heterogeneous and dynamically organised in structural terms, moving toward loose networks rather than pyramidal monoliths ... While there are criminal groups organised along the homogeneous and hierarchical lines, many groups are in practice loose networks of relatively independent members that coalesce around one or more prominent criminals. These networks take up tasks of varying structure, length and complexity according to the demand and concrete profits.”<sup>7</sup>

The consensus among experts seems to be that the global drug trafficking situation has also become more complex in recent years, with many groups emerging that are smaller, more flexible and more temporary than they were in the past. As one Rand study points out, “The old [mid-1980s] images of highly centralized and controlled drug distribution systems have largely disappeared in [the] face of growing evidence of competitive violence and the failure of individual organizations to endure in dominant positions.”<sup>8</sup> This decentralisation has allegedly manifested itself in several new features:

- *Diversification of activities* – Criminal activities are increasingly diversified,<sup>9</sup> with drug traffickers moving other forms of contraband as well, and simultaneously engaging in legitimate business. In some regions, such as Europe, poly-drug trafficking has become common.<sup>10</sup> Of the European drug seizures captured in the UNODC Individual Seizures Database in 2003, 39 per cent involved more than one drug, a trend not reflected in data from the Americas. In some user countries, poly-drug brokers have emerged, linking what are often single-drug importers to street distribution networks.<sup>11</sup>
- *Diversification of personnel* – While ethnic links remain important, many groups involve people of multiple ethnicities and nationalities. If expertise is needed which lies outside the group, alliances may be made with other organized crime groups or individuals may be contracted to do the work. These service providers may be otherwise uninvolved in criminal activity and maintain an image of legitimacy.<sup>12</sup> Individuals from non-criminal backgrounds may also be recruited for specific tasks, including murder.<sup>13</sup> Gangs from ethnic minority communities may also be contracted to do the “dirty work” of majority organized crime groups.<sup>14</sup> Transnational organizations may make alliances with indigenous crime groups to access a new territory as a destination or a transit zone.<sup>15</sup>

It is difficult to determine to what extent these perceived changes are real and to what extent they are a manifestation of a growing understanding of what constitutes organized criminal activity. In the past, many may have regarded the classic mafia-type hierarchy as the only true manifestation of organized crime, but research and legislative changes, including the use of the Convention definition, have expanded the scope of the discussion. For example, based on commissioned research, the European Union has begun to shift its focus from “criminal groups” to “criminal activities and the individuals involved in those activities”.<sup>16</sup> In other words, it has been recognised that the past focus on criminal organizations may have been misplaced, as many relevant individuals and activities fall outside these structures. This change in perspective may lead to the recognition of complexities that were previously overlooked.

## 2.2 Assessing the degree of organization

The Convention definition supports the idea that the size and longevity of the groups involved are essential components of organization. But how can the size and permanence of the groups involved in any given drug flow be determined? This chapter suggests that at least five currently available indicators could be useful for this purpose:

- The share of total seizures that are large seizures.
- The diversity of techniques and routes used.
- The nationality of those arrested in connection with seizures.
- Regional price differentials and volatility in drug producing countries.
- The levels of drug use in transit countries.

This is not an exhaustive list, of course. Many other variables could be useful if the data available were sufficiently robust. For example, although UNODC gathers drug price data from countries around the world,