



UTOPIA MODEL UNITED NATIONS '19

United Nations Office on Drugs and Crime



*Agenda: Illicit Drug Trafficking and
Money Laundering*





A WORD FROM THE EXECUTIVE BOARD

Respected Delegates,

Greetings from the Executive Board!

It is an honor to be serving as the Executive Board of the United Nations Office on Drugs and Crime at UMUN '19.

MUNs bring with them a lot of hope; a hope of a better present and prospective development in the future. It is with this hope that we expect all delegates to come forth and try to amalgamate their country's interests with the larger interests of the world. It is a challenging time for the world to sustain and the populace looks towards us, the young diplomats, to challenge today's reality. It then becomes our task and mission through this committee to come to a long-awaited consensus on issues that have ravaged the world.

For everyone who is afraid to speak or feels they would not be as researched as others, this background guide seeks to provide you a level playing ground and gives you a certain head start to your research. Do not hesitate to question what you do not consider logical. This is an imperative skill in a diplomat. Always remember that you are just as precious as others and have the moral obligation to contribute to the betterment of the society. It has been long overdue that all of us unite against the vices of our time to move ahead towards the utopian world we have promised to the future generations. It is with this hope that we wish you luck for the conference.

See you soon!

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ILLICIT DRUG TRAFFICKING

What is Illicit Drug Trade?

The illicit drug trade or drug trafficking is a global black market dedicated to the cultivation, manufacture, distribution and sale of drugs that are subject to drug prohibition laws. Most jurisdictions prohibit trade, except under license, of many types of drugs through the use of drug prohibition laws.

The United Nations Office on Drugs and Crime's World Drug Report 2005 estimates the size of the global illicit drug market at US\$321.6 billion in 2003 alone. With a world GDP of US\$36 trillion in the same year, the illegal drug trade may be estimated as nearly 1% of total global trade. Consumption of illegal drugs is widespread globally and remains very difficult for local authorities to thwart its popularity.

Background

Chinese authorities issued edicts against opium smoking in 1729, 1796 and 1800. The West prohibited addictive drugs throughout the late 19th and early 20th centuries. In the early 19th century, an illegal drug trade in China emerged. As a result, by 1838 the number of Chinese opium-addicts had grown to between four and twelve million. The Chinese government responded by enforcing a ban on the import of opium; this led to the First Opium War (1839–1842) between the United Kingdom and Qing-dynasty China.

The United Kingdom won and forced China to allow British merchants to sell Indian-grown opium. Trading in opium was lucrative, and smoking opium had become common in the 19th century, so British merchants increased trade with the Chinese. The Second Opium War broke out in 1856, with the British joined this time by the French. After the two Opium Wars, the British Crown, via the treaties of Nanking (1842), and Tianjin (1858), obligated the Chinese government to pay large sums of money for opium they had seized and destroyed, which were referred to as "reparations".

In 1868, as a result of the increased use of opium, the UK restricted the sale of opium in Britain by implementing the 1868 Pharmacy Act. In the United States, control of opium remained under the control of individual US states until the introduction of the Harrison Act in 1914, after 12 international powers signed the International Opium Convention in 1912.

Between 1920 and 1933, the Eighteenth Amendment to the United States Constitution banned alcohol in the United States. Prohibition proved almost impossible to enforce and resulted in the rise of organized crime, including the modern American Mafia, which identified enormous business opportunities in the manufacturing, smuggling and sale of illicit liquor.

ILLICIT DRUG TRAFFICKING

The beginning of the 21st century saw drug use increase in North America and Europe, with a particularly increased demand for marijuana and cocaine. As a result, international organized crime syndicates such as the Sinaloa Cartel and 'Ndrangheta have increased cooperation among each other in order to facilitate trans-Atlantic drug-trafficking. Use of another illicit drug, hashish, has also increased in Europe.

Social Effect

The countries of drug production and transit are some of the most affected by the drug trade, though countries receiving the illegally imported substances are also adversely affected. For example, Ecuador has absorbed up to 300,000 refugees from Colombia who are running from guerrillas, paramilitaries and drug lords. While some applied for asylum, others are still illegal immigrants. The drugs that pass from Colombia through Ecuador to other parts of South America create economic and social problems.

Honduras, through which an estimated 79% of cocaine passes on its way to the United States, has the highest murder rate in the world. According to the International Crisis Group, the most violent regions in Central America, particularly along the Guatemala–Honduras border, are highly correlated with an abundance of drug trafficking activity.

FAMOUS DRUG TRAFFICKING ROUTES

South America

Venezuela has been a path to the United States and Europe for illegal drugs originating in Colombia, through Central America, Mexico and Caribbean countries such as Haiti, the Dominican Republic, and Puerto Rico.

According to the United Nations, there was an increase of cocaine trafficking through Venezuela since 2002. In 2005, the government of Hugo Chávez severed ties with the United States Drug Enforcement Administration (DEA), accusing its representatives of spying. Following the departure of the DEA from Venezuela and the expansion of DEA's partnership with Colombia in 2005, Venezuela became more attractive to drug traffickers. Between 2008 and 2012, Venezuela's cocaine seizure ranking among other countries declined, going from being ranked fourth in the world for cocaine seizures in 2008 to sixth in the world in 2012.

On 18 November 2016, following what was known as the Narcosobrinos incident, Venezuelan President Nicolás Maduro's two nephews were found guilty of trying to ship drugs into the United States so they could "obtain a large amount of cash to help their family stay in power".

Asia

Drugs in Asia traditionally travelled the southern routes – the main caravan axes of Southeast Asia and Southern China – and include the former opium-producing countries of Thailand, Iran, and Pakistan. After the 1990s, particularly after the Cold War ended, borders were opened and trading and customs agreements were signed so that the routes expanded to include China, Central Asia, and Russia. There is, therefore, diversified drug trafficking routes available today, particularly in the heroin trade and these thrive due to the continuous development of new markets. A large amount of drugs are smuggled into Europe from Asia.

The main sources of these drugs are Afghanistan, along with countries that constituted the so-called Golden Crescent. From these producers, drugs are smuggled into the West and Central Asia to its destinations in Europe and the United States. Iran is now the route for smugglers, having been previously a primary trading route, due to its large-scale and costly war against drug trafficking. The Border Police Chief of Iran said that his country "is a strong barrier against the trafficking of illegal drugs to Caucasus, especially the Republic of Azerbaijan." The drugs produced by the Golden Triangle of Myanmar, Laos, and Thailand, on the other hand, pass through the southern routes to feed the Australian, U.S., and Asian markets.

MONEY LAUNDERING

What is Money Laundering?

Money laundering is the process of disguising the proceeds of crime and integrating it into the legitimate financial system. Before proceeds of crime are laundered, it is problematic for criminals to use the illicit money because they cannot explain where it came from and it is easier to trace it back to the crime. After being laundered, it becomes difficult to distinguish money from legitimate financial resources, and the funds can be used by criminals without detection.

History

Laws against money laundering were created to use against organized crime during the period of Prohibition in the United States during the 1930s. Organized crime received a major boost from Prohibition and a large source of new funds that were obtained from illegal sales of alcohol. The successful prosecution of Al Capone on tax evasion brought in a new emphasis by the state and law enforcement agencies to track and confiscate money, but existing laws against tax evasion could not be used once gangsters started paying their taxes.

In the 1980s, the war on drugs led governments again to turn to money-laundering rules in an attempt to seize proceeds of drug crimes in order to catch the organizers and individuals running drug empires. It also had the benefit from a law enforcement point of view of turning rules of evidence upside-down. Law enforcers normally have to prove an individual is guilty to get a conviction but with money laundering laws money can be confiscated. It is up to the individual to prove that the source of funds is legitimate if they want the funds back. This makes it much easier for law enforcement agencies and provides for much lower burdens of proof.

The September 11 attacks in 2001, which led to the Patriot Act in the U.S. and similar legislation worldwide, led to a new emphasis on money laundering laws to combat terrorism financing. The Group of Seven (G7) nations used the Financial Action Task Force on Money Laundering to put pressure on governments around the world to increase surveillance and monitoring of financial transactions and share this information between countries. Starting in 2002, governments around the world upgraded money laundering laws and surveillance and monitoring systems of financial transactions. Anti-money laundering regulations have become a much larger burden for financial institutions and enforcement has stepped up significantly.

MONEY LAUNDERING

During 2011–2015 a number of major banks faced ever-increasing fines for breaches of money laundering regulations. This included HSBC, which was fined \$1.9 billion in December 2012, and BNP Paribas, which was fined \$8.9 billion in July 2014 by the U.S. government. Many countries introduced or strengthened border controls on the amount of cash that can be carried and introduced central transaction reporting systems where all financial institutions have to report all financial transactions electronically. For example, in 2006, Australia set up the AUSTRAC system and required the reporting of all financial transactions.

Stages of Money Laundering

- Placement – This is the movement of cash from its source. On occasion the source can be easily disguised or misrepresented. This is followed by placing it into circulation through financial institutions, casinos, shops, bureau de change and other businesses, both local and abroad.
- Layering – The purpose of this stage is to make it more difficult to detect and uncover a laundering activity. It is meant to make the trailing of illegal proceeds difficult for the law enforcement agencies.
- Integration – This is the movement of previously laundered money into the economy mainly through the banking system and thus such monies appear to be normal business earnings. This is dissimilar to layering, for in the integration process detection and identification of laundered funds is provided through informants.

The Role of Financial Institutions

While banks operating in the same country generally have to follow the same anti-money laundering laws and regulations, financial institutions structure their anti-money laundering efforts slightly differently. Today, most financial institutions globally, and many non-financial institutions, are required to identify and report transactions of a suspicious nature to the financial intelligence unit in the respective country. For example, a bank must verify a customer's identity and, if necessary, monitor transactions for suspicious activity. This process comes under "know your customer" measures, which means knowing the identity of the customer and understanding the kinds of transactions in which the customer is likely to engage. By knowing one's customers, financial institutions can often identify unusual or suspicious behaviour, termed anomalies, which may be an indication of money laundering.

MONEY LAUNDERING

Bank employees, such as tellers and customer account representatives, are trained in anti-money laundering and are instructed to report activities that they deem suspicious. Additionally, anti-money laundering software filters customer data, classifies it according to level of suspicion, and inspects it for anomalies. Such anomalies include any sudden and substantial increase in funds, a large withdrawal, or moving money to a bank secrecy jurisdiction. Smaller transactions that meet certain criteria may also be flagged as suspicious. For example, structuring can lead to flagged transactions. The software also flags names on government "blacklists" and transactions that involve countries hostile to the host nation. Once the software has mined data and flagged suspect transactions, it alerts bank management, who must then determine whether to file a report with the government.

Hawala Systems and Money Laundering

Hawala is an alternative remittance channel that exists outside of traditional banking systems. Hawala is a method of transferring money without any actual movement. One definition from Interpol is that Hawala is "money transfer without money movement." Transactions between Hawala brokers are done without promissory notes because the system is heavily based on trust.

Hawaladars, or Hawala dealers, arrange money transfers that are often backed only by trust, family connections or regional relationships. Hawala originated in South Asia during ancient times, and is used throughout the world today, particularly in the Islamic community as an alternative means of conducting funds transfers. Hawala is frequently referred to as underground banking, which is a misnomer because Hawala services often operate openly and legitimately. Hawala works by transferring money without actually moving it. In a hawala transaction, no physical movement of cash is there. Hawala system works with a network of operators called Hawaldars or Hawala Dealers. A person willing to transfer money, contacts a Hawala operator at the source location. The hawala operator at that end collects the money from that person who wishes to make a transfer. He then calls upon his counterpart or the other Hawala operator at the destination place/country where the transfer has to be made. Now the hawala operator at the transferee's end, hands over the cash to the intended recipient after deducting a certain amount of commission. The best way to understand Hawala is through understanding a single hawala transaction.

MONEY LAUNDERING

For example, Chinappa is a taxi driver staying at UK on an expired tourist Visa. He wants to remit some money for his family in India. Chinappa cannot approach an authorized money transfer agent/bank there, as he is an illegal immigrant in the UK. Thus, Chinappa finally lands up at a hawala operator's office, who not only promises him to deliver the cash to his native place in India at a reasonable commission, but also in a very short period of time. Chinappa then hands over the cash to the UK hawala operator. The UK hawala operator then calls his Indian counterpart and asks him to deliver funds to Chinappa's family member. Any member of Chinappa's family can now collect cash from the Indian Hawala operator, after deduction of commission charges and on producing an authentication code, which is generally used in all hawala transactions. A reverse Hawala transaction can also be initiated, where a father approaches the same Indian hawala operator for remitting funds for his son studying in UK through the UK hawala operator. In this manner, money never actually moves. The position of the hawala operator's in each other's books gets squared off.

Legal Status of Hawala

Hawala has been made illegal in many countries, as it is seen to be a form of money laundering and can be used to move wealth anonymously. As hawala transactions are not routed through banks they cannot be regulated by the government agencies and have thus emerged as a major cause of concern. This network is being used extensively across the globe to circulate black money and to provide funds for terrorism, drug trafficking and other illegal activities.

Reasons for the Sustained Use of Hawala

In spite of the fact that hawala transactions are illegal, people use this method because of the following reasons:

- The commission rates for transferring money through hawala are quite low.
- No requirement of any id proof and disclosure of source of income is there.
- It has emerged as a reliable and efficient system of remittance.
- As there is no physical movement of cash, hawala operators provide better exchange rates as compared to the official exchange rates.
- It is a simple and hassle-free process when compared to the extensive documentation being done by the banks. It is also the only way to transfer unaccounted income.

MONEY LAUNDERING AND DRUG TRAFFICKING

The trade in illicit drugs is estimated to be worth \$400 billion a year, and it accounts for 8% of all international trade, according to the United Nations. In order to invest the profits of their illicit activities and avoid having their assets seized by the government, drug traffickers must transform the monetary proceeds from their criminal activity into revenue from apparently legal source, a process known as money laundering. Basically, drug trafficking gives rise to money laundering.

Though there are many ways to launder drug money, the process generally involves three basic stages. The first stage, “placement”, entails disposal of the drug proceeds into domestic banks and foreign financial institutions. The second stage, “layering”, moves funds between multiple financial institutions to hide their source and ownership and to disguise the audit trail. This can involve wire transfers or shell companies in offshore havens. In the third stage, “integration”, a legitimate explanation for the funds is created. This can be done, for instance, via front companies, false invoicing, purchase of financial instruments (stocks, bonds, and certificates of deposit), or investment in real estate, tourism, and other legitimate businesses.

Innumerable schemes have been devised to hide the large sums of currency that are generated by illicit drug sales. One method, “structuring”, involves breaking up large amounts of cash into transactions that amount to less than \$10,000 to avoid currency-reporting requirements.

At present, the Colombian Black Market Peso Exchange method “is the single most efficient and extensive money laundering ‘system’ in the Western Hemisphere” according to the FinCEN (Financial Crimes Enforcement Network). The system involves Colombian traffickers who sell their dollar profits at a discount to agents in the U.S. who work for peso brokers in Colombia. Once the dollars are delivered to the U.S.-based agent, the Colombian broker deposits the agreed-upon funds in pesos in the traffickers’ account. The broker assumes the risk of introducing the laundered funds into the U.S. banking system and later sells the inventory of dollars to Colombian importers who bring in various legal goods, such as cigarettes or computers.

MONEY LAUNDERING AND DRUG TRAFFICKING

Other laundering schemes involve casinos, gems and precious metals, wire transfer companies, and smuggling currency out of the United States. Money launderers also use various offshore banking havens such as Panama, the Cayman Islands, the Bahamas, Aruba, Liechtenstein, and the Isle of Man. Between 1970 and 1995, a series of U.S. laws, regulations, and directives have sought to scrutinize movements of large cash transactions and suspicious financial activities.

The Bank Secrecy Act (1970) obligates financial institutions to report cash transactions in excess of \$10,000 using the Currency Transaction Report (CTR) and requires individuals to report the transportation of currency in excess of \$5,000 (now \$10,000) into or out of the United States.

The 1986 Money Laundering Control Act declared money laundering to be a crime in its own right and made “structuring”—transactions to avoid filing a CTR—a criminal offense. In 1995, Clinton signed Presidential Decision Directive 42, which freezes U.S. assets of Colombian drug trafficking organizations and bars U.S. companies from doing business with the traffickers’ front companies.

BITCOIN AND MONEY LAUNDERING

Cryptocurrency refers to a math-based, decentralised convertible virtual currency that is protected by cryptography, i.e., it incorporates principles of cryptography to implement a distributed, decentralized, secure information economy.

Bitcoin can be taken as the most known and costly, based on blockchain cryptocurrency.

Bitcoin provides certain anonymity of a user. It is reached by following features: Bitcoin is not attached to the user's personal information; for transactions via Bitcoin networking, users do not have to submit any personal information, which means that transactions do not contain identifying information about its participants. However, it should be taken into consideration, that Bitcoin does not give the anonymity of transactions since this contradicts one of the basic principles of its work as outlined in the article by Satoshi Nakamoto in accordance with which “the public can see that someone is sending an amount to someone else, but without information linking the transaction to anyone, so-called – «pseudonymous»”.

Bitcoin's characteristics make it extremely convenient to use it to commit economic crimes via the Internet, for instance, money laundering. It is obvious that for many years, offenders have tried to find ways to legitimize or launder illegal income for its further unlimited use in different fields of economy.

Digital money laundering can be successfully committed by using such Bitcoin's feature as pseudonymous which allows any user “to transfer money at near instantaneous speed at little or no cost, with very low barriers to entry, while remaining virtually anonymous without what could otherwise require a public paper trail.”

CASE STUDY

Pakistan and Afghanistan

Pakistan is in the Golden Crescent region, an area where opium and its cultivation and trade are widespread, owing to its geographical location. Its neighbouring countries, Iran, Afghanistan, and India, have a high volume of opium cultivation and trade origins. Drug trafficking within these countries, as well as across their boundaries, takes place regularly because the borders, especially the Afghanistan–Pakistan, Iran–Pakistan, and Iran–Afghanistan borders, are not strictly protected and monitored. Drug traffickers move the drugs across the border and get cash in return from the drug lords, who are pursuing their activities furtively in Pakistan as well as in its neighbouring countries.

The cash movement is usually unreported and is surreptitiously carried out, which is in itself money laundering. Owing to the high prices of the drugs that are trafficked along the borders of Pakistan, the amount of cash moved is usually very high, sometimes in the hundreds of millions of Pakistani rupees. Thus, a high amount of currency is laundered by the drug traffickers as “black money” or “dirty money” and stays unchecked, particularly if the drug traffickers have good contacts within the establishment or government as they can give bribes to the relevant authorities or can also use power to ensure their safe conduct. Pakistan’s north western border with Afghanistan is too long to have surveillance over and can be too costly for the government to keep a continuous check over it, whether using manual or automated surveillance systems.

The absence of constant surveillance has assisted smugglers and drug traffickers throughout history and they have been successful in establishing their underground drugs and money laundering empire by smuggling merchandise and drugs in both directions across the border, and by moving cash in a similar fashion. This has strengthened the money laundering and untaxed trade, which has now emerged as a giant market that has the capability to rival the local market economy in Pakistan’s North–West Frontier Province.

Cash is smuggled across the borders of Iran and Afghanistan, as well as through airports. For this, smugglers try to evade the security checks to launder money and they also bribe authorities or someone in the surveillance team to let them move the cash abroad.

CASE STUDY

Central America, Mexico and the Caribbean

Many of these countries are transit countries for cocaine bound for the main consumer markets in North America and Europe. For the North American market, cocaine is typically transported from Colombia to Mexico or Central America by sea and then onwards by land to the United States and Canada. The US authorities estimate that close to 90% of the cocaine entering the country crosses the US/Mexico land border, most of it entering the state of Texas. According to US estimates, some 70% of the cocaine leaves Colombia via the Pacific.

Colombia remains the main source of the cocaine found in Europe, but direct shipments from Peru and the Pluri-national State of Bolivia are far more common than in the US market. The relative importance of Colombia seems to be in decline. For example, in 2002, the UK authorities reported that 90% of the cocaine seized originated in Colombia, but by 2008, the figure fell to 65%. In a number of other European countries, Peru and the Pluri-national State of Bolivia seem to be the primary source countries of cocaine.

THE SILK ROAD

Silk Road was an online black market and the first modern darknet market, best known as a platform for selling illegal drugs. As part of the dark web, it was operated as a Tor hidden service, such that online users were able to browse it anonymously and securely without potential traffic monitoring. The website was launched in February 2011; development had begun six months prior. Initially there were a limited number of new seller accounts available; new sellers had to purchase an account in an auction. Later, a fixed fee was charged for each new seller account.

In October 2013, the Federal Bureau of Investigation (FBI) shut down the website and arrested Ross Ulbricht under charges of being the site's pseudonymous founder "Dread Pirate Roberts". On 6 November 2013, Silk Road 2.0 came online, run by former administrators of Silk Road. It too was shut down, and the alleged operator was arrested on 6 November 2014 as part of the so-called "Operation Onymous". Ulbricht was convicted of eight charges related to Silk Road in the U.S. Federal Court in Manhattan and was sentenced to life in prison without possibility of parole.

UNODC RESPONSE

The Regional Program for Central America is the result of an in-depth consultation process fully supported by Member States of the region. UNODC organized a Regional Experts Meeting in Costa Rica in 2009 on priorities for action in Central America for the period 2009–2011.

The "Program de UNODC para el Reforzamiento del Plan de Acción de la Estrategia de Seguridad en Centro América y México" was adopted at the Ministerial Conference in Managua, Nicaragua on 23 June–24 June 2009 by the seven Member States of the Central American Integration System (SICA), with Costa Rica as observer, the Dominican Republic as an Associated State to SICA and Mexico. It is intended to complement the Central America and Mexico Security Strategy Action Plan.

Representatives of the States at the Ministerial Conference also presented their national priorities and requested UNODC to provide state-of-the-art advisory services and technical assistance in order to design and implement an appropriate answer to the problems of drug trafficking and related transnational organized crime.

In the final declaration of the Managua Ministerial Meeting, Member States also endorsed the creation of Centres of Excellence in the region, which will gather the existing expertise in Central America and leverage it to deliver highly successful programmes and projects.

Santo Domingo Pact / SICA – UNODC Mechanism

The Santo Domingo Pact/ SICA–UNODC Mechanism is an interregional program (Central America and the Caribbean), which aims to enhance policy coordination in the field of drug trafficking and organized crime. The objectives are to (i) facilitate the coordination of regional and national policies in the field of organized crime and drug trafficking, (ii) develop an analysis capacity of organized crime and drug trafficking trends in the two regions, (iii) ensure an exchange of information amongst the partners of the mechanism and avoid duplication between technical assistance projects, (iv) assist countries in implementing the UN conventions on organized crime (UNTOC), corruption (UNCAC) and the three drugs conventions, and implement effective anti-organized crime policies.

Establishment of a Treatment, Rehabilitation and Social Reintegration Network in Central America

The regional project aims to create a treatment, rehabilitation and social reinsertion network in Central America, in order to progressively promote an integrated approach to the needs of drug dependent persons and facilitate the consolidation of a regional treatment capacity.

UNODC RESPONSE

Regional Network of Organized Crime Prosecutors

Most of the countries in Central America have recently established special anti-narcotic and/or organized crime units (OC units) within the police and the prosecuting authorities. This initiative proposes the creation of a sustainable Network of Central American Anti-Organized Crime and Drug Prosecution Units (OCN) in order to strengthen the prosecuting and investigating capacities of Central American countries in handling complex and transnational cases involving drug trafficking as well as other forms of organized crime, and to enhance regional and inter-regional operational and judicial cooperation. The OCN is composed of all prosecuting officials.

COUNTRY - SPECIFIC LEGISLATIONS

Switzerland

One provision of Swiss criminal law which has hitherto had only limited relevance with regard to money laundering activities in Switzerland is the prohibition, under the Swiss Narcotics Act of 1951, of the financing of, and the procurement of financing for, illegal drug trade. Above and beyond its facial limitation to assets stemming from illegal drug trade, this prohibition has been limited by judicial precedence to instances where it could be proven that laundered drug proceeds had been reinvested in the illegal drug operation and, further, that the parties effecting a particular money laundering transaction knew or must have known that the proceeds were to be reinvested in this manner.

Peru

Peru's Financial Intelligence Unit is the "Unidad de Inteligencia Financiera del Perú (UIF-Perú)". The UIF-Perú is a specialised unit of the Peruvian Regulator for Banks, Insurance Companies and Pension Funds (SBS). The UIF-Perú is responsible for receiving, analysing, processing, and transmitting relevant information in order to detect money-laundering and/or the financing of terrorism. The UIF-Perú also contributes to the implementation of specialised systems by the obligated individuals or organisations (those covered by the anti-money laundering and/or counter terrorist financing legislation) in order to detect operations of money laundering and/or financing of terrorism.

The UIF-Perú is also the contact at international level in the fight against money laundering and/or financing of terrorism.

INTERNATIONAL LEGAL FRAMEWORKS

The three major international drug control treaties, the Single Convention on Narcotic Drugs of 1961 (as amended in 1972), the Convention on Psychotropic Substances of 1971, and the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988, are mutually supportive and complementary. An important purpose of the first two treaties is to codify internationally applicable control measures in order to ensure the availability of narcotic drugs and psychotropic substances for medical and scientific purposes, and to prevent their diversion into illicit channels. They also include general provisions on illicit drug trafficking and drug abuse.

Single Convention on Narcotic Drugs, 1961

This Convention aims to combat drug abuse by coordinated international action. There are two forms of intervention and control that work together. First, it seeks to limit the possession, use, trade in, distribution, import, export, manufacture and production of drugs exclusively to medical and scientific purposes. Second, it combats drug trafficking through international cooperation to deter and discourage drug traffickers.

The Single Convention allows only drugs with morphine-like, cocaine-like, and cannabis-like effects to be added to the Schedules. The strength of the drug is not relevant; only the similarity of its effects to the substances already controlled. For instance, etorphine and acetorphine were considered sufficiently morphine-like to fall under the treaty's scope, although they are many times more potent than morphine. The convention requires parties to adopt measures against "cultivation, production, manufacture, extraction, preparation, possession, offering for sale, distribution, purchase, sale, delivery on any terms whatsoever, brokerage, dispatch, dispatch in transit, transport, importation and exportation of drugs contrary to the provisions of this Convention," as well as "intentional participation in, conspiracy to commit and attempts to commit, any of such offences, and preparatory acts and financial operations in connexion with the offences referred to in this article". Article 36 does not directly require criminalization of all the above; it states only in the cases of (unspecified) serious offences that they "shall be liable to adequate punishment particularly by imprisonment or other penalties of deprivation of liberty."

INTERNATIONAL LEGAL FRAMEWORKS

The 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances

It extends the control regime to precursors, and focuses on establishing measures to combat illicit drug trafficking and related money-laundering, as well as strengthening the framework of international cooperation in criminal matters, including extradition and mutual legal assistance. This Convention provides comprehensive measures against drug trafficking, including provisions against money laundering and the diversion of precursor chemicals. It provides for international cooperation through, for example, extradition of drug traffickers, controlled deliveries and transfer of proceedings.

Article 3 of the Convention may require nations to ban possession of drugs for personal use: subject to its constitutional principles and the basic concepts of its legal system, each Party shall adopt such measures as may be necessary to establish as a criminal offence under its domestic law, when committed intentionally, the possession, purchase or cultivation of narcotic drugs or psychotropic substances for personal consumption.

The Convention establishes an international control system for psychotropic substances. It responded to the diversification and expansion of the spectrum of drugs of abuse and introduced controls over a number of synthetic drugs according to their abuse potential on one hand and their therapeutic value on the other. The Convention has four Schedules of controlled substances, ranging from Schedule I (most restrictive) to Schedule IV (least restrictive). A list of psychotropic substances and their corresponding schedules, was annexed in the 1971 treaty.

FURTHER READING

Although the link between terrorism and other related crimes, such as drug trafficking, is evident and has been recognized by the United Nations Security Council, a thorough understanding is needed in order to develop solid strategies to prevent and disrupt these crimes.

Speaking at a recent conference in Istanbul, "The Role of Drug Trafficking in Promoting and Financing Today's Global Terrorism," jointly organized by Turkey, the United States and Colombia, UNODC Senior Terrorism Prevention Officer Irka Kuleshnyk said that "While it is difficult to establish how widely terrorist groups are involved in the illicit drug trade, or the breadth and nature of cooperation between these two criminal groups, the magnitude of the numbers involved make the relationship worrisome."

According to the UNODC's World Drug Report 2007, the total potential value of Afghanistan's 2006 opium harvest accruing to farmers, laboratory owners and Afghan traffickers reached about \$US3.1 billion. In addition, it is reported that in 2004, some 400 tons of cocaine was exported from one Latin American country, with an estimated domestic value of US\$ 2 billion. How much of this money is used for perpetrating acts of terrorism? Estimates vary. But even a small percentage would be more than sufficient for some individuals or groups to plan, finance and carry out terrorist acts.

LINKS FOR FURTHER RESEARCH

Other Links

- <https://www.anti-moneylaundering.org/southamerica/Peru.aspx>
- <https://2009-2017.state.gov/j/inl/rls/nrcrpt/2014/vol2/222471.htm>

QUESTIONS TO CONSIDER

1. What is the correlation between money laundering and drug trafficking?
2. What is the role of Transnational Mafia in drug trafficking and money laundering?
3. What are the sources of proliferation of banned drugs and counterfeit medicines?
4. What is the efficacy of pre-cursor control in stemming the proliferation of drug trafficking?
5. How can international regulation be amended to prevent money laundering especially through tax havens such as Switzerland and Cyprus?
6. What is the efficacy of existing drug control measures taken at the international and national levels?
7. What is the role of Information Technology and Technological Progress in money laundering?
8. Why have the various Anti Money Laundering systems and legislations failed?
9. What role does the dark web play in Illicit Drug Trafficking and Money Laundering?
10. What is the economic impact of money laundering and drug trafficking?
11. In what ways can Digital Money Laundering be demolished?