



UNODC

United Nations Office on Drugs and Crime

**Responding to the human security threat
from Transnational Organized Crime in
East Asia and the Pacific**

**Address to the
17th Annual Conference and General Meeting
of the
International Association of Prosecutors
by
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for East Asia and the Pacific**

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Mr. Chairman,

Distinguished participants,

Ladies and Gentlemen,

Swadee Khub – and good morning.

My purpose today is to provide an overview on the first three of the four topic areas for this session. These are:

1. What areas of cross-border criminality are attracting organized crime syndicates and why?
2. How can enforcement strike at the leaders, gang masters and organizers?
3. What works – How should resources be directed?

I will not dwell on the background which we all know. I will say only this. Economic growth has been aggressively promoted as a cure for our social ills. But growth comes at a cost.

As our planet's population grows dramatically every year, so does the number – and the volume – of exchanges. The vast majority of these exchanges are legitimate and benign. But a significant share is not. Governments struggle to keep track of new enterprises, let alone regulate them.

In this ungoverned space, organized crime (OC) – and transnational organized crime (TOC) – take control. It is a driving force behind the illicit markets – in people – in drugs – in environmental resources and in counterfeit goods. All these illicit drug markets increasingly operate on a global scale.

TOC emerges in places, and at times, where the state is absent or weak. Wherever the regulatory structures of government are inadequate – or are unjustly administered – criminal syndicates opportunistically step in to fill the gap.

The net result is that hundreds of billions of dollars of dirty money flow around the world every year. This money distorts local economies. It corrupts institutions. It fuels conflict. And it makes some criminals obscenely wealthy.

My focus today will be on **East Asia and the Pacific**. This is because in the past two decades, no place in the world has grown as rapidly as our region.¹ Those of us who – like me – are privileged to live and work in this region see the good news:

- That rapid economic growth is driving a relentless rise in living standards. That so many are being lifted out of poverty.

But we also see the bad news:

- That this very rising affluence will attract more criminals eager to tap into the new wealth.

¹ Due to strong economic growth over the last few decades, overall gross domestic product (GDP) of the East Asia and the Pacific region had reached US\$ 18.8 trillion in 2011. This exceeds the aggregate GDP of the European Union (US\$ 17.6 trillion) and of North America (US\$ 16.8 trillion).

So to question (1) “What areas of cross border criminality are attracting organized crime syndicates and why?”

UNODC estimates that **US\$870 billion** of dirty money flows through the world every year.

My office here in Bangkok is just putting the finishing touches on a Transnational Organized Crime Threat Assessment (or TOCTA) which will speak about how our region’s portion of this – about one-tenth – is divvied up among the various forms of TOC. The report will be launched within the next few weeks. But I would like to share a sneak preview with this prestigious audience.

The report is divided into 4 main sections, namely

- People,
- Drugs,
- Environment and
- Goods.

Within each chapter, different forms of TOC are profiled. These include:

- the nature of the market,
- how the trafficking is conducted,
- what sorts of people are involved, and
- the estimated revenue value of the flows.

I am now putting on screen the list of flows we will examine. The **13 TOC flows** which you see are served by both loose networks and durable, large-scale criminal enterprises. They are **not** arranged in order of scale or importance.

[LIST GOES ON SCREEN – BUT IS NOT READ]

PEOPLE

1. Migrant smuggling in SE Asia
2. Trafficking women from SE Asia to Thailand
3. Migrant Smuggling from East / SE Asia to US and EU
4. Migrant Smuggling through region to Australia and Canada

DRUGS

5. Heroin trafficking
6. Methamphetamine trafficking

ENVIRONMENT

7. Illegal Wildlife trade
8. Illegal Timber trade
9. Illegal trade in electronic waste
10. Ozone-Depleting Substances (ODS)

GOODS

11. Counterfeit consumer goods
12. Fraudulent essential medicines

Unfortunately, our findings indicate that TOC is thriving in our region. I cannot provide you – in advance of the launch – with the specific contents of the report – or the numbers. But I can hint at some of its findings.

- Would you be surprised, for example, to learn that the single largest illicit crime flow in our region is **not** related to the trafficking of either heroin – or methamphetamines?
- Would you be surprised to learn that illicit drugs – in terms of heroin and for methamphetamines – are also not even second largest illicit market?
- Should we be concerned that around one-third of the heroin consumed in our region comes from Afghanistan?
- The overall picture that emerges from our report is one of a region where criminal organizations still profit significantly through the trafficking of **illicit drugs**, in the form of heroin and ATS.
- However, what our report will also indicate is that illicit drugs account for only one-third of the total value of illicit flows in East Asia and Pacific. One of our key findings is that the hitherto high degree of concentration in the region on illicit drugs needs to be broadened.
- Let's move on to so-called **people crimes**. What should our response be if we learn that the profits generated by human trafficking – when compared with other flows – are relatively small? Surely it would not be to relax our efforts to counter crimes which deliver such hideous emotional, psychological and physical damage to their victims. Human trafficking and migrant smuggling is still a high profit – low risk crime where conviction rates are far too low.
- Environmental crimes. Would you be surprised to learn that the majority of the **illegal trade in timber** is embedded within the region's legal trade? And – more than this – that our region accounts for around 70 per cent of the entire global trade in illegal timber.
- How many of us know that in East and Southeast Asia, the crime of trafficking electronic waste products – so-called **e-waste** – actually funds TOC to the tune of billions of dollars?
- You may know that around two-thirds of the world's **counterfeits products** originate from our region. But do you know that – according to our research – between one-third and two-thirds of essential medicines tested in parts of our region are bogus?
- And that **fraudulent medicines** are most prevalent where there is the lowest risk of detection – not necessarily the highest rate of return?

These are some of the new trends which go to answer Question 1.

The point is this. We need to focus our countermeasures not only on the traditional illicit markets – people and drugs – but also the new illicit markets – counterfeits and environmental crimes. For these are generating vast profits for TOC.

I now move on to questions 2 and 3. “How can enforcement strike at the leaders, gang masters and organizers?” and “What works – How should resources be directed?”

I would like to answer these questions together.

From my vantage point – as a UN officer working in the field for a quarter of a century – the governments of the world have realized the danger of TOC as a security threat to the state. And they are fighting back – even if the pace of the effort often seems somewhat subdued, considering the scale of the threat.

To effectively respond, I believe we need to cover four areas. So, for the remainder of this address, I will share with you my thoughts on all four. But today I will concentrate especially on the first and the last.

Here they are:

[DISPLAY ON SCREEN]

1. **Know the problem**
2. **Establish the normative framework**
3. **Build our technical capacity**
4. **Expand regional partnerships**

This is not rocket science. In fact, it is what you already know. But we need to do it right and we need to do more of it. All are essential. We can't pick and choose.

1. KNOW THE PROBLEM

Making progress against TOC requires policymakers to have a broader understanding of the extent, and nature and dynamics of the threat.

This is why I have spent so much time sharing some preliminary thoughts this morning about the UNODC **Transnational Organized Crime Threat Assessment** (or TOCTA) for East Asia and the Pacific.

For we must keep on top of the latest trends in all our areas of TOC. And we must do so relentlessly.

On Wednesday this week, our office in Myanmar will launch the **Opium Poppy Survey for SE Asia**. Then, two weeks later, in Cambodia, we'll release the **Regional Illicit Amphetamines Survey for East Asia and the Pacific**. And two weeks after that, we'll launch our **Illicit Amphetamines Report on Indonesia**.

Our primary focus is the implications of all these flows for the criminal justice system. But we hope that our recommendations, combined with enlightened

economic and social policies, can help the region better counteract the significant illicit markets and the linked TOC threats that we currently face.

2. ESTABLISH THE NORMATIVE FRAMEWORK

The second of four imperatives is the need to establish – or strengthen – international norms and conventions. These are what frame our individual and collective response at national level.

During the past decade the framework established by the TOC Convention and the UN Convention Against Corruption have delivered this framework. Both conventions have increasingly been used to guide the legislative and regulatory framework for countering TOC at the national level. There is yet more work which must be done at a regional level to implement these conventions. And it is for this purpose that the organization I represent – the United Nations – is strategically designed to provide such technical assistance.

3. BUILD TECHNICAL CAPACITY

I move on to our third imperative. Technical capacity. Countries must be equipped to meet the TOC challenge at ground level. This means possessing the national technical means to counteract TOC – not just through laws – but also at the sharp end. Examples include ensuring that law enforcement, prosecutors and the judicial establishment are trained and equipped to meet the challenge. This is an area where many of us sitting in this room are already fully engaged.

Let me add the one single recommendation which I believe needs to be stated over and over again. **“Follow the money.”** Money laundering permeates all the illicit flows in our region. Most countries in our region still have cash-based economies and this culture and practice encourages the movement of large amounts of cash across borders. A high proportion of the proceeds of crime in our region is laundered through the real estate sectors where property and land transactions are regularly conducted in cash.

In order to tackle money laundering, we need law enforcement and the judicial system to be better equipped to investigate and prosecute money laundering offences. The regulated sectors need to be better supervised and the public at large must be better educated in the dangers which money laundering poses to society.

4. EXPAND REGIONAL PARTNERSHIPS

So much for knowledge – norms – and technical capacity. But what about the fourth imperative? The response beyond borders?

In our fluid, globalizing world – where borders now resemble nets more than walls – none of the above three responses will succeed unless we also have the fourth.

Today, most TOC flows begin on one continent and end on another. Often the activities are cycled through a third continent. For this reason, only interventions which measure up to the scale of the problem – in other words, at a global level – are

likely to work.

By contrast, one of our key problems is that law enforcement is inherently national in character. Officials tend to see themselves as limited to action within their national jurisdiction.

We must therefore integrate national responses into international strategies. We must do this by promoting partnerships across borders and international networks which champion **“transnational organized justice”**. This includes promoting regional collaborative efforts on border control. On mutual legal assistance. On extradition. And on asset recovery.

In this context, I am pleased to inform you that UNODC has been promoting both formal and informal MLA networks – specifically in the Sahel countries in Africa and among countries of the Indian Ocean Commission.

In addition, we are supporting Asset Recovery Inter-agency Networks (so-called ARINs) in Southern Africa, Latin America – and now also – here in Southeast Asia.

Conclusion

So, as I move to conclude, I would like to thank the IAP for inviting me here this morning and the Thai Office of the Attorney-General.

But I would like to leave you pondering a single thought.

The criminal organizations which oppose us form a network. But so do we – networks exemplified – for example – by this gathering. And, in the end, **“it takes a network to defeat a network.”**

Thank you. I wish the conference every success.