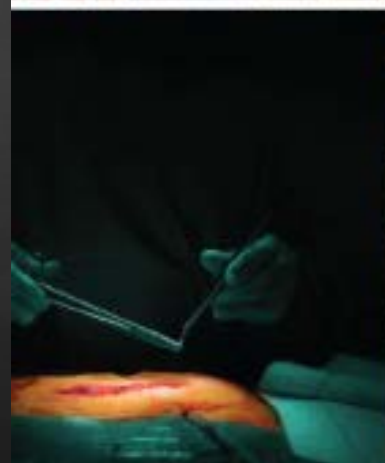


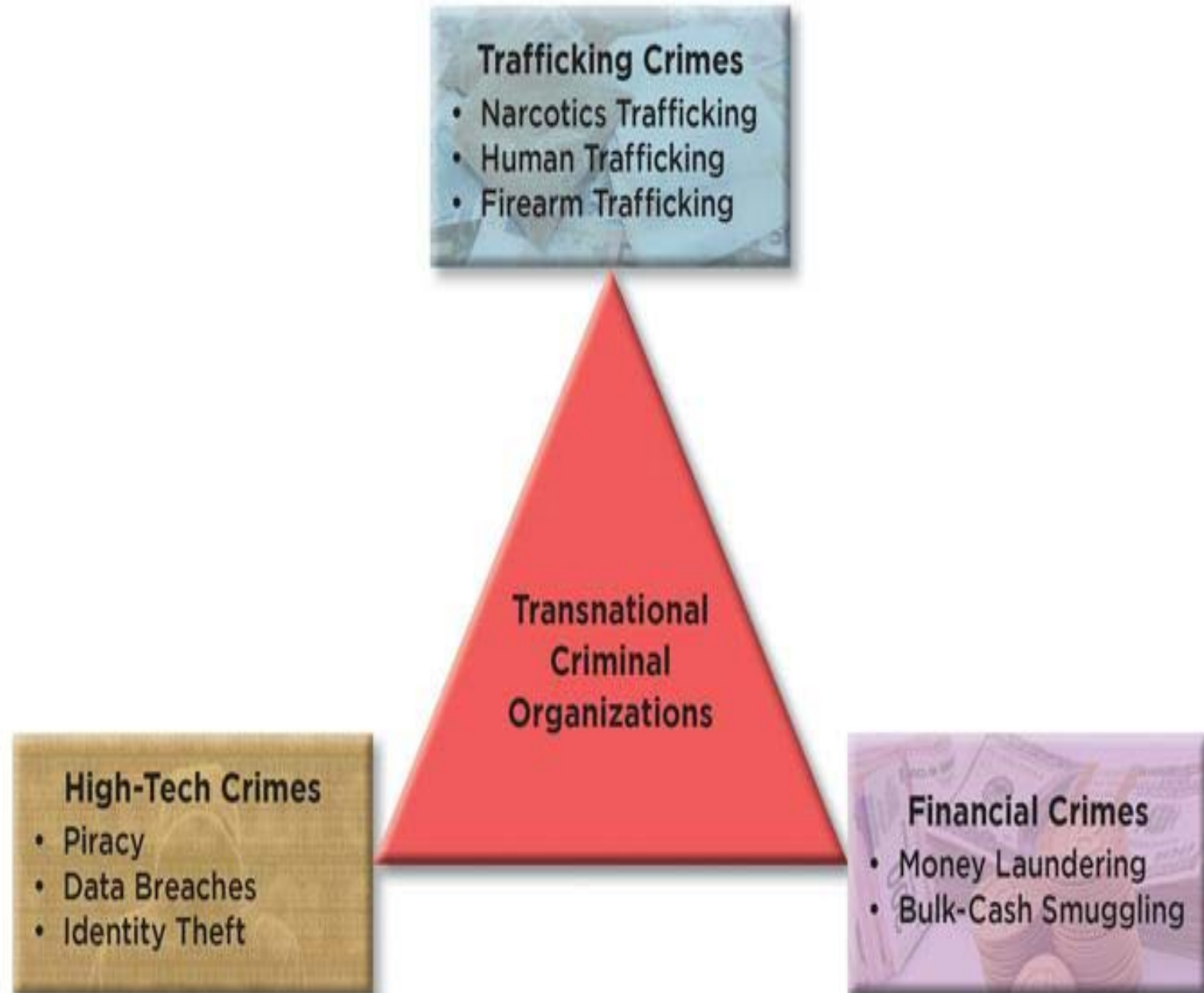
Indo-Pacific Transnational Organized Crime (TOC)



LUMPY LUMBACA,
Professor, DKI APCSS,
US Army (Ret)

Transnational organized crime (TOC)

- Organized crime coordinated **across national borders**
- Involves groups or markets of individuals working in more than one country to **plan and execute illegal business ventures**
- In order to achieve their goals, these criminal groups often use systematic **violence and/or corruption.**



GLOBAL Retail Value of Transnational Organized Crime

Organ Trafficking
\$1.7 billion



Cultural Trafficking \$1.6 billion



Small Arms
\$3.5 billion

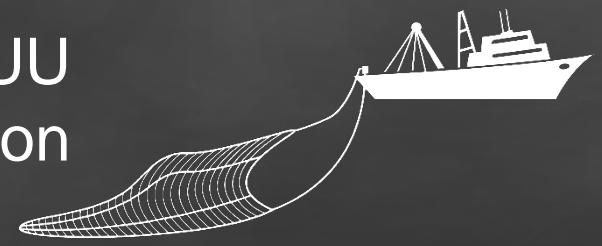


Counterfeit Goods
\$1.13 trillion

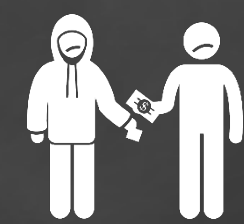
Wildlife Trafficking
\$36 billion



IUU
\$36 billion



Drug Trafficking
\$652 billion



Illegal Mining
\$48 billion



Illegal Logging
\$157 billion



Human Trafficking
\$150 billion



Total \$2.2 Trillion

Transnational Crime in East Asia and the Pacific



- Counterfeit Goods 24.4 bn*
- Heroin within EAP 16.3bn
- Fraudulent Medicines 5bn****
- Illegal Wildlife in EAP 2.5bn
- Illegal Wood Products 17bn**
- Methamphetamines 15bn***
- Illegal E-waste from EAP 3.75bn
- Migrant Smuggling 1.55bn*****

Agenda:

- Drugs
- Illegal migration and trafficking
- Money laundering
- IUU
- Piracy
- Cyber crime
- COVID-19 and TOC

The image features a map of Oceania, divided into several regions: Micronesia, Melanesia, Australasia, and Polynesia. Key geographical features include the Pacific Ocean, the Tropic of Capricorn, and the Easter Island. Inset images include: a tropical island with a boat; a person in a 'SIPF FORENSICS' shirt sitting at a desk; stacks of wrapped packages; a DEA reward poster for Nemesio Ruben Oseguera Cervantes 'El Mencho' with a \$10,000,000.00 USD reward; and a 'COMANCHERO NEW ZEALAND' logo.

REWARD
OF UP TO
\$10,000,000.00 USD
FOR INFORMATION LEADING TO THE ARREST OF:
Nemesio Ruben Oseguera Cervantes
"EL MENCHO"

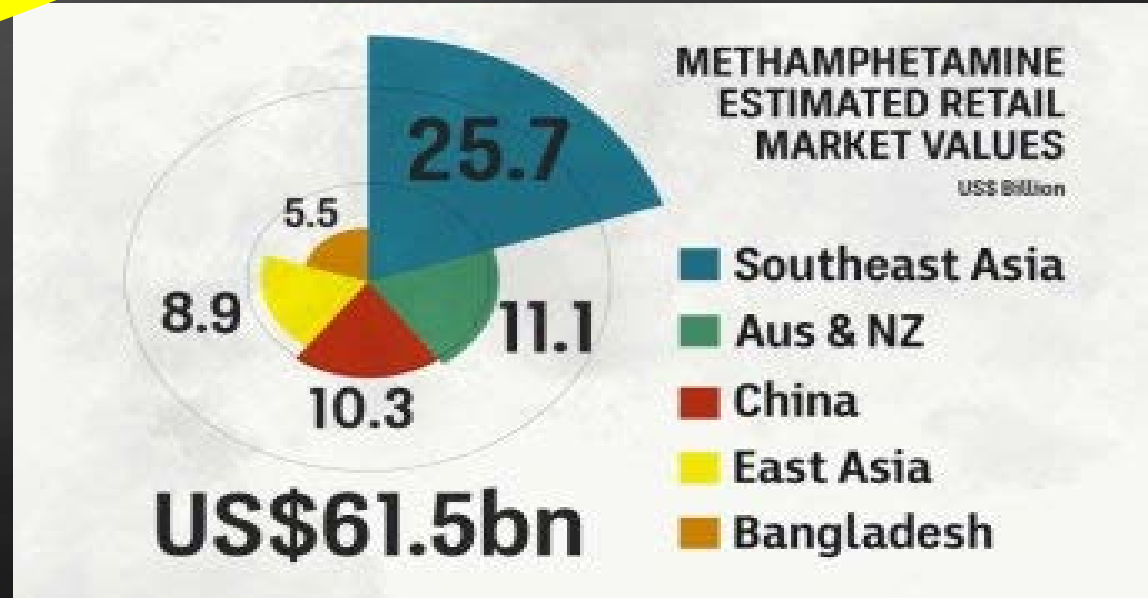
COMANCHERO
NEW ZEALAND

DRUG TRAFFICKING

- The Indo-Pacific meth market is now the **biggest in the world**
- Illicit methamphetamine of South-East Asia, neighboring Australia, New Zealand, and Bangladesh, is valued between **\$US30.3 and \$US35 billion**.

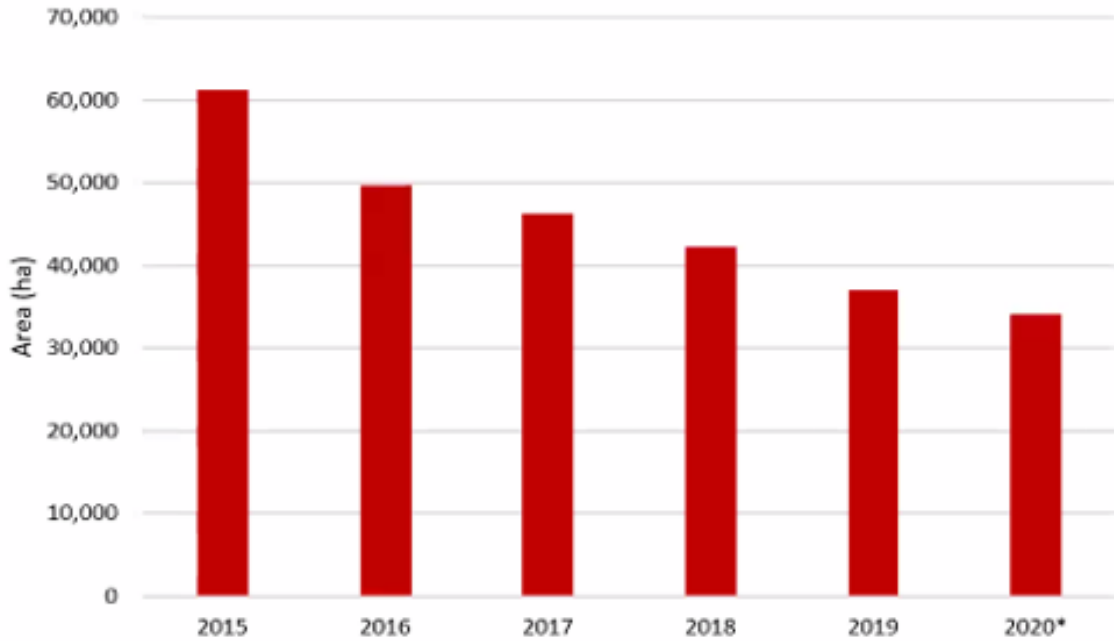


1,884,360,000,000 Thai Baht



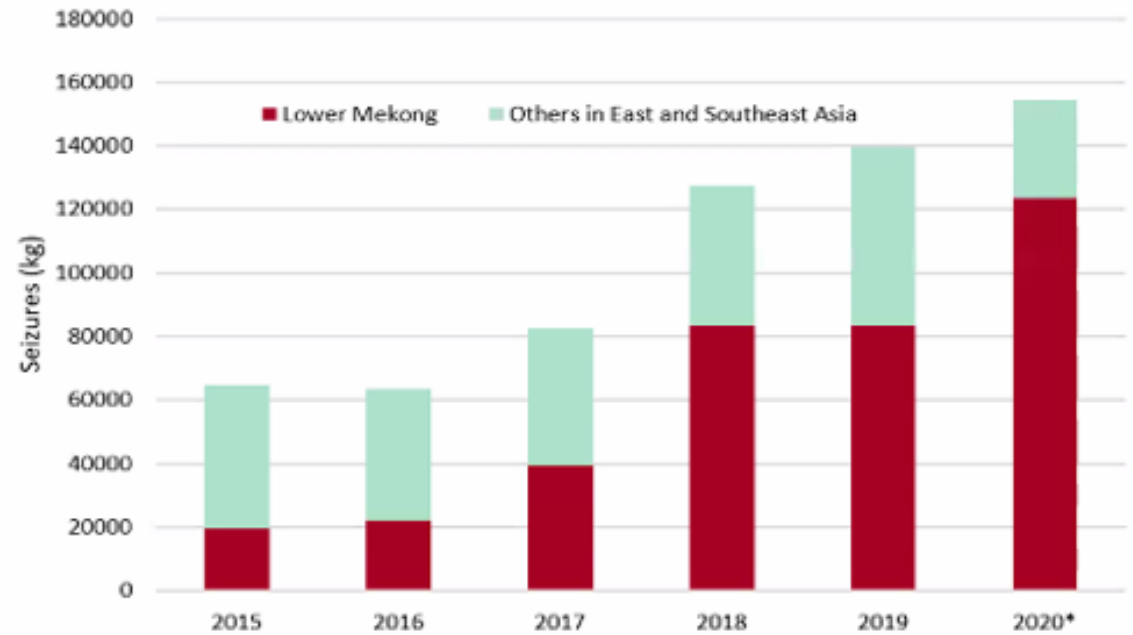
Source: UNODC

A Shifting Drug Situation



Opium poppy cultivation in Myanmar and Lao PDR

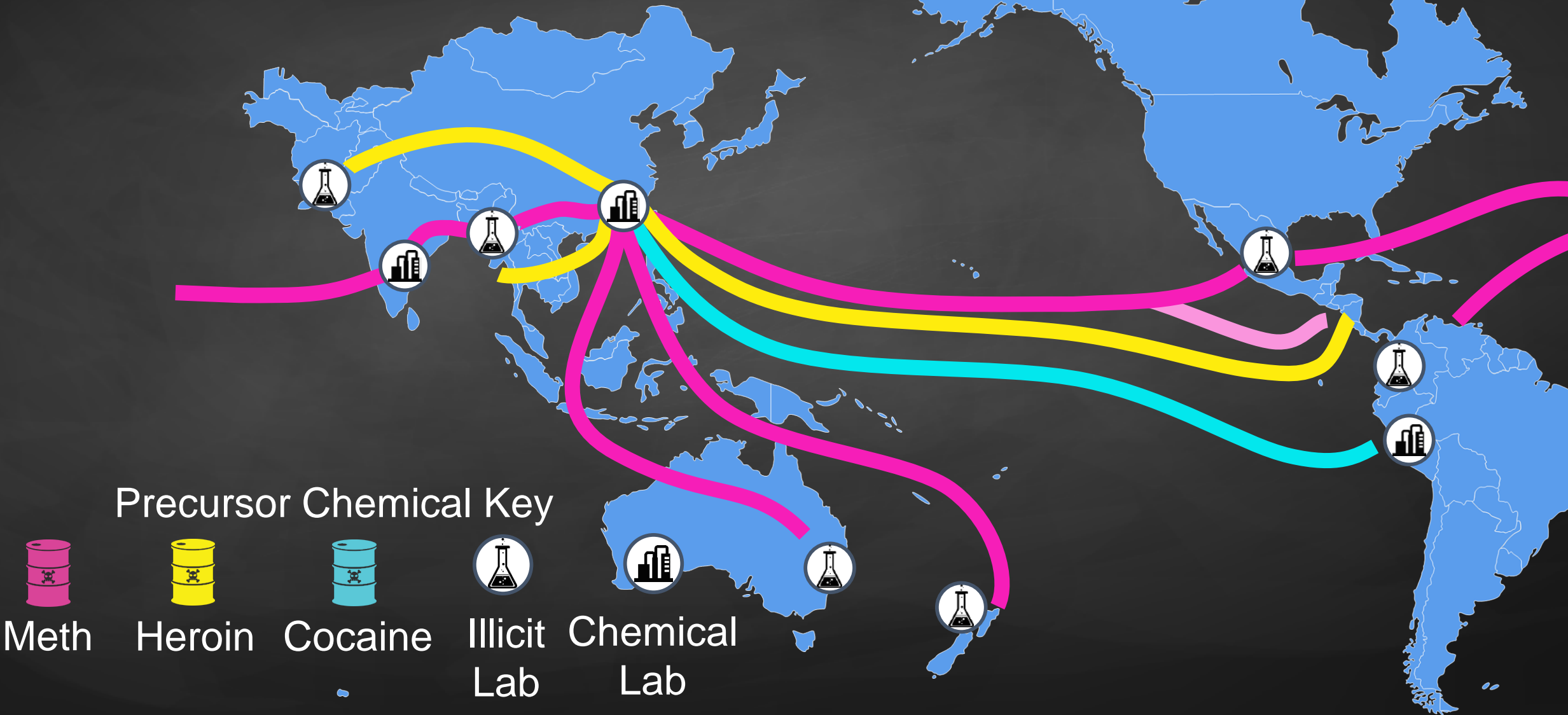
Source: UNODC Opium Surveys (due to the absence of data for Lao PDR for 2020, 2019 data was used)



Seizures of meth in East and Southeast Asia

Source: UNODC report on synthetic drugs in East and Southeast Asia, and NNCC of China (2020 reflects estimates based on preliminary seizure data)

Precursor Chemical Flows

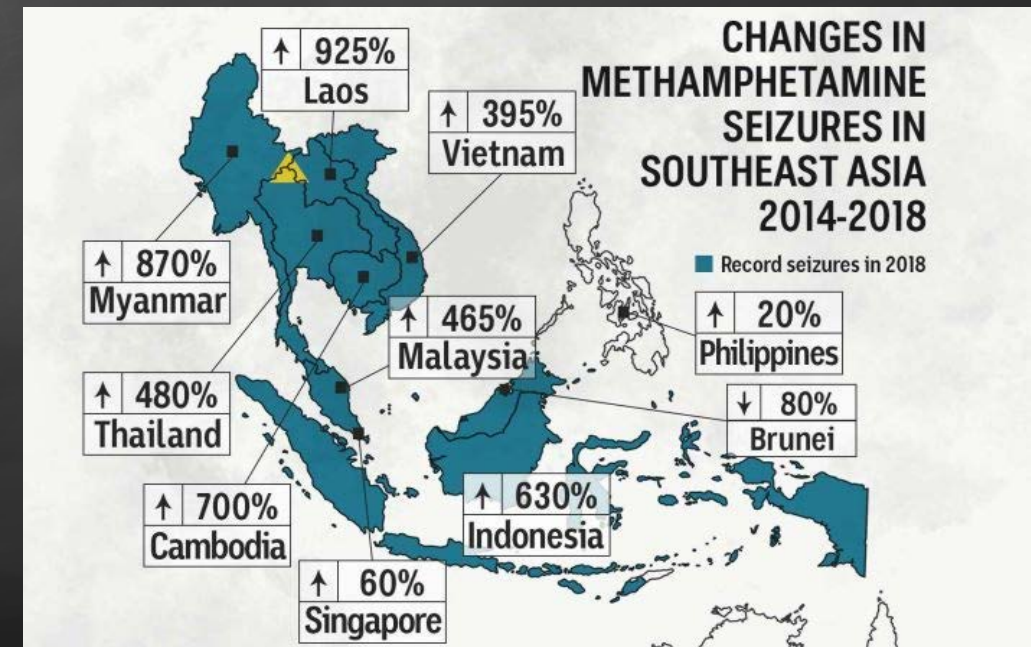


Characteristics of drug trafficking networks in East and Southeast Asia

- A triad-like network comprised of several nationalities, with ethnic Chinese leadership at its core
- Connected and based in many countries in Southeast Asia and surrounding regions
- Extremely mobile and have rapidly responded to changes in environment
- Successfully engineered a massive surge of meth production following migration of capacity to northern Myanmar, expanding the size of regional meth market (possibly the largest in history), and reach of supply
- Identifying and exploiting weaknesses in rule of law (e.g. Shan State) and regulatory frameworks, and critical infrastructure (e.g. Ban Mom port in Laos)
- Managed to harness entire casino/gambling industry to launder proceeds

The Death Penalty and Drugs

- Despite a tough approach, including the death penalty in several countries, a July 2019 report by UNODC found that **South-East Asia was producing methamphetamine in "quantities unimaginable a decade ago."**
- Comparisons of Indonesia, Malaysia and Singapore show that the **rate of executions has no effect on the prices of drugs nor on the relative rates of drug prevalence.***
- Research has shown there is **no evidence that killing criminals has the impact of stemming the drug trade.***



INDO-PACIFIC RESPONSE TO DRUGS: Potential Solutions

- Drug **supply reduction measures** (e.g. transitioning farmers from opium poppy) need to be accompanied by **demand reduction and social support measures**.
 - Development of sustainable livelihoods for opium growing communities should be prioritized in conjunction with health and social services.
- **Improving border management and intelligence-sharing**
- Strengthen **operational capacity and communications** of drug law enforcement at key entry and exit points throughout the region.



INDO-PACIFIC RESPONSE TO DRUGS: Potential Solutions

- Reduce the diversion and trafficking of precursor chemicals to heroin manufacturing areas.
- Enhance forensic capacity of countries in the region to detect potent synthetic opioids and their related precursors, and to develop drug mortality data.



Illegal Migration and Human Trafficking



Trafficking in persons is a form of crime deeply rooted in **broader development issues** including poverty, education, child labor, abuse and exploitation, gender inequality and discrimination, migration and the effects of climate change.

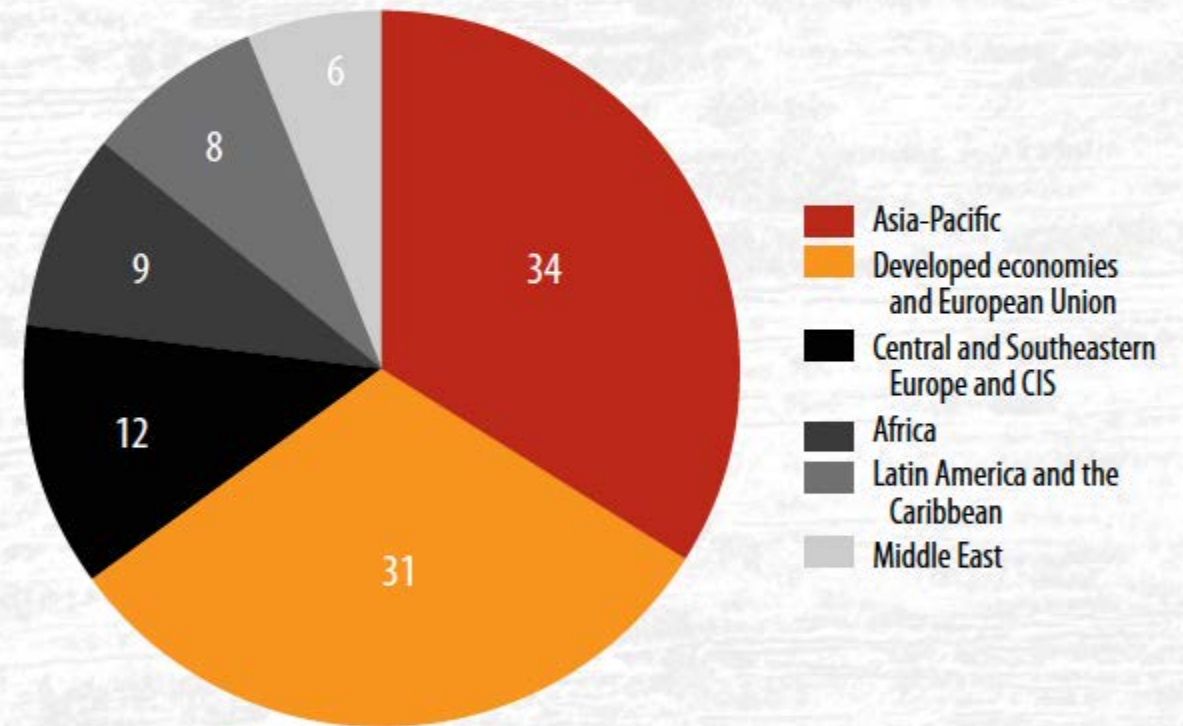
Illegal Migration and Human Trafficking

- People **escaping from war zones and from persecution** are particularly vulnerable to human trafficking.
 - **More likely to make dangerous migration decisions** out of desperation.
- **Women are especially vulnerable** to trafficking for forced marriage especially in Southeast Asia, and for sham marriages in affluent countries.
- **Economic impact of COVID-19** has exacerbated the situation.

Lucrative trade

Human trafficking is estimated to be one of the most profitable forms of organized crime, generating \$150.3 billion a year in profit globally. The Asia-Pacific region is the most lucrative.

(estimated average annual profits generated from trafficked forced laborers, percent of global profits)



Source: International Labour Organization. 2015. *Profits and Poverty: The Economics of Forced Labor*. Geneva.

Note: CIS = Commonwealth of Independent States.

MIGRANT SMUGGLING IN SOUTHEAST ASIA

RISKS FACING SMUGGLED MIGRANTS

Smuggled migrants often face dangerous conditions and become vulnerable to trafficking and other abuses at the hands of smugglers



CORRUPTION

Migrant smugglers often bribe immigration officials, allowing smuggled migrants to pass easily through customs and immigration



PUSH FACTORS

Irregular migration is largely driven by economic factors such as lack of economic opportunity but political and environmental circumstances can also play a role



RECENT TRENDS

As ASEAN economic integration outpaces law enforcement cooperation, the problem of migrant smuggling in the region is set to intensify



≈ 80% of irregular migration in SE Asia is facilitated by smugglers

Myanmar – Cambodia – Lao – Thailand

- Around half a million migrants mainly from Myanmar (but also from Cambodia and Lao PDR) are estimated to be smuggled to Thailand each year.
- Fees for smuggling services are low, ranging from a few dollars to a few hundred dollars.
- It is often cheaper to use smuggling services than regular labor migration systems.



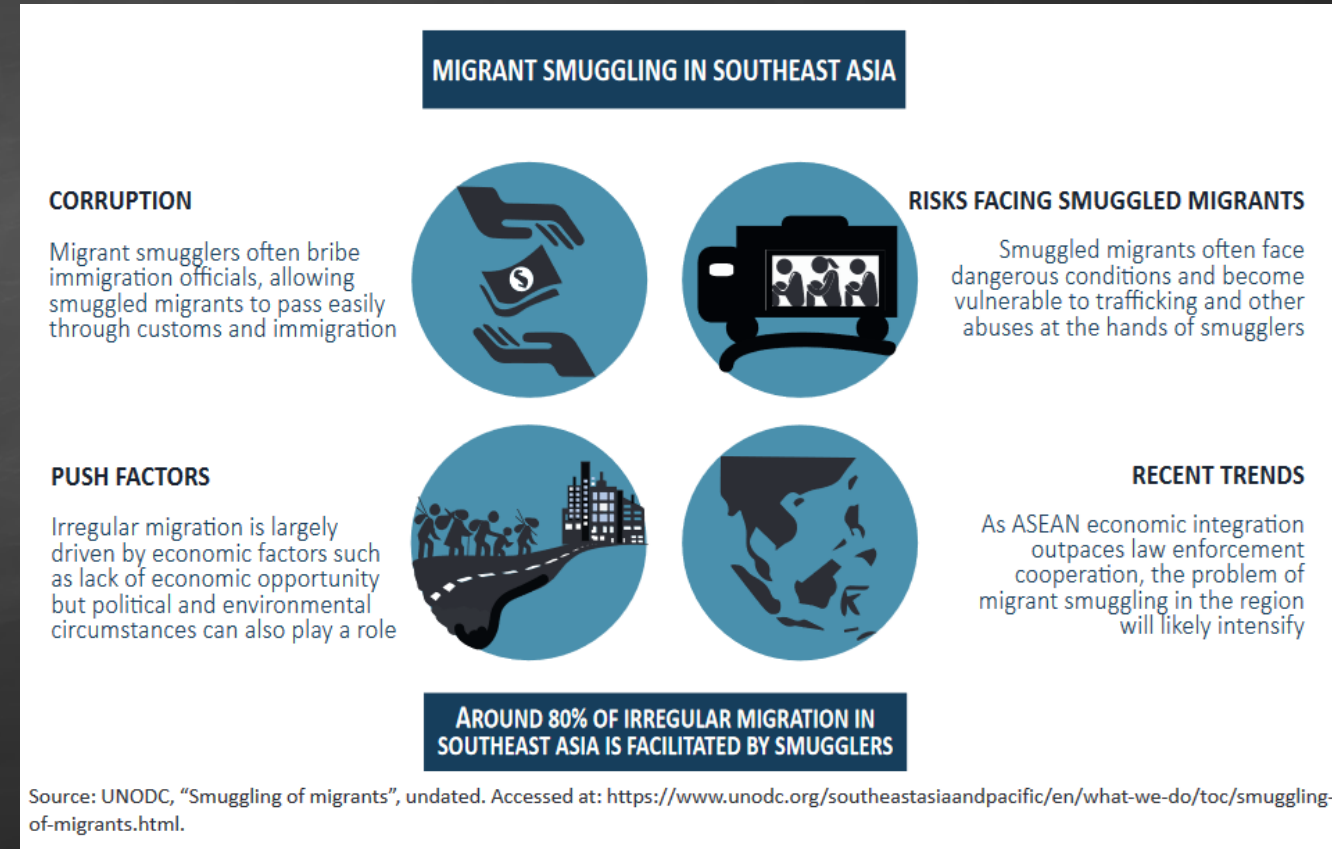
Illegal Migration and Human Trafficking

- ▶ Roughly a **third of the world's refugees are located in Asia**, and yet most Asian nations are not parties to international refugee treaties.
- ▶ Many Indo-Pacific nations do not consider themselves "immigration countries" and, consequently, view **immigration as a long-term cultural and economic threat**.
- **Children make up almost a third** of human trafficking victims.
- Victimization **starts with some level of consent**, later trounced by fraud, coercion, deception, threats, and abuses including the abuse of power.



Illegal Migration and Human Trafficking: Potential Solutions

- Acknowledge that human trafficking is a form of **modern slavery**.
- Preventive actions through **education and socio-economic development**
- **Rescue** of trafficked victims through various mechanisms, in countries of origin and destination



Wildlife Trafficking and Forest Crime

1. Once an emerging threat, wildlife and forest crime today has transformed into one of the **largest transnational organized criminal activities in the East Asia and Pacific region**, generating an estimated USD 19.5 billion annually

2. Illegal harvesting and trafficking of timber alone is **worth approximately USD 17 billion per year**, making it the second highest value illicit commodity in the region.

Unlike other illicit commodities, the illegal trade of wildlife and timber products is **often embedded in the legitimate trade**, making it difficult to detect.

3. It frequently **converges with other serious crimes**, and is fueled by corruption, fraud, lax regulation and poor law enforcement.

4. Law enforcement efforts within the region **often target low-level offenders**, leaving high-level criminal entrepreneurs and their networks unharmed and profitable.

5. Little use is made of **financial intelligence or anti-money laundering systems** to map and disable trafficking networks.

6. **Penalties for environmental crimes are often weak**, and legal frameworks require reform in many jurisdictions in the region.

7. Underpinning it all, **high levels of corruption** greatly facilitate the illegal trade of wildlife and timber, disabling investigations and prosecutions, and posing a serious threat to national governance.



Thailand Success Story: March 2021 Arrest of Boonchai Bach

- A Vietnamese and Thai citizen who was arrested in 2018 but later got his conviction for trafficking in rhino horns and other contraband reversed.
- Key trafficker in Southeast Asia operating out of Nakhon Phanom and Chaiyaphum
- Exported wildlife through Laos into Vietnam and into China
- Brother in Vietnam controls the receiving end in Son Tay
- Thailand's anti-money laundering authorities seized or froze more than 330 million baht (\$11 million) worth of assets in a sting operation his wildlife trafficking ring.
- Arrest followed the December 2020 arrest of Nikorn Wongprachan, a Thai National Parks and Wildlife Conservation official, at Bangkok's main airport as he attempted to smuggle the rhino horn from the quarantine section to a nearby apartment.
- The horn was smuggled into Bangkok by a Chinese man who was arrested a day before on arrival from Johannesburg, South Africa.
- The police sting led to Boonchai, who financed the network.



Other Illegal Trafficking in the Indo-Pacific



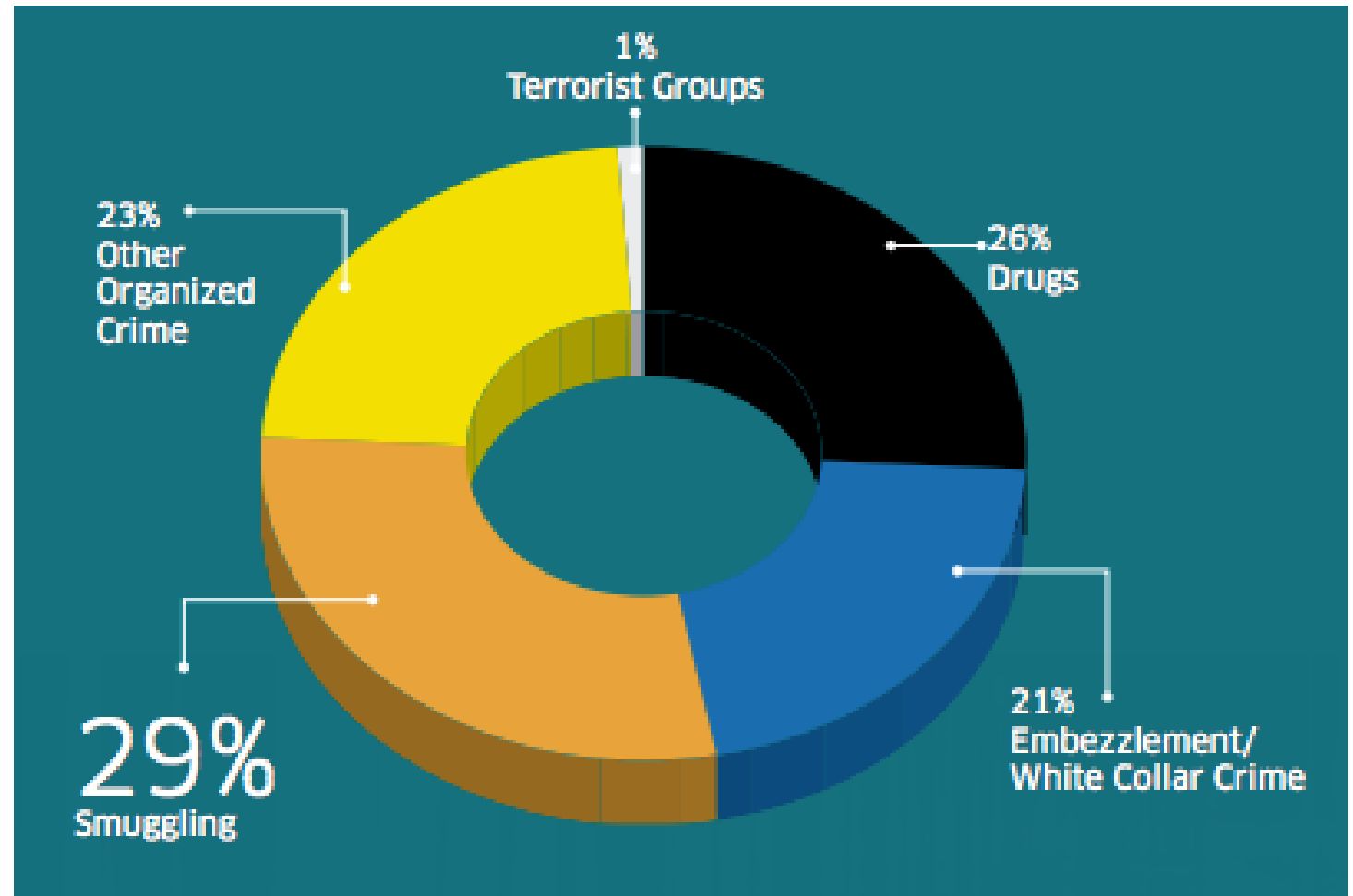
- Wildlife
- Weapons
- Environmental Resources
- Counterfeit Goods
- Human Organs
- Cultural Items
- Tobacco
- False medicines

POTENTIAL SOLUTIONS:

- Address border disputes and porous borders that enable trafficking flows
- Adopt and enforce legislation and international treaties aimed at confronting specific crimes related to trafficking. It requires cooperation and networks
- **BUT FIRST:** We must all recognize that the crime, criminals and victims involved in these industries exist within our own communities, and some are even entrenched within our political and cultural systems.

Money Laundering

- Estimated that approximately **USD \$1.6 trillion** or **2.7 percent** of global GDP was laundered in 2009.
-UNODC
- Less than 1 percent of global illicit financial flow is ever seized and frozen, meaning that the criminals are winning.
- Money **not just needed for tactical operations**, but also for strategic objectives: i.e. running cities and parts of countries, creating states, spreading movements.



Indo-Pacific Money Laundering By Activity

Money Laundering in the Indo- Pacific



Asia/Pacific Group
on Money Laundering

1. Serious threat to most Member States in the region
2. Problem is magnified due to the existence of cash based economies and a combination of deficient legal frameworks, weak border controls, poor regulatory mechanisms, and a lack of law enforcement, judicial and regulatory capacities.
3. Note: Just because a country/jurisdiction may not have terrorism issues, that does not mean that they are not a vulnerable destination for terrorist financing.

Money Laundering: The process



1. Raise:

- LEGAL: charities, front companies, taxes, NGOs, natural resources, online gaming, crowd funding, wealthy donors
- ILLEGAL: smuggling, fraud, robbery, kidnapping and ransom, narcotics, cybercrime, looting and plunder, extortion

2. Move:

- Money laundering: bad activities, make it look clean
- Reverse money laundering: legally generated, use it for bad things
- Informal value transfers: Hawala / Hundi / Chien Fei (for a fee)
- Trade-based money laundering: Misprice things to hide transfers
- Other ways: Remittances, real estate, travel agents, shell companies, prepaid cards, wire transfers, mobile payments, cash
- Consider complicity of government officials, ministries, police, bribery

3. Deploy:

- Carefully managed modes of payment, size of transactions, frequency of transactions
- Use of middle men, rotating suppliers and contacts, false IDs
- Cultivating deep trusted relationships and networks

Money Laundering : Potential Solutions

1. Target the **ways organizations make money**.
 - Dedicated financial investigation and analysis, including at the ground level
2. Target the **ways organizations move money**.
 - Follow the transfers, bank monitoring.
 - Requires inter-agency, regional, global cooperation. Building networks.
3. Target the **deployment**:
 - ID patterns and spikes in spending, purchase of sensitive products
 - Monitor known networks and companies, report stolen IDs, surveillance
 - Greater public awareness and vigilance.
4. Target **financiers and individuals**. Enhance lists of individuals and state sponsors
5. Strengthen **International laws, legislative bodies, financial task forces**
6. Terrorists are improving **supply chain management**.
 - Be aware of wildlife smuggling, oil products, artifact trading, etc.



Illegal, Unreported, and Unregulated (IUU) Fishing

- Much more than simply a fisheries management issue, since it goes hand in hand with fisheries crime.
- Severe implications for food, economic, environmental and social security.
- Illicit recruitment patterns and demographic targeting; document forgery; forced labor and abuse; as well as fisheries violations.



Illegal, Unreported, and Unregulated (IUU) Fishing

- **Sophisticated criminal networks** have been found operating in the fisheries sector.
- Examples:
 - **700 Myanmar citizens were trafficked** by a criminal organization operating a British Virgin Island-registered fishing fleet in the Aru Sea of Indonesia.
 - In many cases in Indonesia, boat licenses were duplicated, which could mean **thousands of vessels were in place illegally**. It is also alleged that some have been involved in the **smuggling of endangered species**, including birds, parrots and turtles.
- Those who can afford to set-up a company in a flag-of-convenience jurisdiction, maintain long range fishing vessels, recruit and traffic hundreds of men, take untold tons of fish in foreign waters and sell the catch in the global market, are **not your typical small-time fisherman**.



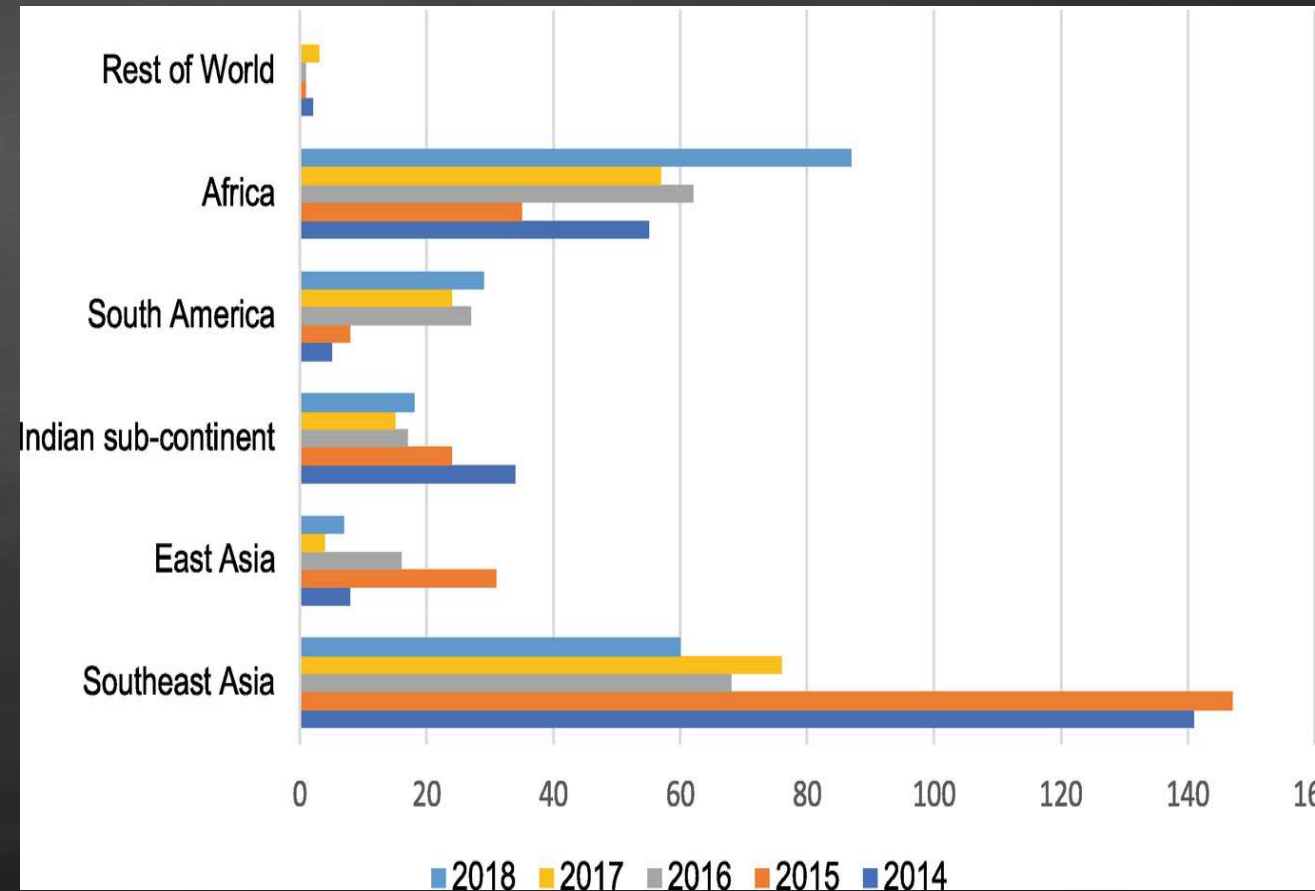
Illegal, Unreported, and Unregulated (IUU) Fishing: Potential Solutions

- 2010 UNGA resolution on sustainable fisheries asked states to look into “possible connections between international organized crime and illegal fishing in certain regions of the world”.
 - Continue to build international momentum to **acknowledge the connection between illegal fishing and transnational organized crime**.
- Embrace UN Sustainable Development Goal Number 14, which includes a provision that IUUF should be addressed by 2020.
 - “...regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices, and implement science-based management plans in order to restore fish stocks in the shortest time feasible...”



HIGH SEAS CRIME AND ARMED ROBBERY AT SEA

- International maritime crime is becoming “**increasingly sophisticated**” as criminal groups exploit jurisdiction and enforcement challenges on the high seas and pose **immediate danger to people’s lives and safety.** - UNODC
- **Linkages continue to grow** between terrorism, piracy and illegal trafficking of humans and materials.



HIGH SEAS CRIME AND ARMED ROBBERY AT SEA: Potential Solutions

- Work to **secure the container trade** supply chain
- **Combat related criminal enterprises** such as terrorism, human trafficking and migrant smuggling, wildlife and fisheries crime, and firearms trafficking.
- **Ratify and implement international commitments**, including UN Convention against Transnational Organized Crime and its protocols.
- Increase capacity of **Malacca Straits Patrols and Sulu Seas Patrols**
- Further **enhance ReCAAP** (Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia)



The Crime-Terrorism Nexus

- ▶ **Terrorist organizations often recruit** fighters with extensive **criminal backgrounds**.
- ▶ The relationships between crime and terror organizations have been categorized into three types of relationships:
 - ▶ **Coexistence**; when groups share geographical space.
 - ▶ **Cooperation**; when groups are able to serve mutual interests via temporary partnerships.
 - ▶ **Convergence**; when groups mesh and absorb each other's methodologies.
- ▶ Cooperation between terror organizations and crime syndicates is often categorized as **'transactional,'** such as terror groups purchasing large quantities of illegal firearms from local arms dealers.



Cyber Crime



- Cybercrime continues to grow in the region and is quickly evolving from an emerging threat to a criminal enterprise.
- Some believe it could have a market value in excess of the illicit drug economy.
- Incorporates a number of offences including:
 - hacking, theft.
 - computer-related forgery and fraud-like 'phishing'
 - content offences such as disseminating online child sexual abuse material
 - copyright offences.

Cyber Crime



WHAT WE CAN DO:

- Improve understanding of cybercrime and related responses
- Enhance staff knowledge and skills to identify and prevent cybercrime
- Strengthen regional cooperation and information exchange mechanisms.

COVID-19 and TOC

THE COVID-19 CRISIS BRINGS TO ORGANIZED CRIME

OPPORTUNITIES	CHALLENGES
INFILTRATION INTO THE LEGAL ECONOMY BY INVESTING IN SECTORS UNDER DISTRESS	LOCKDOWN MEASURES DISTRUPT DRUG TRAFFICKING CHAINS
INFILTRATION INTO SECTORS OF THE ECONOMY THAT BECAME LUCRATIVE AS THE PANDEMIC EVOLVES	CHANGES IN THE DYNAMIC OF DEMAND, SUPPLY AND PRICES OF ILLICIT DRUGS IN THE MARKET
BOOST STANDING IN COMMUNITIES AND ENHANCE CONTROL OVER TERRITORIES	DIFFICULTIES TO SMUGGLE DRUGS AND ILLICIT GOODS THROUGH TRADITIONAL ROUTES
PROVIDE AID PACKAGES TO STRUGGLING BUSINESSES AND PEOPLE TO INCREASE THEIR INFLUENCE	CONSTRAINED ACTIVITIES RELATED TO TRAFFICKING IN PERSONS AND SMUGGLING OF MIGRANTS



UNODC
United Nations Office on Drugs and Crime



RESEARCH BRIEF

The impact of COVID-19 on organized crime



COVID-19 PANDEMIC



Financial crisis



Struggling businesses



Organized criminal groups



OCGs provide capital incentives and take over the legal economy

Economic sectors vulnerable to infiltration by OCGs due to their financial distress caused by the COVID-19 crisis



Retail and marketplaces



Tourism and hospitality



Transportation



Arts, entertainment, and recreation

Economic sectors vulnerable to OCG infiltration because of their opportunities to benefit from the COVID-19 crisis



Logistics and e-commerce



Food retail trade



Wholesale trade in medical products



Cleaning services, waste management and funeral services

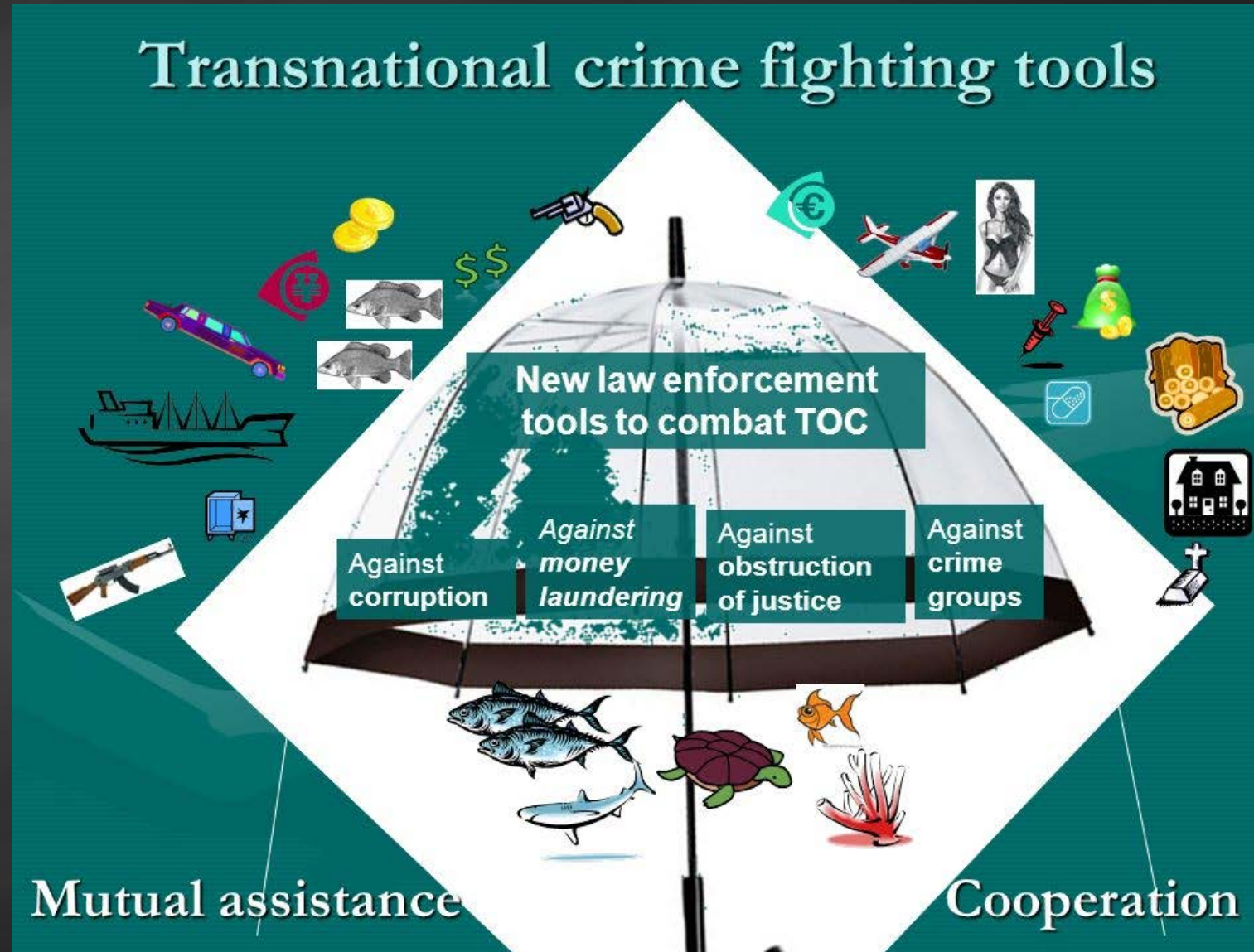


Wholesale trade in pharmaceutical products

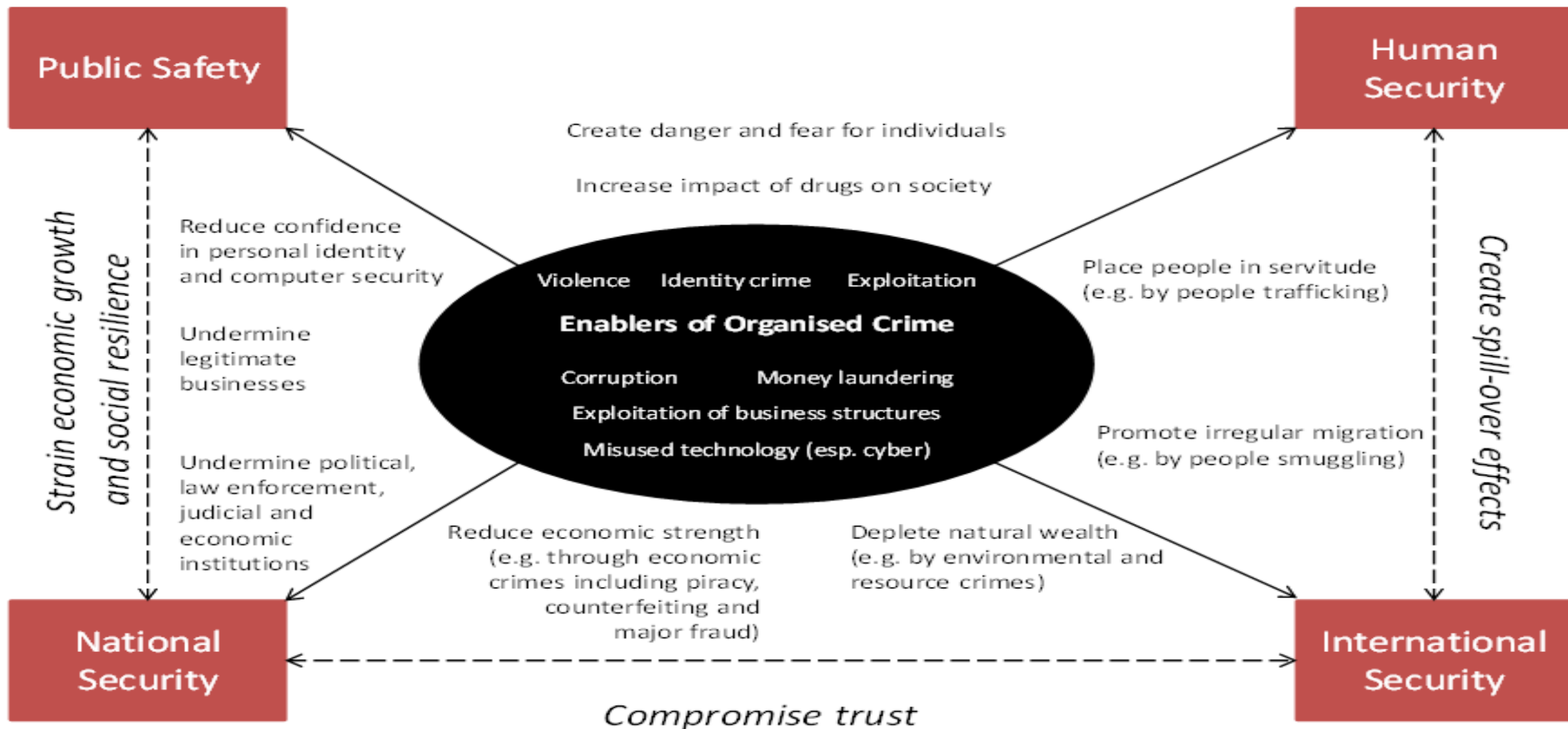
**OCG =
Organized
Criminal
Groups**

CONCLUDING
THOUGHTS:

Way Ahead



Relationships Between Organised Crime and Security



Key: Main effect on the bond between security referents is shown in italics

Transnational crime groups in Southeast Asia are **growing increasingly aggressive** and illicit businesses are generating **massive growths in profit** through the trafficking of drugs, people, counterfeit goods and other commodities.

-UNODC

Transnational Organized
Crime in Southeast Asia:
Evolution, Growth and
Impact

2019

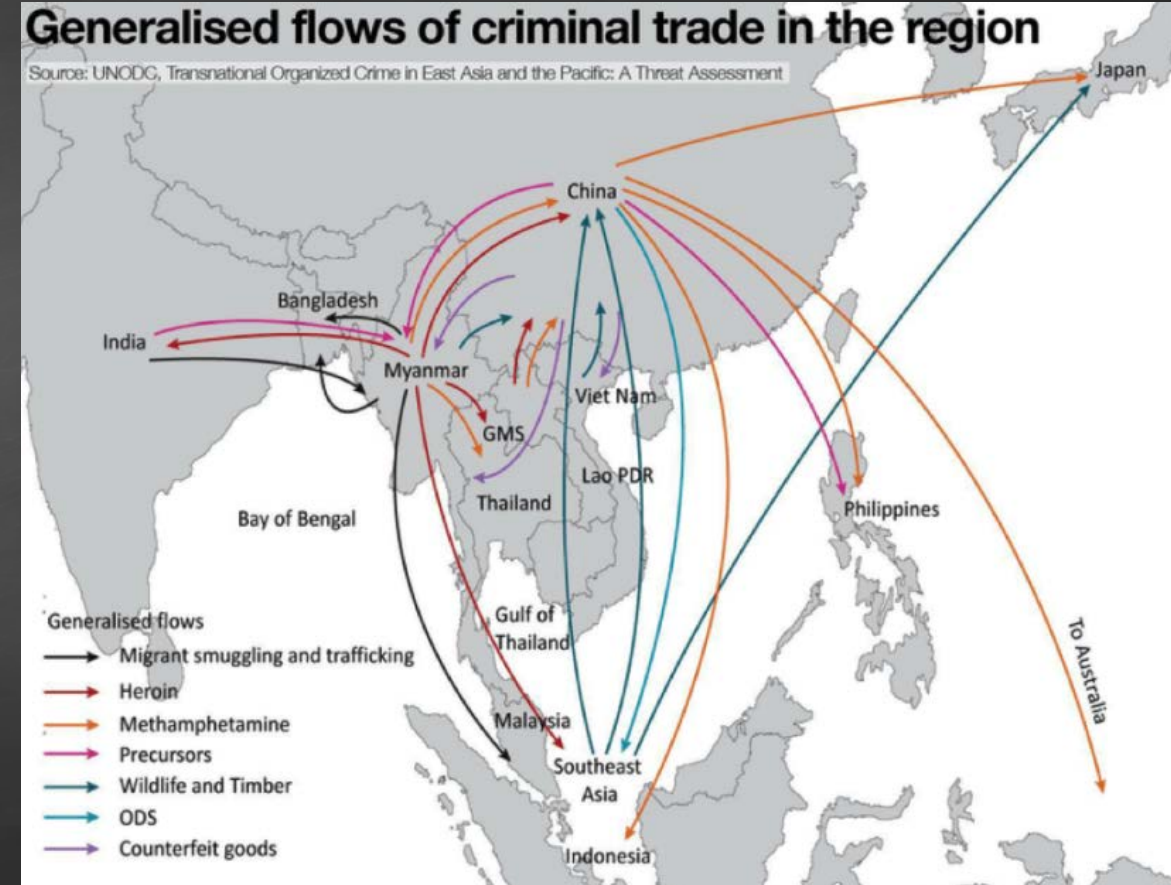
Way Ahead

- Acknowledge the interconnectedness between the various elements of transnational organized crime and other legal, socio-economic factors that drive/enable these crimes.
- Develop regional initiatives that support national frameworks and networks
- Improve the capacity of states to respond to rule of law and security challenges



Way Ahead

- **Align UNODC mandates** with work being carried out by national and regional bodies
- **Strengthen and enhance partnerships** between Indo-Pacific states as well as non-Indo-Pacific partners and global organizations.



Questions?

