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United Nations Office on Drugs and Crime

# Crime and instability

Case studies of transnational threats

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### **Acknowledgements**

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## PREFACE

Transnational organized crime is attracting increased attention because whereas in the past the problem was mostly national (mafia, mobsters, cartels, triads), now, as a result of globalization, it poses a threat to international security.

This report looks at the relationship between organized crime and instability: how illicit commodities usually originate in trouble spots, are then trafficked through vulnerable regions, to affluent markets. It focuses in particular on the impact of drug flows (cocaine and heroin), as well as piracy around the Horn of Africa, and the impact of minerals smuggling on Central Africa.

The reasons are well known. Empowered by the bullet and the bribe, criminals take advantage of a government's inability to provide security. They also exploit instability caused by conflicts. The same forces of globalization – openness in commerce, travel and communications – that have created unprecedented wealth have also unleashed massive opportunities for organized crime. As illustrated in this report on Crime and Instability, the result is a vicious circle: vulnerability attracts crime, and crime deepens vulnerability.

What is striking is that if you take a map of global conflicts, and then superimpose a map of global trafficking routes they overlap almost perfectly. It is therefore no coincidence that the intersections of crime and instability are the troubled regions where the United Nations is called upon to keep the peace.

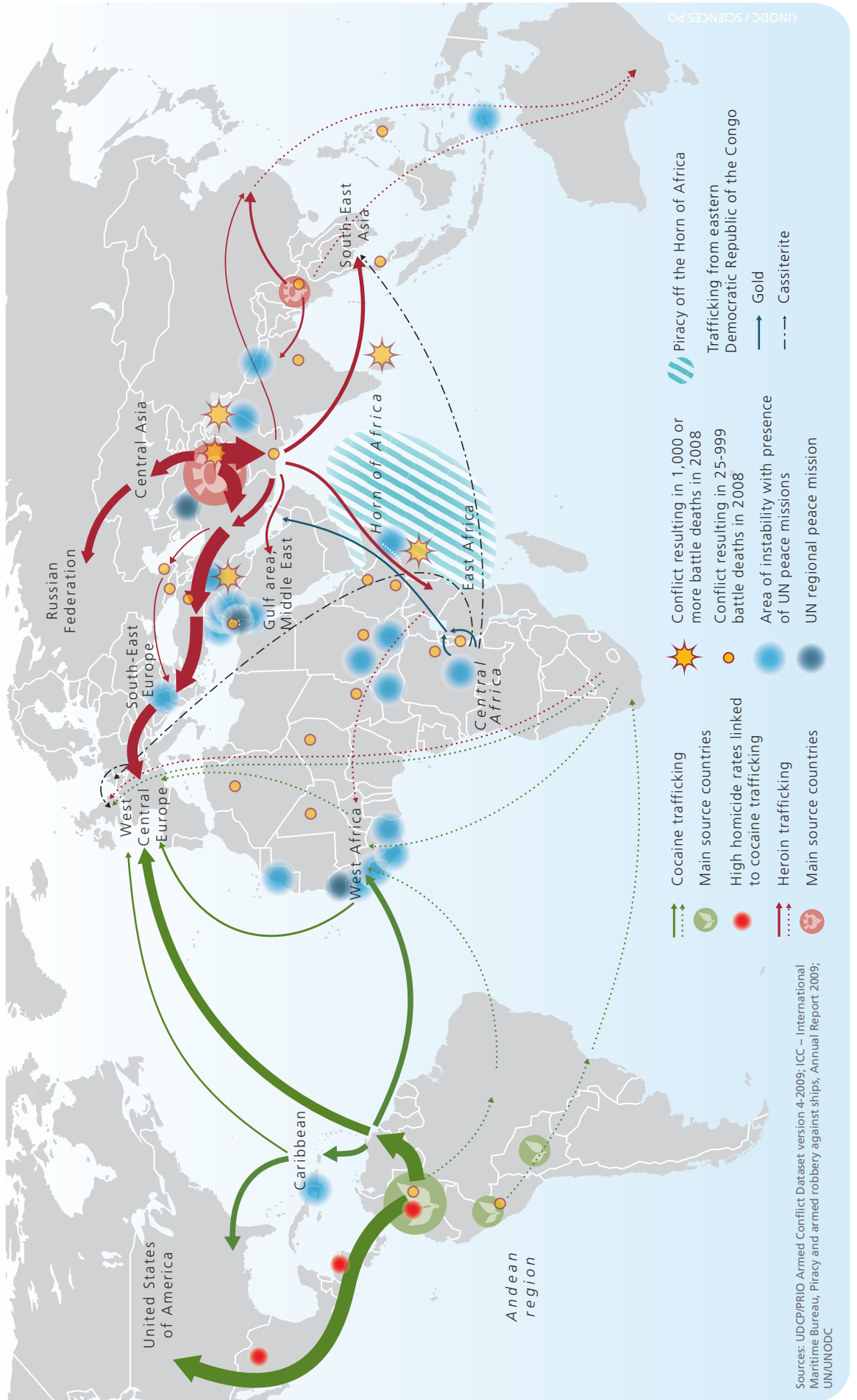
By better understanding the impact of crime on security (and vice versa), we will be better equipped to break the vicious circle, and build a safer world.



Antonio Maria Costa  
Executive Director  
United Nations Office on Drugs and Crime

FIG. 1:

CRIME AND INSTABILITY - KEY TRANSNATIONAL THREATS



## INTRODUCTION

The United Nations Security Council has recently paid much attention to the threat posed by transnational organized crime. In the December 2009 Presidential Statement on Peace and Security in Africa, “The Security Council invite(d) the Secretary-General to consider mainstreaming the issue of drug trafficking as a factor in conflict prevention strategies, conflict analysis, integrated missions’ assessment and planning and peacebuilding support”.<sup>1</sup> The Secretary-General, speaking at the African Union summit in January 2010, also emphasized the perils of illicit trafficking, particularly drugs. He noted that “Criminal networks are very skilled at taking advantage of institutional weaknesses on the ground.”<sup>2</sup> This paper illustrates what happens when transnational criminal activities intersect with a region’s governance problems. TOC can present a major challenge even where the state is strong, but when, for a variety of reasons, the rule of law is already weakened, it can pose a genuine threat to stability. As this crime further undermines governance and stability, countries can become locked in a vicious circle where social trust is lost and economic growth undermined. This challenge is sometimes overstated, but, as this paper illustrates, it is very real in some parts of the world.

### **Organized crime fuels insurgency and hampers peace building**

The clearest examples are found in countries where insurgents draw funds from taxing, or even managing, organized criminal activities, particularly drug trafficking. South-West Asia, South-East Asia, and the Andean region are cases in point, and troubled areas in these regions have become the world’s leading sources of illicit drugs. In the absence of the sort of outside funding found during the Cold War, rebel groups must derive their sustenance from the regions they control, and these unstable areas are often already enmeshed in drug trafficking. The money associated with organized crime can be so great that militants may forget about their grievances and focus on satisfying their greed. Even where this is not true, drugs pay for bullets and provide a lifestyle to combatants that makes them less likely to come to the negotiating table.

Drugs trafficking is not the only organized crime activity that can keep a rebellion afloat, however. As the example of the Democratic Republic of the Congo illustrates, insurgents can harvest and traffic the natural resources present in the areas they control, generating incomes for warlords that dwarf

what they could earn in peacetime. Some of the world’s poorest countries have been robbed of their most valuable resources in this way, and untold environmental damage has been done. Africa is especially vulnerable to this type of abuse, as diamond-fuelled wars in Angola and Sierra Leone demonstrate. The oil-driven conflict in the Niger Delta provides a current example.

The map opposite overlays some of the major trafficking flows discussed in this paper with some of the stability challenges experienced around the world. It illustrates the interplay between conflict, both current and recent, as well as global trafficking flows. The presence of United Nations Peacekeepers in many of the post-conflict areas highlights the importance of the issue for the international community.

Organized crime can become even more important when rebels gain exclusive control of a portion of a country. The pseudo-states thus created have no international accountability and, particularly when strategically placed, often become trafficking hubs and retail centres for all manner of illicit goods and services. They also continue to pose a threat to national and international security, providing a safe haven for international fugitives, including terrorists. A large number of UN peace missions are operating in regions affected by transnational organized crime, including West Africa (UNOCI in Côte d’Ivoire, UNMIL in Liberia, UNOGBIS in Guinea-Bissau, UNIPSIL in Sierra Leone and UNOWA for West Africa as a whole), Central Africa (MONUC in the Democratic Republic of the Congo and BONUCA in the Central African Republic), East Africa (Somalia), South-West and Central Asia (UNAMA in Afghanistan, UNRCCA in Central Asia), and South-East Europe (UNMIK in Kosovo).

### **Organized crime undermines the rule of law through violence and corruption**

But conflict zones are not the only places where transnational organized crime can pose a threat to the state. There are a number of areas around the world where criminals have become so powerful that, rather than seeking to evade the government, they begin to directly confront it. In these cases, a pattern of symptoms is typically manifest. Investigators, prosecutors, and judges who pursue organized criminals are threatened and killed. Journalists and activists may also be targeted. Corruption is detected at the highest levels of government, and law enforcement can become paralysed by mistrust. Portions of the country may effectively drift beyond

state control. This is the situation presently confronted in some parts of Central America and West Africa, both of which have suffered from a long history of violence and instability.

Drug trafficking can also have a catastrophic effect on local violence levels. Drug “wars” can rival some conflicts in terms of body counts. Of the countries with the highest murder rates in the world today, many are primary drug source or transit countries. Most of these are discussed in the regional profiles that follow.

Organized criminals generally do not seek to topple the state, but they can provoke a reaction that can also threaten long-term peace prospects. A clear sign that crime has become a national security threat comes when exceptional legal and security measures are taken, including calling on the military to help re-establish the government’s authority.

While sometimes necessary to reacquire lost territory, the long-term use of regular military forces to police civilian populations presents risks for the rule of law and civil liberties. Military and police officials may become frustrated with a corrupt or ineffective criminal justice system and begin to engage in extrajudicial executions. The public may form civilian vigilante groups as well. Over time, these

paramilitary vigilantes can become as big a security challenge as the criminals they were formed to combat.

**Global stability challenges require both local and global solutions**

In all of these cases, the criminal activity is transnational because the main sources and destinations of contraband are typically found in different parts of the world. The profits from drug trafficking, for example, are drawn from consumers in the wealthiest nations. In absolute terms, transnational organized crime is strongest in the richest countries, but its share of total economic activity there is so small that it does not rise to become a substantial threat to state security (Figure 3). But when this wealth is levelled against countries with much smaller economies, organized crime is given the resources to overwhelm local law enforcement. To cope, these agencies need international support for local interventions.

All affected countries must play their part, but these are truly transnational problems, and require transnational solutions, where all aspects of the market chain are assessed and addressed strategically. Too often, organized crime is seen only as a national law enforcement problem. Because the criminal justice

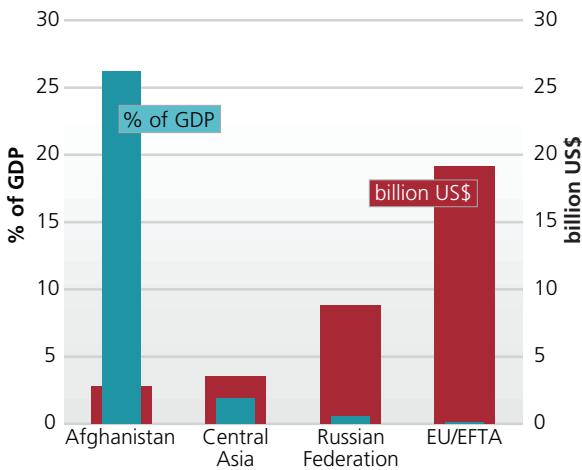
FIG. 2:

**AREAS AFFECTED BY KEY TRANSNATIONAL ORGANIZED CRIME THREATS, AND UN PEACE MISSIONS, BY CHAPTER**

	Chapter 1. Trafficking in cocaine	Chapter 2. Trafficking in heroin	Chapter 3. Minerals smuggling	Chapter 4. Maritime piracy
<b>Africa</b>	<b>1.2 West Africa</b>		<b>3. Central Africa</b>	<b>4. Horn of Africa</b>
<i>UN peace missions</i>	<i>Côte d'Ivoire Liberia Guinea-Bissau West Africa (regional) Sierra Leone</i>		<i>Democratic Republic of the Congo Central African Republic</i>	<i>Somalia</i>
<b>Americas</b>	<b>1.1 Andean countries 1.3 Mesoamerica</b>			
<b>Asia</b>		<b>2.1 South-West and Central Asia 2.3 South-East Asia</b>		
<i>UN peace missions</i>		<i>Afghanistan India/Pakistan Central Asia (regional)</i>		
<b>Europe</b>		<b>2.2 South-East Europe</b>		
<i>UN peace missions</i>		<i>Kosovo</i>		

FIG. 3:

**TRANSNATIONAL OPIATE MARKET: GROSS ILLICIT PROFITS IN BILLION US\$ AND IN % OF GDP, IN SELECTED SOURCE, TRANSIT AND DESTINATION AREAS, 2008-2009**



system is focused on putting individual criminals in prison, efforts against organized crime tend to focus on organized groups. But the markets are much bigger than the people who presently ply them; cocaine has been trafficked from the Andean region for over three decades, and while the groups involved have changed over time, the flow continues. So too do the security challenges it creates. The success of the Kimberley Process<sup>3</sup> in stopping the flow of blood diamonds from West Africa illustrates how strategic measures designed to tackle the entire transnational market can be far more effective than armed interventions at the national level.

Of course, sound national law enforcement remains essential, and has proven effective in reducing stability-threatening organized crime problems to more manageable proportions. For example, from the 1970s to the early 1990s, fuelled by money gained in processing and trafficking heroin to the United States, Cosa Nostra was able to threaten the stability of Italy, a G8 country and the third largest economy in Europe. In a situation very similar to that faced in Central America today, these transnational criminals sought to undermine public will to combat them by assassinating a number of high ranking public officials and engaging in a bombing campaign throughout the country. Resolute action against the mafia brought this onslaught to an end. While Cosa Nostra and the other regional Italian mafias still exist, Sicily is no longer a transshipment point for heroin, and direct attacks against the state are few.

To experience these sorts of results, affected states must be supported in strengthening their domestic

institutions, but this must be done in the context of an international strategy aimed at addressing the entire trafficking flow. While Sicily ceased to be a major heroin hub, the problem moved on to other regions. Over time, the problem may be displaced to precisely those areas least capable of coping, where organized crime can pose a significant challenge to the state.

### What this report includes

The following pages look in more detail at the ways transnational organized crime is posing a challenge to stability in areas around the world. In particular, a number of case studies are presented in four main chapters, concerning:

- the impact of cocaine trafficking on the Andean Region, Mesomerica and West Africa;
- the impact of heroin trafficking on South-West/Central Asia, South-East Europe and South-East Asia;
- the impact of minerals smuggling on Central Africa; and
- the impact of maritime piracy on the Horn of Africa.

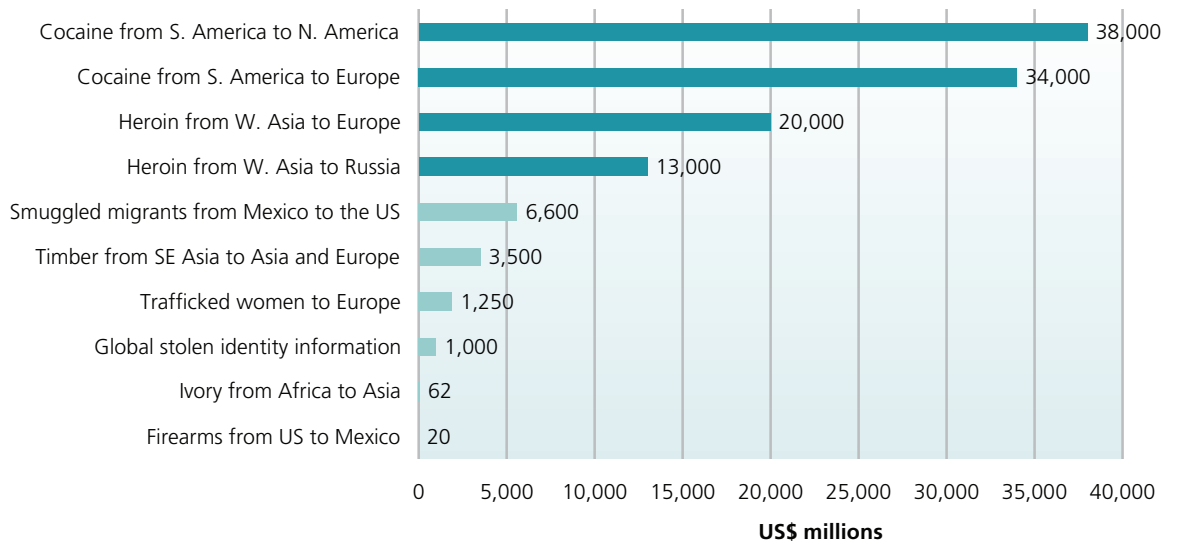
Each of these discussions will look first at the major TOC problem confronting the region; though many of these regions are subject to multiple contraband flows, a single one is usually dominant, particularly with regard to its impact on political stability. Next, the history, sometimes quite protracted, of instability in the region is explored. Finally, the interaction between these two factors – the organized crime problem and political stability – is described.

Many other examples could have been included, but these are some of the best known instances for which there are supporting data. Other areas, including Aceh (Indonesia), Sri Lanka, or the Philippines, have similarly been affected. There is virtually no region of the world with stability problems where organized crime is not an issue.

Most of these examples involve drug trafficking, for the simple reason that drug trafficking generates greater revenues than any other form of transnational criminal activity in the world today. In addition to health and social consequences they bring, drugs provide the economic clout for insurgents and organized criminals to confront the state. They pay for arms and bribes. Competition for these profits is typically violent, and the targets for this violence can easily shift from rival traffickers to officials and other members of the public.

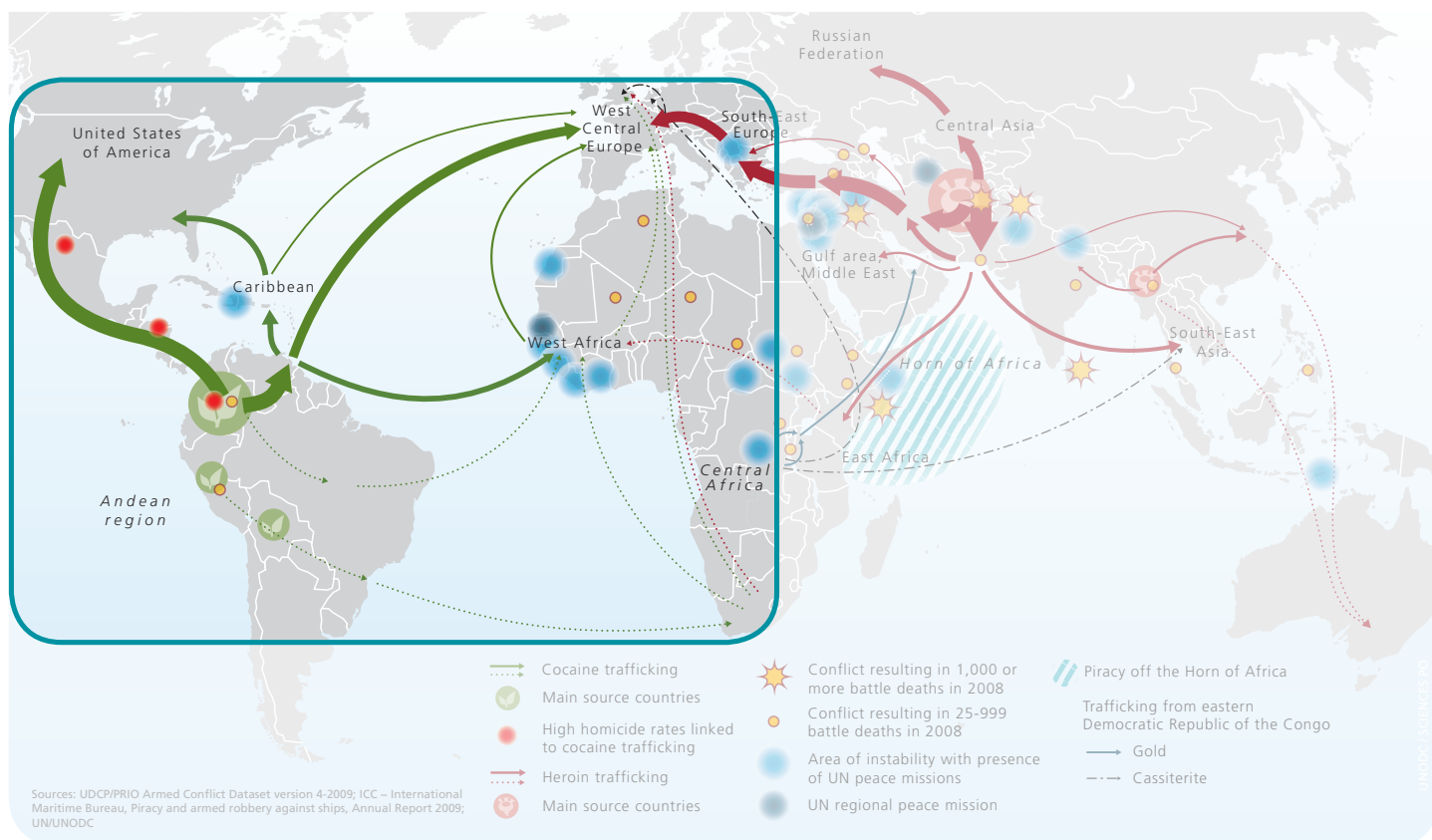
FIG. 4:

## ESTIMATED VALUES OF SELECTED TRANSNATIONAL TRAFFICKING FLOWS, 2008

Source: UNODC<sup>4</sup>

There are a variety of reasons why other forms of trafficking are less relevant. Some forms of transnational organized crime that generate high revenues, such as human trafficking to Europe, do not concentrate this wealth sufficiently to pose a stability threat. Firearms trafficking was specifically excluded as a topic in this report. Weapons are a necessary part of armed violence, of course, but the transfer of weapons is usually episodic, rather than part of a sustained flow. The weapons themselves are dangerous, but the organized criminal activity of trafficking them rarely affects a region's stability.





## CHAPTER 1. TRAFFICKING IN COCAINE

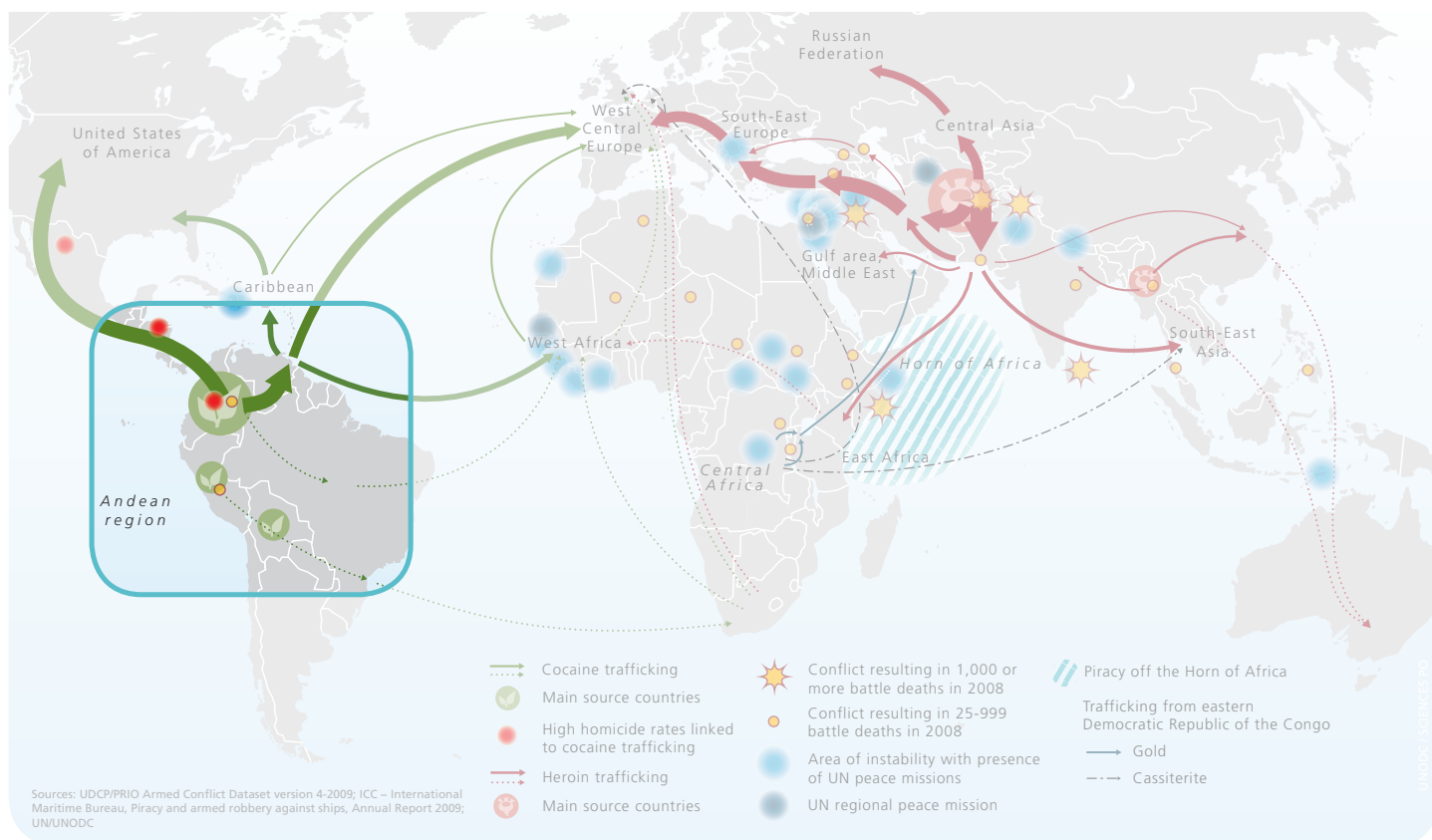
There are some 17 million cocaine users in the world. The world’s largest cocaine markets are those of North America (43% of global market value) and Europe (39%). World production is concentrated in the territory of three countries in the Andean region (Colombia, Peru and the Plurinational State of Bolivia, subsequently referred to as Bolivia). The value of the transnational illicit trade in cocaine is estimated at some US\$88 billion per year. This is down considerably from its peak value in the 1990s, but cocaine remains the highest value criminal commodity for transnational organized crime.<sup>5</sup>

Today, cocaine destined for the United States and Canada is typically shipped from Colombia to Central America and Mexico by sea and then onwards by land. To reach Europe, it often transits the Bolivarian Republic of Venezuela, subsequently referred to as Venezuela, and proceeds through the Caribbean by sea, sometimes transiting West Africa on its way to Europe. Shipments to Europe originate primarily in Colombia, but also from Peru and Bolivia. Bolivia has also recently emerged as a source of cheap cocaine base products smuggled to the Southern Cone, a disturbing instance of drug trafficking between developing countries.

This chapter consists of three parts. The first will look at how cocaine production and trafficking impacts on the Andean Region, the second, how West Africa is affected as a cocaine transit region, and the third will analyse the consequences for Mesoamerica, which is situated between the key cocaine producing and -consuming subregions.







## 1.1. The impact on the Andean Region

### Main TOC threats

Types of threat:

*Cocaine production and trafficking*

Areas mostly affected:

*Colombia, Peru, Bolivia, transit and destination countries*

Origin and destination of trafficking flows:

*Colombia to Central America, Mexico, Caribbean and North America; Colombia to Venezuela, Caribbean, West Africa and Europe; Peru and Bolivia to Brazil, Argentina, and Europe*

Annual volume of main goods trafficked:

*590 tons in 2008*

Estimated annual value:

*US\$6.6 billion to Colombian groups (US\$88 billion global market value)*

Criminal groups involved:

*Organized crime groups, FARC, successor organizations of AUC*

Location of traffickers:

*All along the trafficking route*

### Stability threat

Type of threat:

*Insurgency*

Areas mostly affected:

*Coca cultivation areas*

Armed groups involved:

*FARC, ELN, and successor organizations of AUC in Colombia; Shining Path in Peru*

### Links between TOC and stability threats

Nature of the link:

*Financing of insurgency activities*

Impact of TOC on the stability threat:

*Perpetuation of insurgency*

Estimated trend:

*Declining in Colombia, re-emerging in Peru*

I. Main transnational organized crime threats

Most of the world’s illicit cocaine supply comes from the Andean region, primarily from or through Colombia. However, Colombia is also the country which has made most progress over the last few years in curbing the threats to national and international security emerging from drug production and trafficking.

Colombian traffickers started out in the cannabis trade, flying locally produced marijuana to the US market. In the 1970s, they lost this market to cannabis produced closer to the consumer, but were sufficiently well connected at that stage to capitalize on the growing market for cocaine. Drawing their raw materials from Bolivia and Peru, they processed the drug and exported it on a massive scale, and by the late 1970s, Colombia was the world’s number one source of cocaine.

The 1980s saw the emergence of the Medellin and the Cali “cartels”: large, structured organizations that controlled most of the market. Prices for cocaine were high at the time, as was consumption, and very shortly a huge amount of wealth was concentrated in a small number of hands. This allowed the cartel members to wield tremendous corrupting power and gain political influence. There were a series of scandals where high ranking politicians and civil servants were linked to the cartels. The destruction of these cartels became an urgent national

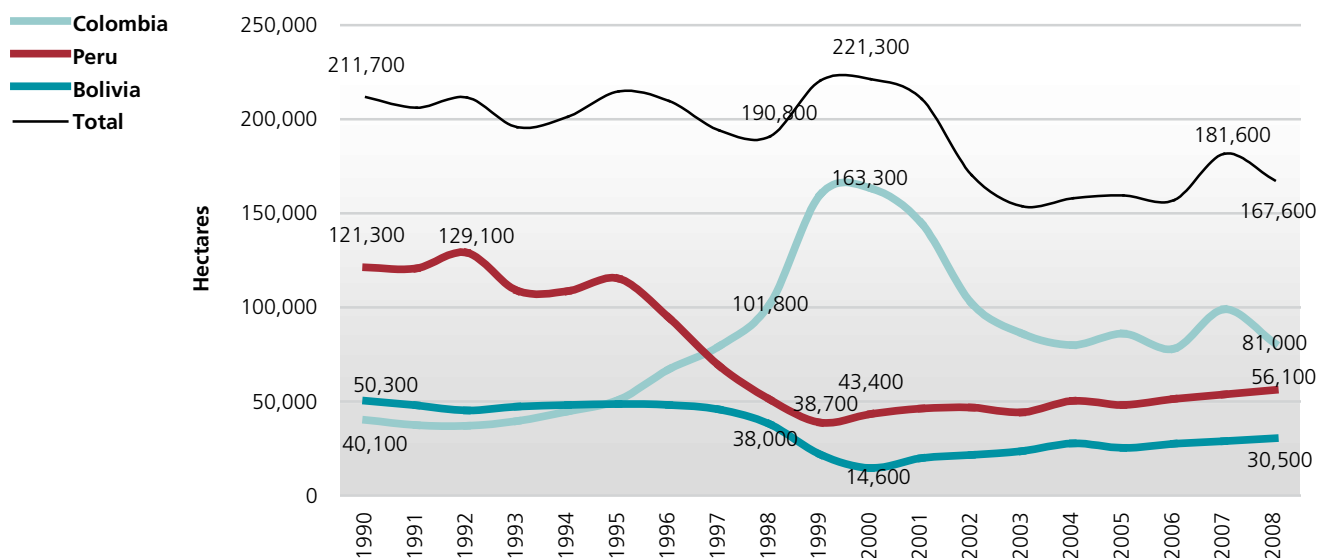
security issue, and, with international cooperation and assistance, they were dismantled in the first half of the 1990s.

This did not stop the drug trade, but it did significantly reduce its political influence. A large number of smaller criminal organizations emerged, sometimes also referred to as ‘*cartelitos*’. The emergence of these groups, in combination with increased efforts to curb the transport of raw materials from Peru and Bolivia, led to increased coca cultivation in Colombia in the second half of the 1990s. By 1997, Colombia became the world’s largest source of coca leaf.

Around this time, the Colombian groups began to face some serious challenges. First, prompted in part by evidence that insurgent groups were taxing the trade, the Government intensified its eradication efforts. The area under coca cultivation fell from 163,300 ha in 2000 to 81,800 ha in 2008, mainly due to eradication. During the same time, however, yields increased, due to the introduction of more efficient farming and processing techniques, before declining again in recent years. In sum, Colombian cocaine production declined by 38% between 2000 and 2008.

The second challenge faced by the Colombian trafficking organizations in the late 1990s was the loss of control over their primary destination market: the USA. Mexican traffickers, who had previously been little more than transportation agents for the

FIG. 5: COCA BUSH CULTIVATION IN THE ANDEAN REGION, 1990-2008



Source: UNODC, 2009 World Drug Report, June 2009.

Colombians, began to assume control of everything from importation to street sales, seizing the most lucrative segments of the trafficking chain. This loss was partly due to the reduced size of the Colombian groups, and partly to new extradition rules, which made Colombian traffickers reluctant to be associated with direct shipments to the USA. The Mexican traffickers had been paid for their services in kind for some time, and they took advantage of their numeric superiority and long experience in trafficking to reduce their former bosses to mere suppliers.

This left the Colombian traffickers looking for new markets to explore, and they found a ready one in Europe. The size of the European cocaine market doubled between 1998 and 2008. While Colombian traffickers now cooperate with a wide range of groups in Europe, they still maintain a dominant role in supplying the European market.

In parallel, traffickers in Peru and Bolivia began to manufacture cocaine. By 2008, about half of the world's finished cocaine products originated in these two countries, and was shipped to the growing markets of South America and Europe. Powder cocaine destined for Europe is often shipped via Brazil and various West African and Southern African countries. Criminal groups in Peru and Bolivia are, in general, only involved in shipping the cocaine within the region to neighboring countries, where international syndicates take over the trafficking.

## II. Security/governance situation

Colombia has long been the most developed and most industrialized country in the Andean Community. But Colombia also suffers from a highly unequal distribution of wealth and has had a long history of political violence. In the nineteenth century more than 50 armed conflicts emerged between and within the traditional political parties. The twentieth century started with the Guerra de los Mil Días (One Thousand Day War) of 1899-1902, costing the lives of some 100,000 Colombians. Another wave of conflict was dubbed *La Violencia* (the Violence), an undeclared civil war over the 1946-58 period that claimed some 300,000 lives. Leftist guerilla groups emerged in the mid-1960s. Several of the left-wing rebel groups later joined the political system, leaving the Fuerzas Armadas Revolucionarias de Colombia (FARC) and the Ejército de Liberación Nacional (ELN) as the two main guerilla forces.<sup>6</sup>

Right-wing paramilitaries emerged in the 1980s, initially to protect the interests of the large farmers

and other business owners. By 1997, the paramilitary groups amalgamated under the umbrella of the Autodefensas Unidas de Colombia (AUC).<sup>7</sup> The 'services' of the paramilitary groups were, however, also sought by various organized crime groups to protect their smuggling activities. Eventually, the AUC itself emerged as a key organizer of cocaine trafficking.

The country's overall security situation deteriorated around 2000, as the FARC, the ELN and the AUC started to control ever larger parts of the Colombian territory, partly financed through drug money. With the strong decline in coca cultivation over the 2000-2008 period, and the regaining of the territory by the Government, the security situation improved again. Starting in 2003, many members of the AUC were demobilized through an amnesty process, which included a promise not to be extradited to the USA. But, as described below, the threat has not passed, and the country continues the struggle to control all of its sovereign territory.

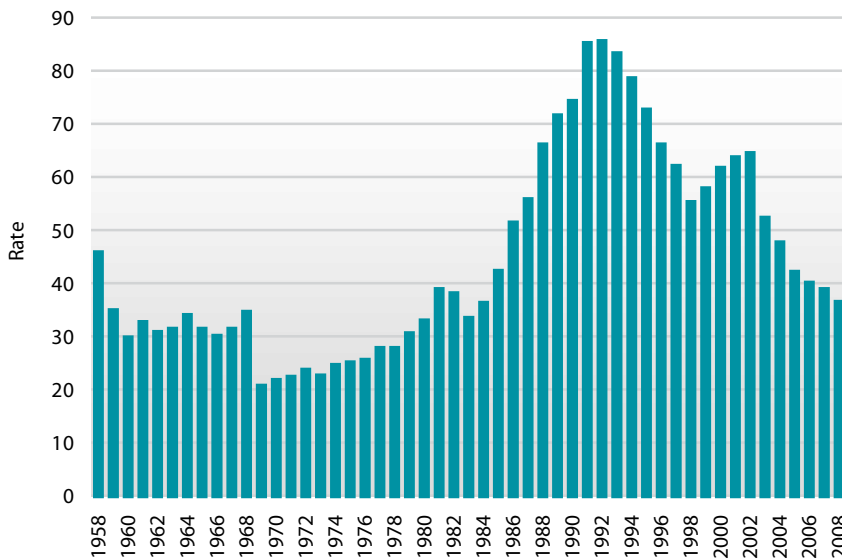
The main security threats for Peru have been the activities of the Sendero Luminoso (Shining Path), a Maoist group which started its operations in the Ayacucho region of Peru, close to the coca cultivation centres of Apurímac-Ene. Its activities were later concentrated in the Huallaga valley, Peru's largest coca producing area (Alto Huallaga). The leader of the Shining Path was arrested in 1992 and the rebel group started to disintegrate. Links with drug trafficking groups, however, enabled the Shining Path to survive. In line with growing coca cultivation in recent years, sporadic attacks against army patrols increased again after 2006.<sup>8</sup>

## III. Linkages between TOC and stability threats

The progress made in Colombia over the last few years in reducing the threats emerging from the narco-business has been impressive, as shown above. Nonetheless, the overall situation remains fragile. Without the continuation of efforts, Colombia could fall back to where it was a few years ago.

As the cocaine economy expanded, the number of homicides rose in Colombia from around 5,000 per year in the late 1970s to some 30,000 in the early 1990s.<sup>9</sup> But when the large cartels were dismantled in the early 1990s, violence began to decline again. The smaller groups assumed a lower profile and avoided open confrontations with the authorities. Large amounts of cocaine continued to flow out of the country, but homicides declined from around 28,000 in 1993 to 23,000 in 1998.

**FIG. 6: HOMICIDE RATE IN COLOMBIA (PER 100,000 INHABITANTS), 1958-2008**



Sources: Multiple sources<sup>10</sup>

This trend was briefly reversed in the late 1990s, as both the insurgents and the paramilitaries increased their role in the drug business. The left-wing groups have primarily taxed coca cultivation in the areas under their control, with the FARC engaging in some manufacture and local trafficking to neighbouring Venezuela and Ecuador. The paramilitary groups, on the other hand, increasingly focused on providing services to trafficking groups, and even trafficking themselves. At the beginning of the twenty-first century, the AUC reportedly made

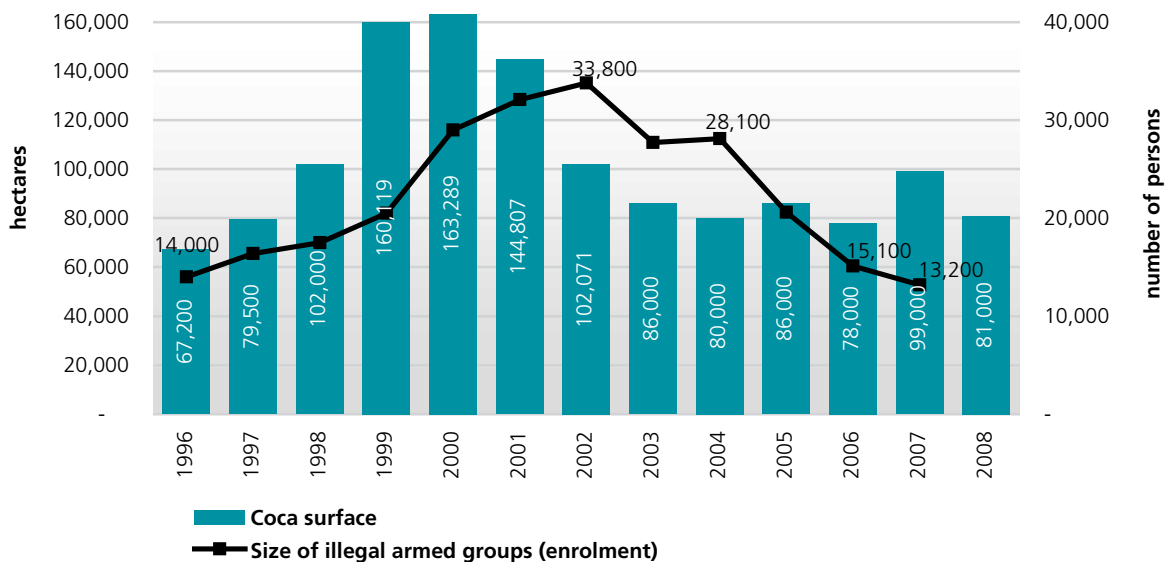
some 70% of its total income from drug related activities, mostly related to the cocaine business. The international reach of the AUC tended to be much larger than that of the FARC, extending to Mexico and in some cases to the USA.

When the Colombian Government began to regain territory lost to the militants, the homicide rate began to decline again. Important areas controlled by the FARC, including some of the country's coca producing areas, were recovered. The number of persons enlisted in the insurgent groups in Colombia (excluding the AUC) declined from 33,800 persons in 2002 to 13,200 in 2007. From 2003, the Government also began to dismantle the 32,000-strong AUC. As a result, the number of homicides in Colombia fell by some 45% between 2002 and 2008 to 16,000 persons, the lowest number over the last two decades.

Similar trends to those seen in Colombia over the last few years can also be observed in Peru. In line with a massive decline of coca cultivation in the 1990s, terrorist incidents, mostly related to the activities of the Sendero Luminoso (Shining Path) operating out of the main coca cultivation areas of the country, declined drastically.

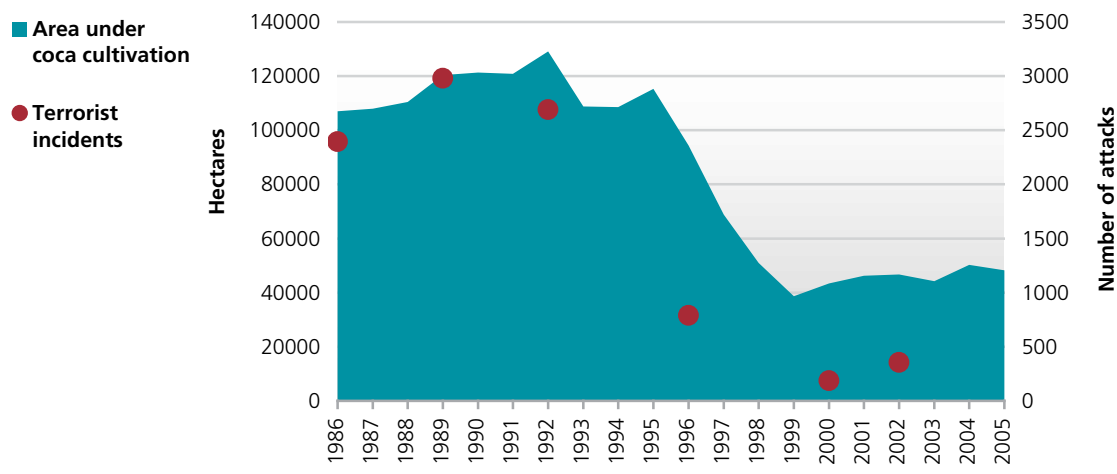
While revenues from the cocaine business declined, overall economic development improved. In Peru, GDP grew by 4% per year over the 1990-2000 period, that is, more than the overall economic growth in Latin America and the Caribbean over the same period (3.3% per year). Similarly, the Colombian economy grew, on average, by 4.4% per

**FIG. 7: COCA CULTIVATION AND SIZE OF ILLEGAL ARMED GROUPS (FARC AND ELN)**



Sources: UNODC, Colombia: Coca Cultivation Survey, June 2009 and previous years.

**FIG. 8:** AREA UNDER COCA CULTIVATION AND TERRORIST INCIDENTS IN PERU, 1986-2005



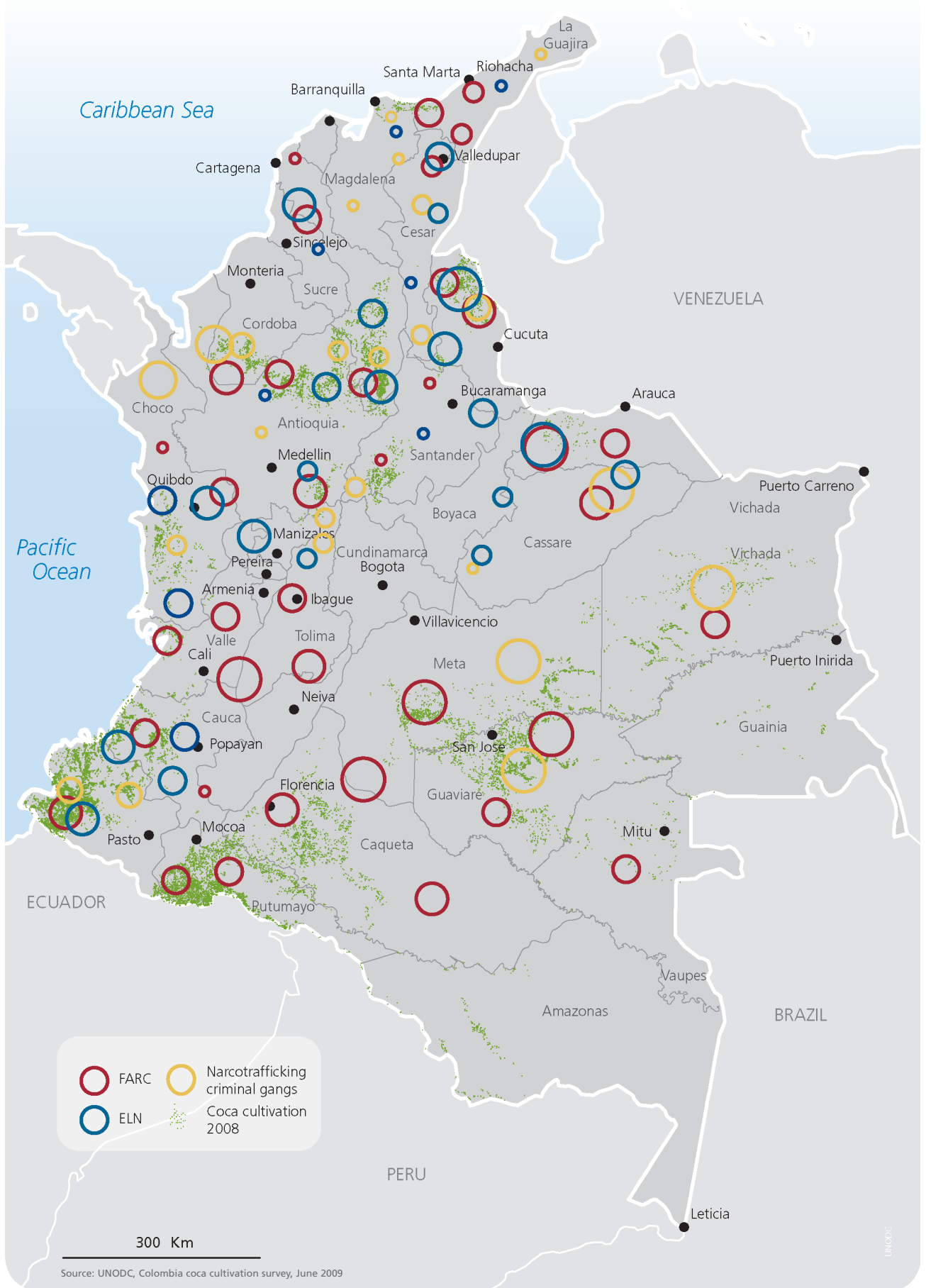
Source: DEVIDA, Cocaine production Monitoring in the Andean region, Lima, July 2004; UNODC cultivation data

year over the 2000-2008 period, which was above the average for the Latin America and Caribbean region (3.6%). In parallel, corruption declined in Colombia. In 1999, Transparency International rated Colombia the country most affected by corruption in South America. By 2009, it had the second best rating, second only to Chile.<sup>11</sup>

Despite these remarkable achievements, the danger has not passed, and the armed groups have not been eliminated. The Shining Path in Peru is still active and has been launching attacks, particularly after 2006. In Colombia, there were illegal armed groups in 79% of the municipalities where coca was cultivated in 2008, while in non-coca growing areas the proportion was significantly lower (27%).<sup>12</sup> There are also indications that some of the former members of the dismantled AUC have re-organized themselves to become full-fledged cocaine-trafficking organizations. Out of the 31,700 persons that were enlisted in the various AUC groups in 2003, around 4,800 persons may have become members in the new paramilitary/trafficking organizations.<sup>13</sup> There have even been claims that elements in the FARC and the AUC are collaborating in producing cocaine.

FIG. 9:

ILLEGAL ARMED GROUPS AND COCA CULTIVATION IN COLOMBIA, 2008





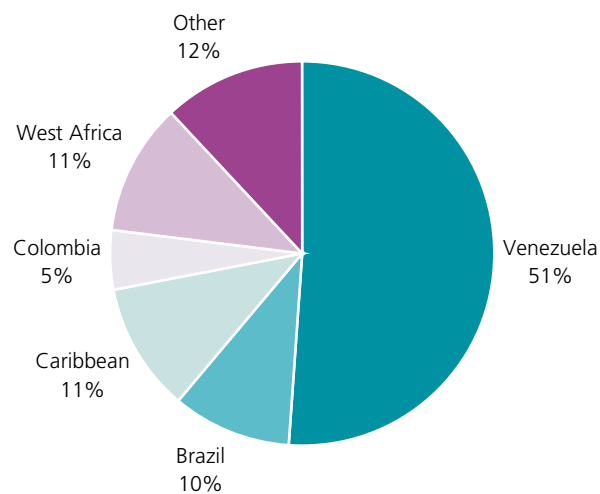
As the situation in Colombia improves, the situation in neighboring Venezuela appears to be in decline. The single largest cocaine seizure in 2008 was 4.1 tons of cocaine seized from a commercial vessel coming from Venezuela, and 2.5 tons were also seized on a fishing boat coming from that country.<sup>14</sup> According to the new Maritime Analysis Operation Centre (MAOC-N), more than half (51%) of all intercepted shipments in the Atlantic (67 maritime events over the 2006-08 period) started their journey in Venezuela. Direct shipments from Colombia, in contrast, accounted for just 5%.<sup>15</sup> Venezuela's murder rate has risen in recent years, and is now among the highest in the world. Its standing in the Transparency International rankings has also dropped. At the same time, all available information suggests that profits made by Venezuelan organized crime groups are still substantially lower than those made by Colombian organized crime groups.

Trafficking to markets in both North America and Europe may have generated Colombian drug traffickers some US\$6.6 billion in sales (US\$6 billion in gross profits) in 2008.<sup>16</sup> This is more than twice as much as the US\$2.7 billion of gross profits generated by Afghan opiate traders in 2008. The gross profits made by the Colombian groups were, however, equivalent to only 2.5% of Colombia's GDP in 2008, while the equivalent ratio in Afghanistan was 26%.<sup>17</sup>

Colombia has long struggled with this intractable blend of organized crime and insurgency, and while it has received international assistance, much of this has been aimed at drug interdiction within the country itself. Significant progress has been made by Colombia in recent years, but much more could be done on addressing the entire trafficking chain through better coordinated international efforts. The problems linked to Colombia's cocaine production not only have implications for Colombia itself but also for a number of other countries, including neighbouring Venezuela, Ecuador, Panama, other countries of Central America, most countries of the Caribbean, Mexico, the USA as well as countries in Western Africa and Europe. Colombia's problems have been aggravated by factors outside its control, and this instability has likewise had an impact on areas outside its jurisdiction. To address a problem that affects South America, Central America, North America, Europe, Africa, and the rest of the world, a global strategic plan to combat the cocaine trade is needed.

FIG. 10:

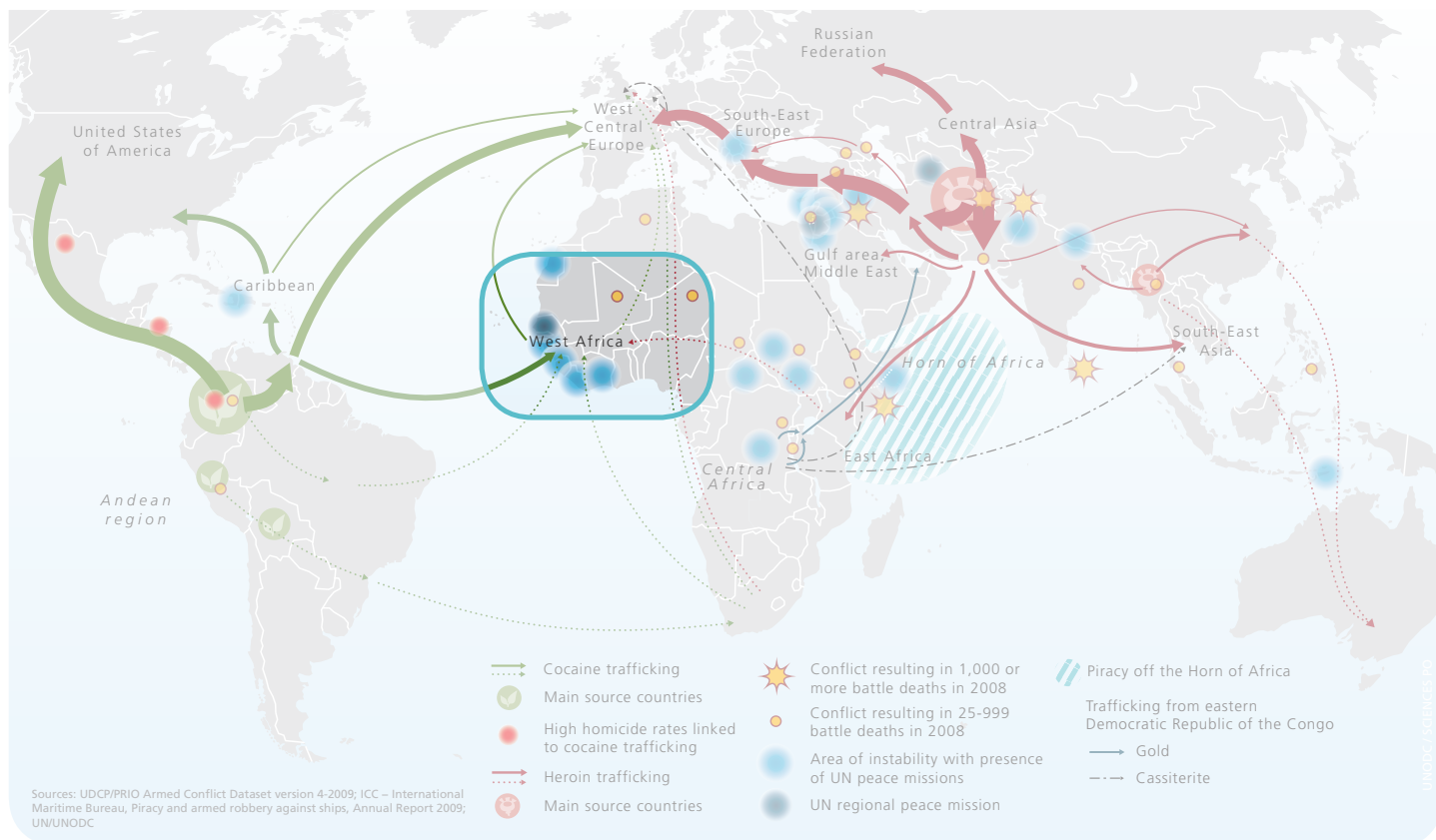
**DEPARTURE LOCATIONS OF IDENTIFIED DRUG TRAFFICKING SHIPMENTS BY SEA FROM SOUTH AMERICA TO EUROPE, 2006-2008**



Source: Maritime Analysis Operation Centre







## 1.2. The impact on West Africa

### Main TOC threat

Type of threat:	<i>Cocaine trafficking</i>
Areas mostly affected:	<i>Guinea-Bissau, Guinea, Nigeria and destination countries</i>
Origin and destination of trafficking flows:	<i>South America to Europe</i>
Annual volume of main goods trafficked:	<i>25 tons in 2008</i>
Estimated value at the national/regional level:	<i>About US\$1 billion (US\$6.8 billion retail at destination in West Europe)</i>
Criminal groups involved:	<i>South American, West African</i>
Location of traffickers:	<i>South America, West Africa, Europe</i>

### Stability threat

Type of threat:	<i>Corruption, instability, violence</i>
Areas mostly affected:	<i>Guinea-Bissau, Guinea</i>
Armed groups involved:	<i>Rival military and non-military factions</i>

### Links between TOC and stability threats

Nature of the link:	<i>Profits fund corruption, competition for access to profits fuels violence</i>
Impact of TOC on the stability threat:	<i>Cocaine could drive violent changes of government and associated conflict</i>
Estimated trend:	<i>Stable to declining</i>

I. Main transnational organized crime threats

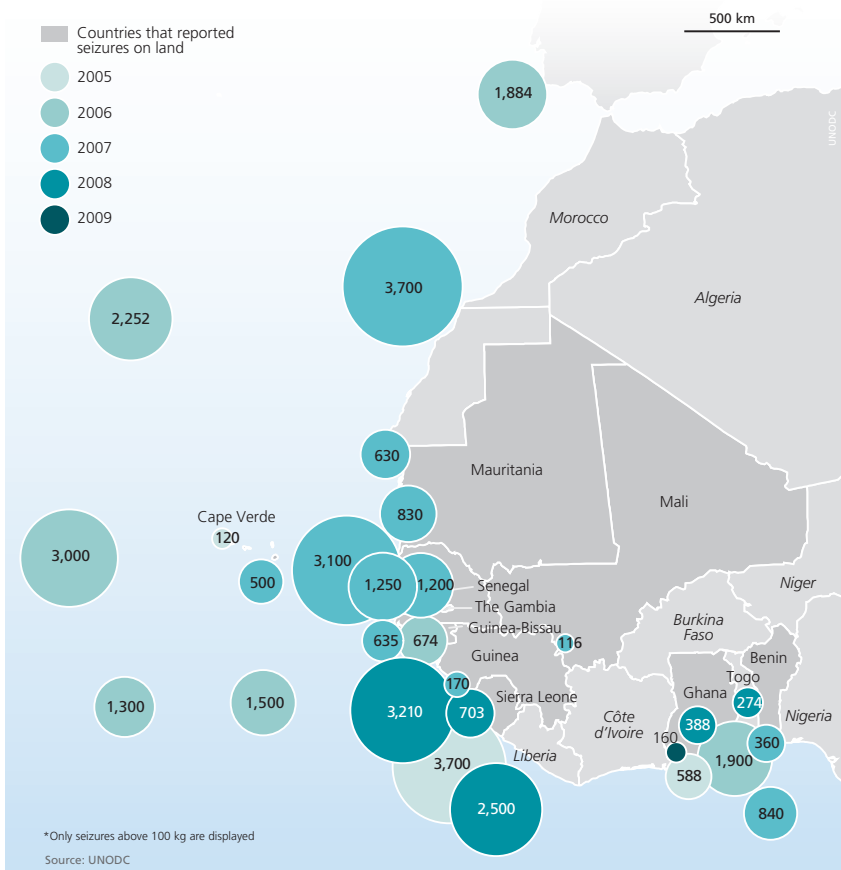
There are many transnational organized crime threats affecting West Africa, including the trafficking of cocaine, natural resources (including oil), cigarettes, counterfeit medication, women, small arms, toxic waste, and migrant workers. Of these, two forms of contraband currently pose a real threat to the stability of states in the region: cocaine and natural resources. The other organized crime problems are serious for other reasons, but they do not concentrate enough money into a small enough number of hands to pose a real challenge to the state.

the south, both involving Nigerian nationals. Mother ships from South America could unload cargoes to smaller craft from the coast, and the cocaine could be stored, repackaged, and redirected to European buyers from this vantage. In exchange for their services, it is believed that the West Africans were paid in kind: they were allowed to retain up to one third of the shipment to traffic on their own behalf, which they did mainly via commercial air couriers.

By 2008, the situation began to change. Heightened international awareness of the threat made trafficking via West Africa more difficult. In addition, a series of events shifted the political terrain in the northern hub. In August 2008, the head of the navy of Guinea-Bissau fled the country under allegations that he was orchestrating a coup d'état. In December 2008, the man who had ruled Guinea for 24 years died, and a military cabal took control, later arresting two of the dictator's sons and several prominent officials for their involvement in drug trafficking. In March 2009, the head of the army of Guinea-Bissau was murdered, and, shortly afterward, in an apparent reprisal attack, so was the president. Finally, a series of very large seizures of cocaine disappeared while in police custody. The owners of these shipments, Colombian traffickers, may have concluded that their West African partners had decided to keep 100%, rather than one third, of the consignment, and terminated relations on this basis. Whatever the cause, both maritime seizures and airport seizures on flights originating in West Africa virtually disappeared at the end of 2008 (Figure 12). Some trans-Atlantic traffic may have shifted to private aircraft, however, as the recent crash of a Boeing 727 jet in central Mali suggests. Some may be trafficked by means as yet undiscovered. The cocaine trade through West Africa continues, but apparently at a reduced rate of perhaps 25 tons per year, with a retail market value of US\$6.8 billion at destination in 2008. However, there is anecdotal information from law enforcement circles that cocaine trafficking via West Africa may have started to increase again in late 2009 and in 2010 as traffickers are trying out new routes, including shipments via the Sahara for transit destinations in northern Africa and final destinations in Europe.

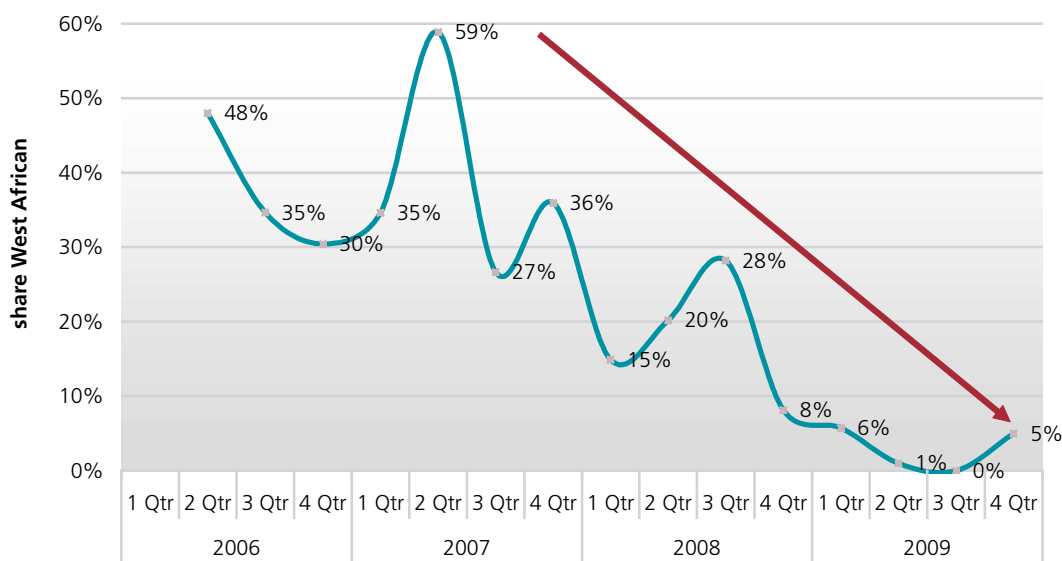
West Africa has also been affected by trafficking of natural resources. One of the best documented cases involved the trafficking of diamonds from Sierra Leone, often via Liberia, with the funds supporting the rebel Revolutionary United Front and the criminal regime of Charles Taylor. While this trade has largely been tamed due to the end of the war and the

FIG. 11: PLACE OF COCAINE SEIZURES (IN KG), 2005-2009



Large-scale cocaine trafficking through the region was first detected in 2004, symptomatic of a shift in the centre of gravity of the global market from the USA to Europe. West African traffickers had long been active in small-scale import and marketing of cocaine in Europe, as they have been in many other parts of the world. But around this time individuals based in West Africa began to provide logistic assistance to Colombian traffickers in organizing their maritime shipments to Europe from at least two hubs: one centred on Guinea-Bissau and Guinea in the north, and one centred on the Bight of Benin in

FIG. 12:

**SHARE OF COCAINE COURIERS DETECTED AT SELECTED EUROPEAN AIRPORTS ORIGINATING IN WEST AFRICA, 2006-2009**


Source: IDEAS database

implementation of the Kimberley Process, an older trafficking flow endures: the illegal “bunkering” of oil from the Niger Delta in Nigeria.

Oil was discovered in Nigeria in 1956 and has played an important role in domestic politics since that time. During the Nigerian Civil War (1967-1970), the rebel Igbo Biafrans devised simplified ways of refining the high quality crude of the Delta, allowing local marketing of stolen oil. Today, oil bunkering is inextricably entangled in the militant struggle in the Niger Delta. A series of organized armed groups have demanded the Government and the international oil companies give a larger share of the wealth of their land to the local people and to compensate them for damage done to waterways and farm land. These militants fund themselves through a variety of criminal activities, including kidnapping of oil company employees, but their mainstay has long been the trade in stolen oil.

## II. The stability/governance situation

West Africa is one of the the poorest and least stable regions on earth. All but three of the 16 countries in this region are on the United Nations list of the “least developed countries”, including the five countries with the very lowest levels of human development. Since independence, West Africa has experienced at least 58 coups and attempted coups, some very recent, such as the 18 February 2010 coup in Niger. There remain many active rebel groups in the region.

At present, of the 15 nations of the Economic Community of West African States (ECOWAS), about half are experiencing some form of instability. Long-standing insurgencies are found in Côte d’Ivoire, Senegal, Mali, Niger and, arguably, Nigeria. Both Sierra Leone and Liberia are continuing to recover from brutal civil wars. Mauritania and Guinea recently experienced coups d’état, and the president of Guinea-Bissau was murdered by his own troops. According to one recent rating of the 25 countries with the highest risks of instability globally, nine were in West Africa: Niger, Mali, Sierra Leone, Liberia, Mauritania, Guinea-Bissau, Côte d’Ivoire and Benin.<sup>18</sup>

The United Nations maintains a number of political and peace missions in the region, including the United Nations Office for West Africa (UNOWA), the United Nations Peace-building Support Office in Guinea Bissau (UNOGBIS), the United Nations Integrated Peacebuilding Office in Sierra Leone, United Nations Operation in Côte d’Ivoire (UNOCI) and the United Nations Mission in Liberia (UNMIL).

## III. Linkages between TOC and stability threats

The greatest danger posed by cocaine is its extreme value compared to that of local economies. This allows traffickers to penetrate to the very highest levels of government and the military. Law enforcement officials can be offered more than they could

earn in a lifetime simply to look the other way. This extreme leverage has allowed traffickers to operate with very little resistance from the state, and therefore little need to resort to violence. There appears to have been some violence in elite circles as rivals compete for access to these profits, however.

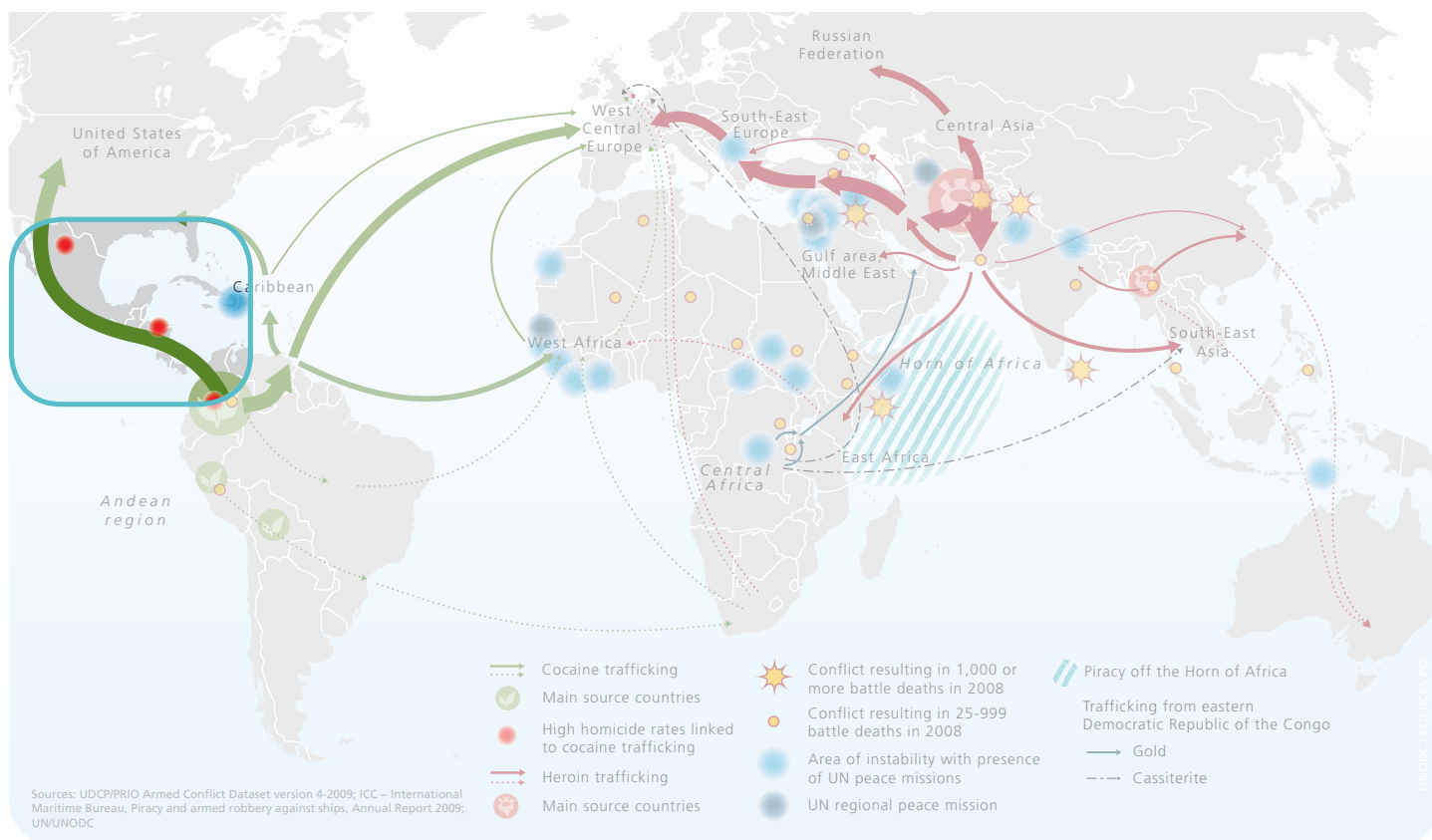
For example, in Guinea-Bissau, several journalists and activists have had to flee the country or go into hiding after they received death threats for reporting on military involvement in drug trafficking. Both the then head of the army and the head of the navy appear to have been involved in making these threats.<sup>19</sup> From 2007 onwards, high level officials have made similar accusations, including the Interior Minister and the head of the Judicial Police, but none has been able to challenge the military. Drugs have been detected arriving on military air strips, military officers have been arrested in possession of hundreds of kilograms of cocaine, and there have been several armed stand-offs between police and military forces concerning drug shipments. Drugs seized by the police are confiscated by the military and then disappear. Accused soldiers, as well as foreign traffickers, are simply released from custody. In July 2008, both the Attorney General and the Minister of Justice said they had received death threats related to investigations into a cocaine seizure.<sup>20</sup> The killing of the president and the army chief of staff in March 2009 appears to have been motivated more by personal rivalry between the two men than by trafficking, although the latter was said to have accused the former of involvement prior to the 2008 elections. The nature of the alleged coup plot by the head of the navy is even less clear. But given the evidence of corruption and the relative sizes of the contraband and the economy, virtually every political conflict has criminal undertones.

Guinea-Bissau is not unique in this respect. In Guinea, the presidential guard, commanded by one of the president's sons, appears to have been involved in drug trafficking, alongside a number of high ranking public security officials. Another of his sons has also been accused of involvement. In Sierra Leone, the Minister of Transportation resigned after his brother was implicated in the country's largest cocaine seizure. Given their close ties to national officials, it is perhaps not surprising that there is little evidence of insurgents dealing in the drug. There have been allegations that rebels in the north of Mali and Niger have been involved in trans-Saharan trafficking, but little evidence is currently available on this flow.

In contrast, oil bunkering in Nigeria has been very much a rebel activity from the start, although the political objectives of the thieves have always been vague. The Niger Delta rebels argue that their portion of the country has been left undeveloped and subjected to environmental abuses, even as Nigeria's most valuable resource is extracted from the Delta. But as time has passed, it has become difficult to distinguish those with political motivations from those with financial ones. The integrity of the oil trade is particularly important to regional stability because Nigeria accounts for over half the population of the region and over 60% of the regional GDP. Oil comprises 95% of Nigeria's foreign exchange earnings and up to 80% of budgetary revenues.<sup>21</sup> In turn, Nigeria is a key trading partner for the other countries of the region, so a large share of the region's population is dependent on the oil sector. Thousands have died in the armed struggle, which itself has absorbed a large amount of national security resources.

From August to October 2009, Nigerian President Umaru Yar'Adua offered a pardon and cash payments to rebels who laid down their arms, and many of the most prominent leaders took him up on this offer. The major militant umbrella group, the Movement for the Emancipation of the Niger Delta (MEND) declared a ceasefire at the same time. But in February 2010, MEND retracted this ceasefire, calling the amnesty process a "sham" and warning the oil companies to prepare for "all-out onslaught".<sup>22</sup> The conflict and the smuggling continue.

The countries of West Africa need help in strengthening their capacity to resist transnational organized crime. Recent efforts against the cocaine trade, with the support of the international community, have shown promising results. But, rich or poor, there isn't a region in the world that can be entirely shielded against transnational organized crime. West Africa remains particularly exposed, and the region will continue to face serious potential threats to governance and stability so long as transnational contraband markets are not addressed.



### 1.3. The impact on Mesoamerica\*

#### Main TOC threat

Type of threat:	<i>Cocaine trafficking</i>
Areas mostly affected:	<i>Ports and border crossing areas in Mexico and Central America and destination countries</i>
Main origin & destination of trafficking flows:	<i>Colombia to the USA</i>
Annual volume of main goods trafficked:	<i>About 200 tons</i>
Estimated value:	<i>About US\$6 billion to Mexican groups (US\$38 billion at destination)</i>
Criminal groups involved:	<i>Colombian &amp; Mexican “cartels” and Central American affiliates</i>
Location of traffickers:	<i>Colombia, Central America, Mexico, USA</i>

#### Stability threat

Type of threat:	<i>Violence, corruption, intimidation</i>
Areas mostly affected:	<i>Central America, Mexico</i>
Armed groups involved:	<i>Cartels</i>

#### Links between TOC and stability threats

Nature of the link:	<i>Cartels fight for control of territory</i>
Impact of TOC on the stability threat:	<i>Violence among criminals and toward state officials and public; corruption, loss of territorial control</i>
Estimated trend:	<i>Increasing</i>

\* Mexico and Central America



**I. Main transnational organized crime threat**

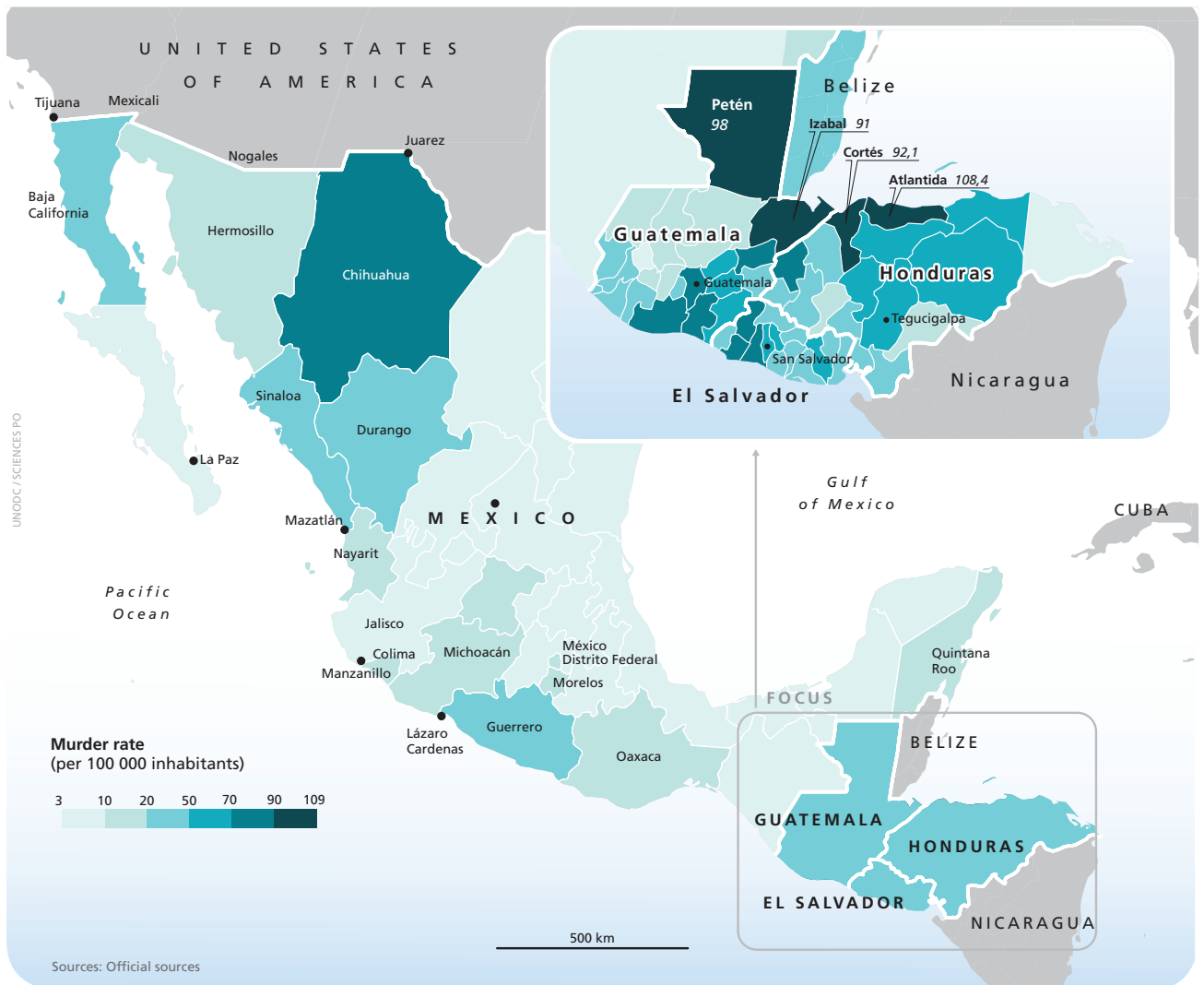
A great deal of international attention has been placed on the drug-related violence in Mexico, with some even arguing that the country is in danger of being severely destabilized. Less attention has been placed on Central America, where the murder rates are four to five times higher than in Mexico, and where both the economy and the state are far less robust and resilient. While the drug violence has been intense in places like Ciudad Juarez, Mexico's overall murder rate remains moderate compared to many other countries afflicted by the drug trade. On the other hand, the Mexican cocaine traffickers appear to be evolving into multi-crime groups, with the ability to shift investment to other areas if the cocaine trade declines.

Unlike Mexico, the Central American countries have high levels of violence unrelated to the drug

trade – a legacy of longstanding social divisions and decades of civil war. The highest murder rates in these countries are seen not in the largest cities, but in provinces with a special role in the drug trade, often ports or border crossing points. For example, the rural Petén province in Guatemala, particularly affected by the drug trade, has the highest murder rate in the country. The death count has risen over time, as a growing share of cocaine trafficking is conducted through this region.

The territory of Mexico has long been used by traffickers as a conduit for cocaine destined for the USA, but as noted above, the groups in Mexico have progressively wrested control of this flow from their Colombian suppliers over time. Today, some 180 tons of cocaine, bringing about US\$6 billion to the regional cartels, transits Central America and Mexico annually. A sudden drop in consumption in the United States after 2006 (Figure 14), almost

**FIG. 13: MURDER RATES IN MEXICO AND CENTRAL AMERICA, 2009**



certainly related to loss of supply, has rendered competition for the remaining market even more intense. It may also be prompting trafficking organizations to diversify their operations.

The wealth associated with cocaine trafficking has created large and powerful organized crime groups. These groups command manpower and weaponry sufficient to challenge the state when threatened, including access to military arms and explosives. They also have the funds to sow widespread and high-level corruption.

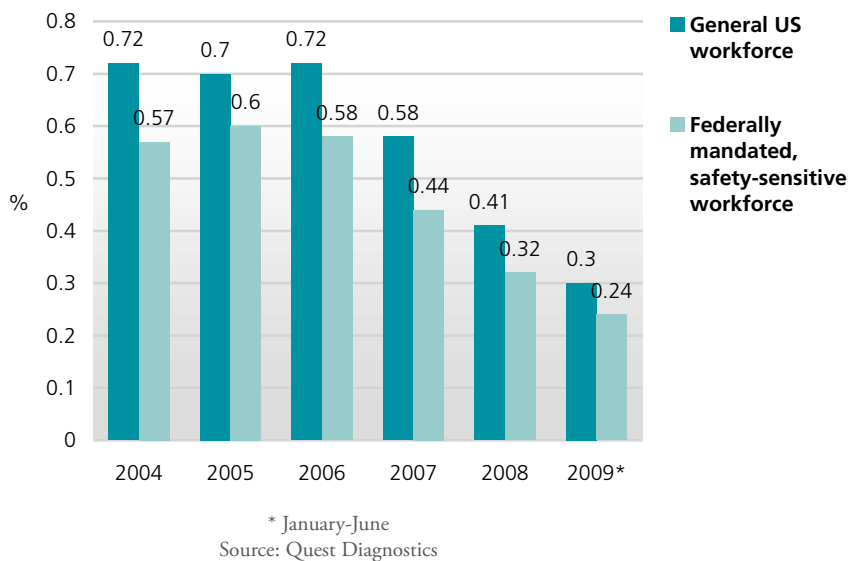
In Mexico, the cocaine trade is now dominated by a number of “cartels” who compete to control border crossings and transportation routes. The leadership, turf, and structure of these groups has shifted over time as conflict both within and between the cartels, as well as enforcement efforts, force realignments. As of early 2010, the dominant cartels were the following:

- **The Sinaloa Federation**, led by billionaire, and Mexico’s most wanted man, Joaquin “El Chapo” Guzman;
- **The Gulf Cartel**, once the most powerful criminal organization in Mexico, now greatly weakened by the defection of Los Zetas;
- **Los Zetas**, founded when a group of special forces soldiers defected to the Gulf Cartel and now operating as a trafficking organization in its own right;
- **The Juarez Cartel**, also known as the Carrillo Fuentes Organization, which is struggling to maintain control over its plaza (smuggling turf) in Ciudad Juarez, the city most affected by cartel violence;
- **The Tijuana Cartel**, also known as the Arellano Felix Organization, which is similarly struggling to maintain control over the Tijuana plaza.
- **The Beltran Leyva Organization**, a breakaway from the Sinaloa cartel, now weakened by the police killing of its leader, Arturo Beltran Leyva, on 19 December 2009.
- **La Familia Michoacana**, a Zetas breakaway based in Michoacan but expanding, renowned for its penchant for beheadings, quasi-religious ideology, and domination of methamphetamine production.

Perhaps due to the recent slump in the cocaine trade, these groups are progressively engaging in a number of other organized crime activities, including migrant smuggling, kidnapping, and extortion (including “taxing” businesses) – all crimes that were prevalent in Mexico before cartel involvement.

FIG. 14:

**POSITIVE TESTS FOR COCAINE USE AMONG THE US WORKFORCE, 2004-2009**



La Familia, which espouses a bizarre ideology combining aspects of evangelical Christianity with revolutionary populism, provides the most extreme example, “taxing” businesses in the areas they control and engaging in very public displays of violence to soften resistance.

Though the total flow has declined, the share of northbound cocaine passing through Central America (particularly Guatemala and Honduras) appears to have increased. The groups involved in this region are less well defined. For most forms of crime in the region, the blame often falls on two street gang confederations founded by deportees from the USA: Mara Salvatrucha (MS13) and Calle 18 (M18).

But there is little evidence that these groups, comprised of street youths intensely focused on neighborhood issues, are widely engaged in large-scale transnational drug trafficking. Most are based in inland cities, far from the maritime routes along which most cocaine flows before arriving in Mexico. They are certainly culpable in street sales in the areas they control, but their capacity to engage in bulk transnational smuggling is questionable. Some may be recruited as hit men by the Mexican organizations, but as they frequently tattoo their faces as a sign of their commitment to the gang, they are ill-suited for any operation involving possible contact with the public or the authorities. The maras have engaged in demonstrative violence in the past, including the random killing of civilians, but there is little to indicate they have any kind of political agenda, aside from avoiding police interference with their affairs.

The repeated arrests of high level officials in the police and the military, in contrast, suggest that the main traffickers in Central America are far more sophisticated than street gangsters, and are tied to some members of the ruling elites, rather than the underclass. There is also growing evidence of Mexican cartel penetration into Central America, particularly regarding Los Zetas in Guatemala and the Sinaloa Federation in Honduras.

**II. The stability/governance situation**

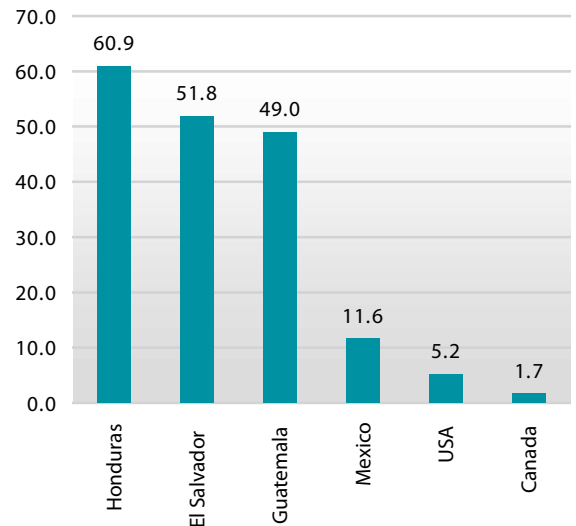
The Northern Triangle of Central America is still reeling from the brutal civil wars in Guatemala (1960-1996) and El Salvador (1980-1992). The region suffers from having one of the most unequal distributions of income in the world, comparable only to southern Africa or the Andean region. Small elites working with strong militaries have long dominated countries in this region, exporting agricultural commodities, as well as engaging in other labor-intensive enterprises. All countries in this region score poorly in governance indicators, particularly with regard to the rule of law (Figure 15), and the threat of renewed instability and conflict remains. Guatemala has long had a problem with vigilante justice, a response to a lack of police presence in much of the country. Honduras experienced a coup d'état in 2009, when the serving president attempted to attain public support for an extended term of office.

As a result of this legacy of violence, instability, and inequality, the Northern Triangle of Central America has the highest murder rate of any region in the

world, and very high rates of other forms of violent crime (Figure 16). It has also experienced political violence, and at times the distinction between criminal and political violence can be difficult to discern. Street gangs appear to be a symptom, rather than a driving cause, of this underlying violence.

**FIG. 16:**

**COMPARATIVE REGIONAL MURDER RATES (PER 100,000 INHABITANTS), 2008**

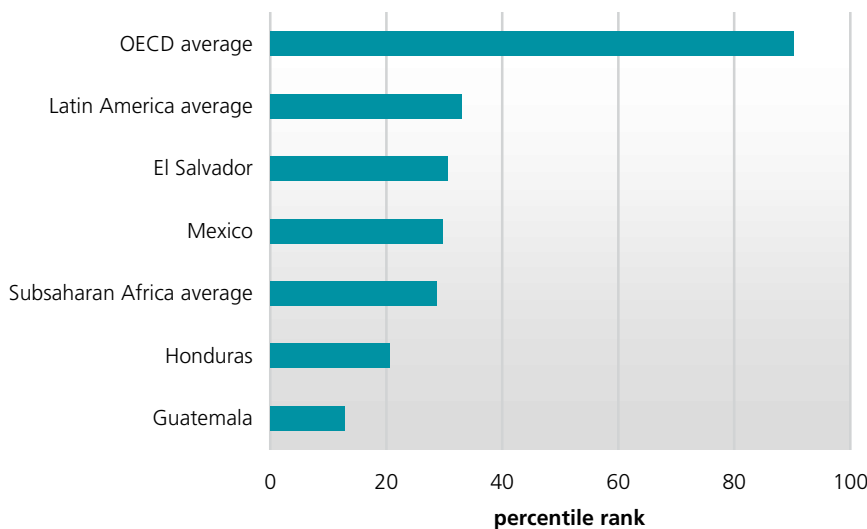


Source: UNODC International Homicide Statistics

Mexico is very different from her southern neighbors, having a much larger and diversified economy, a stronger government, and milder social divisions. Nonetheless, insecurity in some parts of the country has become intense, and drug-related corruption has had an impact on national institutions.

**FIG. 15:**

**PERCENTILE RANK OF COUNTRIES AND REGIONS BASED ON WORLD BANK RULE OF LAW INDICATOR<sup>23</sup>, 2008**



Source: World Bank<sup>23</sup>

**III. Linkages between TOC and stability threats**

Organized crime threatens stability, to varying degrees, in both Mexico and the northern triangle of Central America. In some areas, the civilian police have been both corrupted and outgunned, and the military has been brought in to recapture territory lost to criminal groups. These groups have gone on the offensive, murdering a number of prominent law enforcement officials who dared to oppose them. For example, in December 2009, the head of the Honduran anti-drug agency was murdered, as was Mexico's federal police chief in 2008.

Organized criminals also target rank-and-file police officers for retaliatory killings. In June 2009, 12 federal police agents were tortured, killed, and their bodies dumped when the Mexican police arrested a high ranking member of La Familia Michoacana. Civilians have also been targeted for demonstrative



attacks, such as 2008 Independence Day grenade attacks in Morelia.

In all of these countries, corruption at the highest levels, on occasion including the national heads of police and drug enforcement agencies, has been detected. For example, in Guatemala in August 2009, President Colom fired the director general of the national police, his deputy, his operations head, and his investigations head after a large amount of cocaine and cash went missing. This was far from the first such purging in Guatemala in recent years. In 2005, the head of the drug enforcement agency, his deputy, and another top drugs official were arrested for drug trafficking after being lured to the USA on pretence of training. The drug enforcement branch they commanded was itself a reworking of a previous agency, which had been disbanded following arrests of members for similar diversions. The agency has been reworked yet again in 2009.

Similarly, in August 2008, the Mexican Government launched “Operation Cleanup”, aimed at purging the top ranks of the police of drug cartel corruption. The operation resulted in the jailing of both the interim commissioner of the Federal Police and the acting head of the counternarcotics division, among others. The same month, El Salvador’s chief of police resigned when two top aides were accused of drug links. The corruption extends outside the police, and has implicated other criminal justice officials, legislators, and members of state and local government.

But this situation is complicated: accusations of drug complicity can be used to take out opponents, and some of those assassinated by the traffickers may have been erstwhile collaborators. The fact that high level corruption continues to be detected and the officials removed shows the struggle is very much alive and that progress is being made.

The complexity of the situation is perhaps best illustrated by a drug scandal that began on 19 February 2007, when three Salvadoran representatives to the Central American parliament (Parlacen) in Guatemala were killed after inexplicably departing from their motorcade. Their murderers were quickly identified as the head of Guatemala’s criminal investigations division and three of his men. One of these arrestees claimed they had been hired to hijack the car, which was allegedly carrying cocaine worth US\$5 million. The arrestees were never able to elaborate, however, as they were all shot dead while in custody in a high-security prison on 25 February. This incident led the serving Interior Minister to

tender his resignation. Since then, two key investigators have been murdered, and the United Nations International Commission against Impunity in Guatemala (CICIG) has accused the Attorney General of interfering in the investigation of one of these cases.

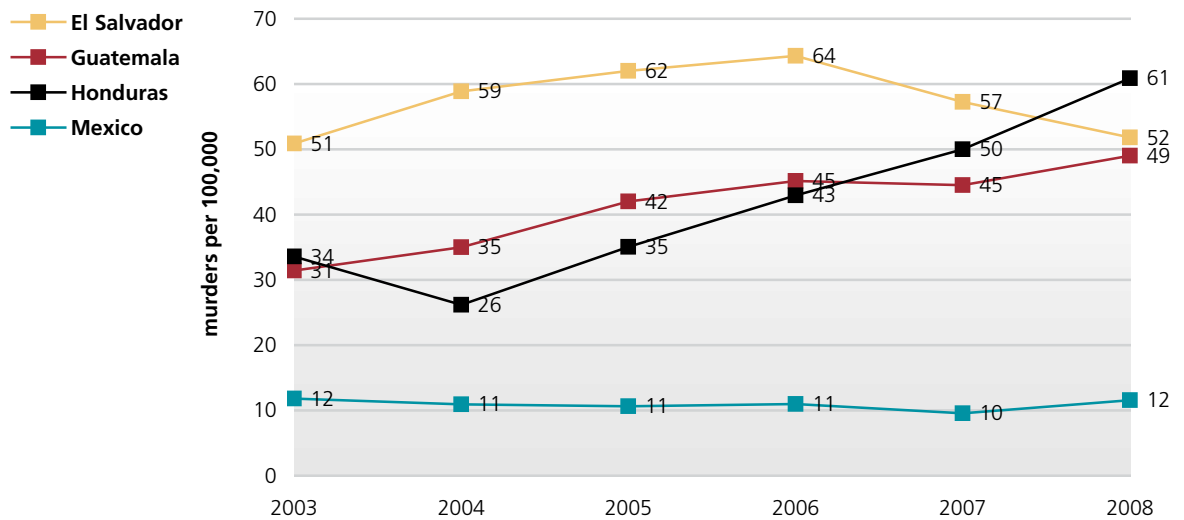
Aside from its corrosive effect on law enforcement integrity, the cocaine trade has also propelled the murder rate in the northern triangle of Central America to the highest in the world. Figure 13 demonstrates the clear linkages between drug trafficking and violence. Contrary to what would be expected, in none of these countries is the highest murder rate found in the largest cities: rather, it is found in provinces that have strategic value to drug traffickers. For example, Guatemala’s Petén province is rural and largely indigenous, two variables that negatively correlate with violence elsewhere in the country. But it is also a major drug trafficking zone, where jungle landing strips provide easy access to the Mexican border. Consequently, it has the highest murder rates in the country. Other provinces have the misfortune of containing key trafficking ports, such as the provinces of Atlántida in Honduras, Sonsonate in El Salvador, Escuintla in Guatemala and Michoacán in Mexico.

Honduras has the unfortunate distinction of having the fastest growing murder rate in the region, which may be associated with its increased use of the country as landing site for cocaine-laden aircraft from Colombia and Venezuela. It also hosts the province with the single highest murder rate in the region: Atlántida, where one out of every 1000 people was murdered last year. The capital of Atlántida is La Ceiba, a well-known cocaine trafficking port, and the site of clandestine landing strips.<sup>24</sup> As mentioned above, in December 2009, General Arisitides Gonzales, director general of the national office for combating drug trafficking, was murdered. The General had gone on a campaign against the unauthorised airports found across the country, some of which are said to be linked to the Sinaloa cartel. Just before his murder, he had seized a major strip and threatened to take action against all property owners on whose land the strips were found.

Some have argued that the violence in Mexico is tied to the Government’s efforts to stop the drug trade, not the drug trade itself. While it is true that enforcement can create instability in drug markets that can lead to violence, enforcement in countries like Guatemala is much weaker, and the murder rate is at least four times higher. In addition, most of the deaths in the “cartel wars” are of cartel mem-

FIG. 17:

## MURDER RATE TRENDS IN MEXICO AND CENTRAL AMERICA (PER 100,000 INHABITANTS), 2003-2008



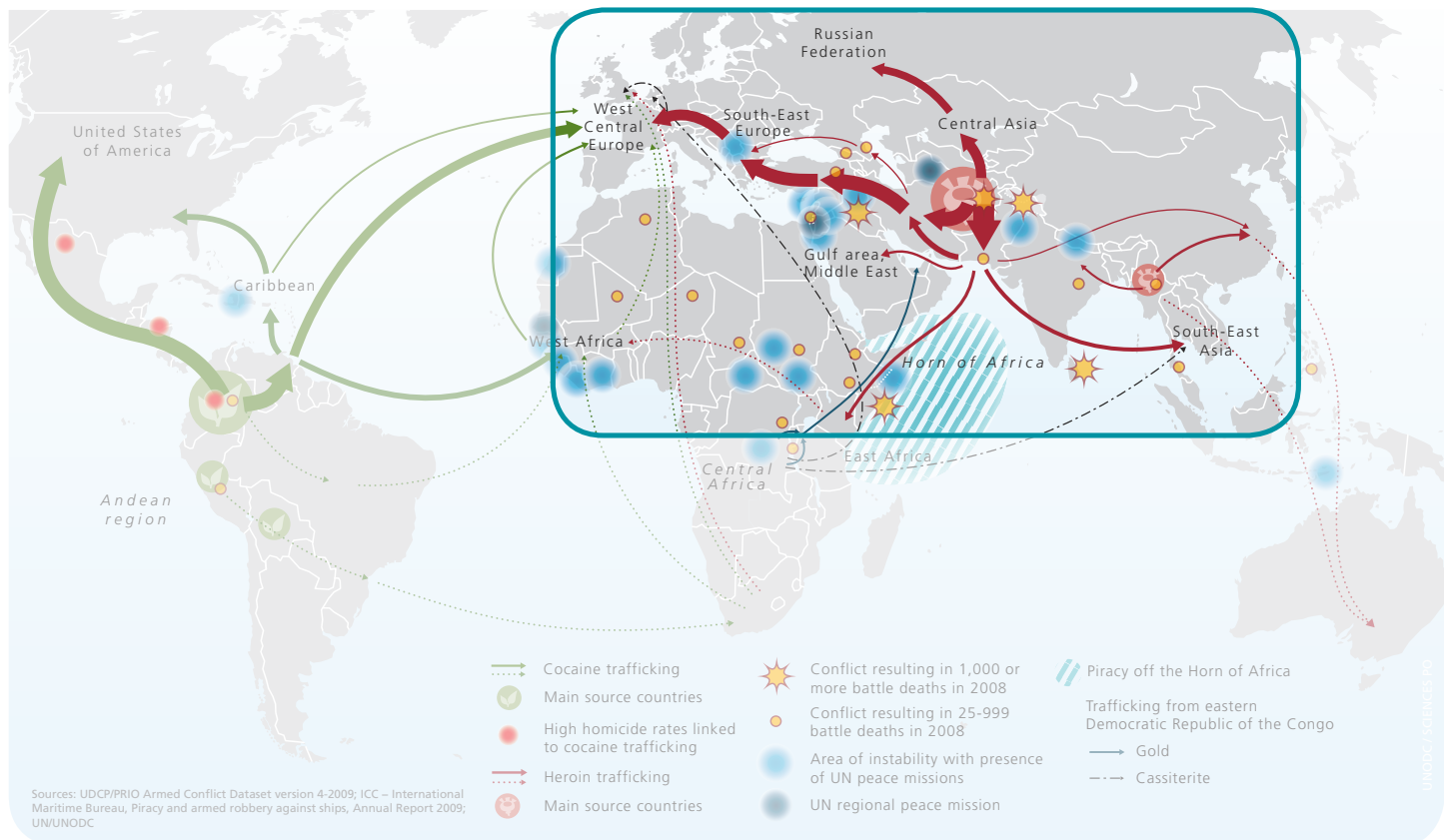
Source: UNODC International Homicide Statistics

bers themselves, fighting over trafficking routes. These groups have shown their willingness to diversify into other areas of crime, and recent losses in cocaine revenues seems only to have intensified the violence. A policy of appeasement is impractical: these people, and corrupt officials who support them, cannot be allowed to remain in place. The treatment is painful, but the alternative is to lose the patient itself.

This may sound like an exaggeration, but many who have worked closely with law enforcement in the region concur. In December 2008, the head of UN CICIG said, “If the Guatemalan authorities are unable to stop the infiltration of Mexican drug cartels, in two years they could take over Guatemala City.”<sup>25</sup> President Colom has issued a series of “state of prevention” orders in response to the violence in which constitutional liberties are restricted for a period of time in certain parts of the country, and there have been a series of attacks against labor union leaders, environmentalists, and human rights defenders.<sup>26</sup> While Guatemala appears to be the most affected, its problems are not unique, and the stability of all countries in this region requires that transnational organized crime be controlled.

To do this, the states need support in strengthening local law enforcement and governance. But even more important, they need the assistance of the international community in addressing the transnational flows affecting their countries. The drug wars they face are fuelled by a cocaine trade that runs the

length of the region. Mexico’s killers are armed largely by weapons trafficked from the north, but also from the south. Dealing with these threats will require both national institution building and a global strategy to address the relevant trafficking flows.



## CHAPTER 2. TRAFFICKING IN HEROIN

There are some 11 million heroin users in the world today (a market worth some US\$65 billion per year). Heroin is arguably the world's most problematic drug. More users die each year from problems related to heroin use, and more are forced to seek treatment for addiction, than for any other illicit drug. In addition, heroin is the drug most associated with injection, which brings about a host of acute and chronic health problems (including HIV). Heroin is also the illicit drug most highly associated with a single source: upwards of 90% of the world's heroin now comes from opium grown in Afghanistan. Most of the profits of this transnational illicit trade in Afghan heroin (some US\$55 billion a year) go to the drug traffickers plying two main routes:

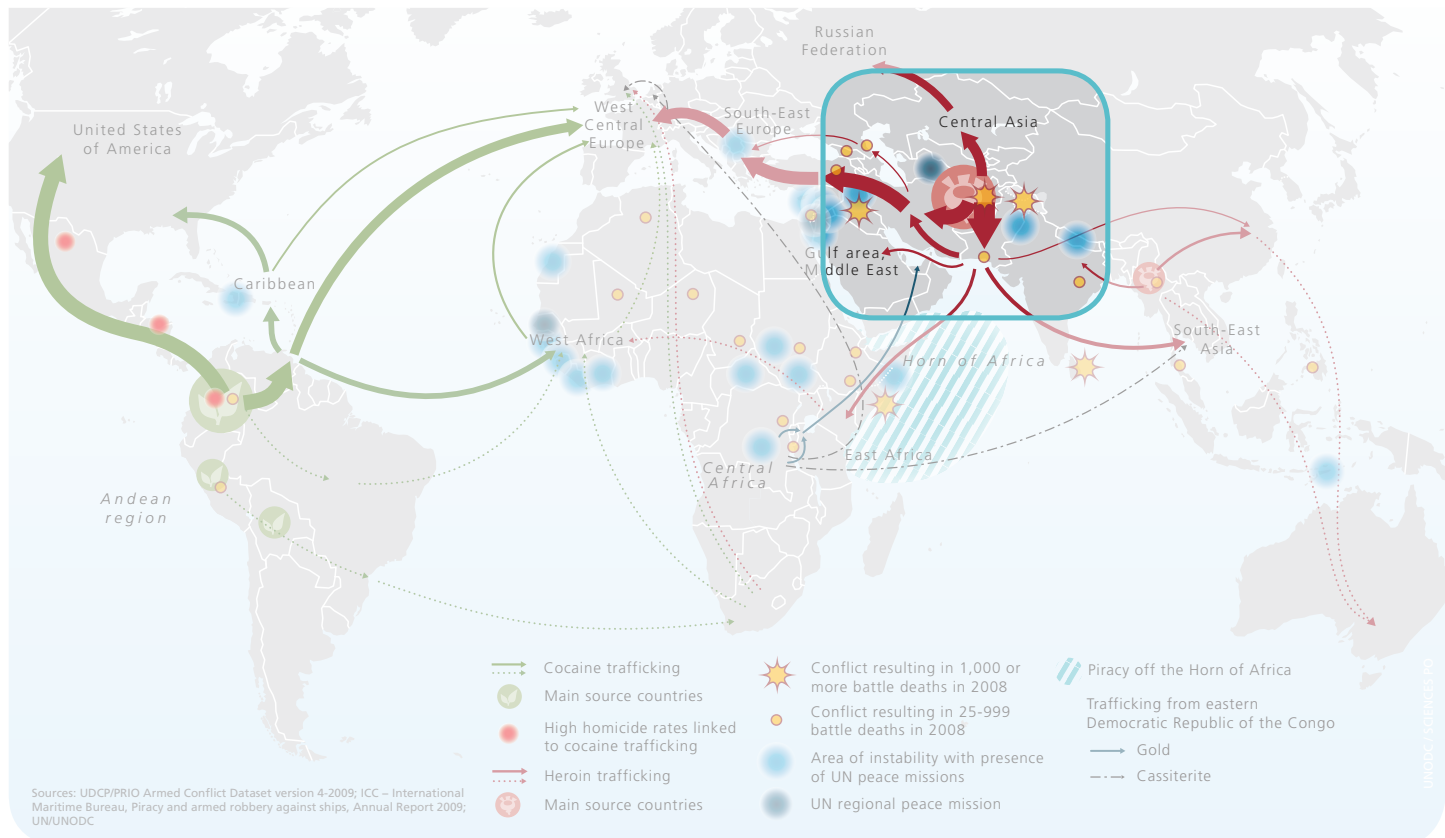
- The so-called “Balkan route”, which traverses the Islamic Republic of Iran, subsequently referred to as Iran (often by way of Pakistan), Turkey and South East Europe to West Europe.
- The northern route, which mainly runs through Tajikistan and Kyrgyzstan (or Uzbekistan or Turkmenistan) to Kazakhstan and the Russian Federation.

330 tons of opium are produced annually in South-East Asia, which generate around US\$100 million

in gross income for the farmers. Profits for traffickers from Myanmar are roughly estimated at some US\$360 million. The total value of this flow in the consumer markets is close to US\$3 billion.

This chapter consists of three parts. The first will examine the impact on South-West and Central Asia, the second, how South-East Europe, a key transit region, is affected, and the third will look at the consequences of opium production and trafficking for South-East Asia.





## 2.1. The impact on South-West and Central Asia

### Main transnational organized crime threat

Type of threat:	<i>Heroin trafficking</i>
Areas mostly affected:	<i>Afghanistan, Pakistan, Iran, Central Asia and consumer countries</i>
Origin and destination of trafficking flows:	<i>From Afghanistan to Central Asia (25%), Pakistan (40%) and Iran (30%) towards the Russian Federation and Europe and other destinations</i>
Annual volume of main goods trafficked:	<i>375 tons of heroin</i>
Estimated value:	<i>US\$ 2.5 billion in Afghanistan/US\$ 55 billion global market for Afghan heroin</i>
Criminal groups involved:	<i>Organized crime groups and individuals</i>
Location of traffickers:	<i>Afghanistan, Pakistan, Iran, Central Asia</i>

### Stability threat

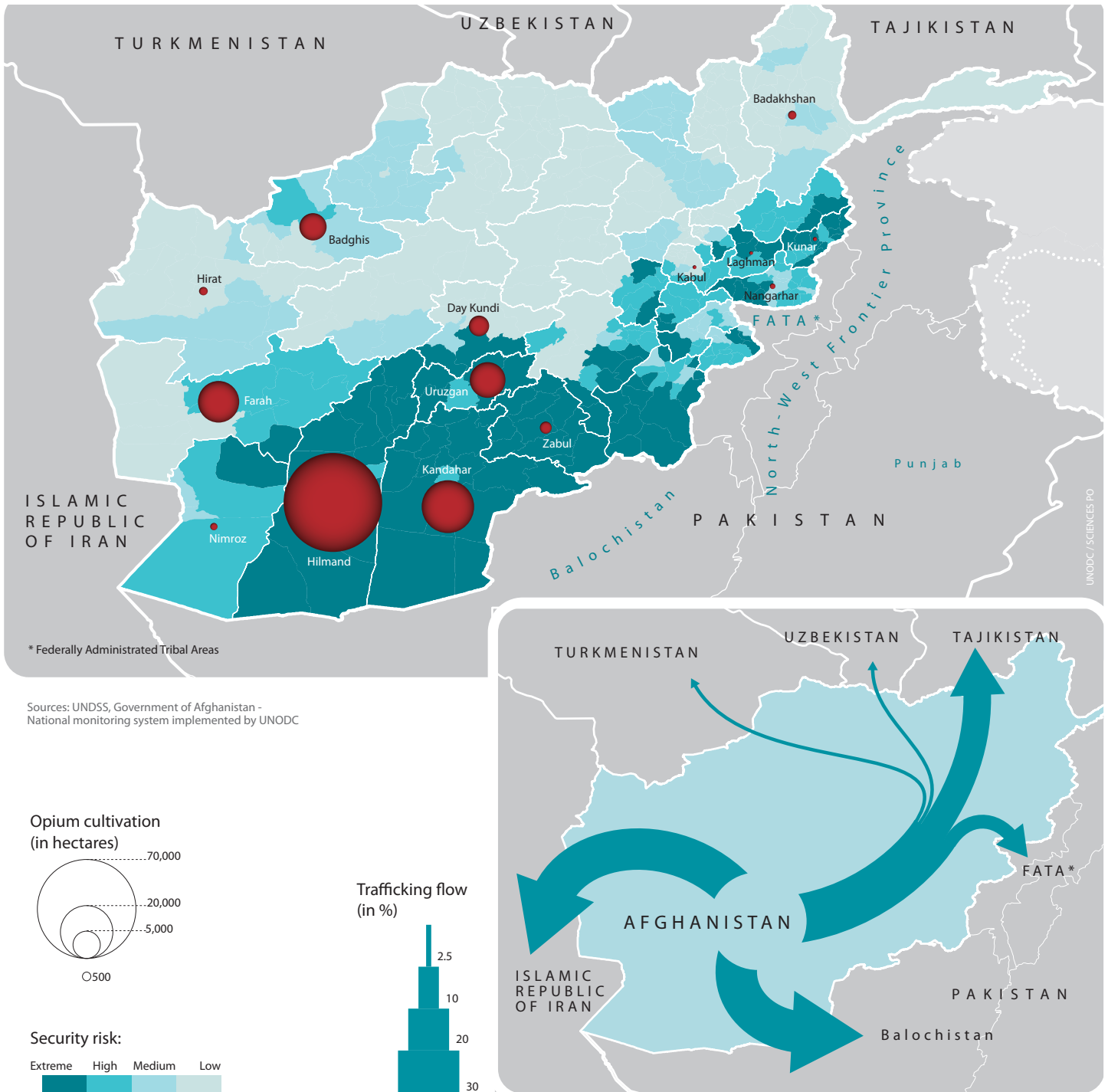
Type of threat:	<i>Insurgency, terrorism</i>
Areas mostly affected:	<i>Afghanistan, Pakistan, Tajikistan</i>
Armed groups involved:	<i>Afghan Taliban, Islamic Movement of Uzbekistan, Al-Qaida, Haqqani network, Tehrik-e-Taliban Pakistan</i>

### Links between TOC and stability threats

Nature of the link:	<i>Symbiosis of drug trade and insurgency</i>
Impact of TOC on the stability threat:	<i>Perpetuation of conflict</i>
Estimated trend:	<i>Stable</i>

FIG. 18:

OPIUM POPPY CULTIVATION AND INSECURITY IN AFGHANISTAN, 2009



Sources: UNDSS, Government of Afghanistan - National monitoring system implemented by UNODC

**I. Main transnational organized crime threat**

Afghanistan is one of the poorest countries in the world, having suffered decades of war and instability. Opium production in the country began roughly at the time of the Soviet invasion, and has grown to become a centerpiece of the economy. As in other areas suffering from both drug cultivation and insurgency, drug funds are used to buy weapons,

and thus perpetuate the conflict. But in Afghanistan, where heroin production represents such a large share of total output, the threat posed by the drug trade is far more profound. UNODC estimates that Afghan traffickers earned US\$1.9 billion from the trade in opiates in 2009, the equivalent of one fifth of licit GDP. The ratio was even higher in previous years. The country, quite literally, is trying to recover from a drug dependency.



Afghanistan has dominated the worldwide opium market for more than a decade and 2009 was no exception as overall opium production in the country now stands at 6,900 metric tons, or 95% of global supply. The impact extends beyond Afghanistan itself, affecting neighbors with stability issues of their own. An estimated 375 tons of Afghan heroin are trafficked worldwide via routes flowing into and through the neighboring countries of Pakistan (150 tons), Iran (105 tons), and the Central Asian countries of Tajikistan, Uzbekistan and Turkmenistan (95 tons).<sup>27</sup> Most of the drugs are bound for the lucrative markets in Europe and the Russian Federation, but drug use in the region is rising.

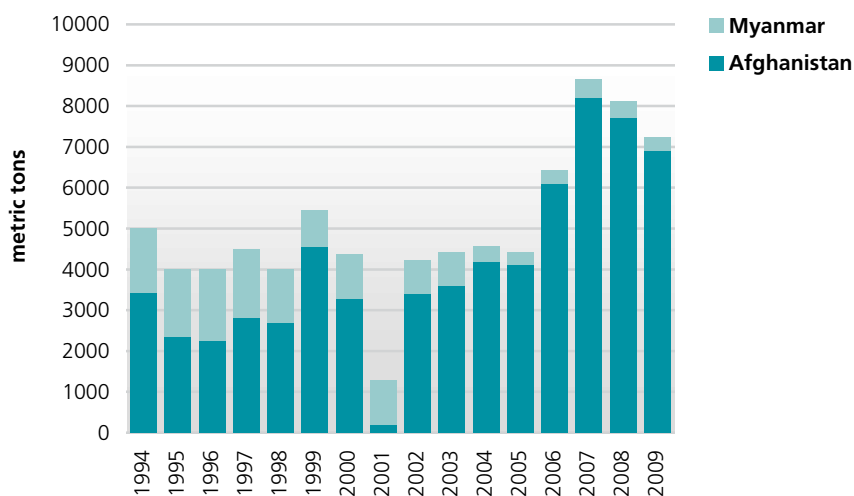
The heroin trade is controlled by well-established trafficking networks of various sizes in cooperation with corrupt officials with a range of international connections.<sup>28</sup> Some of the larger traffickers and corrupt officials may launder their money internationally, particularly in the nearby financial hub of Dubai. Despite robust efforts by Dubai authorities,<sup>29</sup> the Emirate's proximity to Afghanistan, the presence of an important South Asian diaspora and large informal financial systems leave Dubai particularly vulnerable to exploitation by criminal gangs and, possibly, terrorist groups.

In Afghanistan, where 80 to 90% of the economy is still informal, the hawala system of money transfer remains prevalent: money is paid to a network's representatives in one country, and this broker authorizes the same amount to be paid out in another. All this occurs outside the formal banking system, and this allows criminal funds to be transferred without risk of encountering official controls.<sup>30</sup> Narcotics make up a significant portion of this informal economy.<sup>31</sup> Research by UNODC in 2006 suggested that 60% of fund transfers in Afghanistan were drug related, while an estimated 80 to 90% of the hawala dealers in Kandahar and Hilmand provinces were involved in drug money transfers.<sup>32</sup> An estimated US\$5 to US\$6 billion were transferred to and from Afghanistan in 2004 and 2005, through hundreds of hawala markets around the country.<sup>33</sup>

The smuggling of the chemical precursors needed to make heroin from opium is also a big business. Around 13,000 tons of chemical precursors, including the crucial acetic anhydride, are needed each year to produce heroin from Afghan opium. There is no licit use for these chemicals in Afghanistan, so they have to be diverted from legal shipments from a wide range of sources around the world. In the span of a decade, the price of acetic anhydride in

FIG. 19:

OPIUM PRODUCTION IN MAJOR PRODUCING COUNTRIES (MT), 1994-2009



Afghanistan has shot up from US\$24 per litre in 1998 to US\$300-350 per litre in 2008, either due to more effective interdiction or increased demand. The concentration of processing in Afghanistan should make it easier to interdict chemicals like acetic anhydride, but current seizures comprise less than 1% of what is believed to be imported into the country.<sup>34</sup>

Although opium is Afghanistan's most notorious crop, the hashish trade has also grown in recent years, and total production today may rival that of Europe's traditional supplier, Morocco. All of Afghanistan's neighbors are reporting increases in cannabis seizures,<sup>35</sup> and cannabis production has been reported in 20 of Afghanistan's 33 provinces.<sup>36</sup> With entrenched smuggling networks, widespread insecurity and a drug-based economy, Afghanistan is ideally placed to become a major player in the global hashish market. In 2008, a single seizure in Kandahar province netted an astonishing 236.8 tons of hashish with a regional wholesale value of US\$400 million.<sup>37</sup> In terms of sheer volume, this was the largest drug seizure in history.

## II. Stability/governance situation

Afghanistan has suffered from more than thirty years of conflict beginning with the Soviet invasion of Afghanistan (1979), a war which would last ten years, cost more than a million Afghan lives, and destroy most of the country's economy and infrastructure. Civil strife and warlordism followed the Soviet withdrawal (1988), so that many welcomed the arrival of the Taliban in 1996. They ruled over most of the country until the events of September 11 2001 and the international coalition's intervention in Afghanistan. Eight years afterward, conflict remains a central part of life in the country.

Afghanistan is one of the least developed countries in the world in terms of most human development indicators. Governance is weak. The writ of the central Government is weak and overtly challenged, or indeed supplanted, in many parts of the country by anti-government elements. The Afghanistan NGO Safety Office (ANSO) estimates that insurgents control or exert effective influence over nearly half of Afghanistan. As the de-facto government in some areas, the Taliban's system of taxation and "shadow" tribunals also provides the only form of criminal justice and security. As unrest spreads to once stable areas, international agencies are being forced to scale back aid delivery.

Governance in the provinces is dependent on the leadership and integrity of the individual governors and on the local security situation. Corruption is endemic – both at a low level (among border guards and police), as well as among senior officials.<sup>38</sup> A recent UNODC survey estimated that Afghans paid upwards of US\$2.5 billion in bribes and related payments in 2009. Corruption is also rife along trafficking routes all the way from Afghanistan to the destination markets of Europe and the Russian Federation.

In terms of casualties, 2009 was the deadliest year yet for coalition forces fighting the insurgency, with 520 troop deaths, up from 295 in 2008. In August 2009, NATO forces in Afghanistan lost 77 troops, setting a new monthly record. Civilian casualties rose by 14% in 2009 compared with 2008 and were the highest they have been since 2001. Nearly 70 percent of the more than 2,400 civilian deaths were reportedly caused by insurgent attacks. Although the number of suicide bombings stayed nearly the same (141), the average number of attacks rose by 30 per cent (from 741 per month in 2008 to 960 per month in 2009) according to the United Nations Assistance Mission to Afghanistan (UNAMA).

Insurgent-led insecurity is no longer confined to southern and western Afghanistan, as even the once relatively calm northern areas bordering Tajikistan have seen anti-government elements resurfacing. This is particularly true in Kunduz province where the Taliban have steadily staged a resurgence and now appear to threaten a vital NATO supply line. Violence spilled over the border into Tajikistan in 2009, with a number of clashes reported between Tajik security forces and Al-Qaeda linked groups. A number of related incidents have also been reported in the Kyrgyz Republic and Uzbekistan, perhaps indicating a regional destabilization strategy on the part of militants.

The Pakistan-Afghanistan border is currently one of the most critical regions in terms of insurgency and terrorism. From bases in Pakistan's tribal areas, militants launch incursions across the border into Afghanistan but also increasingly into adjacent Pakistani districts/provinces. Once unheard of in Pakistan, suicide bombings now occur with grim monotony: there were 87 suicide attacks in 2009, up nearly 40% from the previous year (and only 6 in 2006). Violence by Al Qaida-linked Pakistani groups such as the Tehrik-e-Taliban Pakistan (TTP), previously confined to the Federally Administered Tribal Areas (FATA), has continued to spread to the settled districts of the North Western Frontier Province (which sustained 60% of all suicide attacks in the country in 2009), coming to within 100 kilometers of Islamabad last winter.

### III. Linkages between TOC and stability threats

There is a symbiotic relationship between drug traffickers and the insurgency in Afghanistan, and both groups have an interest in prolonging the instability. It is no coincidence that in 2009, 99% of all opium produced in Afghanistan came from seven provinces in the south and west, where government control was weakest.<sup>39</sup> Drug traffickers focus on regions controlled by the Taliban and other anti-government forces. The insurgent groups profit from taxing illicit trade and some receive donations from criminals and warlords. Opium is even used as a currency to purchase weapons, vehicles, and manpower.

Taliban insurgents earn at least US\$125 million annually from the opium economy through taxation of cultivation, production, and trafficking.<sup>40</sup> This figure does not include income from other drug-related activities in which they might be engaged. This figure is small compared to the overall value of the drugs trafficked, but its impact on the security of Afghanistan is direct and immediate. There have even been reports of joint operations between drug traffickers and insurgent groups, transferring opium or heroin to major dealers on the Afghanistan/Pakistan border and sharing the profit.<sup>41</sup>

There is also some evidence to suggest that insurgent groups provide protection for heroin processing facilities within Afghanistan.<sup>42</sup> The opiate trade and insurgent activity overlap to such an extent that some law enforcement actions are both counter-narcotics and counter-insurgency simultaneously. This was apparent in 2009, when Afghan-led military operations in Helmand province netted mil-



lions of dollars worth of poppy, precursor chemicals, weapons, and ammunition.<sup>43</sup> Although opium poppy is the highest-value drug on regional markets, cannabis also likely contributes to insurgent funding.<sup>44</sup>

Borders, particularly with Pakistan, still require substantial strengthening, and the rise in volumes of goods traded across these borders provides opportunities for both traffickers and insurgents. The Afghan Trade Transit Agreement (ATTA), designed to promote free trade between Pakistan and Afghanistan, is being abused by groups illicitly trafficking all kinds of goods, including precursor chemicals. The total estimated value of opiate trafficking in Pakistan is around US\$1 billion per year. Drugs trafficked into Pakistan that pass through its Federally Administered Tribal Areas (FATA), travel through territory that is under the influence of the Tehrik-e-Taliban Pakistan and other Al-Qaida linked groups. Taliban-style taxation systems have been reported in these regions as well.<sup>45</sup> In southern Tajikistan, the porous border with Afghanistan is crossed by traffickers but also militants linked to the Islamic Movement of Uzbekistan and other Al-Qaida linked groups.<sup>46</sup> The estimated value of opiates trafficked through Central Asia is around US\$350-400 million and increases as opiates travel northward towards the Russian Federation.

On Afghanistan's western front, the Islamic Republic of Iran has suffered greatly from the influx of Afghan opium. It has the highest level of opium consumption in the world. Drug trafficking is considered such a major security threat that the Government has spent over US\$600 million to dig ditches, build barriers and install barbed wire to stop well-armed drug convoys from entering the country. More than 3,500 Iranian border guards have been killed in the past three decades by drug traffickers.

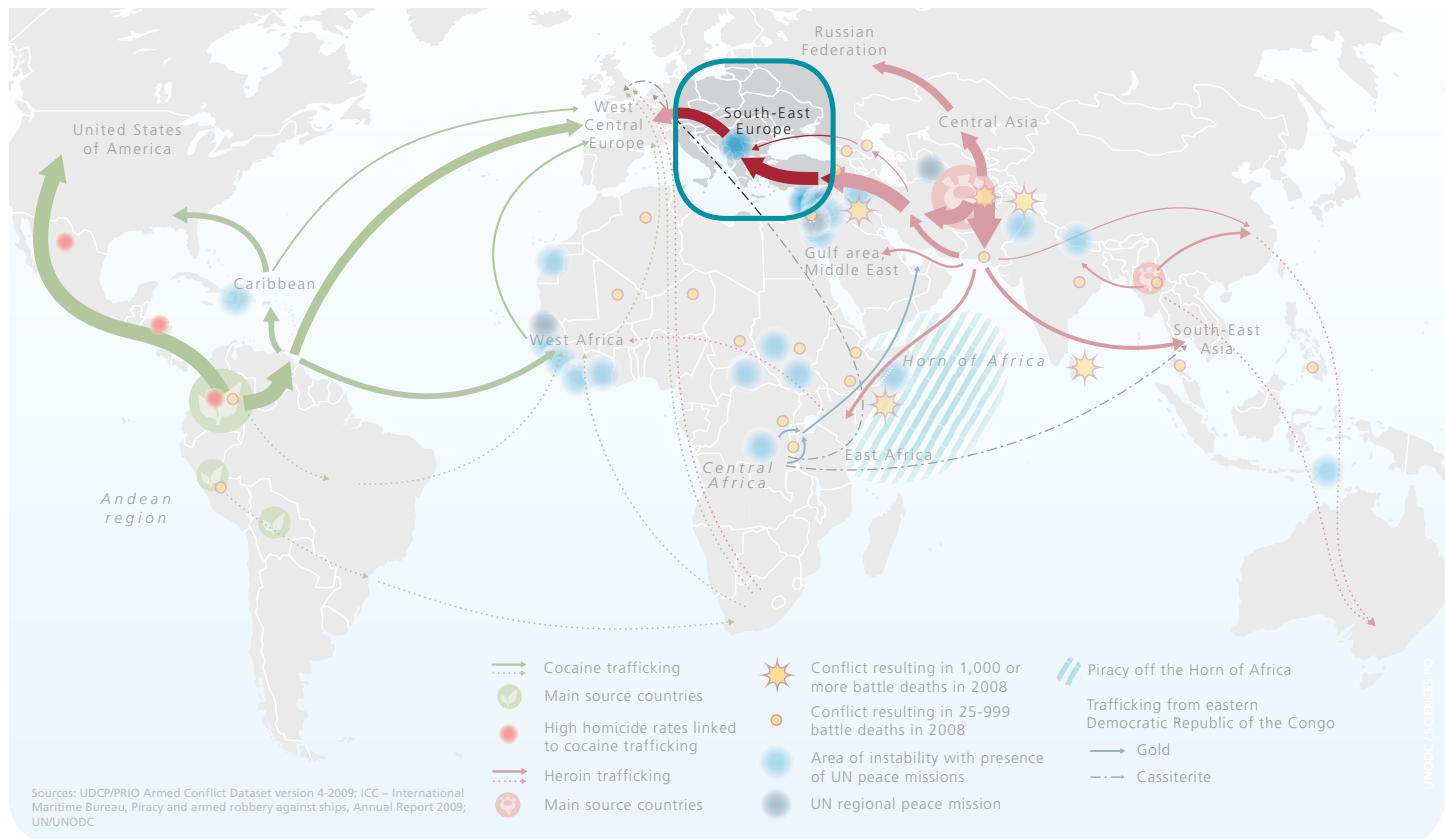
In addition to funding insurgency, the drug trade is fueling corruption. Afghanistan seized less than three tons of heroin in 2008 while about 375 tons were estimated to be trafficked out of the country, a seizure rate of less than 1%. This appears to reflect high levels of corruption among border guards and police, as well as collusion with transportation companies. In addition, few drug traffickers are ever brought to justice, and some of those that have been convicted have been pardoned, suggesting higher level corruption as well. At the same time, being a member of the judiciary has become a dangerous profession. For example, Chief Judge Sher Gul was murdered by insurgents in Khost province in August

2008 while Judge Alim Hanif, who headed the Central Narcotics Tribunal Appeals Court in Kabul, was murdered in September 2008.

Widespread corruption, violence, and impunity have undermined the confidence of the Afghan people in their government, further strengthening the hand of the insurgents. Indeed, a portion of the Afghan Taliban are non-ideological, more "opportunistic" fighters motivated by a mixture of political discontent and financial need. As the insurgents and criminals grow stronger, they are better able to sow more violence and corruption, and recruit among the disenfranchised.

There was little indication that this vicious circle would be broken soon, but there is hope that recent political developments will alter the course of events. At present, various insurgent groups now control large swathes of the Afghan countryside, preventing aid from reaching some of the most vulnerable communities. At the same time, insurgents are able to carry out brazen terror attacks in major population centers, such as recent operations in Kabul. Instead of focusing on the development needs of the Afghans, international aid is tied up in the eighth year of fighting the insurgency. Given the transcontinental dimensions of the Afghan heroin trade and the difficulties in combating drug trafficking in the context of an active conflict, internationally coordinated action against the global heroin market is vital.





## 2.2. The impact on South-East Europe

### Main TOC threat

Type of threat:	<i>Heroin trafficking</i>
Areas mostly affected:	<i>Most Stability Pact countries and consumer countries</i>
Origin and destination of trafficking flows:	<i>Afghanistan to Western Europe</i>
Annual volume of main goods trafficked:	<i>80 tons</i>
Estimated value at regional level:	<i>Unknown (value at destination US\$20 billion)</i>
Criminal groups involved:	<i>Mostly Albanian and Serbian groups</i>
Location of traffickers:	<i>Turkey, South-East Europe, Western Europe</i>

### Stability threat

Type of threat:	<i>Fragmentation, ethnic violence</i>
Areas mostly affected:	<i>Disputed areas of the Western Balkans</i>
Armed groups:	<i>None active, but former combatants could be mobilized</i>

### Links between TOC and stability threats

Nature of the link:	<i>Drug proceeds fund corruption and arm criminal groups</i>
Impact of TOC on the stability threat:	<i>Strongmen may promote conflict to protect rackets</i>
Estimated trend:	<i>Stable to declining</i>

**I. Main transnational organized crime threat**

South-East Europe has long been a transit zone for east-west commerce, both licit and illicit. The impact of organized trafficking became particularly profound after the Cold War ended and Yugoslavia dissolved. During this time, organized criminals forged connections with some commercial and political elites that continue to have ramifications to this day. As a result, organized crime in this region is generally exceedingly well organized, and contraband moves through the region with very little resistance from law enforcement. This arrangement lacks the kind of confrontational violence currently seen in other countries, but it has had long-term implications for the integrity and stability of the state.

In modern times, the key illicit commodity trafficked has been heroin. The end of the Cold War also saw an increase in trafficking in women for the purposes of sexual exploitation from Eastern Europe to Western Europe, as well as a good deal of assisted illegal migration. During the Yugoslav wars, all manner of materiel was trafficked, and cigarettes were a particularly important source of funds for the conflict. After the wars ended, much of this activity declined, but trafficking, especially of heroin, remains an issue.

About 80 tons of heroin, worth some US\$20 billion at retail level, is smuggled through South-East Europe on its way to Western Europe each year.<sup>47</sup>

Very little of this flow is seized in South-East Europe, and, while the precise routes have varied a bit over time, this general flow has remained unchanged over the years. Aside from ferrying heroin through the region, Balkan criminals have played a strong role in heroin markets in West Europe, especially during the war. This role appears to be declining since that time, however.

For example, in 2000, ethnic Albanians were said to control 70% of the heroin market in Germany, among other countries.<sup>48</sup> Between 2000 and 2006, the number of Albanian heroin trafficking suspects identified in Germany declined by a factor of five. The German 2009 Organized Crime Situation Report discusses organized crime groups of nine different foreign nationalities.<sup>49</sup> Albanians, and Balkan groups in general, are pointedly not among them, and they are no longer singled out in official reports on the heroin situation.<sup>50</sup> Italy remains one key heroin consumer market where Albanians play an important role, but, in 2008, only 6% of heroin traffickers arrested in Italy were Albanian.

This decline in Balkan participation can be seen in other criminal markets as well. At one stage, women from South-East Europe and Eastern Europe (often trafficked via South-East Europe) were clearly predominant among human trafficking victims in West Europe, but this appears to have changed. For example, in the late 1990s, Albania was a predominant source of victims. In 1996, about 40% of the victims of trafficking for sexual exploitation detected

FIG. 20:

**HEROIN SEIZURE LOCATIONS AND VOLUMES (KG) REPORTED, BY CITY, 2004-2006**

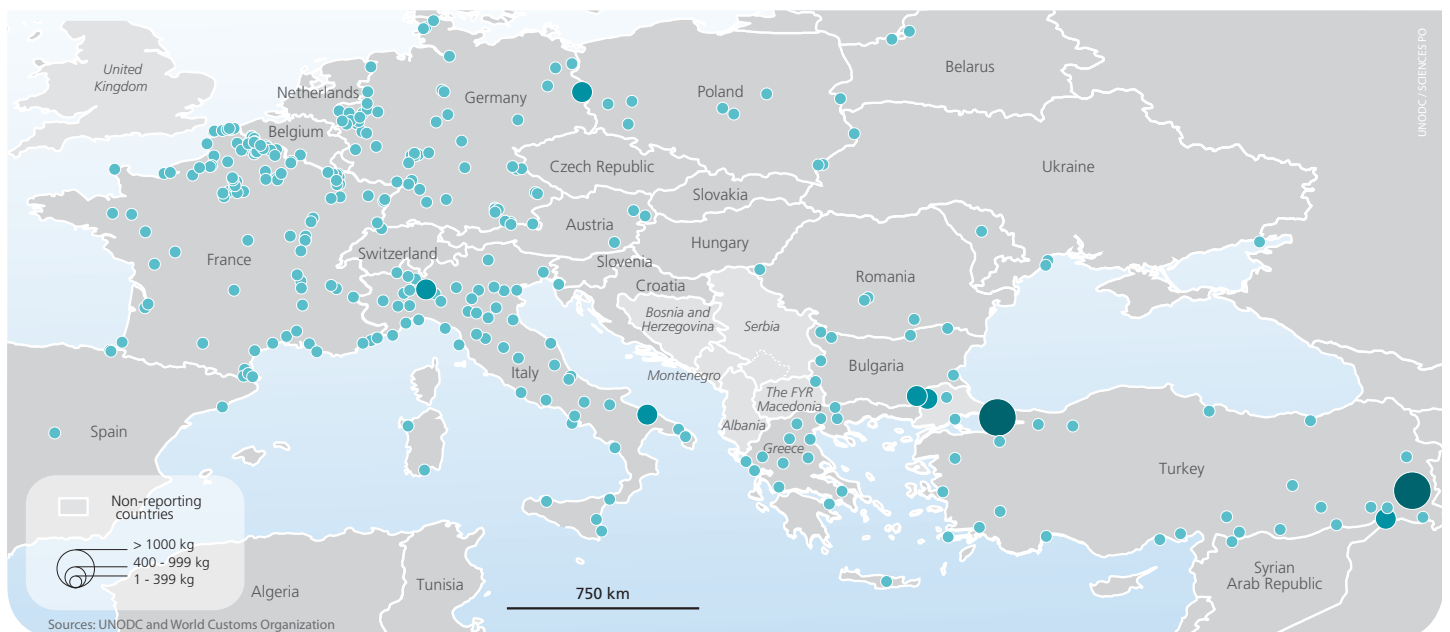
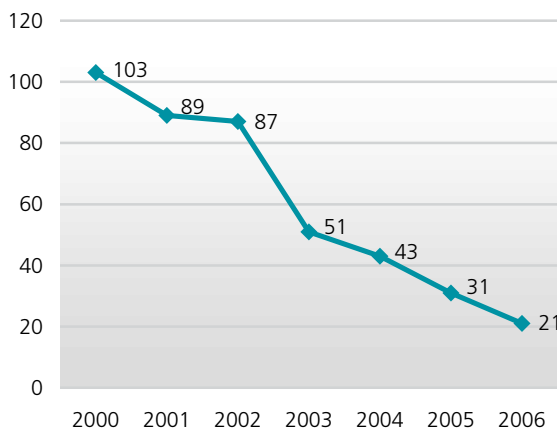


FIG. 21:

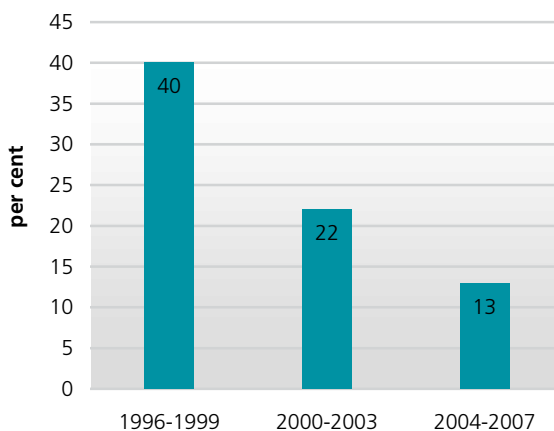
**NUMBER OF ALBANIAN HEROIN TRAFFICKING SUSPECTS IDENTIFIED IN GERMANY<sup>51</sup>, 2000-2006**



Source: Bundeskriminalamt

FIG. 22:

**SHARE OF HUMAN TRAFFICKING VICTIMS DETECTED IN ITALY WHO WERE ALBANIAN, 1996-2007**



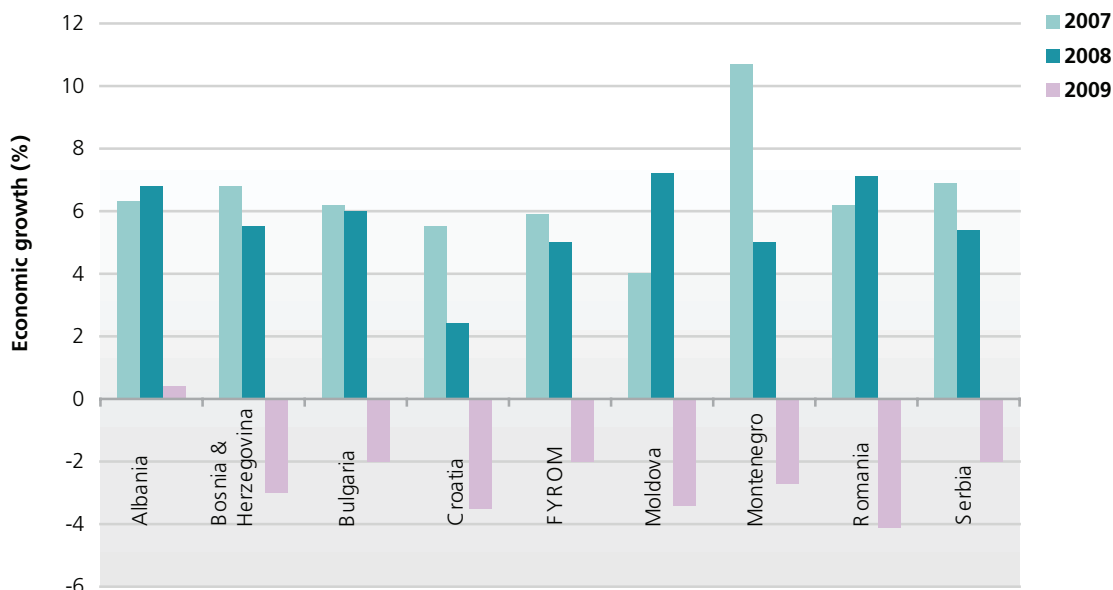
Source: Anti-mafia Bureau and Project WEST

in Italy were Albanians. This percentage dropped to 22% in 2000-2003 and 13% after 2003. And Italy is the one country where Albanian victims are most prevalent: of some 10,000 human trafficking victims detected in Europe and reported to UNODC over the period 2005 to 2006, only 56 (about half a percent) were Albanian.<sup>52</sup> A similar situation can be seen with victims from the Russian Federation, Ukraine and the Republic of Moldova. Today's human trafficking victims come from a much wider variety of locations, many of them much further afield.

The trade in counterfeit cigarettes was once a mainstay of the belligerent parties, even a key source of funding to certain national governments, and it remains an important issue. But as far as stability in the region is concerned, the biggest crime problem facing South-East Europe is domestic: fraud and corruption involving some government officials and their network of private sector partners. This corruption is fuelled by complicity in the heroin trade and other trafficking activities. The region has moved on from the chaos of wartime to a period of transition, where opportunities in a rapidly growing

FIG. 23:

**ECONOMIC GROWTH IN THE BALKANS, 2007-2009**



Source: World Economic Outlook, IMF, April 2009<sup>53</sup>

economy and the possibility of European integration may prove more attractive than criminal rackets. Of course, renewed political conflict could change all this, as could the sudden downturn in the economy.

## II. The stability/governance situation

Many of the states in South-East Europe are recent creations, and new institutions are still consolidating. The simultaneous stresses of the transition from communism to free markets and the conflicts associated with the dissolution of the former Yugoslavia placed tremendous pressure on the region. It is still recovering from this difficult period.

Unrest between rival ethnic groups in the Socialist Federal Republic of Yugoslavia began in 1990, just as communism was collapsing across Eastern Europe. Slovenia was able to secede in a relatively short 10-Day War, and the former Yugoslav Republic of Macedonia was allowed independence without challenge. But the struggles in Bosnia and Croatia were much more protracted, extending until 1995 and involving serious war crimes. These wars were followed by a conflict in Kosovo until 1999, and within the Former Yugoslav Republic of Macedonia in 2001.

These conflicts have yet to be entirely resolved. Bosnia and Herzegovina remains under international supervision, and tensions between the Federation and the Republika Srpska have run high. Kosovo (Serbia) still hosts a large international peacekeeping force and states are divided on the question of its final status. The global financial crisis, which has had an especially negative impact on institutions investing in the Balkans, threatens the progress that has been made.

## III. Linkages between TOC and stability threats

Organized crime has played a direct role in enabling conflict in the region and continues to play a role in perpetuating the residual instability. Under communism, organized criminal figures linked to the various national secret services smuggled consumer goods and performed other needed services that the state could not directly perform. These skills would prove invaluable during the conflict period, when evading sanctions was essential for all the antagonists. They were also useful in navigating the privatization process, where entrepreneurial instinct and informal pressure played a key role.

During the Yugoslav wars, all sides depended on smugglers. For the rump Yugoslavia, oil was essen-

tial; for other parties, weapons and other materiel. Many traffickers sold to both sides in the conflict. Some factions relied on trafficking as a source of funding. Smuggling cigarettes to the region and into Western Europe was one important money spinner, and heroin was another. Criminal activities extended beyond the region into the extensive Balkan diaspora in Western Europe and throughout the world.

Even more directly, organized criminals were often among the antagonists, deployed in volunteer brigades or paramilitaries or even as commissioned officers of the warring factions. These groups were responsible for some of the worst atrocities of the war. One of the key objectives was to “cleanse” disputed areas of rival ethnicities, and for this, authorized criminals were often more effective than a military approach. “Rape camps” were organized, making use of female prisoners of war,<sup>54</sup> and trafficking in women for the purposes of sexual exploitation continued to be an issue even after the peacekeepers arrived.<sup>55</sup> In these ways, organized crime became an instrument of war. War and privatization took place simultaneously, and organized criminals were well placed to take advantage of this process.<sup>56</sup>

Once the war in Yugoslavia began to cool, another front opened up. In 1997, the economy and government of Albania collapsed when a series of nationwide pyramid schemes ran insolvent. Around this time, fighting began between ethnic Albanian Kosovars and the forces of the Federal Republic of Yugoslavia and this continued through to 1999. The Kosovo Liberation Army received weapons looted from the armories of Albania and support from the Albanian diaspora community. It also drew funds from heroin trafficking, making use of diaspora networks in Italy, Switzerland, and elsewhere in Europe. In 2001, ethnic Albanians in the Former Yugoslav Republic of Macedonia rebelled, a move that some have said was motivated more by criminal interests than political ones.

During the conflict, Albanian traffickers enjoyed a great advantage in the heroin market, due to chaos in their home areas and large diaspora populations in several key destinations, including Italy, the second-largest heroin market in Europe. They were also highly motivated, since they were engaged in a civil war. When the war ended and a moratorium was imposed on speedboat traffic between the two countries, these traffickers lost their privileged position. Their declining participation in West European heroin markets can be seen in declining arrest



and seizure figures, as noted above. It can also be seen in the decline of their traditional allies in Italy, the criminal group Sacra Corona Unita.

Without these organized criminal activities and the funds they provided, the wars could have been much shorter, and the parties quicker to come to the negotiating table. Having penetrated government and business, criminal elites applied the techniques of organized crime, such as assassination, in politics and commerce in the immediate post-conflict period. The most spectacular example of this was the assassination of Serbian Prime Minister Zoran Đinđić in 2003 by organized crime figures who had managed to infiltrate the security services. This led to a major crackdown in Serbia and sent a message through the region that tolerance of organized crime was not sustainable.

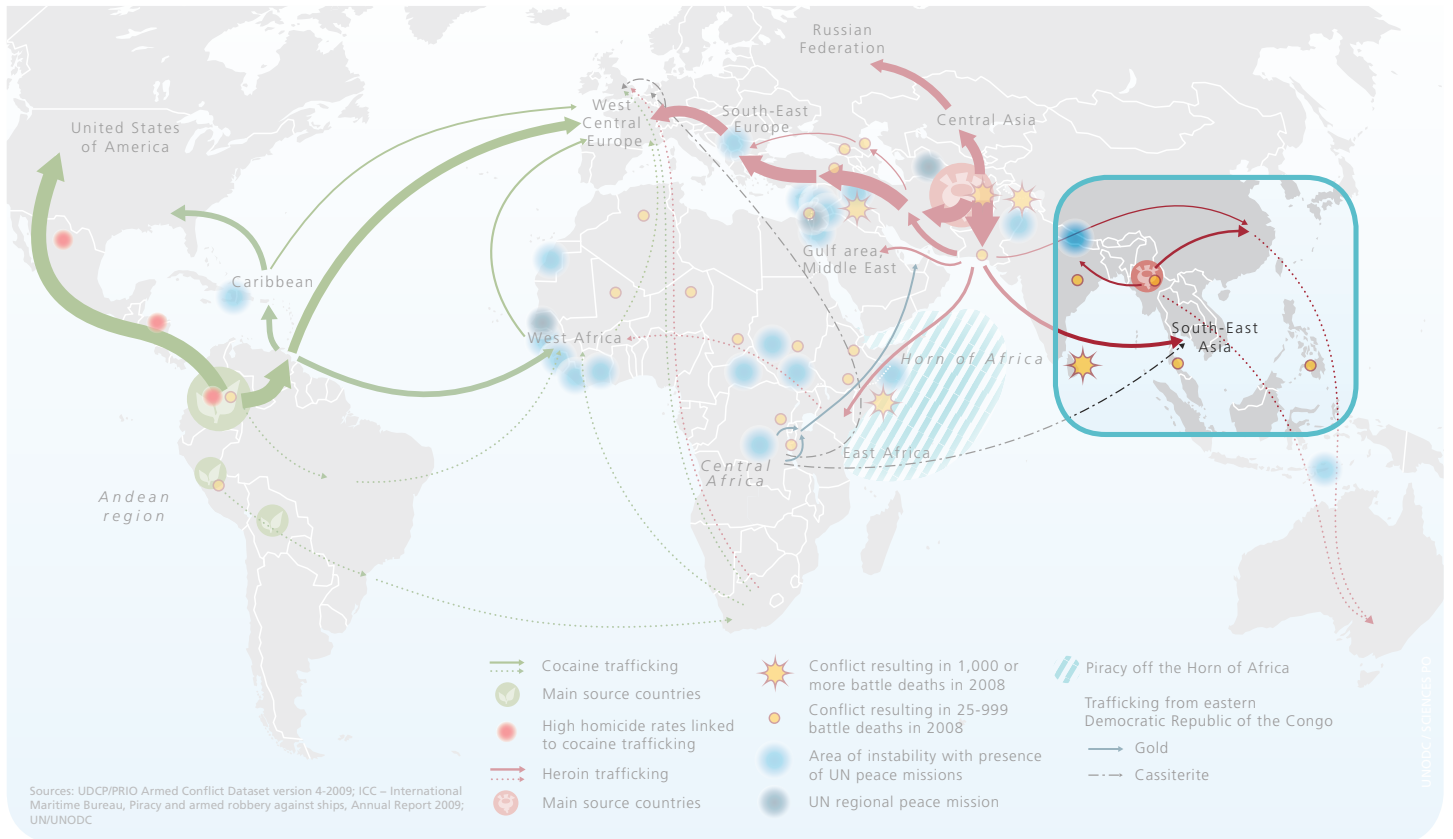
The situation in South-East Europe has moved on considerably since that time, due in part to intensive attention by the European Union. Much work has been done on building institutions and supporting regional governments in making progress toward the goal of European integration. But instability remains a threat in some areas.

Much of the remaining tension in the region is tied to the interests of rival strong men seeking to protect their fiefdoms, including the right to control criminal rackets. Of these, heroin trafficking routes are among the most lucrative. So long as powerful people remain involved in illicit activities, they will retain an interest in keeping the region off balance. They will also maintain the funds and the manpower to promote instability if it suits their interests.

In addition to supporting peace and stability in the region, international cooperation on Balkan organized crime remains a priority because of the global dimensions of this activity. In particular, the huge flow of heroin that continues to go through the region is a matter of serious concern, and, more recently, Balkan criminals seem to be expanding their role in the European cocaine trade. The countries of South-East Europe do not have the means to stop these multi-billion dollar drug flows on their own.







## 2.3. The impact on South-East Asia

### Main TOC threats

Types of threat:

*Production and trafficking in opiates and ATS*

Areas mostly affected:

*Shan State in Myanmar, consumer countries*

Origin and destination of trafficking flows:

*From the Shan State mostly to China and Thailand*

Annual volume of main goods trafficked:

*330 tons of opium in 2009*

Estimated value:

*US\$360 million to farmers and groups in Myanmar;  
US\$3 billion at destination*

Criminal groups involved:

*Ethnic rebel groups*

Location of traffickers:

*Shan State and neighbouring regions*

### Stability threat

Type of threat:

*Insurgency activities*

Areas mostly affected:

*Shan State*

Armed groups involved:

*More than 16 ethnic rebel groups*

### Links between TOC and stability threats

Nature of the link:

*Funding of insurgency*

Impact of TOC on the stability threat:

*Perpetuation of internal conflict*

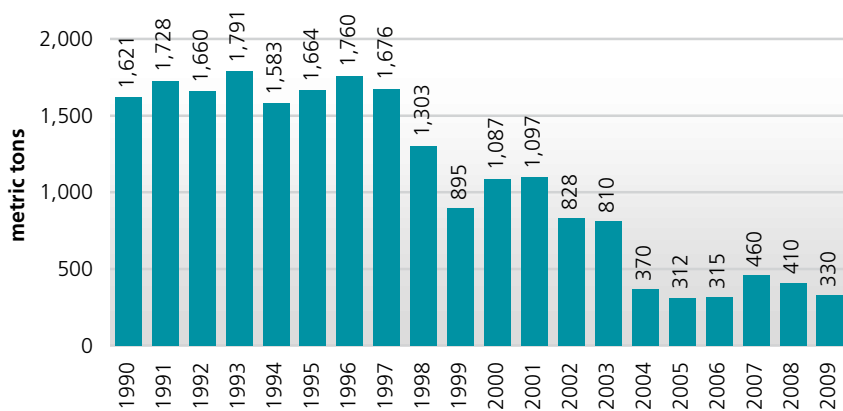
Estimated trend:

*Lower than 15 years ago; relatively stable*

**I. Main transnational organized crime threats**

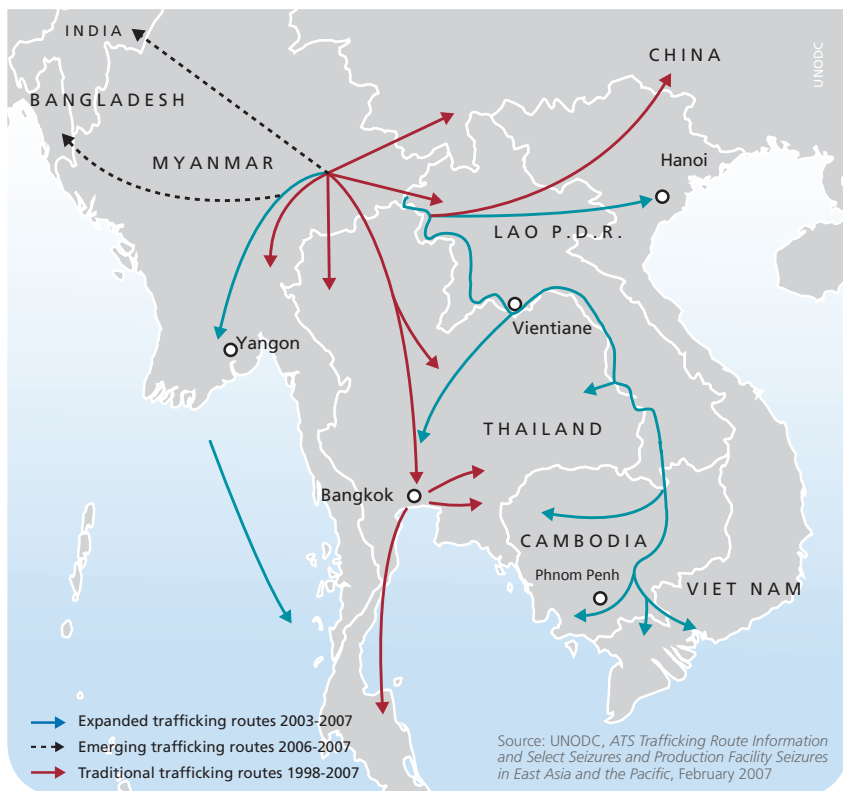
Afghanistan has not always been the world's largest heroin producer. The title once belonged to Myanmar, which, from the 1980s until the 1990s, was the primary supplier to North America.<sup>57</sup> It remains an important producer for the region, including Thailand and China. Opium production has been largely concentrated in the Shan State, the area of the country also most affected by insurgency.

**FIG. 24: OPIUM PRODUCTION IN MYANMAR, 1990-2009**



Source: UNODC, World Drug Report 2009, and UNODC, Opium Poppy Cultivation in South East Asia, December 2009.

**FIG. 25: MAJOR METHAMPHETAMINE TRAFFICKING ROUTES OUT OF MYANMAR**



Indeed, Myanmar's declining role in global heroin markets is directly tied to the defeat of a key insurgent group. The Mong Tai Army, a separatist rebel group headed by the drug warlord, Khun Sa, was defeated in 1996.<sup>58</sup> It controlled more than 70% of the heroin trade in the Golden Triangle at that time.<sup>59</sup> The implementation of a number of peace agreements with the various ethnic rebel groups operating across the Shan State, some alternative development efforts in combination with Chinese pressure put on several of the ethnic groups in the eastern parts of Myanmar, led to massive declines in opium production.

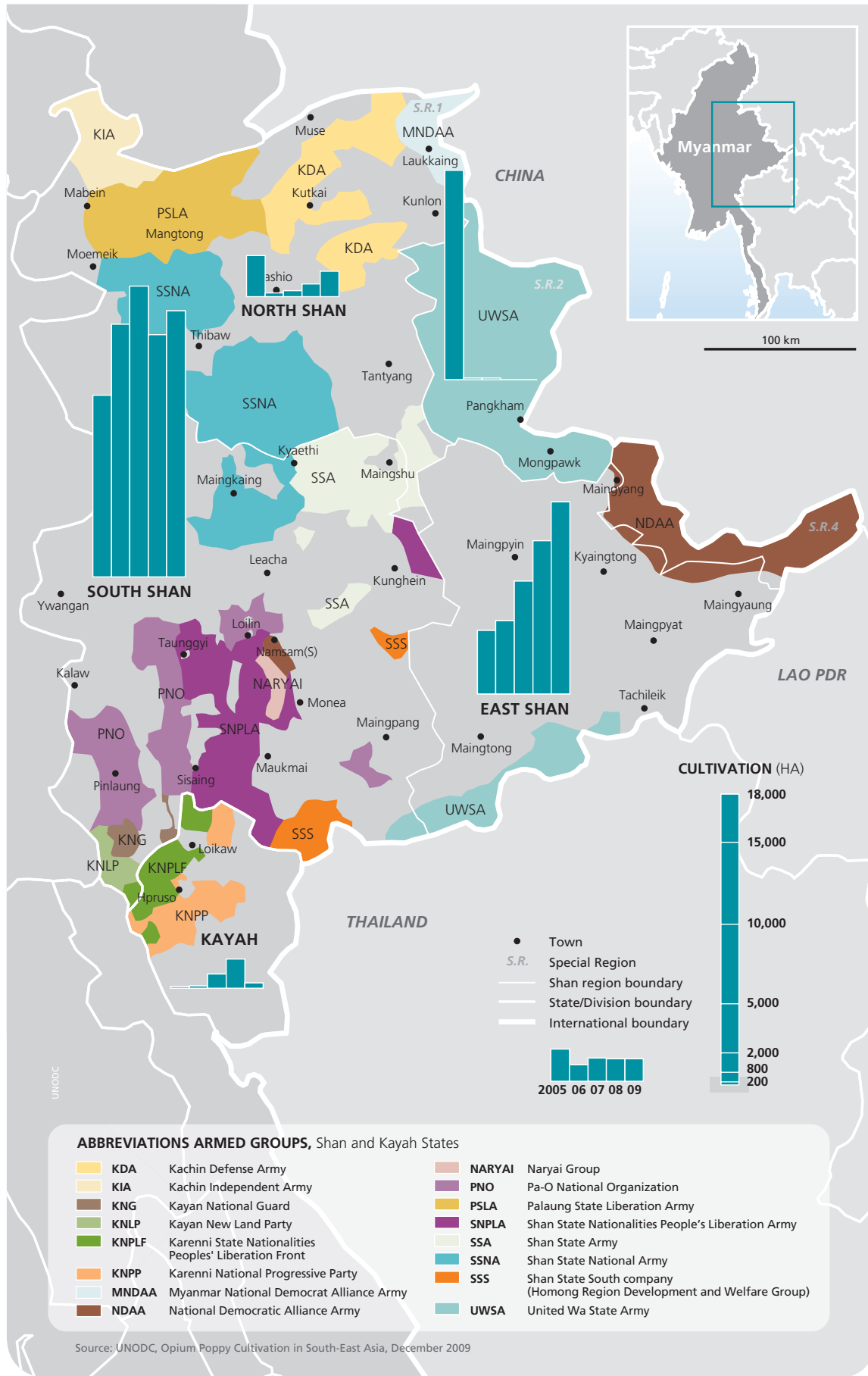
As a result of these efforts, over the 1996-2006 period, the area under poppy cultivation fell from 163,000 ha to 21,500 ha, a decline of 87%. The Kokang region, bordering China, became opium poppy free in 2001. The Wa region, also bordering China, was once the largest opium producing area of Myanmar, but it became poppy free in 2006. The other main opium production region, the North Shan State, which also borders China, reduced the area under poppy cultivation by 99% between 2003 and 2006. By 2008, Myanmar accounted for only 5% of the world's total opium production, down from 30% in 1998. Since 2006, cultivation has again increased, however, reaching 31,700 ha in 2009, but this is still much lower than 10 or 20 years ago.

The South Shan State, bordering Thailand, is currently the largest opium producing area, followed by the East Shan. These two areas accounted in 2009 for around 90% of Myanmar's total area under poppy cultivation.

Since the late 1990s, partly in parallel to the massive declines in heroin production, methamphetamine production increased in the country, particularly in the regions where opium production declined. The territory controlled by the United Wa State Army (UWSA), the largest militant group, has been identified by both US and Thai sources as a major producer of methamphetamine, as well as territories controlled by the Shan State Army-South (SSA-S) and territories controlled by various groups inside the ethnic Chinese Kokang autonomous region.<sup>60</sup> The number of arrests made for synthetic drug trafficking in Myanmar has already started to approach those made for heroin. The authorities in Myanmar dismantled 16 synthetic drug laboratories and 24 heroin laboratories over the 2006-08 period.<sup>61</sup> These drugs are mainly destined for China and Thailand, though increasingly also affect other countries in South-East Asia (the Lao People's Democratic Republic, Cambodia and Viet Nam) as well as India.

FIG. 26:

**EASTERN MYANMAR: CEASE-FIRE GROUPS, SPECIAL REGIONS AND OPIUM POPPY CULTIVATION**



## II. Stability threat

Myanmar is categorized as one of the Least Developed Countries and is the second poorest country in Asia.<sup>62</sup> It is also consistently rated as one of the countries most affected by corruption in the world, coming in third from the bottom in the Transparency International rankings in 2009. The country has been governed by the military since 1962, and at times more than 40 regional ethnic militias were engaged in armed conflict with the central authorities. This fighting drove some 140,000 ethnic minority refugees to camps in Thailand and displaced an even larger number within Myanmar.<sup>63</sup> In 1989 and subsequent years, a series of ceasefire agreements were concluded, mostly in exchange for some kind of local autonomy. A number of the ethnic groups, however, have continued their armed struggle or are in a position to take up the armed struggle at any moment.

There were at least 16 different armed groups controlling parts of the Shan State and the Kayah State in 2009.<sup>64</sup> The strongest seems to be the United Wa State Army (UWSA), controlling the Wa region, as well as some border regions in South Shan and East Shan. Another important group is the Shan State National Army (SSNA), controlling several parts in North Shan and northern parts of the South Shan.

South Shan is the most contested province, and it is also the province with the highest levels of cultivation. Most of the smaller groups see opium as a key source for generating income to maintain their military power. Next to the SSNA, parts of the South Shan State are controlled by the Shan State Army (SSA), by the Shan State Nationalities People's Liberation Army (SNPLA), by the Shan State South company (SSS), by the Pa-O National Organization (PNO), the Shan State Kayan New Land Party (KNLP) and the Kayan National Guard (KNG). Groups controlling the Kayah State include the Karenni National Progressive Party (KNPP) and the Karenni State Nationalities Peoples' Liberation Front (KNPLF). The Special Region 4 (S.R.4) is controlled by the National Democratic Alliance Army (NDAA).

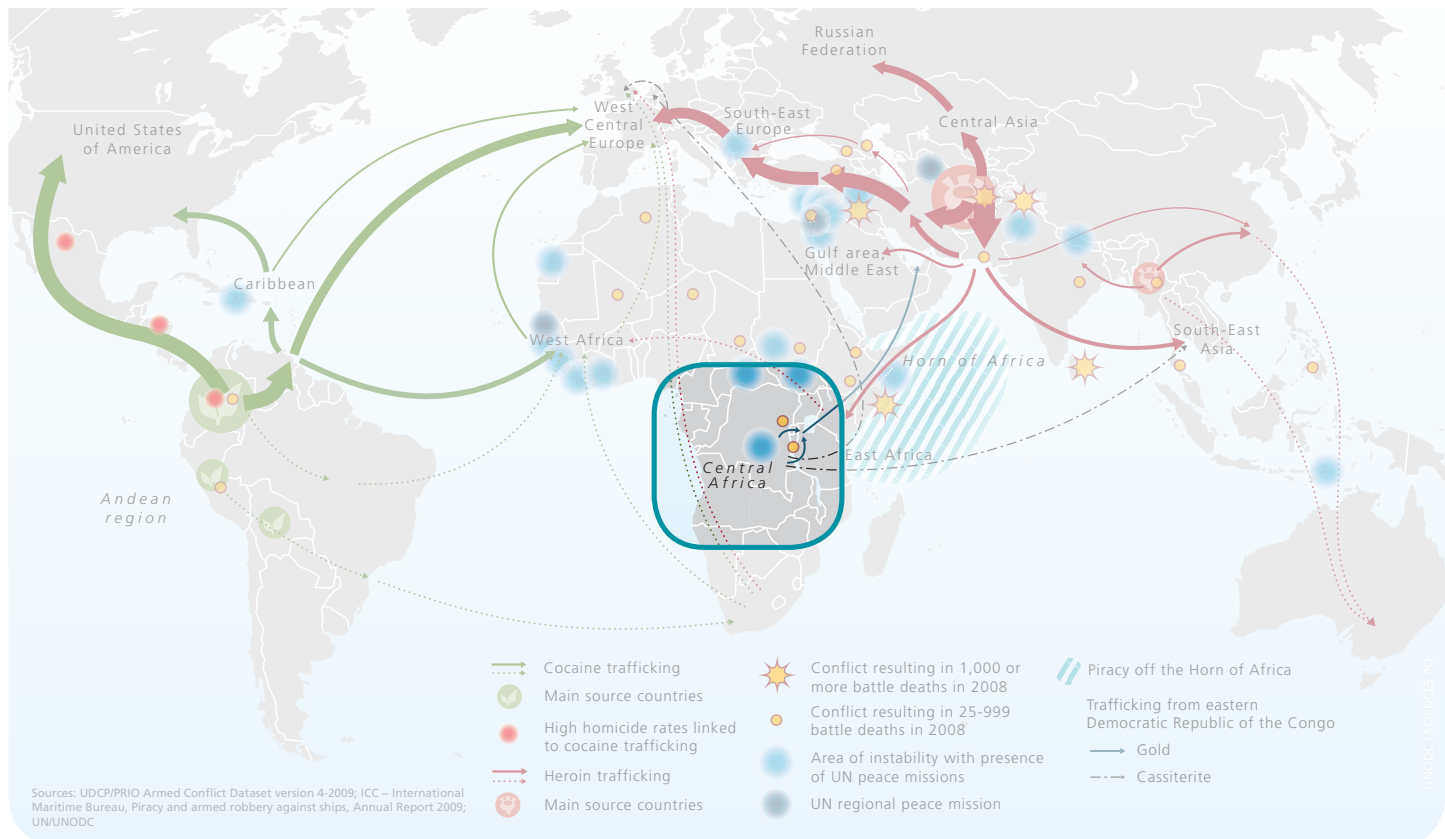
## III. Links between TOC and stability threats

Being isolated from other sources of income, many of the insurgent groups turned to taxing of drug production as a major source of revenue. In addition, they were also reported to tax timber, gems, and other black-market goods passing through the territories which they control. The survival of many of these groups seems to depend on the illicit drug business.

The 330 tons of opium produced in Myanmar in 2009 generated around US\$100 million in gross income for the farmers.<sup>65</sup> It is not possible to calculate the income earned by the drug traffickers, because there are no accurate data on heroin prices in the border regions. A very rough estimate would place heroin sales at around US\$360 million in 2009, with a range of perhaps US\$140 to US\$500 million. Gross profits (income less amounts paid to farmers) would then be around US\$260 million.<sup>66</sup> On this basis heroin sales would be equivalent to around 1.3% of the licit GDP of Myanmar.<sup>67</sup> This is much less than in Afghanistan. So while drug sales allow rebel forces to remain mobilized, the country as a whole is not dependent on them.

Should the rebel forces need to become active again, they could very rapidly increase their drug income. Farmers in the region have the know-how to immediately expand production if needed. One factor constraining yields in 2009 was the poor weather. If weather conditions had been the same as in 2008, the 2009 yield would have been 40% higher. The rebel groups could also become more actively involved in international trafficking if there were financial needs to do so, as Khun Sa's Mong Tai army had done. Short-term incomes in excess of one billion dollars would not be out of the question. But accessing this income requires international trafficking to foreign consumption markets, many of them located half a world away.

Reducing the potential for violence in South-East Asia will require addressing the transnational heroin trade, ATS production and regional trafficking, as well as all the other illicit activities that fuel armed groups in the region.



## CHAPTER 3. MINERALS SMUGGLING FROM CENTRAL AFRICA

### Main TOC threat

Type of threat:

*Illicit exploitation/trafficking of minerals, particularly gold and cassiterite (tin ore)*

Areas mostly affected:

*East of the DR of the Congo, Rwanda, Uganda, Burundi, UR of Tanzania*

Origin and destination of trafficking flows:

*Origin: DRC; destination for gold: mainly United Arab Emirates; for cassiterite: Belgium (mainly), Thailand, UK, Rwanda*

Annual volume of main goods trafficked:

*Gold: 40 tons; cassiterite: unknown*

Estimated value at the regional level:

*Gold: US\$1.24 billion; cassiterite: some US\$130 million (likely much higher)*

Criminal groups involved:

*Mainly FDLR, CNDP; elements of FARDC*

Location of traffickers:

*Mainly eastern DRC; Rwanda and other*

### Stability threats

Type of threat:

*Armed conflict, erosion of central authority*

Areas mostly affected:

*North and South Kivu provinces of the DRC*

Armed groups involved:

*FDLR, CNDP, PARECO, Mai Mai groups*

### Links between TOC and stability threats

Nature of the link:

*Large illicit incomes for armed groups*

Impact of TOC on the stability threat:

*Armed violence, obstacle to peacekeeping*

Estimated trend:

*Increasing (gold); decreasing (cassiterite)*



**I. Main transnational organized crime threat**

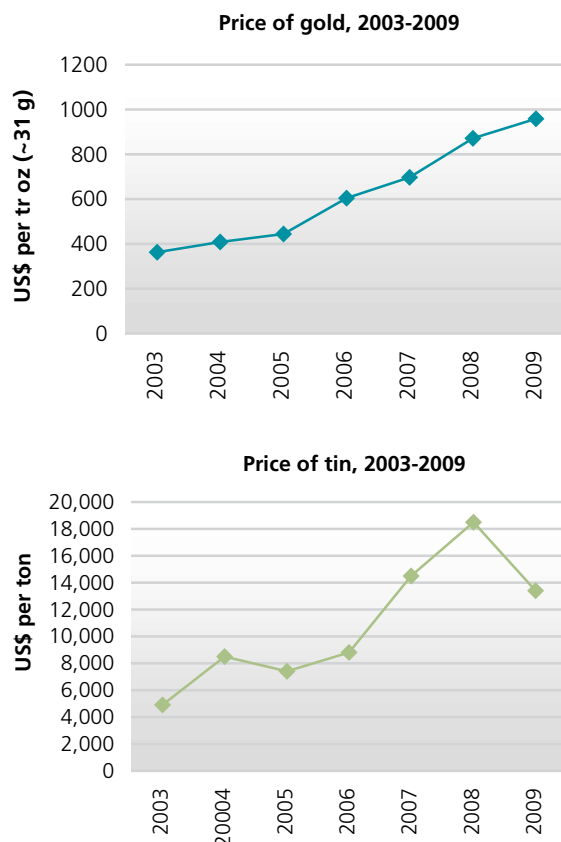
Unlike the other areas reviewed with insurgency problems, the problem in the Democratic Republic of the Congo (DRC) is not drugs, but the illicit extraction and smuggling of minerals. The DRC has tremendous mineral wealth, yet the Congolese are among the poorest people on earth, and they have grown poorer even as the value of their national assets has grown. One of the reasons for this apparent paradox is organized crime: the looting and smuggling of gold and other minerals by armed groups who have assumed control of parts of the country. And despite decades of peace efforts, the insurgent groups who benefit from these minerals do not appear eager to come to the negotiating table. Until the mineral trafficking is addressed, the prospects for peace will be seriously undermined.

Insurgent groups in the eastern part of the country are arming themselves with money gained from illegal mining and mineral trafficking. The problem is an international one, with countries in the region serving as transit zones and wealthier nations as destinations for the contraband. Rwanda is particularly affected – one of the key armed groups operating in the DRC is the ethnic Hutu Forces Démocratiques de Libération du Rwanda (FDLR) – and the country is a key transit zone for trafficked minerals.<sup>68</sup> But the traffic also affects Burundi, Uganda and the United Republic of Tanzania. Prime destination markets include Belgium, the United Kingdom, the United Arab Emirates and Thailand.

While coltan used to be the biggest source of income for armed groups in the eastern DRC, gold and cassiterite (tin ore) have now replaced it. Gold prices have increased steadily over the last decade, and demand has been stable at just below 4,000 tons per year.<sup>69</sup>

**FIG. 27:**

**PRICE OF GOLD AND TIN, 2003-2009**



Source: World Bank Commodity Price Data

Demand for tin increased in the mid-2000s, peaking at more than 363,000 tons per year in 2007, and prices increased accordingly.<sup>70</sup> However, as a result of the global economic downturn in 2008, both demand for, and the price of, cassiterite have decreased. It is too early to tell whether this will significantly impact on the groups profiting from the trade.

While it is clear that armed groups are benefiting from supplying these markets, it is unclear how

**FIG. 28:**

**OFFICIAL CASSITERITE EXPORT FIGURES FROM NORTH AND SOUTH KIVU (TONS), 2007-2009**

2007 <sup>71</sup>		Jan-Sept 2008 <sup>72</sup>		Jan-Sept 2009 <sup>73</sup>	
North Kivu	10,175	North Kivu	10,903	North Kivu	7,592
South Kivu	4,731	South Kivu	2,880	South Kivu	3,644
<b>Total</b>	<b>14,906</b>	<b>Total</b>	<b>13,783</b>	<b>Total</b>	<b>11,236</b>

much they are benefiting, because even official output is questionable. All mining is artisanal, and record-keeping is generally scarce and inaccurate. Several governmental entities are involved in regulating the trade; none of them has a comprehensive overview of mining activities in the region. In addition, official production is also marred by corruption. As a result, official export statistics only provide a rough indication of the size of the licit trade.

Since export-grade cassiterite from the DRC normally contains around 65% tin,<sup>74</sup> the total official exports in 2007 would have a value of some US\$140 million. Prices were still increasing in 2008, so the value for the first three quarters of the year alone would be some US\$166 million. As noted above, prices decreased significantly in 2009. But if illicit production is at all comparable, this would represent a very significant source of income for an insurgent group.

Gold is worth much more, and growing in value as global economic insecurity increases. It is also easy to smuggle and sell, making a very attractive commodity for rebel armies. It is also attractive to corrupt officials: in its latest report, the UN Group of Experts on the DRC said they did not even “consider gold statistics worth detailing, given the scale of the fraud.”<sup>75</sup> An official source does give an estimate of the amount of gold smuggled, however: some 40 tons each year, valued at some US\$1.24 billion in 2009.<sup>76</sup>

Smuggled gold is mined in the eastern insurgent areas of the country, particularly North and South Kivu. Gold from North Kivu is mainly smuggled through Uganda, whereas gold from South Kivu is usually smuggled through Burundi, with a smaller flow going through the United Republic of Tanzania. The main destination for Kivu gold is the United Arab Emirates.<sup>77</sup>

The cassiterite trade is more complex, as the bulk of the ore makes clandestine trafficking difficult. Cassiterite miners sell their minerals to negociants (traders) who are licensed to buy and resell to domestic export companies, so-called comptoirs (buying houses). In 2008, there were some 40 comptoirs in the Kivus.<sup>78</sup> Official comptoirs are required to obtain a licence from the mine ministry, which gives an apparent legitimacy to the trade, as foreign buyers can claim that they buy only from “legal” sources. In practice, it is likely that much of this material is sourced illicitly. In 2007, most of the registered cassiterite from the Kivus was sold to Belgium-based traders. In the first half of 2008,

**FIG. 29: KEY MINING AREAS BENEFITTING THE FDLR AND (FORMER) CNDP, 2009**

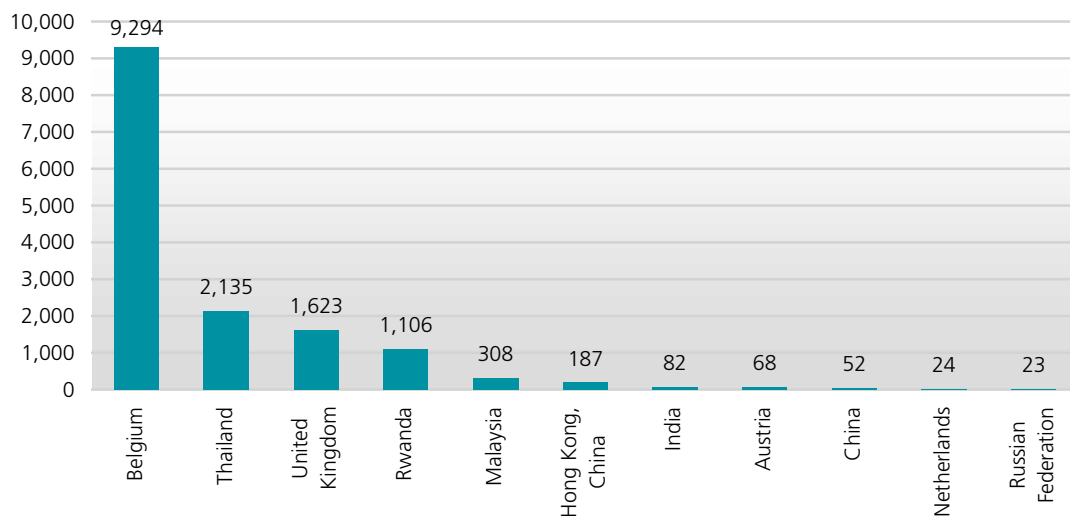


Source: Final Report of the Group of Experts on the Democratic Republic of the Congo, S/2009/603, other Expert Group reports



FIG. 30:

## CASSITERITE FROM NORTH AND SOUTH KIVU, MAIN IMPORTERS BY COUNTRY OF REGISTRATION, 2007



Source: Global Witness, "Faced with a gun, what can you do?" War and the militarisation of mining in eastern Congo, July 2009, p. 60.

traders in Canada, China, India and the Russian Federation increased their share.<sup>79</sup>

## II. The stability/governance situation

The DRC is a country the size of Western Europe, sharing land borders with nine countries. Most Congolese today live within 100 kilometres of an international border and often have closer links with neighbouring countries than the central government.<sup>80</sup> The distance from Kinshasa to the Kivus is more than 1,500 kilometres, practically inaccessible given the lack of paved roads. The country has experienced serious governance problems since independence, including the 32-year dictatorship of Mobutu Sese Seko, during which infrastructure was allowed to decay.

In 1994, ethnic Hutu militias in Rwanda attacked the country's Tutsi population, killing an estimated half a million people in about 100 days. When order was again restored, a large number of Hutus fled the country in fear of reprisals. Among them were militants, who continued to attack Rwanda. Some of these would evolve into today's Forces Démocratiques de Libération du Rwanda (FDLR). In 1996, the Rwandan and Ugandan militaries invaded the DRC, in order to defeat the Hutu and overthrow Mobutu Sese Seko. DRC politicians, who had wanted to depose Mobutu for some time, joined the offensive.

In 1997, Laurent Kabila deposed Mobutu with the assistance of the Rwandan and Ugandan armies. In

1998, Kabila broke with his allies, who refused to leave the country, so both backed new militia groups. Although the conflict formally ended in 2003,<sup>81</sup> the eastern part of the country – particularly North and South Kivu – is still experiencing armed conflict. While there are several underlying issues,<sup>82</sup> profits from illegal minerals are funding armed groups and thus perpetuating insecurity.

Following a "serious escalation of fighting"<sup>83</sup> in North Kivu in the second half of 2008, the political situation changed dramatically in early 2009. The long-time leader of the armed group Congrès National pour la Défense du Peuple (CNDP), Laurent Nkunda, was arrested in Rwanda in January. Soon thereafter, several thousand combatants from CNDP, PARECO (Patriotes Résistants Congolais) and smaller armed groups were incorporated into the national army (the Forces Armées de la République Démocratique du Congo – FARDC).<sup>84</sup>

In spite of the political progress, the Forces Démocratiques de Libération du Rwanda (FDLR) remains active, and millions of dollars continue to flow into its coffers.<sup>85</sup> Although the CNDP is now ostensibly a part of FARDC, the movement and its revenue-generating capacities remain distinct.<sup>86</sup> For example, at Bisie mine in Walikale, North Kivu, which produces some 70% of the province's cassiterite, a former CNDP officer was assigned to collecting taxes on behalf of the government, and he continues controlling part of the mine's production.<sup>87</sup>



### III. Linkages between TOC and stability threats

The United Nations has established clear links between illicit mineral exploitation and trafficking and armed conflict in the eastern DRC through the work of its Group of Experts. The Group's reports<sup>88</sup> have detailed how income gained from this trade has enabled various armed groups to build up their military capacities and challenge the Government's territorial control, particularly in North and South Kivu.

The Forces Démocratiques de Libération du Rwanda (FDLR), a predominantly Rwandan Hutu group, is the group that has benefited most from illicit minerals. Its control of gold and cassiterite mines, particularly in South Kivu, continues to generate large revenues. It is involved in trafficking minerals by road to Rwanda, and has close ties to a number of traders and trading houses. For example, the top five cassiterite comptoirs in South Kivu in 2007 (according to Government export statistics) had direct financial links to negociants who work with the FDLR.<sup>89</sup>

In 2009, the newly-integrated FARDC, with assistance from the Rwandan Defence Force, launched an offensive aimed at weakening the FDLR's military capabilities. It targeted key FDLR bases and strategic locations. The offensive failed, however, and FDLR is still deeply entrenched in South Kivu, particularly in key mining areas.<sup>90</sup>

The Congrès National pour la Défense du Peuple (CNDP) has often chosen more indirect methods of profiteering from the natural resources. This group controls a key border crossing with Rwanda,<sup>91</sup> imposes various forms of "taxation" on the production and trafficking of minerals, and exerts pressure on mineral traders and buying houses for cuts of their profits. Some parts of North Kivu are, in fact, under parallel civilian administrations, with CNDP appointees working in administrative offices of some local government entities. For example, in Masisi, CNDP officials are collecting a number of local taxes.<sup>92</sup>

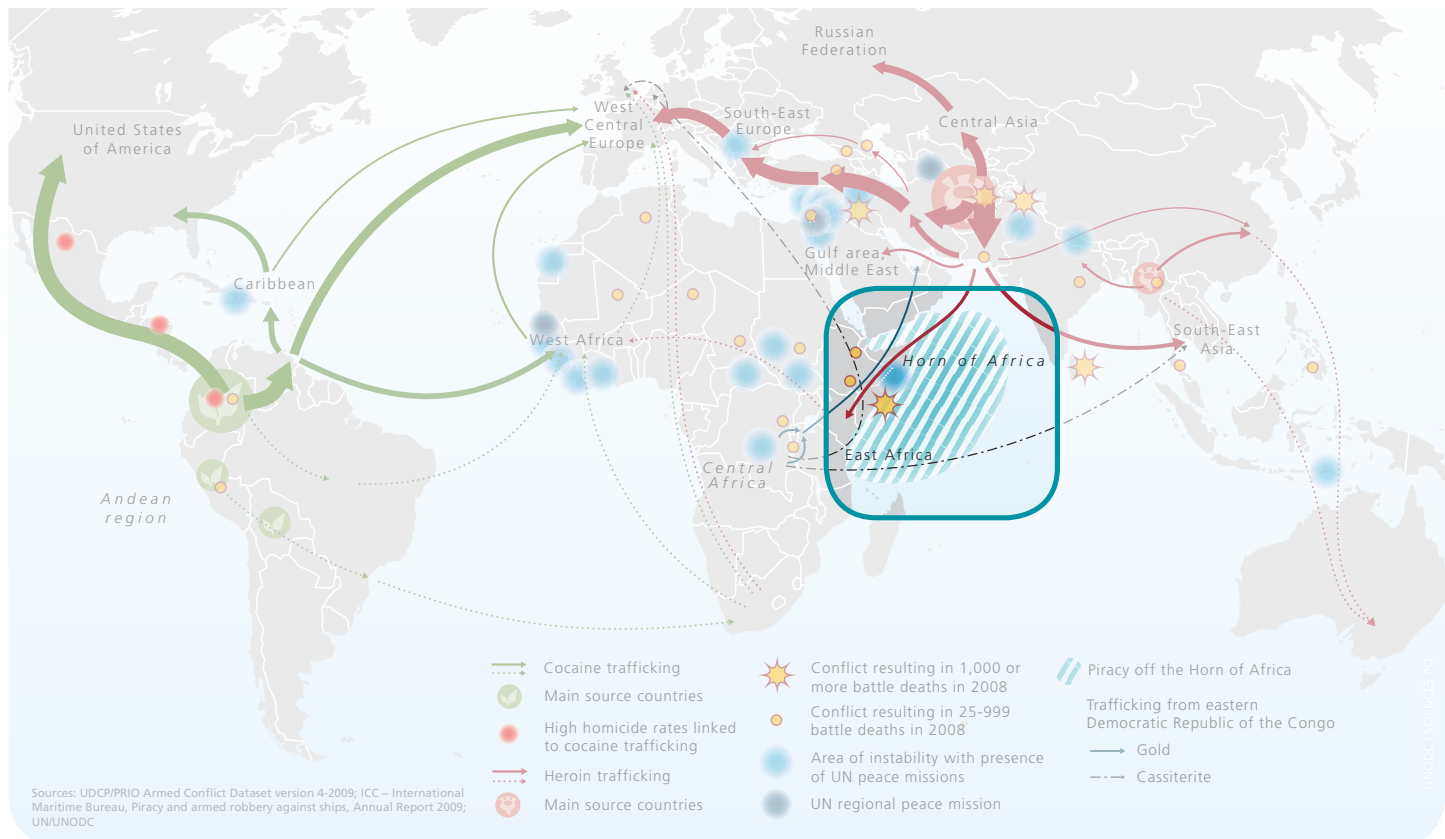
PARECO and various community-based armed groups (known as "Mai Mai") also benefit financially from the trade in illicit minerals, but usually in an opportunistic way. This also reflects the fact that these groups tend to lack a well-defined economic and political agenda.<sup>93</sup>

Finally, elements of the Congolese military forces are also deeply entrenched in and benefiting from

the trade. The UN Group of Experts argued that "the Group believes that it is not in the interest of certain FARDC commanders to end the conflict in eastern Democratic Republic of the Congo as long as their units are able to deploy to, and profit from, mining areas."<sup>94</sup>

In other words, the trafficking of minerals is key to conflict in the DRC. Addressing this conflict will require addressing the transnational organized crime that fuels it. If, through internationally coordinated efforts, this flow were to be stemmed, many of the combatants would lose their ability, and perhaps their will, to fight. Efforts similar to those used in the Kimberley Process on conflict diamonds could make a major difference in the security of the DRC.





## CHAPTER 4. MARITIME PIRACY OFF THE HORN OF AFRICA

### Main TOC threat

Type of threat:	<i>Piracy for ransom</i>
Areas mostly affected:	<i>Coasts off Somalia (up to 1,000 nautical miles out (equal to 1,852 km))</i>
Origin and destination of affected ships:	<i>Many countries</i>
Annual number of piracy incidents:	<i>217 in 2009</i>
Estimated profits:	<i>At least US\$50-100 million per year</i>
Criminal groups involved:	<i>Two main networks: One based in Puntland, the other in Mudug province</i>
Location of pirates:	<i>Somalia (incl. Puntland and Somaliland)</i>

### Stability threat

Type of threat:	<i>Difficulties in establishing Government authority</i>
Areas mostly affected:	<i>Whole country</i>
Armed groups involved:	<i>Insurgents</i>

### Links between TOC and stability threats

Nature of the link:	<i>TOC generates funds for armed groups; anarchy results in impunity for pirates</i>
Impact of TOC on the stability threat:	<i>Pirates' income higher than Government budgets</i>
Estimated trend:	<i>Increasing</i>

**I. Main transnational organized crime threat**

Somalia is a single state comprised of three autonomous zones: Somaliland, Puntland, and the residual Somalia, which has been contested by rival armed groups for nearly two decades. In this context, it is difficult to speak of threats to the state, but anything that serves to aggravate and spread instability must be addressed. The recent growth of maritime piracy, bringing millions of dollars in ransom money to armed criminals, poses this threat.

Piracy has been around as long as people have depended on seaways for transport and trade. Incidents of piracy in Somalia, the country with the longest coastline on the African continent, have increased rapidly in recent years, as has the country's share of global piracy incidents. In the early 2000s, Somali pirates were responsible for around 5% of global attacks. In 2009, out of 406 reported incidents, more than half (217) were attributed to Somali pirates.

practice has become so widespread that it may not matter any more.

Pirates are now operating more than 1,000 nautical miles (1,852 kilometers) from the shore, which means they are capable of targeting ships off the coasts of Kenya, the United Republic of Tanzania, Seychelles and Madagascar, as well as in the Indian ocean.<sup>95</sup> As the principal waterways become better policed, the location of piracy incidents has shifted away from the Gulf of Aden and towards the south-eastern coast of Somalia. In 2008, less than 20% of the attacks took place outside the Gulf; in 2009, more than 40% did.

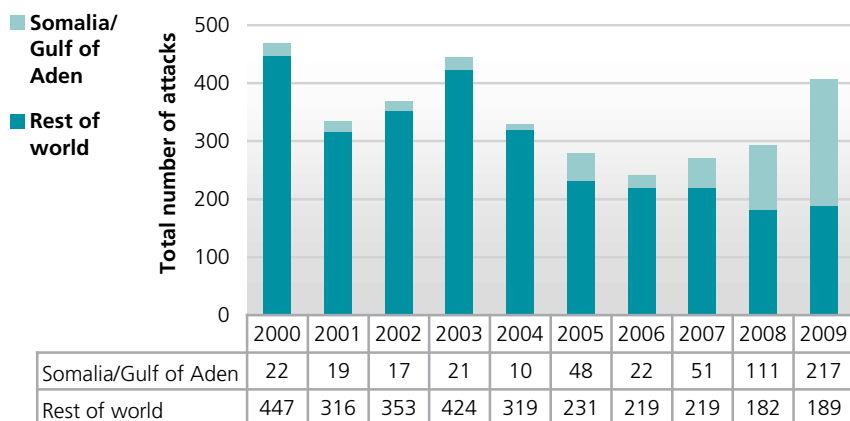
The main method for targeting vessels is for the pirates to wait in skiffs, usually some 50 nautical miles off the coast, on the lookout for a suitable vessel to attack. This method is used both in the Gulf of Aden and in the Indian Ocean. However, there are also reports of pirates being equipped with GPS and tracking ships through the use of on board navigation information systems. They are also believed to have built up a large network of coastal and port informants.<sup>96</sup>

Once a vessel has been targeted for attack, several small skiffs are released from pirate "mother ships",<sup>97</sup> prepared to attack the vessel simultaneously from different directions. This method of attacking moving vessels is currently very common for Somali piracy; it is used much less frequently by other pirates.<sup>98</sup> Assault rifles and/or rocket-propelled grenades are now used in most attacks by Somali pirates.<sup>99</sup> At least some of the pirates involved usually manage to board the vessel and capture the (generally unarmed) crew.<sup>100</sup> Bulk carriers, container ships and general cargo ships comprise the majority of piracy victims.<sup>101</sup> This is likely due to their relatively large size and slow speed.

The hijacked vessel is then brought to one of the main bases of operation, Eyl, Hobyo or Haradheere,<sup>102</sup> and negotiations for ransom can commence. The pirates have set up safe locations onshore from where they can conduct ransom negotiations.<sup>103</sup> Companies that pay ransoms are understandably reluctant to reveal the amount, and the pirates themselves are not a reliable source, but the figures mentioned are frequently in the millions of dollars. In January 2010, a record ransom of either US\$5.5 or 9 million was paid.<sup>104</sup> With 47 successful hijackings in 2009, the annual profit generated by piracy could amount to tens of millions of dollars, in a country with a GDP of some 2.5 billion dollars.<sup>105</sup>

FIG. 31:

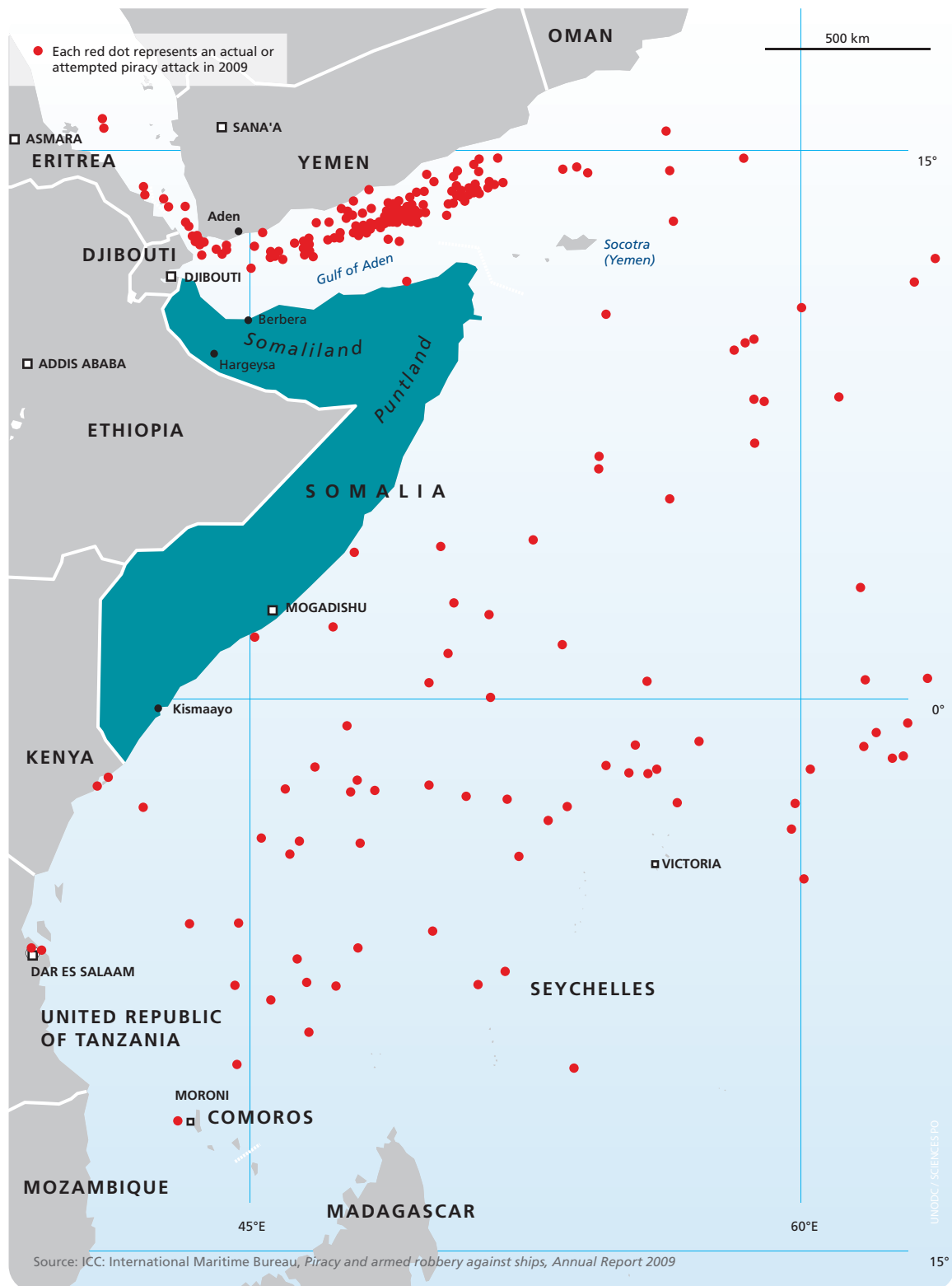
**LOCATIONS OF TOTAL REPORTED PIRACY ATTACKS, 2000-2009**



Source: IMB-ICC annual reports, 2003-2009

The pirates claim to be defending the coastline of Somalia from illicit fishing and toxic waste dumping, but their actions belie their words. As the number of pirate attacks in the region has increased, commercial fleets have been advised to steer farther and farther from the Somali coast. This has compelled the pirates to travel farther in search of victims, and they now attack craft having absolutely no relation to their domestic waters. Playing the role of the national defender has won the pirates some public legitimacy; important because they are dependent on community support on shore. This line is becoming increasingly implausible, but the

**FIG. 32: PIRACY INCIDENTS ATTRIBUTED TO SOMALI PIRATES, 2009**



There is anecdotal evidence that as many as 1,400 Somali men are now actively engaged in piracy.<sup>106</sup> Two main piracy networks have been identified: one in the semi-autonomous northern Puntland and another in the south-central Mudug region.<sup>107</sup>

The most prominent pirate groups today seem to have their roots in Somali coastal fishing communities, especially in north-eastern and central Somalia, and their organization tend to reflect Somali clan-based social structures.<sup>108</sup>

## II. The stability/governance situation

After the 22-year dictatorship of Siad Barre and 18 years of civil war, the Government collapsed in 1991. Numerous attempts at establishing a central authority since then have failed. Somalia still does not have an effective national government which controls the entire country. Indeed, it has three administrations with differing objectives: 1) the Transitional Federal Government, which aims to be the national government; 2) Government of Somaliland, which aims to be the government of an independent Somaliland; and 3) Government of Puntland, which aims to be the government of the semi-autonomous region of Puntland.

While the election of President Sheikh Sharif Sheikh Ahmed in January 2009 brought some optimism, as his ascent to power was brought about by a union between the former enemies of the Transitional Federal Government and the Islamic Courts Union; unfortunately, this union was short-lived. Somalia once again descended into a state of anarchy, and the insurgent groups Al Shabaab and the Hizbul Islam coalition attempted to take Mogadishu.<sup>109</sup> Since early May, in addition to the intermittent attacks on Government forces, there have been targeted killings by insurgent groups, such as the June assassination of Omar Hashi Aden, the serving Minister of National Security.<sup>110</sup>

The President and his government have sought engagement with armed opposition groups, including the Hizbul Islam coalition. There have also been consultations with influential clan elders and Islamic clerics in efforts to broaden domestic support for the stabilization of the country. However, these engagements have proved to be challenging, in large part due to inflexibility among hard line insurgents.<sup>111</sup>

Of the three entities that constitute Somalia, Somaliland has the best established central government, whereas the putative national Government in Mogadishu is the weakest. Even the Somaliland Government struggles to deliver basic public services. Four fundamental shortcomings affect all three governments, namely inadequate governance systems, human resources, public service delivery and physical infrastructure.<sup>112</sup>

In Puntland, which is a base for pirates, the political situation was recently described as “generally calm,<sup>113</sup> in spite of occasional violent incidents, abductions and assassinations.<sup>114</sup> Two Members of Parliament were also assassinated in separate incidents in January 2010.<sup>115</sup>

It has been argued that the common strand linking all Somali insurgents is a perception that the international community has been indifferent to the country's sovereignty and the interests of ordinary Somalis. For example, some see the Transitional Federal Government as a foreign imposition. The American missile strike that killed the leader of one of the main insurgency groups, Al-Shabaab, in 2008, provoked intense anger across the country, even among those who do not support the group.<sup>116</sup>

It is clear that Somalia has severe problems establishing even the most basic governmental structures, let alone tackling piracy. Moreover, resources to improve the situation are scarce and unpredictable: the Transitional Federal Government forecast a total expenditure of US\$110 million on anti-piracy measures in 2010, 80% of which depends on foreign assistance.<sup>117</sup>

## III. Linkages between TOC and stability threats

Somali piracy is clearly linked to the general lawlessness in the country. The instability is enabling piracy to flourish, as pirates have little to fear from a state that lacks capacity to prevent, expose and prosecute the crime. Pirates can generally operate with impunity,<sup>118</sup> and may even enjoy an air of respectability within their communities.

Other cases presented in this chapter illustrate how the development of organized crime activities in a context of instability and weak governance can impact the situation that created it. One commentator argues that “the failure of governance has... resulted in a climate of insecurity in Somalia, which led to the development of a criminal economy. The reign of terror which has plagued Somalia on land created the environment for the extension of violence to the sea, and the profit from piracy in turn again sustains the insurgency in the country as a whole.”<sup>119</sup>

While Somalia may indeed become trapped in a “vicious circle”, it is currently not clear to what extent piracy is driving instability. The links between pirates and insurgents are not clear-cut. Neither of the two main insurgent groups, Al-Shabaab and the Hizbul Islam coalition,<sup>120</sup> are known to be directly involved in piracy, but it has been reported that Al-Shabaab (AS) does have some links to pirates. Pirates have apparently approached AS for combat training, and AS is learning about maritime operations from the pirates. It also appears that AS is capable of taxing piracy. For example, when the



group captured the southern port of Kismayo, it was reported that pirates operating out of the port had to pay “protection money” in order to be left alone.<sup>121</sup>

The “operational synergies” that may exist between some of the pirates and AS seem to be limited to the pirates of Haradheere (north of Mogadishu), who are from the same clans as many of AS. Due to clan rivalry, the pirates north of Haradheere are likely to have limited connections with AS.<sup>122</sup> In addition to indirectly funding insurgency, there is concern about the growing influence of the pirates on what government exists.<sup>123</sup> Politicians who wish to remain in power may be loathe to challenge the pirates, given their wealth and, often, popular support. In Puntland, piracy is said to be penetrating all levels of society. The pirates’ annual income dwarfs the Government’s budget,<sup>124</sup> and a number of Puntland ministers are suspected of involvement in piracy.<sup>125</sup>

In short, in addition to addressing the security concerns around a very important maritime trade route, efforts to address piracy should also contribute to the efforts to restore order to Somalia. Wealthy organized criminals are yet one more powerful group with an interest in instability. And any wealth entering the country at this stage is likely to find its way into the hands of the militant groups who control so much of the territory of the country.



## CONCLUSION

This paper has illustrated the ways that transnational organized crime is both a symptom and a cause of instability in a diverse range of regions around the world. Both organized crime and insurgency undermine the rule of law. Together, they pose an even greater challenge to stability. Left unaddressed, criminal riches can buy the arms and the influence to affect the course of political events, particularly in the poorer areas of the world. And the direction of this influence is almost always toward further conflict, as the downward cycle feeds upon itself.

This insidious link can provide a point of insertion for intervention, however. Contraband flows can have devastating local effects, but their dynamics are almost always international. Interventions can be targeted in areas less problematic than war zones. Strategies aimed addressing these flows could play a pivotal role in addressing civil conflict, by removing the profit motive that keeps many antagonists armed and in the field. Put simply, reducing crime can help foster peace.

For example, the two most problematic illicit drugs – cocaine and heroin – leave a swathe of destruction in many regions affected by the trade, not to mention the damage they do in North America and Europe. If the flow of these drugs were significantly reduced, this could pay dividends in reducing conflicts around the world.

The problem is that most efforts against drugs are national, or, at best, bilateral, when the scale of the trafficking is global. Without a strategy scaled to fit the size of the problem, successful national efforts run the risk of simply displacing contraband flows. When opposed, the drug markets in cocaine and heroin have consistently adapted, finding new cultivation areas, new transit zones, and new consumer markets. In many cases, they have settled in the areas of least resistance, which are precisely the areas least equipped to deal with the challenge. And it is here that organized crime can escalate to the level of being a threat to stability.

The world does have a framework for dealing with these drugs internationally, in the form of the three drug Conventions (of 1961, 1971, and 1988), the United Nations Convention against Transnational Organized Crime, and the Convention against Corruption, which provide a platform upon which cooperation can occur. A great deal of successful collaboration has occurred under this aegis, but

more could be done. Too often, work under the Conventions has been limited to law enforcement, while transnational organized crime cannot be reduced to a criminal justice issue. The Conventions provide a bedrock, but they do not constitute a global strategy, and they do not frame drug trafficking as a matter of international security.

To deal comprehensively with these intractable and interlinked issues, there can be no substitute for coordinated international action. One area where immediate progress can be made is to fully integrate crime prevention into United Nations peace operations. The United Nations is best suited to provide the leadership needed to address these global issues at the level required. But doing so will necessitate moving beyond the disciplinary silos that distinguish organized crime from other security threats. It will mean acting as one United Nations, making use of the full range of military, development and crime prevention tools available.



## ENDNOTES

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See Von Kemedi, *Fuelling the Violence: Non-State Armed Actors (Milizia, Cults, and Gangs) in the Niger Delta*. 2006 p. 22. All state revenues from the oil industry are taken by Abuja, which then distributes a proportion to state governments. The oil producing states’ share of this income has varied over the past 40 years but currently stands at 13% of official income. Many Niger Delta politicians (as well as the Movement for the Emancipation of the Niger Delta) demand a 50% share.
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