



Being tough is not enough

Curbing transnational Organized Crime

International Expert Conference

28 February – 1 March 2013, Friedrich-Ebert-Stiftung, Berlin

Conference Report

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Table of Contents

■ Preface by Christiane Kesper	4
■ Conference Report: Being tough is not enough – Curbing transnational Organized Crime by Timo Behrens & Florian Lewerenz	6
■ Roundtable Report: The EU’s Role in Facing Global Security Challenges, Organized Crime and Drug Trafficking by Anja Rillcke	17
■ Conference Input: Keynote Address: How big is the Threat? Scope and Patterns of Organized Crime by Peter Gastrow	18
■ Interview with Erwin van Veen: Organized Crime is a Development Challenge	24
■ Conference Input: Organized Crime in West Africa – Trends, Impacts and Responses by Etannibi Alemika	27
■ Interview with Carmen Muñoz Quesada: Criminals are gaining Influence over Politics	29
■ Interview with Frank Schwabe: We have to be open to New Approaches	31
■ Conference Input: From Repression to Regulation: A Latin American Proposal for Reform of Drug Policies by José Carlos Campero, Ricardo Vargas & Eduardo Vergara	34
■ Conference Input: Illegal Cultivation and Production – Options for Regulation	38
■ Interview with Hans Mathieu: Change the Resource Balance	40
■ About the Friedrich-Ebert-Stiftung’s Work	42
■ Conference Program	44



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Preface

The devastating effects and challenges linked to organized crime have become ever more visible in recent years. It is no great news that organized crime is a truly globalized, transnational business. Flows of both its »products« and related illegal funds largely ignore national borders. At the same time, the scope, patterns and effects of organized crime vary locally, nationally and regionally. Any strategy to counter organized crime needs to be tailored to the respective level, while building on international collaboration. But while transnational cooperation of criminal networks is increasing and adapting, government and governance responses remain too static and stuck within the confines of national borders. International and transnational cooperation in curbing organized crime is still in its infancy.

However, it is not only the transnational dimension that renders organized crime so difficult to tackle. It is also a multifaceted challenge in terms of its patterns and impact. The immediate threats to human security and the violence related to organized crime – as currently most apparent in the Mexican drug war – are

the most visible negative impact. Beyond that, however, organized crime severely undermines statehood and democratic governance through corruption, intimidation or even state capture in many parts of the world. It also fuels existing violent conflicts or re-ignites dormant ones. Not only in Colombia or the Sahel region are the increasing interrelations between conflict parties, terrorist organizations and networks of organized crime a source of destabilization and concern. Adding the negative impact that organized crime has on the legal part of the economy, one begins to understand that addressing organized crime is about more than just more effective law enforcement. Tackling organized crime in a sustainable manner requires the development and implementation of intelligent, multidimensional approaches to untangle networks and address the incentive structures and enabling factors of the various business models.

In the context of our work to promote peace and security, the Friedrich-Ebert-Stiftung (FES) aims at facilitating a strategic reflection on comprehensive policy responses to curb organized crime. In February

and March 2013, a smaller expert and parliamentary meeting in Brussels and a wider international expert conference in Berlin represented milestones in this endeavor. Beyond discussing recent trends and effects of organized crime in general, the meetings zoomed in on two central aspects: the illegal drug market, which is arguably still the most profitable one for organized crime, and money laundering, the bottom line of organized crime. The meetings were part of a continuous engagement and will be systematically followed up. Some of the analysis and suggestions discussed during the meetings were results of FES' work in the different regions. For instance, the process that led to the studies and drug policy reform proposals from Latin America were initiated within the framework of an FES regional security policy project. The respective dialogs in the various regions will continue. But during the Berlin conference, it became particularly obvious that there is also more work to be done in Germany. Given that organized crime not only operates in Germany but also compromises German and European policies – for instance in the fields of security, foreign affairs, development and health

– Germany needs to engage much more pro-actively in the international development and implementation of comprehensive responses.

Against this background, this conference documentation is meant not only to summarize past debates, but also to stimulate future ones. FES remains committed to providing input, facilitating dialog nationally and internationally and further strengthening the network of actors addressing the challenge of organized crime from different angles and in different parts of the world. To be sure, there will be no easy responses to the challenges posed by organized crime, as experience has shown. Curbing organized crime is more than a matter of repressive measures and law enforcement. In this sense, the subtitle of the Berlin conference remains a guiding theme of further debates and a reminder to be creative in designing comprehensive strategies and policies: Being tough is not enough.

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Conference Report

Being tough is not enough – Curbing transnational Orga- nized Crime

by Timo Behrens & Florian Lewerenz

Executive Summary

On February 28 and March 1, 2013, an international conference organized by the Friedrich-Ebert-Stiftung on transnational organized crime gathered experts from Latin America, Africa, Asia and Europe. The title of the conference, »Being Tough Is Not Enough – Curbing transnational Organized Crime« was inspired by the realization that, so far, the narrow focus on law enforcement in addressing transnational organized crime has had significant shortcomings. Other areas, such as development and health policy, institution building and capacity development, could contribute to a more balanced response. The conference discussed possible avenues for addressing issues of orga-

nized crime more effectively, along four main strands:

- Weak governance and statehood structures were identified as main pull factors for the activities of transnational organized crime. Addressing the issue thus means addressing and strengthening these governance structures. Often, a lack of political will seems to prevent handling these problems and thus civil society actors need to push for change.
- International cooperation is a high priority objective in overcoming the challenges to national efforts in combating transnational organized crime. Large-

scale initiatives for international cooperation have so far shown limited reach, especially in North–South cooperation. Regional efforts could help to close this gap by focusing on specific regional priorities in relation to the problems created by organized crime.

- International money-laundering policies have taken on an increasingly complex set of goals. Countries should carefully analyze the potential of these policies for combating organized crime. Overall, a stronger focus on money-laundering policies based on financial intelligence in order to aid in criminal investigation is needed. Prevention and prosecution of money laundering can be an additional measure, increasing the operational costs of criminal groups.

- Finally, the prohibitionist »War on Drugs« model has been ineffective in addressing transnational organized crime and has led rather to severe unintended consequences. The United Nations Conventions on drugs should be utilized to its full extent and alternatives to prohibition, such as regulatory mechanisms for drugs, need to be considered. Responses also have to take into account the changing nature of transnational organized crime, which requires a change of mind set leading to a renewed discussion on the regulation of drug markets.

Scaling the Problem

Transnational organized crime has lately received renewed attention after having been surpassed by terrorism in debates on public security following 9/11. Activities of organized crime have severe consequences and impact on all levels of society in every part of the world. In particular, the increase in violence connected to drug trafficking in Latin America has captured news headlines since the late 2000s.

Despite the resurgent interest in transnational organized crime as a public security issue, it remains notoriously difficult to develop a clear picture of the scale of the problem. The conference participants called for more research into transnational organized crime to enable a better assessment of the threats it poses and the consequences of current strategies to curb it. Numbers relating to illegal markets and activities are by their very nature unreliable as only a fraction of these

»The UN estimate transnational organized crime to be an 870 billion US dollars business annually.«

activities become known to law enforcement and other state actors. Estimates should therefore be regarded as illustrations of magnitude. Bearing that in mind, the United Nations estimate transnational organized crime to be an 870 billion US dollars business annually. This amounts to six times the world's annual official development aid and 1.5 per cent of global GDP. Adding to the uncertainty of researchers and policymakers working on transnational organized crime, even the term itself is a contested analytical category. It may refer to criminal actors, as well as their illicit activities. In both areas, complexity further increases if the different characteristics of criminal organizations and the nature of their businesses are considered. Violent entrepreneurs, cartels, warlords, guerrillas, paramilitaries or youth gangs have very different characteristics and therefore require very different ideas about how to respond to them. The unclear boundaries of what constitutes a transnational criminal actor have thus often hindered effective policy responses. Some argue that, whatever their activities and characteristics, it is necessary to address these criminal actors due to their sheer power to corrupt and intimidate state structures, as well as to adversely affect citizens' lives.

In terms of its activities and the manner in which it is conducted, transnational organized crime continues to diversify and integrate its activities transnationally, a process that took off with the fall of the Soviet Union in the 1990s. Mirroring the globalization of legal markets, criminal organizations have taken advantage of new developments in communication and transportation infrastructure, as well as increasingly open borders that facilitate the international movement of goods and services. This has allowed organized criminal groups to access new markets and manage increasingly sophisticated criminal enterprises. The wave of state deregulation in many regions of the world has contributed to the erosion of already weak governance structures and the disconnection between governments and citizens, thereby further facilitating the rise of transnational organized crime. Through the formation of networks, criminal organizations are today involved in a wide range of ac-

tivities, integrating, for example, the illicit trade in narcotic substances, human trafficking, arms trade, counterfeit and extortion, wildlife crime, kidnapping, corruption, credit card fraud, identity theft and other cyber crimes, and money laundering, to name but a few. Organized crime thus fuels conflict and terrorism, spoils development and democracy, undermines state structures and institutions and affects societies, security, growth and the environment around the world.

Due to its all-encompassing character and the lack of reliable information, transnational organized crime often triggers rather general debates instead of focused and context-driven analyses. Such analyses are necessary for developing suitable policy solutions to curb transnational organized crime that take into account historical, cultural and socioeconomic differences. During the conference, many issues and some potential solutions were discussed, of which this report highlights four that might represent central pillars of reforming the fight against transnational organized crime.

I. Address Weak Governance and Statehood

The fact that transnational organized crime activities impact negatively on governance and statehood seems to be universally accepted: Transnational organized crime undermines state institutions and governance structures with corruption and violence, and poses a serious threat to development and democracy. Scarce state resources are displaced from the provision of social services to law enforcement. Where governance structures are weak or vulnerable, in particular in countries in Africa, Asia and Latin America, transnational organized crime activities have found fertile ground on which to thrive.

By contrast, strong governance structures with popular backing can improve resilience and impede the establishment of transnational organized crime. Thus, the quality of governance is central when coping with the problem and the focus should be on strengthening and improving governance structures effectively. The answer to this is not just technical, but more political in nature. Politicians often lack the political will or leadership to confront transnational organized crime and governance issues, which has led to a frag-

mented political commitment to confronting the issue on a global as well as a domestic level.

For example, low levels of taxation in many parts of the world are considered to be a major reason for weak governance structures. Politicians in electoral systems often lack the political will to raise taxes, as it could weaken their chances of getting re-elected. Class structures diminish interest in addressing inequalities and areas of limited statehood, as investing in the poor population would empower a part of society that could vote against the interests of the elite in the next elections.

»Countries of the Global South have to bear a disproportionate part of the burden of transnational organized crime activities.«

In countries such as Guinea Bissau, the highest state representatives are involved in drug trafficking. In this context, strengthening resilience against transnational organized crime directly contradicts the interest of influential parts of the elite. Drugs provide an external rent, which nullifies the need for a tax system and deepens the disconnection between the state and its citizens. In Nigeria, various ethnic groups compete to capture the state and thus control over resource extraction through corruption. Thus, apart from being instrumental in rent capturing, corruption has evolved into an end in itself. In Kirgizstan, transnational organized crime activities have had deep ramifications for statehood: drug lords are elected to parliament; corruption and money laundering are widespread. The state seems to be run as a family business. In such contexts, creating a political commitment to tackle weak governance and transnational organized crime seems unlikely.

An example illustrating that changing governance structures and reducing violence is possible when there is a political will and commitment is the model of the Pacifying Police Units (UPPs) in Rio de Janeiro's favelas. In the model, the state initially announces that it intends to recapture the favelas from criminal actors. Subsequently, police forces occupy the neighborhood and push criminal actors out. Finally, the state establishes a continuous presence in the favelas

and provides social services and infrastructure. This model has been successful in reducing levels of violence and re-establishing state presence, though it has triggered gentrification that might push the local population to the margins where problems might resurface. Moreover, it remains to be seen if political support will endure after the World Cup and the Olympic Games.

In order to foster political commitment, civil society actors need to push for change. Civil society and the press can also play a crucial role in controlling governments and revealing corruption and links between government institutions and transnational organized crime. On the international level, the United Nations have often been blocked due to particular interests. Civil society should therefore act as a main driver for change and reform of policies addressing transnational organized crime on the international agenda, which can later be transmitted to the UN system. Establishing global networks and exchanging information will help to strengthen civil society actors and find more effective solutions against transnational organized crime.

Finally, as transnational organized crime activities are a global phenomenon and are often focused on providing goods or services to meet demand in the Global North, there is a shared responsibility in the fight against transnational organized crime. Currently, countries of the Global South have to bear a disproportionate part of the burden of transnational organized crime activities. Thus, the Global North should increase its assistance to countries requiring support in strengthening governance and resilience against transnational organized crime.

II. Strengthen Regional Cooperation

Despite the global trends presented above, organized crime poses challenges for public security provision that are mostly region-specific. Policy solutions thus need to take into account both the diversity and the interconnectedness of transnational criminal activities. While national crime fighting efforts fall short in impacting transnational organized crime, international approaches have so far also met with limited success. A distinctly regional approach offers a possibility of closing the current gap between global conventions and priorities and national crime fighting

efforts by turning the spotlight on regional priorities. Many African countries, for example, identify corruption of state officials as the most pressing issue of organized crime. Corruption most immediately affects the well-being of their citizens and societies on a daily basis. However, the example of West Africa illustrates again the interconnected nature of different kinds of organized crime threats. In this region, new illegal revenues created through drug trafficking reinforce the underlying problem of corruption. In contrast, in the United States, Mexico, Central America and the coca-producing countries of the Andes, the illegal trafficking of cocaine itself can be identified as a high-priority crime problem. However, even within the Americas, coca and cocaine production, trafficking and distribution each create specific public security challenges and take place in different political and socio-economic contexts. In European consumer countries, the impact of cocaine trafficking on public security is perceived as a lesser concern. But other problems are prioritized in some Asian countries, where organ trafficking, especially to the Middle East, has become an important crime-fighting concern.

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A regional approach would require states to define common priorities and build legal and organizational structures that allow regional cooperation beyond the intergovernmental level, especially in the police and justice sector. The obstacles to such international cooperation can be easily observed by examining existing efforts. One finding is that in current international formats, information sharing takes place mainly between actors in the Global North or flows from South to North. South–South cooperation in crime fighting, as well as the provision of intelligence from North to South is much more limited. This limitation is problematic in a world in which organized crime connects security concerns on both sides of the divide.



Reasons that hinder more intense cooperation lie in legal restrictions, the administrative capacity of agencies operating in the Global South and issues of trust. While this is widely acknowledged, high profile cases such as the corruption conviction of the former national commissioner of the South African Police Service and former president of Interpol Jackie Selebi reinforce reservations in the Global North with regard to increasing international cooperation and information sharing. Additionally, the national coordination of actors is already a problem for many public security agendas. The recent scandal in Germany about failures in sharing information and coordinating different internal intelligence agencies with regard to the murder investigations of foreign-born nationals illustrates that this problem is not limited to states with more limited administrative capacity.

Promoting regional efforts could make it possible to advance the agenda of international cooperation in light of the presented obstacles to larger scale international efforts. Such an approach would also have the advantage of allowing states to define common priorities in fighting organized crime with regard to region-specific challenges. The smaller scale of such regional cooperation facilitates more frequent exchange between public security actors of different countries and could lead to common operations that help to build trust. It could also introduce aspects of peer control as public security actors from neighbor-

ing states would be better informed about the activities of their counterparts in whose performance they have an interest with regard to transnational crime threats. Such an approach would require the harmonization of legal frameworks, which might also be easier to achieve at a regional rather than a global level. To establish a basis for increased cooperation, national legislatures should be more actively involved in international discussions.

One example of this kind of regional cooperation in crime fighting is the Initiative against Organized Crime (SPOC) of the Stability Pact for South Eastern Europe. Within the SPOC, six common regional priorities have been identified as parts of a strategic crime fighting framework. The strategic framework also includes a monitoring exercise, which allows an ongoing assessment of regional cooperation. On an operational level, regular meetings of national police chiefs have been institutionalized in order to coordinate crime fighting efforts and exchange information. This has helped to establish trust between the participating agencies as a prerequisite for international cooperation in a field in which sensitive information is often hoarded rather than shared. Legal provisions have been established that enable police officials to act, in a limited fashion, outside national territory. Anti-corruption programs as measures of institution building have flanked efforts to foster regional cooperation, further contributing to the success of the Stability Pacts for South Eastern Europe in crime fighting. External support is given to the SPOC by the Treptower Group, headed by the German Federal Criminal Police Office (BKA), which coordinates external police aid, thus structuring a complex field of actors.

An area that has fallen short of the desired outcome within the SPOC is cooperation in the justice sector. It is seen as too often legally restricted and can additionally be characterized as having a mentality focused on national frames of reference. As this touches on the legal sovereignty of nation states, it remains to be seen what kind of solutions can be devised for more international cooperation in the justice sector. One road ahead may be the introduction of regional prosecutors, of which recent developments in combating piracy may offer an example. A first step in this direction could be the introduction of a common EU prosecutor for cases of transnational organized crime. The discussion on this issue is far from being conclusive, however.

III. Target Money Laundering Policies at Financial Intelligence

Closing the loopholes that enable the revenues of illicit activities to enter the formal economy is a key element in the fight against organized crime, but money laundering policies are designed to do much more. The international anti-money laundering standards of the Financial Action Task Force's (FATF) Recommendations also aim to protect financial market integrity, combat terrorist and proliferation financing, and create financial intelligence. While all these goals have merit, limited resources should lead countries to carefully assess their priorities in designing national money-laundering policies within the international framework. For those seeking to combat organized crime, creating financial intelligence to aid in the investigation of predicate offences holds the potential for the most immediate gains. Directly attacking criminal organizations by threatening their financial basis through prevention and prosecution of money laundering can serve as an additional measure, increasing the operational costs of organized crime.

It is difficult to estimate the amount of money laundered by organized crime each year, but it seems to be around 1 to 2 billion US dollars. Illicit drugs form only one part of this revenue stream, which is also fed by tax evasion, weapons smuggling, human trafficking and other activities of organized crime. Significant efforts have been undertaken in recent decades to build a global anti-money laundering regime. The dominant approach to this phenomenon, promoted through the FATF Recommendations, favors systems to prevent and prosecute the introduction of illicit funds into the legal economy. It thus directly targets money laundering.

Together with its regional organizations, the FATF requires states to build investigative and regulatory structures that are highly complex. Non-compliance with international standards is costly for countries, some of which have felt the economic pain of being blacklisted by the organization for non-compliance. With such a strong international regime, countries should engage more actively with the development of the international anti-money laundering regime in a critical and productive manner. In the meantime, their main goal should be to apply the existing model according to their specific needs. While such fine-tuned policy development was difficult in the past, the recently revised FATF methodology allows coun-

tries more leeway in developing systems based on country-specific risk assessments.

As a result of the strong international pressure to build national anti-money laundering systems, many countries face important policy decisions concerning resource allocation and normative change. Costa Rica, for example, is still in the process of establishing a clear definition of what constitutes money laundering as a crime. This includes the question of whether its central focus should be on combating illicit finance itself or the related predicate offences that create illicit resources. As a transit country, Costa Rica is mainly a destination for illicit revenues that are earned in other jurisdictions. This increases the challenge for law enforcement agencies to distinguish whether international financial flows that reach the country originate from licit or illicit sources, especially if the two are mixed together. This makes the implementation of effective prevention and prosecution mechanisms difficult, as their effectiveness would depend heavily on information sharing with other countries. To cooperate effectively, countries would need to harmonize laws internationally, as well as to establish clear extradition rules for money-laundering offenders. For countries such as Costa Rica, the issue is politically sensitive as the implementation of international anti-money laundering standards might impact on foreign direct investment and civil liberties, such as privacy protection.

Countries that face these decisions should carefully analyze the various policy options. The international prevention and prosecution approach faces severe challenges to its effectiveness in curbing transnational organized crime, both conceptually and empirically. Even though the impact of prevention and prosecution on overall money laundering flows cannot be measured, the small amount of money that is confiscated annually and the few money laundering convictions hint at only limited success. Moreover, the theoretical assumption that money laundering itself has a negative impact, for example by distorting markets, still lacks empirical evidence, calling into question the legitimacy of anti-money laundering policies as measures to protect the legal economy. An additional limitation is that money laundering is only needed in large-scale organized crime activities, such as major drug trafficking operations. Smaller scale criminal actors may use their illicit gains for subsistence and thus do not require sophisticated money-laundering

schemes based on disguising the proceeds of crime as legal revenue.

In terms of fighting organized crime, the most immediate benefit of money-laundering policies seems to be the use of information on financial activities for investigations – following the money trail that leads back to the underlying criminal activities. Germany has had some success with this model, which it constructed around the Federal Criminal Police Office (BKA). It is one of the few countries that have located their Financial Intelligence Unit within the police, rather than in prosecutorial bodies or financial market supervision. The benefit of this approach is that information gathered by this specialized unit directly feeds into investigations of predicate offences. This reduces the need to build highly complex convictions based on money laundering as they are mostly achieved based on the predicate offences that created illicit revenue. With this approach, Germany has been somewhat at odds with the international regime that uses convictions from money-laundering cases as part of its compliance assessment structure. Germany should therefore seek a more proactive role and, together with likeminded countries, promote the application of the anti-international money-laundering system to the prosecution of predicate offences.

Given the complexities of implementing international anti-money laundering standards, countries from the Global North should aid in the process by sharing their experiences and providing resources. International cooperation in building strong anti-money laundering systems is timely, as the FATF revised its Recommendations in 2012 and its assessment methodology in 2013. In order to fulfill the new requirements, countries need to update their national anti-money laundering systems before the fourth round of reviews begins at the end of 2013. Germany's and Europe's goal should therefore be to strengthen anti-money laundering capacities abroad, in which they have an interest, as money laundering makes use of transnationally integrated markets.

IV. Minimize the Unintended Consequences of Drug Prohibition

The prohibition of plant-based and synthetic drugs through an almost universally signed and encompass-

ing legal UN framework has made drug trafficking the most important source of income for transnational organized crime. Even though the three UN Conventions from 1961, 1971 and 1988 leave some flexibility in their application, they have so far been interpreted mainly in a conservative and repressive manner. In general, drug policies have often been guided by ideology instead of evidence and pragmatism. Some countries, in particular the United States, have addressed drug supply with a militarized approach, the so called »War on Drugs«.

»The most immediate benefit of money-laundering policies seems to be the use of information on financial activities for investigations into organized crime.«

Despite enormous efforts, the prohibitionist policy seems to have failed in satisfying its own premises and reducing supply and demand for drugs. Instead, according to a report from the Executive Director of the United Nations Office on Drugs and Crime (UNODC), the prohibition framework has caused a number of unintended consequences:

- creation of a vast and highly profitable black market;
- displacement of resources for health policies to public security and law enforcement;
- geographical displacement of drug cultivation, trafficking and consumption due to repressive law enforcement and control (balloon effect);
- substance displacement, where control of one substance leads suppliers and users to move to other substances;
- social exclusion and marginalisation of drug users in society.

The obvious shortcomings of the current prohibition system – or at least its interpretation – clearly indicate a need for reform. A world without drugs and transnational organized crime seems to be increasingly unrealistic. However, the exact outline of reform is all but clear: whether (a) to implement changes in drug policy within the boundaries of the current UN Conventions or (b) to profoundly reform the system



as a whole and go ahead with regulation is still an issue of intense debate.

Supporters of the UN Conventions argue that there are many possibilities for improving drug policies within the system. These have not been exhausted. For example, Andean countries could globally commercialize coca freed from alkaloids. The legal production and export of opium by India and Turkey for medicinal uses seems to be a successful model of a commercialization of drug plants and could serve – even though not exactly similar – as a blueprint. However, developing countries' capacities to free coca from alkaloids are very limited and assistance from Germany and other countries that could provide resources and expertise would be necessary. Other possible policies within the framework of the Conventions are harm reduction and decriminalization of drug consumption, as executed successfully by, for example, Portugal. Nevertheless, the International Narcotics Control Board (INCB) has so far been quite conservative in its reporting and has not always shown flexibility in approving such policies. By contrast, advocates of profound drug policy reform think that the UN Conventions are outdated and that drug markets should be brought under legal regulation. The United Nations General Assembly Special Session (UNGASS) in 2016 could provide a forum for debate on such issues, of which policymakers should take advantage.

»The obvious shortcomings of the current prohibition system – or at least its interpretation – clearly indicate a need for reform.«

In particular in Latin America, where the costs of the prohibition and the War on Drugs are felt most strongly, calls for profound reform have grown. Advocates of reform, including current and former presidents, hold the view that the security-based approach to drugs needs to be transformed into one centered on health issues and human rights. Drug regulation seems a feasible, necessary and pragmatic step to them, undermining the power of transnational organized crime and addressing the social damage and harms related to the current system. Concrete models for regulation based on studies analyzing the whole drugs value chain suggest differentiating between various plant-based drugs and first implementing the regulation in the regions most affected, such as Latin America. According to them, the market for marijuana for private consumption should be legally regulated, comparable to alcohol and tobacco. Coca and cocaine should also be regulated, the latter under strong control mechanisms (for example, distribution in pharmacies, registration of users). Heroin and coca derivatives, such as crack and basuco, by contrast, would remain prohibited,



for these substances are considered to be very addictive and harmful. Furthermore, all drug consumption would be decriminalized and flanked with medical attention for drug users and addicts. With this model, it is expected that damage to consumers and non-consumers could be reduced and harms caused by anti-drug policies minimized. Moreover, such regulation could have a strong impact on transnational organized crime, shifting resources from illegal actors to legitimate state control, thus increasing resources for social and public health spending, and the fight against crime. It would also free up scarce resources currently used in running overcrowded justice and prison systems.

Positive effects notwithstanding, the implementation of such alternative regulatory measures raises some serious concerns. Regulation would probably create new black markets. Particularly in Latin America, where governance structures are weak, it would be difficult to ensure the proper regulation of these substances. Nevertheless, maintaining prohibition limits states' ability to influence the illegal market. Compared to this, regulation, even though imperfect, seems to be a better option. Another point of concern is that public health systems in Latin America are poorly equipped to address the needs of drug consumers. Moreover, the expected reduction of income of transnational organized crime through regulation would not automatically reduce levels of violence. Nonetheless, a reduction of income would lead to less powerful transnational organized crime

actors in the long run and thus impact on their ability to use violence. Another concern is that regulation, if implemented only in Latin America, would lead to geographical displacement of cultivation to other regions. The alternative model therefore also aims to regulate drug markets in other regions of the world. Finally, as drug regulation would deprive the farmers of drug plants of their livelihood, a new »Marshall Plan« for development in drug cultivation areas would be necessary in a post-drug war world.

What stance should Europe – and especially Germany – take on drug policy reform? As one of the biggest consumer markets for cocaine, Europe needs to assume its shared responsibility in confronting transnational organized crime, the arms trade and drug demand internationally, as well as domestically. In Germany, responsibility for the War on Drugs and the human catastrophe taking place in Latin America is often neglected: not only does Germany support the failed model of prohibition internationally and consume a good share of the drugs produced with a heavy death toll in other parts of the world, but it also contributes to the problem through its questionable arms export policy, leading to cases such as the export of G36 assault rifles to Mexican state police forces accused of serious human rights violations. Although difficult to assess, Germany's large economy and financial sector offer much potential for transnational organized crime to launder its proceeds.

To live up to their responsibility, as a first step, Europe and Germany should invest more in addressing transnational organized crime, domestically and internationally. Development assistance in drug production and transit countries needs to be scaled up. In terms of harm reduction and decriminalization, Europe and Germany can share their experience and assist other countries in implementation. The change from a security to a health-based approach is overdue and should be supported. Regarding the supply of drugs, the German development-oriented drug policy program is a successful model for a human and harm-reducing approach. It helps farmers of coca and opium poppy in Latin America and Asia to substitute drug crops with legal alternatives. Key to the concept of »alternative development« is the improvement of human development in these regions and addressing the causes of drug cultivation, such as weak governance, poor capacities, lack of infrastructure and market access. Finally, with regard to the drug policy framework, Eu-

rope and Germany need to take the call for regulation seriously and actively endorse an open debate on alternatives to the current drug policy model in order to base decisions on facts instead of ideology.

This implies a change of drug policy in Europe as well, where, despite some positive efforts to mitigate the unintended consequences of prohibition, such as harm reduction, there is still much room for improvement. In order to reduce harm to drug users and minimize incarceration rates for non-violent drug offenses, a possible first step for Germany would be to decriminalize drug use. To this end, regulation of medical uses for marijuana could also be an option.

There is a consensus that more research is needed to base drug policy on more solid and fact-based foundations. A rigorous global evaluation of the current model of prohibition and the War on Drugs should be conducted, comparing it to alternative policies such as regulation and analyzing costs and benefits, intended and unintended consequences. Moreover, more research needs to be conducted on the impact of consumption of cocaine and other drugs on human well-being.

Regarding the most effective strategy to press for reform on the political sphere, opinions differ. It is agreed that drug policies are a fear-based topic and hence a rationalization of the debate is crucial to avoid alienating politicians. By contrast, how to frame drug policy reform remains controversial. Arguments based on security may have good prospects in Latin America, where the security ramifications of the War on Drugs are obvious. Framing drug policy reform with the »hard« topic of security may also open the door to more conservative cycles. Nevertheless, in Europe the impact of transnational organized crime on security is less visible. Consequently, there is the expectation that the improvement of health through decriminalization and regulation might be a more effective argument, as it concerns Europe more directly. Framing the debate with the cost argument of the War on Drugs and possible income from regulation and taxation might also be a promising path to convince politicians, even though in the past the argument has not been very successful in Europe.

On a global scale, it will be difficult to convince important countries supporting prohibition, such as the United States, as there seems to be a strong interest in maintaining the status quo. Therefore, Europe needs to go ahead and forge alliances with Latin America to impact on US drug policy. So far, however, no consensus has been achieved on drug policy reform, either in Latin America or in Europe. Thus, civil society comes into play and needs to press and push for reform to make future drug policy more pragmatic and evidence-based.

Concluding Remarks

A recurring topic of the conference was the need for intensified international cooperation to curb transnational organized crime effectively. Apart from the development of regional formats, a prerequisite of such cooperation would be to address governance shortcomings, whose roots are often political. Stronger ties have to be built between states and citizens that promote public security provision encompassing all of society, focusing especially on the interests of currently marginalized groups. Examples exist, such as the UPPs in Rio de Janeiro or the SPOC in South Eastern Europe. These experiences point to the fact that law enforcement efforts have to be accompanied by investments in social infrastructure in order to yield results. Policymakers can build on these experiences but should critically reflect on whether they are applicable to local circumstances.

»International cooperation should go beyond law enforcement and include a stronger role for social, development and health policies in strategies to address organized crime«

While building more responsive governance, countries and their international partners should assess whether security policies reinforce underlying class structures. Reinforcing these structures carries the risk of further distancing marginal actors from the



design of security policies and potentially exacerbating human rights issues. Civil society actors can play an important role in this process by acting as both drivers of change and human rights watchdogs. Improved international cooperation among civil society actors concerned with transnational organized crime is necessary in order to build improved resources and capabilities to address the phenomenon. Resource-rich countries should support such endeavors as they are affected by criminal organizations that thrive in areas of limited statehood. Moreover, support should also spring from the normative involvement that many resource-rich countries have by providing demand for illegal goods and services or offering infrastructure and goods used by criminal groups.

International cooperation should go beyond law enforcement and include a stronger role for social, development and health policies in strategies to address organized crime issues, as well as joint discussion on international priorities. Future discussions should reflect the transnational nature of organized crime and acknowledge that solutions can be developed and implemented only if all relevant parties have ownership of them – if they can include their

own priorities, problems and solutions in the process. Such an approach would mean that countries of the Global North give more voice to their partners. They should embrace a discussion on the re-regulation of the international narcotics trade and experiences gathered with models to curb transnational organized crime implemented in other contexts.

While Germany has much to learn from its international partners, it also has to offer some experiences of its own: for example, with regard to development, drug and money laundering policies. It should engage more actively with the international community, especially in conceptual development. By doing so, it could reap the benefits of lessons learned elsewhere while proactively engaging with the international system that sometimes restricts its own policy development. Organized crime is becoming more and more transnational and therefore requires international policies to counter it. Germany would be wrong to ignore this.

Roundtable Report

The EU's Role in Facing Global Security Challenges, Organized Crime and Drug Trafficking

27 February 2013, FES EU Office Brussels

by Anja Rillcke
FES Brussels

Before the Berlin conference, the EU office of the Friedrich-Ebert-Stiftung organized a roundtable with experts from Latin America, Western Africa and the EU to discuss patterns and impacts of organized crime on security, governance and democracy, as well as possible policy responses, particularly in the areas of drug-related crime and money laundering. There was a particular focus on the role of the EU in facing these challenges as an important cooperation partner, but also a target market of drug trafficking.

During the first panel on »The Impact of Organized Crime on Statehood« Etannibi Alemika, sociologist at the University of Jos, Nigeria presented his exploratory study on »Organised Crime and Governance in Western Africa«. He emphasized that corruption is not only a side-effect but a form of organized crime itself.

Given that organized crime holds assets estimated as up to six times the EU's external assistance or 1.5 per cent of global GDP, the EU coordinates a multi-level system of activities, ranging from the Instrument for Stability (IfS), through various Common Security and Defence Policy missions – for example, Operation Atalanta – to EU agencies such as Europol. In the discussion a number of speakers criticized the fact that the various EU programmes often lack impact on the ground as they focus principally on cooperation with governments. Organized crime, operating transnationally, has an impact at the local, regional and global levels. The EU and West Africa need to define what kind of security they would like to achieve and aim in the long run to strengthen the rule of law and the accountability of institutions to enhance ownership of civil society and the media.

José Carlos Campero, Ricardo Vargas and Eduardo Vergara introduced the second panel with their recommendations for drug policy reform.

Representatives from the European Commission outlined the EU response to the increasing number of drug users. EU anti-drug policies focus on reducing demand; strengthening jurisdiction and inspection bodies – for example, control of ports and airports – or prevention programmes for adolescents. While the EU member states are in charge of their individual drug policies, they reflect the principles of EU drug strategy. These policies are based on three pillars: reduction of supply, fight against demand and international cooperation against drugs and money laundering. Internationally, the EU is providing support by means of IfS-specific programmes, such as the Cocaine Route Programme, which covers 36 countries. There was agreement on the importance of providing alternatives for producers, improving the control of trafficking and restricting consumption of drugs through better education and information. To achieve greater effectiveness with regard to anti-drug policies the involvement of civil society was called for.

The ensuing discussion stressed that weak governments might face problems establishing a more liberal drug policy, as there is no consensus, particularly in Latin American societies, to liberalise hitherto repressive policies. While the proposals were hotly debated, there was wide support for an approach that would tackle the international financial system which allows drug cartels – and organised crime in general – too much room to manoeuvre.



Peter Gastrow

Director of Programs
International Peace Institute, New York

Conference Input

Keynote Address: How big is the Threat? Scope and Patterns of Organized Crime

by Peter Gastrow

Global Scale of the Problem

Those who venture into the risky area of assessing the global extent and threat of organized crime have no option but to do so with little reliable data and weak criteria to guide them. Findings that emphasize the growing global threat can run the risk of being written off as »alarmist«, intent upon producing panic, while those who caution against overstating the threat of transnational organized crime may in turn be suspected of encouraging complacency. We should not allow such spats to produce a paralysis. Robust debates and sharp critiques are essential if we are to develop a better understanding of transnational organized crime and of the significant changes that it has undergone.

Our popular perceptions of organized crime are increasingly out of date and belong to a bygone era. The stereotypical Mafia drug cartel with a Godfather boss may have a few remnants, but what we now face are global criminal enterprises consisting of networks that turn over billions of dollars and prey on every aspect of global society, fuelling conflict, destroying the environment, distorting markets, corrupting governments and draining huge resources from both. Within a relatively short time, organized crime has developed into a giant global business with an estimated annual turnover of 870 billion US dollars in 2009. This massive figure represents more

than six times the amount of official international development assistance and is equivalent to about 1.5 per cent of global GDP. Other estimates suggest that the world's shadow economy, including organized crime, could be as high as 10 per cent of global GDP. Assessments of the economic value of organized crime vary widely, but even the more conservative figures are staggering. A 2011 study by Global Financial Integrity estimated the value of worldwide illicit traffic in »goods, guns, people, and natural resources« at 650 billion US dollars annually. These figures do not include the cost of organized crime activities in social, physical and emotional terms. Nor do they reflect the damaging consequences of the breakdown and weakening of state institutions.

It is difficult to produce accurate global assessments as the shadowy nature of organized crime makes it difficult to obtain reliable data. Assessing the scope of different categories of organized crime is often easier, but estimates also vary widely and ought to be approached with caution. Let me highlight only six of the many categories of transnational organized to indicate their global scale:

- The Norton Cybercrime Report of 2011 suggests that there are more than one million cybercrime victims per day who lose around 388 billion US dollars each year worldwide as a result of cybercrime, making it more profitable than the global trade in marijuana, cocaine and heroin combined.
- The illegal trade in timber by organized criminal groups is growing and is worth between 30 US dollars and 100 billion US dollars annually. According to a report by the UN Environmental Programme it is responsible for up to 90 per cent of tropical deforestation in key tropical countries of the Amazon basin, Central Africa and South East Asia.
- The UN estimates the annual value of drug trafficking to be 320 billion US dollars. Again, these statistics need to be treated with caution, as reliable data on underground markets are hard to come by.
- In 2012, poaching of elephants for ivory was at its highest level since 1989. Elephant numbers have been reduced to levels at which the threat of extinction has become real. In 1930, there were between

5 and 10 million African elephants. By 2012 less than 1 per cent of this figure, about 450,000, remained.

- In 2005, the ILO estimated the number of victims of human trafficking at any given time to be around 2.4 million, with annual profits of about 32 billion US dollars. The scope of the problem may be much larger. The 2012 ILO report estimated the overall number of victims of »forced labour« at nearly 21 million people. However, since compiling the 2005 figures, the ILO has changed its methodology, making year-to-year comparisons unreliable.
- Criminal groups are trafficking fake medicines valued at about 1.6 billion US dollars annually. The WHO reported that in 2011, 64 per cent of Nigeria's imported antimalarial drugs were fake. Nigeria is Africa's largest drug market. The Economist lamented, »the 21st century is turning into a golden age for bad drugs«.

»A key problem remains an oft-repeated one, and that is that governments and international organizations are still stuck with state borders that are regarded as inviolable. Organized crime has become globalized and is ignoring borders, but when it comes to law enforcement, governments get stuck at their border and are not able to pursue the more agile and more up-to-date criminal organizations.«

Peter Gastrow

Many more estimates are available but a barrage of dramatic statistics can be overwhelming and sometimes misleading. The bottom line, however, is that transnational organized crime is increasingly posing a global threat and is expanding in most categories. While reliable global assessments are difficult to produce and vigorously critiqued, for those who have to confront organized crime on a daily basis – namely, law enforcement experts and police agencies – there is no doubt that the world is experiencing an unprecedented expansion of transnational organized crime.



»In the fight against organized crime, law enforcement alone is not enough.«

Barbara Weiler
Member of European Parliament,
Member of the Special Committee on Organized
Crime, Corruption and Money Laundering

Impact on Security

The UN Security Council has on a number of occasions drawn attention to the growing impact of organized crime and drug trafficking on security. It is indeed a threat that manifests itself in different ways. I will mention merely three examples:

I. Undermining Governance: Threat to Human Security

Where organized crime succeeds in penetrating state structures the impact inevitably undermines governance. This is not confined to fragile or weak states where money can buy positions of influence with relative ease, but also applies to stable middle-income states. Take South Africa as an example. In 2010, the National Commissioner of Police was convicted of corruption after accepting funds from an international drug trafficker. For a national police

chief to do so undermines law enforcement and the fight against crime. The evidence showed that the national police chief had provided the drug trafficker with confidential information received from the British police that could directly affect investigations into international drug trafficking between Britain and South Africa. This undermines institutions, public and international confidence, and facilitates ongoing corruption of senior police officials. It constitutes as much of a threat to security as the more open and confrontational role played by organized crime groups in some conflict zones.

Links between top government officials and organized crime are not a new development. What is new, however, is the speed and ferocity with which global crime networks have targeted and entrenched themselves in numerous weak and developing states across the world, a trend that is likely to continue. The security of millions of the world's poorest is thereby further threatened and undermined. Some West African states are prime examples of the rapid criminalization that has occurred during the past fifteen years. Policies to counter organized crime should be augmented with new ideas aimed specifically at preventing and reversing the criminalization of government institutions. This will be primarily a development and institution-building task.

II. Security and UN Peace Operations

Very difficult to identify and address are the impacts on peace and security from organized crime groups in conflict and post-conflict areas in which UN peace operations are active. Organized crime groups often act as spoilers of peace and stability. The UN has struggled to develop coherent strategies to address this. The dilemma is that UN peacekeeping forces sometimes have to regard organized crime groups as allies, and sometimes as an enemy, or both. The UN System Task Force on Transnational Organized Crime and Drug Trafficking, established by the Office of the Secretary General of the UN is grappling with this issue. It intends to develop multifaceted strategies that will be effective in addressing the multifaceted nature of the challenge by involving a range of UN entities in the work of the Task Force.

III. Organized Crime and Links to Terrorism and Militant Groups

A stark example of the international security threat posed by insurgency groups becoming involved in

transnational organized crime is evident in West Africa and the Sahel region. The January hostage attack by militant Islamists on an Algerian gas facility near the Libyan border has again highlighted the links that militant jihadist groups have with organized crime. While the links between groups involved in terrorism, such as FARC and the IRA, have been known for years the pace at which such interaction has spread to other regions has caught some by surprise. Some commentators have been sceptical of claims that this is happening and have regarded them as part of a post 9/11-hype.

According to the UNODC, an estimated 50 tonnes of cocaine were being trafficked through West Africa in 2008. This appears to have dropped to 18 tonnes in 2012, worth about 1.25 billion US dollars at wholesale prices in Europe. In addition, the region has emerged as a major transit route for human and small arms trafficking and for the smuggling of cigarettes and diamonds. In North Africa, the cigarette contraband trade is thought to be worth about 1 billion US dollars. It should therefore perhaps have been foreseen that the massive profits accruing from drug and contraband trafficking in West Africa would attract new actors.

The attack on the Algerian gas facility was allegedly ordered by one of the most dominant jihadi and crime personalities of the Sahara and Sahel regions, Mokhtar Belmokhtar. He has been dubbed »uncatchable« by French intelligence, and has the nickname »Mr Marlboro« because of his role in cigarette smuggling across the Sahel region to finance his jihad. His exploits included smuggling arms and drugs, and levying protection money on other contraband traffickers who traverse the Sahel region. The events at the gas plant and in Northern Mali, from where Mokhtar Belmokhtar apparently operates, have contributed to the international security crisis that we are witnessing in Mali and the Sahel today.

Very similar developments have occurred in Somalia. Militant groups linked to Al-Qaida have engaged in organized crime to sustain their attempts to topple the Somali provisional government. Al-Shabaab has been involved in smuggling thousands of tonnes of sugar, electronic goods, arms and other contraband into Kenya through Kismaayo harbour in Somalia to fund its

»I think that for the next ten years at least it's going to be a major uphill struggle to get organized crime, transnational organized crime, onto the international agenda in a serious way. Until political pressure starts developing from the bottom up, not much is going to change.«

Peter Gastrow

activities. The international dimension of the threat they pose is evident from the presence in Somalia of both African Union and UN military forces to combat al-Shabaab. The instability following the Arab Spring and the conflicts in North African and Middle East countries, such as Syria, will favour the rapid expansion of criminal markets in those areas and the increased involvement of rebel groups in organized crime to fund their activities. State capacity and the political will to address this seems absent. The focus of both the police and the military has been on the conflicts, leaving ample space for organized crime groups to flourish. Collaboration between organized crime, rebel groups and those involved in conflicts is likely to increase and we are not ready to address that.

Impediments and Pointers

This presentation was not intended to address possible solutions or new strategies to counter transnational organized crime. Other conference sessions will be addressing that. But in considering new policies and strategies, some pointers towards current impediments and likely future developments may be useful. I will refer briefly to two impediments and two likely future developments. None of them are new.

I. Lack of Effective Global Cooperation is the Main Obstacle

Fundamental to any new successful strategies against transnational organized crime is an acceptance of the truism expressed by Chancellor Angela Merkel, namely that »the greatest consequence of globalization is that there aren't any purely national solutions to global challenges«.

The failure of governments to cooperate effectively regionally and globally to develop creative new strategies that counter transnational organized crime is probably the most important contributor to the relative ease with which organized crime groups operate across borders and are rapidly gaining ground. World trade grew by 400 per cent between 1980 and 2008, and globalization has facilitated the rapid expansion of communications and information. But governments, in determining the mandate of their law enforcement agencies, are stuck in the past, as though the globalization of organized crime has not happened. They regard their national borders as inviolable and, with some exceptions, continue to apply national solutions to address the global challenges of transnational organized crime. Police investigators are hamstrung and unable to effectively pursue the more mobile and agile organized global crime groups to the different corners of the world. The difficulties they face are illustrated by a finding in the 2013 Europol report on payment card fraud. It found that when gathering intelligence on overseas transactions affecting the EU, Europol was not entitled to cooperate with non-EU police forces. An astonishing state of affairs in the year 2012! In the »contest« between global organized crime and national governments, the clear winner will continue to be organized crime unless governments adopt a more flexible approach to national jurisdiction and sovereignty issues. Organized crime networks will continue to have the advantage of global mobility. The establishment of Europol is evidence that it is possible for states to be flexible on national jurisdiction issues for the sake of providing their citizens with greater security.

What has prevented effective international cooperation against transnational organized crime is a purist interpretation of sovereignty and the notion of the inviolability of national borders. However, some tentative progress is being made in Latin America. The failure of national responses to stem drug trafficking has led governments to consider compromising on national jurisdiction issues for the sake of more effective regional strategies to counter transnational organized crime. In April 2012, Latin American states unanimously approved the establishment of a regional centre in Mexico »to create an Inter-American system against organized crime«. They conceded that national responses to the threat of organized crime and drug trafficking were, by themselves, insuf-



»In recent years, we have focused our debates on the threat of terrorism. Without a doubt, we need to take those seriously. Yet I am convinced that in Europe, organized crime is by far the bigger threat in the daily lives of its citizens.«

Dieter Wiefelspütz
Member of the German Bundestag,
Member of the Committee on Internal Affairs

ficient and that there was a need to establish »a hemispheric approach to transnational organized crime«.

The oft-repeated call for international cooperation will remain meaningless for as long as governments fail to accept that the world has changed and that globalization cannot be wished away or selectively accepted.

II. Beyond Law Enforcement

The law enforcement approach as the sole counter to organized crime has failed. Additional actors, particularly from the developing world need to be drawn in. Mind-set changes are necessary if policymakers are to adopt a more holistic approach. The debate

has commenced but much more thinking is required to develop realistic new policy approaches. The 2011 World Development Report called for a more holistic approach towards addressing crime, development and security in weak states. It found that »A key lesson of successful violence prevention and recovery is that security, justice, and economic stresses are linked: approaches that try to solve them through military-only, justice-only, or development-only solutions will falter.« The increased involvement by international criminal networks in weak states and developing countries makes it necessary for policymakers to augment law enforcement strategies with policies that address institution building, development and capacity building. These will be challenges on which we all should be working.

III. Expanding Criminal Markets

Globally, increasing wealth gaps and skewed income distribution will contribute to the further expansion of criminal economies and a growing demand for cheaper contraband goods. This demand will increasingly come from rapidly expanding urban populations and sprawling megacities in the developing world. For example, the UN estimates that global illicit drug users are set to rise by 25 per cent by 2050 and that the bulk of the increase is likely to come from the rapidly rising urban populations of developing countries. Although the rise of 25 per cent is probably more or less in line with natural population growth, it nevertheless means that we can expect significant turnover increases from drug trafficking in the amount of billions of dollars and that urban areas in developing countries will be most affected. The knock-on effect that this will have on other categories of transnational organized crimes, such as trafficking in counterfeit goods, arms and humans, will result in expansion far beyond merely drug trafficking. This all lends urgency to the debate on decriminalization as enormous challenges await policymakers.

IV. Technological Developments

Rapid technological innovation, which criminal networks have been quicker to exploit than law enforcement agencies, have enabled them to remain a step ahead of many law enforcement agencies. This trend is likely to continue in future, particularly in poorly resourced countries of the developing world. The rapid expansion of cyber crime is probably the best indicator. Take the example of the young Russian, Latvian and Romanian hackers who were recently charged by US

authorities for infecting more than a million computers worldwide with a virus in order to access personal bank information and steal millions of dollars over a six-year period. They will probably regard themselves as unlucky for having been targeted by a US-led investigation because not many other governments or law enforcement authorities have the capacity to successfully investigate and prosecute such cases.

A further example of how organized crime groups successfully exploit technology relates to illegal logging. Criminal groups now use high-tech methods such as hacking government websites to obtain and change logging permits. Again, in many countries law enforcement agencies will not have the capacity to identify and effectively counter such hacking activities.

Even highly developed countries with ample technological capacity will bear the consequences of other states not being able to cope with high-tech crimes. European countries, for example, have the capacity and technical know-how to enhance security measures to protect payment cards issued in Europe. Many other countries do not. Europol has found that organized crime groups originating from Europe made about 2 billion US dollars a year from payment card fraud and that nearly all fraud involving EU cards had taken place outside the EU and that such fraud cases overseas had risen. Unless global strategies are developed to counter such advances by criminal groups, they will continue to be a step ahead.

Final Comments

The challenge we all face is to catch up with transnational organized crime by being more creative and agile. They have gone through mind-set changes and so should we. For example, the gradual evolution of their structured crime groups into more flexible and agile networks should provide food for thought for governments and international organizations. What needs to be explored is whether a network approach will enable law enforcement agencies, private sector interests, NGOs, research bodies and other actors to be smarter and more effective in collaborating against global organized crime. We should look at the concept of establishing networks to counter networks.



Interview

Organized Crime Is a Development Challenge

with Erwin van Veen
Policy Analyst, OECD, Paris

Mr. van Veen, you are working for the Organization for Economic Cooperation and Development that is quite substantially involved in the challenge of international crime. What is the OECD DAC's take on organized crime and its relevance for Development Assistance?

Our interest is really in the relationship between transnational organized crime and development, and this is because transnational organized crime and in particular the drugs issue is a critical development challenge. For instance, annual profits in the drug trade are about 125 billion US dollars, and this is a massive amount of money in many of the countries affected by conflict and fragility. Organized crime undermines the delivery of countries, the ability of countries to deliver public goods. It undermines the authority, the legitimacy of the govern-

ment. It creates corruption, it creates violence. So this together makes it a critical development problem, and what makes it really interesting is that its resolution or its reduction requires action from fragile developing and developed countries alike, because organized crime is a function of global supply and demand for many of its services: drugs, human trafficking and so on. But interestingly, at the moment we only tackle it on the supply side, and a good example is the War on Drugs.

So, in short, we are interested because it is a development challenge, and because it requires much more integrated action at the global level to be resolved effectively.

The OECD is only one actor trying to facilitate international support to curb transnational organized crime. What is your experience with the other international actors and forums active in this field – especially the UN and regional organizations – and the degree of collaboration between them?

I would say that our job at the OECD is to generate evidence and ideas. So we are not an organization that is involved in crime fighting. That is a job for others. From that perspective, I would offer three thoughts in response to your question. Firstly, what we see is a prevalence of intergovernmental approaches to the resolution or the reduction of organized crime, and this is becoming problematic in a world that is increasingly multipolar, with many different interests and stakes. For instance, at the recent conferences in Durban, Rio, and Doha, there are very difficult, slow processes.

Secondly, the focus is on hard regulation: everything you can put into laws and then have to enforce. And thirdly, we have very poor data on many of these issues, organized crime, illicit flows, etc. So what we really need, and that is what we need to see much more of in cooperation, in the ways of working of international organizations in this area, is flexible coalitions that really create space and momentum for deliberation. That means that we need to include civil society actors, think tanks, the private sector much more strongly in lighter ways of working, not very heavy international conferences, procedures where everybody needs to agree, but much more flexible spaces for thinking that can then build a momentum.

And once you have that momentum, you can bring it to international organizations for the formalization.

In a joint paper with J. Brian Atwood you advocate focusing on problems of organized violence – something of a departure from other notions, such as organized crime or conflict – what is the rationale behind this refocusing?

From a development perspective, we often use the focus on conflict. And this has to do with the terrible wave of civil wars in the Nineties – Rwanda, Yugoslavia, the DRC and so on. But this perspective today is outdated. In fact, it is not conflict per se anymore that creates the highest level of destruction and the largest amounts of deaths and injured, but it is high levels of violence. And you see that in two manifestations: one is high levels of violence in non-conflict countries, such as Latin America: for instance, in Mexico, Guatemala and Honduras. There are no conflicts in the traditional sense. Secondly, of course, there remains conflict in, for example, Sudan, the DRC, and other places.

So, two characteristics of violence today are very important for proper analysis and therefore proper responses. The first is that it occurs in cycles. So what we see, for instance, is that every civil war since 2003 has continued a previous civil war. There are episodes of violence that then stop and then flare up again.

The second is that a lot of different types of violence fuse: terrorist activity, criminal activity, but also commercial and political activity. This makes it a much more complex problem to deal with. And that is precisely the reason for taking an organized violence perspective; it fits the nature of the problem better, and if you want to get better solutions, you have to get the concept right first.

In this paper you suggest focusing on six structural actions with a long-term perspective to effectively tackle organized violence. What are they?

The paper really tries to offer some fresh ideas on the basis of the assumption that we are internationally stuck in the reduction of organized violence. And I would say, before turning to these ideas, that we are stuck in three big ways.

First of all, there is a lack of integrated policies and approaches to organized violence. Second, we are not addressing some of what I would call the global drivers of organized violence, and thirdly, the focus is



»Due to geopolitical and economic factors, Kyrgyzstan has for a number of years suffered the immense brunt of the Afghan narcotics trade. In recent years, the expansion of the drug trade has taken an increasingly aggressive turn, fostering drug driven corruption, transnational organized crime, terrorism, extremism, unprecedented levels of drug-related crime. It has become one of the greatest threats to the Republic's national security.«

Aleksandr Zelichenko
Director, Central Asian Center on Drug Policy,
Bishkek



far too much on law enforcement and reaction. Keeping that in mind, we propose six ideas in this paper. One is to build an integrated UN policy; it is still the institution with the most legitimacy, and the attempt to formulate a post-2015 development framework is a great start.

Second, we need a radically different approach to reducing the drugs trade; thirdly, we need to consider whether there is a greater need to regulate the international market for arms and security services.

Fourthly, prevention efforts, although everybody agrees with them, have remained very weak, so we need much more focus on conflict prevention, especially at a regional level, in other words, where these conflicts occur, because that is where the interest is greatest in preventing them.

As a fifth idea we offer the idea of infrastructures for peace. It is a bit of a technical term, but it is really an attempt to get groups of people who are already present and organized in countries to talk to each other better to prevent violence.

And finally, leadership is a dimension that is often not sufficiently acknowledged, the role leaders play

in preventing or inciting violence and conflict. So we need to pay much more attention to building the ability of people to step up and to act as leaders, of course, in our case, in the prevention of violence.

More audio interviews and download available at <http://www.fes.de/GPol/en/media.htm#Crime>



Etannibi Alemika

Professor of Criminology and Sociology of Law
University of Jos, Nigeria

Conference Input

Organized Crime in West Africa – Trends, Impacts and Responses

by Etannibi Alemika

Organized crime is a dynamic and pervasive problem in West Africa that threatens efforts to consolidate democracy and promote economic and social development in the region and constituent countries. However, understanding of the dynamics and relative impacts of organized crime remains limited among international actors who continue to put unwarranted emphasis on drug trafficking and, more recently, money laundering. Organized crime engenders serious problems and concerns for West African citizens and countries. Definitions of organized crime should be reformulated to include corruption, not just as an instrumental element of crime, but as a substantive crime involving conspiracy to defraud states of pub-

lic funds, which is the most insidious and intractable form of organized crime, threatening development, democracy, the rule of law and the political stability of West African nations. There is a need to deepen understanding of the dynamics of organized crime in West Africa through research and better information management by the relevant security, regulatory and judicial agencies. There is also an urgent need to develop, introduce and implement evidence-based multi-dimensional policies and measures against organized crime in the region.

Current Trend, Pattern and Impact of Organized Crime in West Africa

There is a growing diversity of organized crime activities in West Africa. For example, in recent times, cases of cash smuggling have been reported in many countries, especially Nigeria. In the area of drug trafficking, which has been the principal focus of foreign governments and international organizations, seizure of large quantities of cocaine and heroin has been reported in several countries during the past five years. Organized crime involving participants from different countries is also being recorded, especially in the areas of corruption and money laundering, drug trafficking, theft of mineral/natural resources and financial scams. The involvement of multinational Euro-American companies in corruption and money laundering has been recorded in some countries. For example, in Nigeria, Halliburton, Siemens and Julius Berger have been reported to be involved in such crimes. Foreign airlines have been accused of price fixing in Nigeria by both the aviation authorities and the national legislature.

The political, economic and social consequences of organized crime in West Africa include the following:

- increasing linkages between politicians, public officials and organized crime entrepreneurs;
- infiltration of the executive and legislative organs of government by organized crime entrepreneurs – some members of the legislative and executive arms of government have been indicted and/or convicted for corruption and money laundering (for example, Nigeria);
- increasing efforts to capture state institutions, especially the legislature – in Nigeria, many former governors who were indicted for corruption and money laundering have won elections and are currently members of the national parliament while their trials suffer delays and unending adjustments. In some countries, protection of organized

criminals by security agencies/officials has been reported (for example, Guinea Bissau),

- corruption and laundering of the proceeds in foreign banks, as well as the purchase of houses in Europe, Dubai and North America deplete resources needed to provide employment and social welfare services, build trust in government and consolidate democracy, thereby aggravating state incapacity and fragility, unemployment, crime and political instability in various countries in the region;
- drug trafficking is engendering increasing drug use, abuse and addiction or dependency with contingent consequences for public health and safety

Responses

The preferred approach to combating organized crime recommended and supported by foreign governments and international organizations in West Africa focuses on reactive legal enforcement involving interdiction, arrest and harsh punishment of offenders. This approach has been adopted and implemented for three decades but the problem has not abated; rather it has been expanding in scope and variety, linking more and more actors within national institutions and across nations. There is a need to recognize that organized crimes in the region are rooted in economic structures that are dysfunctional, unproductive and incapable of providing the required social welfare services, employment, services, goods and political structure that guarantee democratic and good governance and the rule of law. These elements of political economy undermine state capability and legitimacy and aggravate contentious politics, political violence, social fragmentation and the struggle for the capture of the state by various groups, including criminal networks. An evidence-led multi-dimensional sustainable approach combining proactive preventive social, economic and political measures with reactive law enforcement measures should be developed, adopted and implemented.

In the context of its regional project on security policy in West Africa, the FES through its regional office in Abuja, Nigeria works towards a better analysis of the challenge of organized crime in the region, with a view to developing policy responses.

More information at <http://www.fes-westafrica.org/security/>



Interview

Criminals are gaining Influence over Politics

with Carmen Muñoz Quesada
Member of Parliament, Member of the Permanent Special Commission on Security and Anti-Narcotics Policy, Costa Rica

Ms Muñoz Quesada, as a representative in the Costa Rican parliament you are also a Member of the Permanent Special Committee on Security and Anti-Drug Policy. How is the internationally-operating drug mafia organized?

Costa Rica and the entire region of Central America constitute a transit area. Drugs are being produced in the south, trafficked through Central America and finally consumed in the north. In the case of my country, a network exists not only for smuggling drugs, but also for their temporary storage. Furthermore, there are people, frequently coming from very poor backgrounds, who are selling narcotics in our country, thus creating a national market for the distribution and consumption of drugs.

What consequences does that entail for Latin America's population, politics and economy?

At the political level, democracy itself is directly affected. This could mean, at municipal level, that for example a city council is obedient to drug dealers, perhaps when it comes to combating their operations with political means and passing appropriate laws. Indications and reports are numerous that leading politicians are being bribed with money for their election campaigns. In this manner, criminals are gaining influence over governing bodies and on politics in the countries of that region.

Organized crime has become a major challenge for Central America as a region, but its impact on each state is different. Why are some countries significantly more affected than others, Mrs Muñoz Quesada?

Depending on the strength of institutions and governments in the region, the consequences vary. In the particular case of Costa Rica, we have a political history and culture that sets us a little apart from other Central American countries. My country has more stable institutions and a consolidated democracy. Our population is well-informed and our justice system stable. Therefore, we are less vulnerable to drug trafficking. But obviously, we are just lucky compared to other countries in Central America. We as a society are considerably better equipped, with a stable democracy and corresponding institutions necessary to confront organized crime in its various guises.

What are the options and priorities for policy-makers to reverse the trend, given that organized crime seems to have gained influence on political decision-making already?

It is obvious that this battle is being fought on a number of different levels. This includes political and economic measures. But first and foremost, social improvement is very important. Frequently, it is about simple measures such as building a school. We need good infrastructure in terms of hospitals and doctors. And, of course, a clear-cut employment policy. We have fishermen that are not allowed to fish at certain times due to fishing quotas.

What alternative way to make a living can the state of Costa Rica offer these people when they are not allowed to set sail, but still need money to feed their families? There is concrete evidence of men moving drugs during these times.



What needs to be done in your country, and what do you expect from others, such as Germany or the European Union, to effectively combat money laundering in particular?

I believe that the »First World« is much more responsible for fighting this problem than us in Central America. But do not get me wrong, we are not trying to shirk responsibility! Still I believe that it is the duty of the industrialized countries to assist us with social and development programs, and to find a common language to address a problem we likewise have in common: organized crime.

More audio interviews and download available at <http://www.fes.de/GPol/en/media.htm#Crime>

»All reporting mechanisms for cases of money laundering have their limitations and need to be strengthened and developed further. More importantly, however, we need to build systems and capacities to conduct financial investigations. The network of Financial Intelligence Units is very important in this regard. In Germany, we have integrated the FIU into the police. The advantage is that we can use its information for criminal proceedings.«

Jürgen Maurer
Vice President, Bundeskriminalamt,
Germany



Interview

We have to be open to New Approaches

with Frank Schwabe
Member of the German Bundestag

You have visited a number of Latin American countries in recent years. How do you assess the scope of the challenge of organized crime in Latin America?

The War on Drugs is the longest war we have had in recent history. Nevertheless, it is a completely asymmetric war in that we are not able to easily identify who the enemy really is. Is it the drug courier? The drug cartels? Or individual mafia assassins? Yes, but it is also corruption and money laundering.

A more realistic and pragmatic approach is necessary. Transnational organized crime is a network of all of the aforementioned players and beyond; the drug trade is at the core of this network. The profits of the drug business are the greatest source of income

for transnational organized crime and this is why we must focus on combating the drug trade.

As a member of the German Parliament, I have frequently traveled to Latin America, especially to Central America. Along this isthmus one can see how organized crime is challenging these countries and that insecurity is widespread: youths have few opportunities and become involved in organized crime, the drug trade and violence take over the streets, and there are increasing numbers of policemen and soldiers. Most countries in Central America are stuck in the web of organized crime in the region. Guatemala, one of the countries I visit most often, is a perfect example of the failed War on Drugs and the false solution of using repression and violence against organized crime. Indeed, the current Guatemalan president Otto Pérez Molina himself – one of the former supporters of the war against drugs – is now one of the advocates of a reform of drug policy. This tells us everything about the drug policy we still have today.

Drug trafficking – especially cocaine and heroin – is an extremely lucrative business, in part because it is illegal. For example, 1 kg of cocaine costs around 1,300 euros in Colombia but can be sold for 30,000 euros in Europe. This is an extremely profitable business for the drug transporters and the final seller in Europe, but leaves only a marginal profit for the coca plant grower in Colombia. It is a powerful business that can afford to buy politicians, policemen and even military personnel. But as with every business, the costs of this good are bound to supply and demand. We should aim to reduce the demand for drugs and thereby also reduce the profit of organized crime actors. In parallel with that there should be a strengthening of governance and statehood structures because weak governance structures are the breeding ground for organized crime.

We have to rethink international and national policies against organized crime and especially those against drug trafficking. More than 40 years of the War on Drugs have shown that this was the wrong approach. We should be aware of this and start debating new ways to confront drug policy on an international level.



To what extent is the challenge of organized crime relevant for Germany?

Because Europe is a region with a high demand for cocaine from Latin America. Germany and Europe must assume responsibility and play an essential role in confronting transnational organized crime and especially drug trafficking. The drug trade is a transnational problem and must thus be confronted by shared responsibility of the biggest demanders, such as Europe and the USA, as well as the suppliers.

Regarding Germany's involvement specifically, I must also admit that our arms export policy is questionable in the context of our efforts against transnational organized crime. In a way, we are also responsible for the violence and deaths resulting from organized crime in Latin America. We have to tackle this problem on an international level but also inside our borders. The problem of organized crime in Latin America is therefore definitely also a problem for Germany, Europe and the international community.

International cooperation is a high priority in order to overcome the challenges of transnational organized crime. To achieve this we have to start to break taboos in a debate in which, currently, few politicians dare to speak about legalizing drugs. This could be the first step toward reducing demand, although it is not necessarily a position that helps politicians win elections. We have to start considering this in terms

of serious political proposals and I believe we are starting to move in the right direction.

Do you think Germany is doing enough to address the challenge of organized crime? Where do you see the most urgent need for policy changes?

No, I do not think we are doing enough. Germany does of course have a good cooperation policy; the GiZ works, for example, with coca plant growers in different Andean countries and helps them find alternative crops to cultivate. Also, the European approach of harm reduction and safe consumption has established a strong framework for tackling the drug problem by focusing on public health and education. These policy instruments should be exported. We can, however, do more. We have the potential to start a European or international movement demanding a different, rational, realistic and sensible approach to dealing with transnational organized crime.

This is the most urgent need with regard to policy changes. The creation of an international community that cooperates in all the fields constituting transnational organized crime, such as drug markets, corruption, and money laundering at international as well as regional levels. We have to be open to new approaches, including the decriminalization of some drugs and work toward preventing and prosecuting money laundering. Such an effort requires a multilat-

eral approach in which there is not only North-South cooperation, but also support for regional efforts that are able to prioritize the problems faced in the affected nations.

Investments in addressing transnational organized crime must be increased domestically and internationally. This means not only regulating drug consumption, but also employing a health-based, development policy approach. Germany is already working on alternatives to current drug policies. Europe needs to seek alliances with Latin America in combating organized crime to then have an impact on US drug policy. So far, however, there is no consensus for drug policy reform either in Latin America or in Europe.

Far-reaching policy proposals to regulate the cultivation, production, trade and consumption of plant-based drugs have been presented at the conference. What merit do you see in these proposals? Do you support them?

I support most of these proposals. As I mentioned previously, the international drug problem cannot be solved with repression. This is not only one of the results of the Summit of the Americas in Cartagena 2012, but also the conclusion of various studies, such as the Report of the Global Commission on Drugs or the report of the British UKDPC. The War on Drugs has proven to be extremely costly, yet completely unsuccessful. A new approach could certainly be the decriminalization of some drugs and a regulatory model that controls the cultivation, production, trade and consumption of these drugs. To implement this proposal we need concrete models for regulation, based on fundamental studies taking into consideration regional characteristics. Beyond the primary value chain, the overall conditions in the target countries, such as the stability grade of the governance and statehood structures, should be analyzed and put into a strategy.

Furthermore, the regulation should be accompanied by intensive public health education projects in order to achieve harm reduction and safe consumption.

The same rules apply to the drug market as with any other market in the world: the market responds to supply and demand. Our main goal should thus be to reduce drug consumption, and therefore demand, in addition to providing and promoting a safety line

for drug consumers. The regulation should be implemented on a national level (in supplier as well as demander countries) and on an international level in order to avoid the easy displacement of black markets to other regions. By regulating the market we would not only reduce demand, but consequently also the income of transnational organized crime actors and therefore their power and ability to deal within black markets. Money laundering is an activity closely related to the drug market that we must also address across national borders.

So far, there has been hardly any public debate about drug policy reform. How could the debate about drug policy reform be advanced in Germany, but also on the international level?

It is my opinion that indeed we do have an increasing debate regarding potential reforms to the international policy against transnational organized crime.

We recently had a public hearing at the German Bundestag concerning a proposal to legalize the consumption of cannabis in Germany. Ethan Nadelmann was one of the experts invited to give his opinion on this matter. His analysis, drawing from examples in Latin America and in Europe, finds regulated legalization of some drugs, coupled with honest drug education, to be an effective policy for health promotion.

We can of course further advance this debate by organizing conferences such as »Being tough is not enough – Curbing transnational Organized Crime« at the Friedrich-Ebert-Stiftung. Inviting leading experts with a variety of experiences in this field makes these discussion rounds all the more fruitful.

This conference was a good platform for exchanging points of view and learning more about the theories and model proposals to begin a regulated legalization of some drugs. The conclusions of this conference were helpful to me, as was the opportunity to familiarize myself with the experts and politicians who are working on reform of drug discourse on an international level. This cross-border aspect of organized crime is intimately tied up with the challenges faced by Latin American countries with regard to effective drug policy reform.



José Carlos Campero

Consultant and Researcher
Bolivia



Ricardo Vargas

Associate Researcher
Transnational Institute,
Colombia



Eduardo Vergara

Founding Director of Asuntos del Sur
and the Observatorio Latinoamericano
de Políticas de Drogas y Opinión Pública,
Chile

Conference Input

From Repression to Regulation: A Latin American Proposal for Reform of Drug Policies

by José Carlos Campero, Ricardo Vargas & Eduardo Vergara

Global Scale of the Problem

There is a growing international consensus that the war on drugs along with its prohibitionist models has failed to meet its objectives. The Commission on Drugs and Democracy led by three former Latin American presidents and the Global Commission on Drugs and Democracy have publicly highlighted the need to change international drug policy. Their recommendations include the decriminalization of personal use of illegal drugs and treatment of addiction as a public health issue. According to both Commissions the international drug regime and repressive policies against drug trafficking should be revised in order to reduce harm caused by production, trafficking and consumption, and by the negative impact of anti-drug policies.

The proposals presented here not only deal with reforms regarding consumption of current illicit drugs, but seek to move from repression to regulation of the entire value chain in order to achieve the following objectives:

- reduction of harm to consumers;
- reduction of harm to non-consumers;
- minimize harm caused by anti-drug policies, both to consumers and third parties;
- minimize drug-related income and resources accruing to organized crime and other illegal actors;
- maximize the share of drug-related income obtained by the state and other legal actors – while observing the first four objectives – for funding public health policies and the fight against organized crime.

To achieve these objectives drug policies need to take into account the differences between drugs and their derivatives. Each drug has different characteristics in

terms of the health risks associated with consumption, probability of addiction, and the social and economic costs of consumption, addiction and treatment. Drug policies also need to take account of the fact that a large share of consumers – in most cases a large majority – are not problematic in a social or criminal sense, while consumption typically is highly concentrated among a small percentage of frequent and addicted users.

Latin America has carried a disproportionate share of the burden of past and current anti-drug policies. Although largely initiated and financed by the main consumer countries, these policies have focused on the repression of production and trafficking, imposing much of the burden of anti-drug policies on immediate producers – peasants often living in conditions of poverty and vulnerable to pressure from organized criminal groups – and the societies of the producing and transit countries.

While these policies have had some success in destroying criminal organizations, by and large they have not succeeded in drying out markets for illegal drugs. On the contrary, while there have been shifts in the composition of drug markets – most recently consumption of plant-based drugs has stagnated or even been reduced to some extent, but synthetic drugs have been increasing their market share – overall drug demand is still increasing, with growing markets in developing and, most worryingly, transit countries. In terms of production and trafficking, temporary displacements of production zones, processing locations and trafficking routes in response to repression efforts can be observed, but overall production remains largely unchanged.

The following proposals therefore represent a Latin American perspective on drug policy reform, taking into account, unlike other current proposals and discussions, the value chain in its entirety, including production and trafficking, instead of focusing only on final consumption. From a Latin American perspective – and also from that of other producing and transit countries, such as Afghanistan and West African countries – drug policies need to shift the resource balance between organized crime and other illegal actors and legitimate state actors, to weaken the former – especially their power to intimidate and corrupt – and give the states the possibility to strengthen their institutions and guarantee their citizens' rights.

I. Cannabis and derivatives

By and large, the health and addiction risks and harms of cannabis and its derivatives are not worse than those of tobacco and alcohol. We therefore propose that cannabis regulation follows best practices learned from the regulation of tobacco and alcohol: Cannabis products should be legally available, subject to quality control at production and place of sale. Consumption should be taxed to maximize tax revenue for the given market and consumption of smoked cannabis in public places should be prohibited. Auto-production for auto-consumption should be allowed within certain parameters. Commercial producers should be required to register not only for purposes of quality control but also in order to prevent diversion of production for illegal uses and in order to prove legitimate production when confronted by law enforcement agencies. The international control regime for cannabis should allow countries to choose individual cannabis policies, with the exception that production should be registered so that international trade flows of cannabis products can be monitored and controlled, avoiding diversion of production into illegal markets and into countries with a prohibition regime. The policies proposed would destroy most of the illegal cannabis markets in the countries that adopt them, leading to a significant reduction of income of organized crime and other illegal actors.

II. Coca leaf, cocaine and derivatives

The current evidence on the harm caused by cocaine is not conclusive, because most studies either refer to consumers of crack and similar derivatives of the cocaine production process, which are highly damaging and addictive, or report harms that can be attributed to the substances used to dilute cocaine prior to retail sale. Nevertheless, the great majority of users of quality cocaine are not problematic.

This implies that there is a need for research into the precise health effects of cocaine and other coca derivatives. However, given the available evidence, we propose that drug policies and the international drug regime should differentiate between coca leaf, cocaine and coca derivatives, such as crack and »bazuco«. The latter should remain prohibited, although their consumption should not be penalized or criminalized. With regard to production, commerce and consumption of coca leaf for what is called »traditional« uses – mastication, teas and other uses of coca leaf that do not imply chemical processing with the objective of extracting and processing alkaloids – we see no reason for prohibition and propose that states should be free to choose the policy that they prefer. Bolivia offers a good example of a functioning coca leaf policy. Since coca leaf is the raw material for cocaine, we do propose, however, that legal coca leaf producers should be registered and that coca leaf production should be regulated. We also propose terminating eradication programs based on fumigation and linking eradication programs with effective strategies for generation of alternative incomes.

For cocaine we propose a regulated value chain with registered producers, traders/distributors/vendors and consumers, and the maintenance of current consumer prices by means of taxation, at least until research has clarified harms and quality issues related to cocaine. Final sale to and registration of consumers should be passed to pharmacies with the necessary infrastructure. Quality control should ensure that health damage to users is minimized. Since the overwhelming majority of consumers of quality cocaine, as mentioned, are not problematic users, the regulated and registered value chain would serve to reduce illegal incomes and increase public revenues from the cocaine value chain in order to generate resources for public health, drug treatment and research. We also propose that problematic users should be able to enrol in drug maintenance programs similar to

those available to heroin addicts. The combined volume of consumption by registered non-problematic users and addicts should capture more than half of the market currently supplied by criminal organizations, in other words, would reduce incomes by organized crime by an estimated 40 billion US dollars annually. Since registered consumption can be supplied by direct trade between producer and consumer countries, the pressure on already weak institutions in transit countries – for example, the northern triangle of Central American and West African countries – will be reduced.

III. Heroin

In the case of heroin, prohibition should be maintained. The health damage for users, the high rate of addiction and consequent harm to third parties are well established and beyond doubt. Nevertheless, we propose an expansion of drug maintenance programs to all users willing to register for such programs and their conditionality, including regular medical treatment and consumption of the drug under controlled and hygienic conditions (for example, the use of clean needles to contain the spread of AIDS and other blood transmitted diseases). As far as possible, participants in such programs should be charged street prices for their heroin supply. Given the concentration of consumption among addicts in the case of heroin, successful drug maintenance programs should be capable of capturing a significant share of the previously illegal market while at the same time improving the health of addicts and reducing harm for third parties, particularly their families. We also recommend programs for the expansion of legal and regulated poppy production for medical purposes, both to expand access to opiates and opioid medication in developing countries and to include peasants and farmers in Afghanistan in the sourcing of medical production of opiates and opioids.

The policies proposed here, if implemented, will significantly reduce harm to drug users and third parties, prevent peasants and small farmers in producer countries from carrying most of the burden of repressive policies and – most importantly - reduce the incomes of organized crime and other illegal actors from drug trafficking, while increasing states' capacity for fighting organized crime and treating drug addicts. However, they will not completely eliminate illegal markets. As in the case of cigarettes and alcohol, high taxation will continue to entail an illegal market. However, illegal markets for the currently illegal plant-based drugs will be considerably reduced, probably by more than half of their current size.

A revised and extended version of this paper has been published as an »FES Perspektive«, available at http://www.fes.de/lateinamerika/in_la/perspektive.htm.



Daniel Brombacher
Consultant on Drug Policy

Conference Input

Illegal Cultivation and Production – Options for Regulation

by Daniel Brombacher

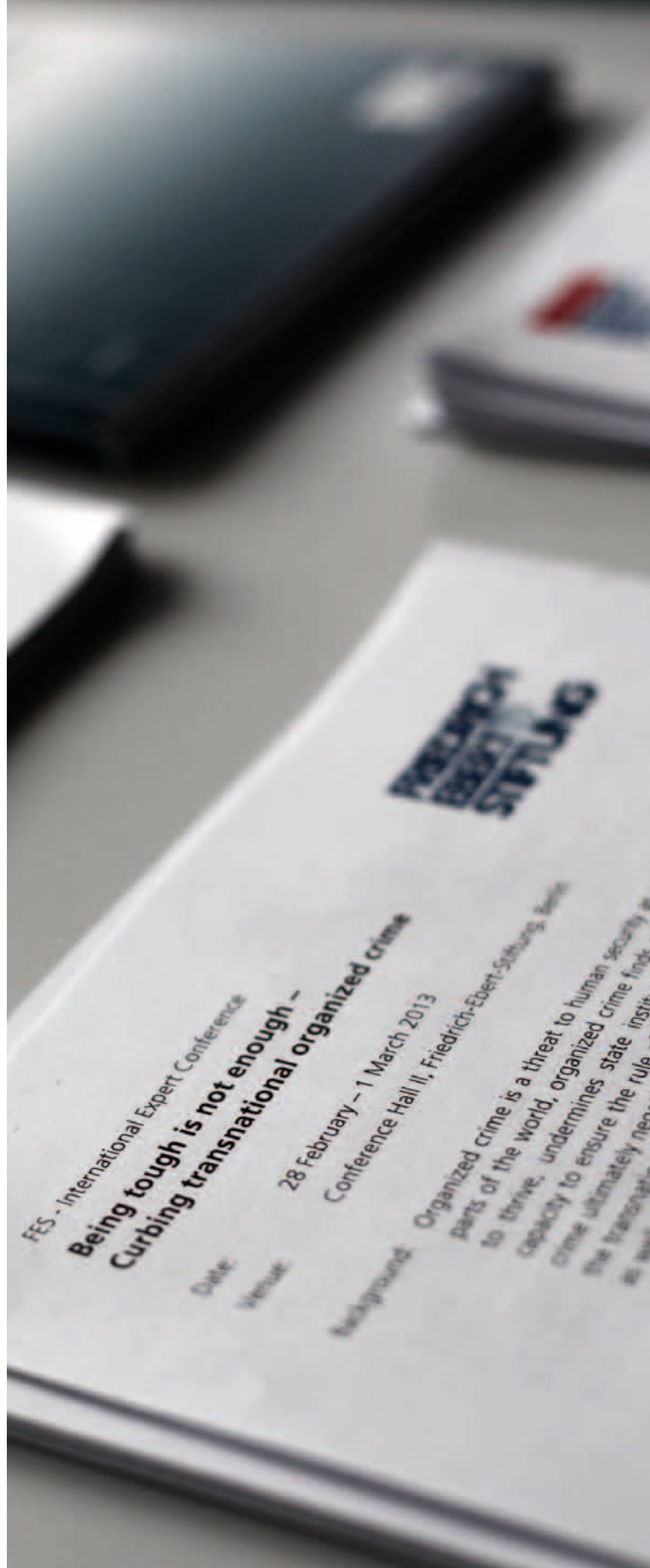
The countries in which coca and opium poppy are cultivated illegally as a source plant for cocaine and heroin can be counted on two hands. Most of these states are either conflict or post-conflict states that are characterised, in some regions at least, by extremely fragile state structures. Drug cultivation and the subsequent production of and trade in drugs have a substantial impact in terms of environmental, development and security policies in the affected states. The study shows that illegal drug cultivation in the regions in question nearly always leads to the perpetuation of poverty among affected coca and opium poppy farmers, promotes corruption among state authorities and provides funding for and sustains armed conflicts, while in non-conflict regions

drug economies are often linked with higher rates of violence. This applies in equal measure to coca cultivation in the Andean countries of South America and the opium poppy producing states of Afghanistan, Myanmar and Laos in Asia.

However, the study employs a simple comparison to demonstrate that, given the same international legal conditions and similar local frameworks, opium poppy cultivation for legal pharmaceutical and culinary purposes in India and Turkey leads to very different social, economic and developmental results. In contrast to countries such as Colombia, Peru, Myanmar or Afghanistan, drug cultivation in Turkey and India is not associated with violence, civil war, massive

corruption or environmental damage. By comparing the three coca-growing states in South America with each other, on one hand, and then comparing them with, on the other hand, Turkey and India, the two states involved in the legal cultivation of opium poppy, the study demonstrates that the legal status of cultivation is critical for the impact of drug production.

In Latin America and elsewhere it is widely thought that in the coca growing states the legal utilisation of the coca leaf has been prohibited due to the international control regime imposed by the three UN drug conventions. The study shows that this assumption is incorrect; in fact, it would be possible, within the framework of the UN drug control regime, for coca cultivating states to develop legal options for the utilisation of coca and to market coca-based products. The states in question are not in fact being prevented from doing this for legal reasons, but rather because of the lack of efficiency of the current regulatory systems for coca cultivation and the lack of credibility of efforts to draw a line between cultivation for legal purposes and illegal cultivation and illegal drug production, as has in large measure been achieved in states such as India and Turkey within the framework of a sophisticated control regime. Against this background, the study outlines policy options based on a variety of hypothetical drug control policy scenarios that reflect the current reform debate concerning drug policies in Latin America and elsewhere.



The presented drug policy reform proposals from both Latin America and Germany are based on a study project initiated by the FES which analyses the whole drug value chain, from cultivation to trade and consumption. The full studies will be available at <http://www.seguridadregional-fes.org>.



Interview

Change the Resource Balance

with Hans Mathieu
Resident Representative of FES in Colombia and
Coordinator of the Project on Regional Security
in Latin America

As Head of FES Colombia and coordinator of the FES regional security work in Latin America you've followed the discussion on the fight against organized crime for quite some time. Why are Latin American heads of state calling for international drug policy reform?

Well, some of them are calling for drug policy reform, and you have to distinguish between those who do it basically for purposes of negotiating US aid, like Otto Pérez Molina from Guatemala, who calls for reform because the United States have reduced military and also development aid for Guatemala and, as soon as he had called for reforms,

the United States went back to previous levels of aid.

The others, which are the former presidents who have formed the Commission on Drugs and Democracy, and among active presidents, Mujica in Uruguay, Santos in Colombia and even the Mexican president, they are calling for it because they no longer accept that Latin America has to bear most of the burden of the repression of drug consumption and of drug trafficking, while, for instance, in the US and in Europe, basically, the consumption of drugs is no longer penalized and criminalized, and in the US now, 20 states allow at least the medicinal use of marijuana and two states even recreational use of marijuana.

Looking at the study project you coordinated: What changes to current drug policies would be most effective in curbing organized crime?

The project we carried out with a group of Latin American experts goes in the direction of combining a number of objectives which are basically the traditional harm reduction objectives, reducing harm to consumers, to third parties, reducing the harm of the policies against drugs themselves, but have two additional objectives:

The first is to reduce incomes from drugs that accrue to organized crime or other illegal actors that use drugs, such as guerrilla groups in Colombia, or bandillas, youth gangs in Central America and elsewhere, and the second objective is to increase tax incomes of governments from drugs in the sense of giving them more resources, first in the fight against organized crime, and secondly, for treating the harm that drugs do to consumers.

The proposals go in the direction of regulating the value chain of drugs, and particularly of marijuana and of cocaine in the sense that for marijuana, they are proposing that it should be treated similar to alcohol and to tobacco, with a tax policy that maximizes income. For cocaine, the proposal is to have a regulated chain for all users, with registration of producers and users, and, secondly, to liberalize traditional uses of coca leaf, but keep prohibited those derivatives of the coca production process, such as crack and similar drugs, that have severe health implications and also an extremely high rate of addiction.


Would any steps towards legalization not further increase drug consumption, while organized crime would simply diversify into other illegal operations?

The factors that lead to drug consumption probably are too many to discuss right now, but the basic factors are price, availability and peer pressure. Legalization or at least a controlled value chain might actually reduce the attractiveness of drugs.

If you take away some part of these incomes by a modification of drug policy, the total pot available for organized crime is reduced. The number of actors in organized crime is not being reduced, so they'll have to share less money among themselves. Even if they diversify, that doesn't mean that the total pot increases, it remains reduced. And there may be a phase in which markets are being adjusted, with increased levels of violence among groups of organized crime. But the crucial point is that the total cake available for organized crime will have been reduced by the part of drug revenue that now goes through regulated channels.

We estimate that by this proposal drug revenues can be reduced by about 50 or more per cent. If you take world drug revenues that are estimated by UNODC – always be very careful with these numbers, but let's just take this number – 320 billion US dollars per year, that means over 160 billion US dollars will be reduced from drug revenues of organized crime. Of course they have other revenues, but still, the total cake will considerably be reduced and, because of taxation of the regulated channels, government incomes to fight organized crime and to compensate for health problems and so forth will considerably increase. So, on balance, I think it is a proposal that actually will make a big contribution to changing the resource balance between organized crime and legal and legitimate actors.

More audio interviews and download available at <http://www.fes.de/GPol/en/media.htm#Crime>



Being tough is not enough
Curbing transnational organized crime
International Expert Conference

Berlin, 28 February – 1 March 2013



About the Friedrich-Ebert-Stiftung's Work

The topic of peace and security has developed into an important area for the Friedrich-Ebert-Stiftung on the global and regional as well as national levels. The topics addressed range from classic inter-state security policy, through coping with internal conflict, democratic controls and security sector reform, to issues of the handling of non-traditional and transnational threats, such as organized crime and terrorism.

Against the normative background of a progressive peace policy, our work is oriented towards a comprehensive security policy that:

- focuses on human security and is gender sensitive;
- is shaped and overseen in a democratic manner; and
- prioritizes preventive and civilian forms of crisis management and conflict transformation, disarmament, arms control and trust-and-confidence-building dialogue.

In Berlin, the Department for Global Policy and Development and the International Policy Analysis Department monitor current political developments and generate ideas and impetus on issues related to regional and global peace and security policy, in cooperation with our country offices. The work concentrates on the issues of disarmament, peacekeeping and peacebuilding as well as fostering effective multilateralism in the area of security policy. The liaison offices in Brussels, Geneva and New York, which address and analyze policy debates in the EU, NATO and the UN, are key in this regard.

For additional information:

www.fes.de/GPol/en/peaceandsecurity.htm

In addition, our work also addresses the political discourse in Germany and contributes to better networking between German governmental and non-governmental actors engaged in promoting peace,

for example, through active involvement in the Working Group for Peace and Development (Arbeitsgemeinschaft Frieden und Entwicklung – FriEnt)

For additional information:

www.frient.de/en/home.html

The backbone of our engagement on peace and security is the expertise and work of our vast network of national and regional projects around the world. In Africa and Latin America in particular, the topic of organized crime has become more prominent in FES' security policy work.

In **Sub-Saharan Africa**, development and democratization are jeopardized by violent conflict, coups d'état, organized crime and the proliferation of small arms. State failure and increasing privatization of security go hand in hand with weak democratic institutions and, in some cases, dysfunctional security forces. Comprehensive security-policy strategies are often lacking at the national level, while the progressive regional and continental security architectures in place are scarcely reproduced at the national level. Security policy generally is the reserve of small groups of government actors. The Friedrich-Ebert-Stiftung therefore seeks to democratize security sectors by encouraging its partners such as political parties, parliaments, civil society actors and journalists to become actively involved in security policy dialogue. Close working relationships also exist with the AU and regional organizations; African think-tanks and universities; training centers and civil society networks. FES also facilitates dialogue with security forces. In its project work, the FES contributes to strengthening awareness and expertise on the part of political actors, promoting the establishment of a culture of political discourse about issues of security policy. Addressing gender roles and gender justice are by the same token integral elements of our conceptual approaches addressing security policy. The FES offices in Abuja, Addis Ababa and Maputo coordinate our work on security policy in their respective regions and at the continental level. In West Africa in particular, organized crime has become a major topic in policy discourse.

For additional information:

<http://www.fes-westafrica.org/security/>

In **Latin America and the Caribbean**, many states are characterized by high levels of violence. Public security is a key topic in society and the political arena. Both tensions between states, on the rise due to ideological polarization, as well as intrastate conflicts such as the struggle between drug cartels and the police and military, are hampering economic and social development. Crimes that go unpunished and corruption pose a threat to the democratic institutions of many countries in the region. That is why the Friedrich-Ebert-Stiftung, through our regional security project headquartered in Colombia, addresses the impact of organized crime on democratic governance. One example of this work is the »Observatorio de Crimen Organizado«, a dialogue platform concerned with the influence of organized crime on democracy and statehood. The aim of the »Observatorio« is to develop analyses, policy options and strategies to cope with organized crime in order to counteract the disintegration of democratic structures. To this end, networks of progressive political actors and scholars are established to develop alternative policy proposals on the issue of security, which in Latin America has historically been dominated by conservative right-wing parties and actors. Currently, a particular focus is the reform of international drug policies.

For additional information:

<http://www.seguridadregional-fes.org/>

09:00 - 18:00

Organisierte Kriminalität -
Internationale Konferenz

Program

International Expert Conference

Being tough is not enough – Curbing transnational Organized Crime

Date: 28 February – 1 March 2013
Venue: Conference Hall II, Friedrich-Ebert-Stiftung, Berlin
Languages: German, English and Spanish (simultaneous interpreting)

Thursday, 28 February 2013

9.00 – 9.15

Welcome and Opening

Christiane Kesper, Head of Division for International Development Cooperation

9.15 – 11.00

Session I

How big is the threat? Scope and patterns of organized crime

Assessing the scope of organized crime is notoriously difficult. Nevertheless, this introductory session is meant to provide estimates of the prevalence of organized crime worldwide and in Europe/Germany in particular. How much of a threat is organized crime to security? Moreover, what are the latest trends and patterns of selected organized crime phenomena?

Moderator: Bernd Pickert, taz

Inputs:

- Peter Gastrow, International Peace Institute, New York
- Barbara Weiler, Member of European Parliament
- Dieter Wiefelspütz, Member of the German Bundestag

Discussion

11.00 – 11.30

Coffee Break

11.30 – 13.15

Session II

The politics of organized crime – Impacts on statehood and governance

Organized crime exploits and perpetuates weak statehood, undermines state institutions and thereby further weakens states' capacity to ensure the rule of law and provide security to its citizens. In some cases, organized crime is said to have infiltrated the highest levels of political decision-making. What are latest findings on the dynamics between politics, governance and organized crime? What can be done to protect and restore democratic governance in face of the challenge?

Moderator: Bernd Pickert, taz

»Talk Show« Panelists:

- Etannibi Alemika, University of Jos, Nigeria
- Hans Mathieu, FES Colombia
- Fernando Belaunzarán, Member of Congress, Mexico
- Aleksandr Zelichenko, Central-Asian Center on Drug Policy, Kyrgyzstan
- Mark Shaw, Director of Communities, Crime and Conflict at STATT
- Paula Miraglia, Brazil

13.15 – 14.15

Lunch break

14.15 – 15.45

Session III

Strengthening the rule of law – challenges and potential of international cooperation

Numerous international agreements aim at curbing transnational crime, and numerous initiatives and programs are aimed at strengthening states' capacities to ensure the rule of law and foster adherence to these agreements. What are the experiences with such international cooperation? What is needed to make international cooperation more effective in the fight against organized crime?

Moderator: Marianne Braig, FU Berlin

Input:

- Erwin van Veen, OECD-INCAF
- Predrag Vujicic, Regional Cooperation Council, Sarajevo
- Philipp Fluri, DCAF Brussels

15.45 – 16.15

Coffee Break

16.15 – 17.45

Session IV

How to dry those rivers of money – Fighting money laundering

Closing the loopholes that enable revenues of illicit activities to enter the formal economy is a key element in the fight against organized crime. Are global efforts in curbing money laundering sufficient? What needs to be done to improve the current system? What is and what should be the role of Germany and the EU?

Moderator: Timo Behrens, SWP

Inputs:

- Michael Levi, Cardiff University
- Jürgen Maurer, Bundeskriminalamt
- Carmen María Muñoz Quesada, Member of Parliament, Costa Rica
- Calvin Wilson, Caribbean Financial Action Task Force
- Stefan Uecker, Policy Advisor, SPD Parliamentary Group

17.45

Reception

Friday, 1 March 2013

9.00 – 10.30

Session V, part 1

Prohibition, regulation, legalisation – New approaches to drug policy?

The first sentence of the 2011 report of the Global Commission on Drug Policy does not leave any room for ambiguity: »The global war on drugs has failed.« Despite decades of efforts, drug trafficking remains one of the most prominent and most devastating practices and forms of organized crime. Its effects are felt not only in Latin America, but increasingly also in Africa, parts of Asia and Eastern Europe in particular. Recent escalations in wars against drug cartels, for example, in Mexico, as well as proposals by Latin American presidents to legalize the drug trade have sparked a debate about alternative approaches to combat drug trafficking. What are the scenarios for future drug policies? What are the experiences with alternative approaches? What are parameters of a possible legalization or regulation, and what would be the consequences? How can drug-related violence be minimized? What needs to be done at national level; what is needed at regional and global level? A series of studies from Latin America on possible reforms of policies vis-à-vis cultivation and production, trafficking and consumption are presented as a starting point for debate.

Moderator: Bernd Pickert, taz

Inputs:

- José Carlos Campero, Bolivia
- Ricardo Vargas, Colombia
- Eduardo Vergara, Chile

Comment:

- Danny Kushlick, Transform Drug Policy Foundation, UK



10.30 – 11.00

Coffee Break

11.00 – 12.30

Session V, part 2

Cornerstones of a progressive German and European drug policy
Against the background of the previous session: What are the key elements of a progressive, comprehensive drug policy in Germany and Europe?

Moderator: Bernd Pickert, taz

Inputs:

- Heino Stöver, FH Frankfurt
- Daniel Brombacher, GIZ
- Werner Sipp, senior consultant on international drug issues
- Frank Schwabe, Member of the German Bundestag

12.30 – 14.00

Lunch break

14.00 – 15.30

Conclusion: Curbing transnational crime

Moderator: Bernd Pickert, taz

Fishbowl discussion

Comments: Frank Hofmann, Member of the German Bundestag





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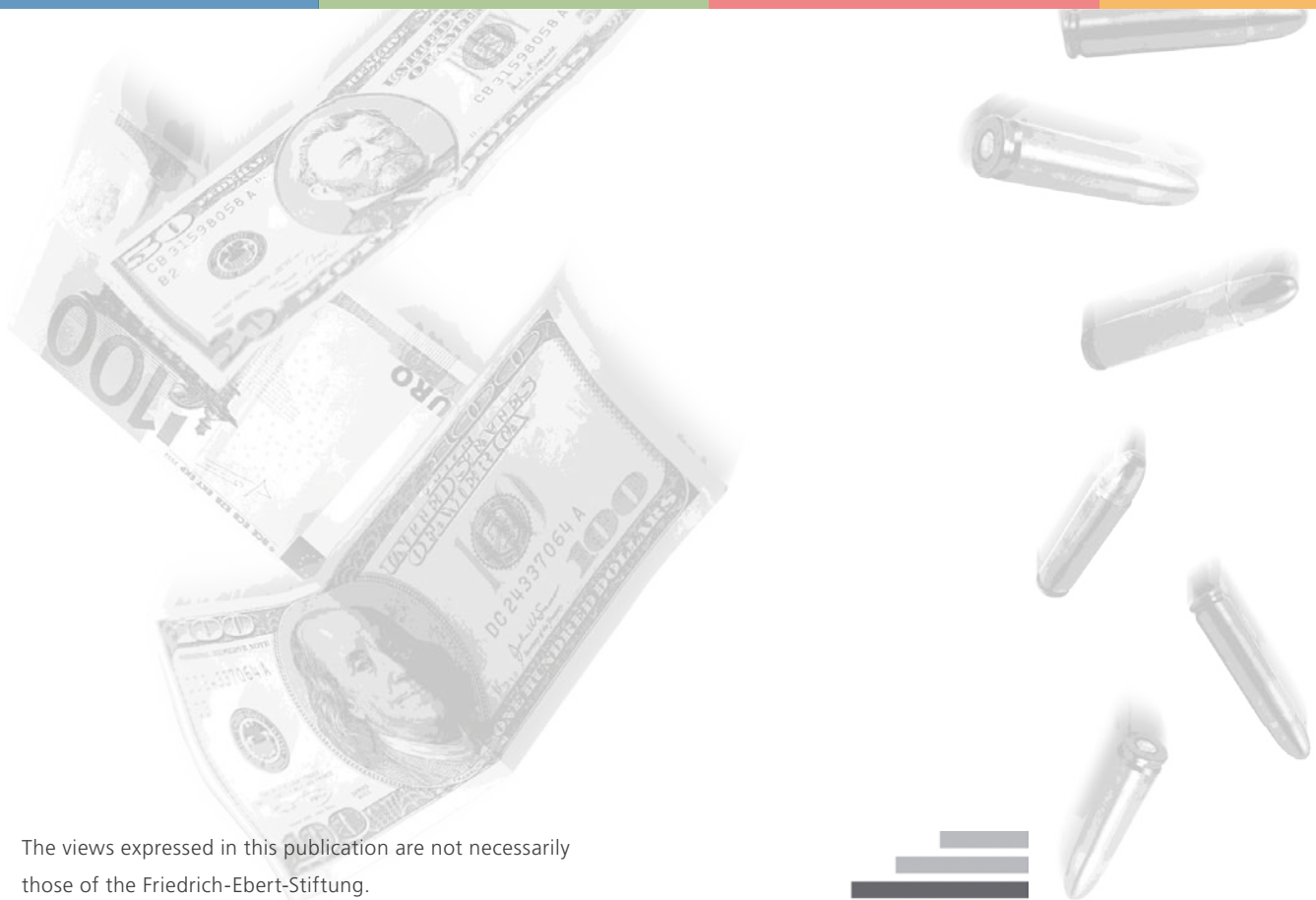
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