

**Forum:** General Assembly 1 (Disarmament and International Security)

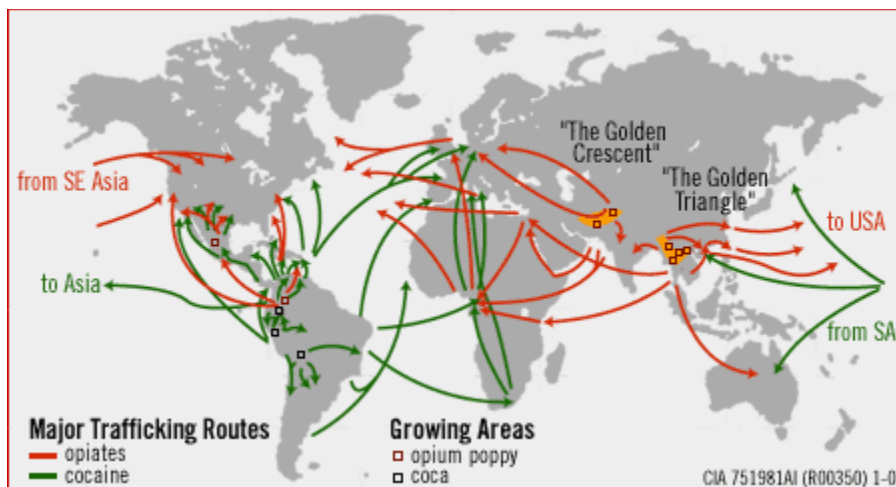
**Issue:** International cooperation to stop the proceeds of drug trafficking being used to finance illegal organisations

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## Introduction



**Caption # 1:** A map of prominent international drug trade routes and distribution

The illicit or illegal drug trade is a widespread global black market aimed towards the cultivation, manufacture, distribution, and sales of drugs that are included in drug prohibition laws. Several jurisdictions around the world, unless under license, ban the trade of many type of drugs through drug prohibition laws. In 2003 alone, the UN report stated that the global drug trade has generated an estimated 321.6 billion US Dollars with world GDP of 36 Trillion dollars. Therefore, the illegal drug trade can be estimated to nearly 1% of total global trade due to the consumption of illegal drugs widespread.

Proceeds from this drug trade have been known to fund illegal organization such as drug cartels to terrorist groups. Prominent sources of proceeds come from illegal cocaine trade via Venezuela and West Africa, which generate the majority of the profits from the trade.

The illegal drug trade was first seen in the 19th century in China where the Chinese government retaliated through the enforcement of a ban on the import of opium. This would be later known as the Opium Wars. Because the United Kingdom demanded that British merchants trade opium despite Chinese authorities banning opium, it resulted in the first recorded illegal drug trade. As a result of the illegal trade, opium addicts in China have grown up to twelve million by 1838. From then onwards, the illegal drug trade has grown prevalent and poses a great threat to the global economy and security through the funding of illegal organizations.

In the United States particularly, the effects of the illegal drug trade can be seen from political, economic to social aspects. Globally, drug related violence has risen due to the finance of illegal organizations such as cartels and terrorist groups where drug wars have broken out resulting in countless civilian deaths. The countries of drug production and transit are among the countries most affected from the drug trade. In Ecuador, 300,000 refugees fled from Colombia due to violence from guerrillas, paramilitaries, and drug lords. In Honduras, an estimated 79% of cocaine passes through, resulting in Honduras having the highest murder rate in the world. According to the International Crisis group, there is a high correlation between the abundance of drug trafficking activity and areas of high violence in Central America alone.

## Definition of Key Terms

### **Black Market**

A black market is a shadow economy or an underground economy characterized by noncompliant behavior with regulations and/or an institutional set of laws. Essentially, if a law outlines a set of goods and services whose production and distribution is prohibited, then a black market is being practiced. Parties that engage in the production of said goods and services partake in the illegal economy.

### **Prohibition of Drugs**

The prohibition of drugs through religious law or through sumptuary legislation is a common way to prevent the use of prohibited drugs. Apart from the possession of drugs, the prohibition of drugs may include governments regulating the manufacture, distribution, marketing, and sale of drugs through a prescription system. Several governments do not criminalize the possession of a limited amount of drugs for recreational use, however, their sale

or manufacture, or possession in a large quantity is deemed illegal if a prohibition of drugs is in place.

### **United States Drug Enforcement Administration (DEA)**

The Drug Enforcement Administration is a federal law enforcement agency in the United States under the U.S. Department of Justice. It aims to combat the use of drugs and drug smuggling into the United States. The DEA is the lead agency for domestic enforcement of the Controlled Substances Act, with joint jurisdiction with the Federal Bureau of Investigation (FBI), and Customs enforcement in the USA. It has a sole responsibility for coordinating US drug investigations within the US and sometimes abroad.

### **United Nations Office on Drugs and Crime**

The United Nations Office on Drugs and Crime (UNODC) is an office established by the United Nations in 1997 as the office for drug control and crime prevention. This was done through the combination of the United Nations International Drug Control Program (UNDCP) and the Crime Prevention and Criminal Justice Division in the United Nations Office at Vienna. As of 2016, it has an estimated bi-annual budget of 700 million US Dollars.

### **Drug Cartel**

A drug cartel is a criminal organization that is in charge or having the intention of being in charge of the supply and monitor of drug trafficking organizations. Drug cartels range from loosely managed agreements among a variety of drug traffickers to formalized commercial enterprises. The basic structure of drug cartels consists of Falcons, the eyes and ears, Hitmen, the armed group within the cartel, Lieutenants, the second highest position in a drug cartel organization, and Drug Lords, the highest position in any drug cartel.

### **BACRIMs (Bandas Ciminales/Right-wing Paramilitary Groups in Colombia)**

Right-wing Paramilitary Groups in Colombia are a group of armed militias in opposition to the revolutionary Marxist-Leninist guerilla forces. The groups however have a large control over the majority of the illegal drug trade of cocaine and other substances and are known to be responsible for the violation of several human rights.

### **Silk Road**

Silk Road is an online black market site, and the first modern darknet market. It is well known for selling illegal drugs to a variety of buyers around the world. The website was launched in February 2011. Initially there was only a limited number of new seller accounts however the site later opened up to more seller accounts after a fix fee was added.

## Background Information

### Drug Trade in the 21st Century

Since the beginning of the 21st century, there has been a large increase in drug use in North America and Europe, particularly in demand for marijuana and cocaine. This since resulted in international organized crime syndicates to cooperate with each other in order to monitor and ensure the trans-Atlantic drug trafficking. This includes organizations such as the Sinaloa Cartel which banded with the 'Ndrangheta to facilitate trans-Atlantic cocaine trade by the turn of the 21st century. Furthermore, the demand for hashish increased, which generated illegal trade from Morocco to Spain where it was later distributed to markets in France and Western Europe. The UN Commission on Narcotic Drugs (UNCND) held an annual meeting in March 2014 in aims to reform policies following new drug policies around the world, such as the growing legalization of cannabis. In addition, they touched on the growing illegal trans-atlantic trade and West African trade of hashish and cocaine.

#### *The growing violence*

Between the 20th and 21st centuries, several countries worldwide recognized the illegal drug trade as directly linked to violent crimes such as murder. This is seen especially in developing countries in drug production and transit areas such as Honduras, however still remains as a pressing issue for several developed countries worldwide. In the United States, during the late 1990s, the FBI estimated that 5% of murders were drug related. Drug violence in Colombia is extremely prevalent as well, especially during the turn of the 21st century. Arguably due to factors such as the failing economy, poor governments, and a lack of authority and corruption within the law enforcement.

After the first decade, due to the September 11 attacks, the US tightened border security, resulting in border violence inside Mexico to surge. An estimate of 90% of the

killings within the borders was drug-related. In the UK, a report by the UK government's Drug Strategy Unit stated that the expensive prices of drugs such as heroin and cocaine have been responsible of a majority of crime, including 85% of shoplifting, 70-80% of burglaries, and 54% of robberies.

### Where are the profits going?

According to the UNODC's statistics, the whereabouts of profits from the illegal drug trade are greatly unknown due to the illicit nature of the trade. The World Drugs Report the United Nations Office on Drugs and Crime in 1997 estimated that the market had a value of \$4 trillion. In December 2009, the UNCND executive director, Antonio Maria Costa, stated that the illegal drug money saved the banking industry from collapse. The proceeds of organized crime were arguably the only liquid investment capital available for several banks in the brink of collapse during the global recession in 2008.

## Key Issues

### Political Impact in the United States

The baby boomer generation during the 1960s came of age, and with their social tendency to confront the law on specific issues such as illegal drugs. This period overwhelmed the understaffed judicial system of the 60s. This resulted in the federal government's attempts to enforce laws having meager effect. With the growth of cocaine and marijuana popularity in Latin America, it lead to direct effects on the US economy with the Reagan Administration to certify countries for their attempts at drug trafficking control. This gave the US the ability to intervene in Latin America in activities related to illegal drug transport. Most of the cocaine was smuggled from Colombia and Mexico through Jamaica leading to several governments combating the popularity of these drugs.

### *Stretching abroad*

By the 1980s, the United States began to instate a tighter hold on policies pertaining to drug transit through the sea in Latin America. This results in an influx of drug trafficking across the Mexico-US border. This resulted in the increase of drug cartel activity in Mexico. By the 1990s, 50% of cocaine in the US was found to originate from

Mexico and by the 2000s the figure rose to 90%. Colombia on the other hand saw a major fall of drug cartels in the mid-1990s. This was seen in the US drug market with US consumption of cocaine dropping by 11% between 1996 and 2000. The Merida Initiative was implemented in 2008 when the US initiated another program to combat drug trafficking in Mexico. This resulted in the increase of US security assistance in contributing to Mexican forces with high-end equipment from helicopters and surveillance technology. However, despite the help from the US, “narco-gangs” in Mexico continued to outnumber and outgun the Mexican army. This allowed for continued activities of drug cartels and eventual drug transit and trade across the US-Mexico border.

### Effect on Latin American Economies

Over the past decades, drug cartels have integrated largely into the Mexican economy with approximately 500 cities directly engaged in drug trafficking. Almost 450,000 people in Mexico are employed by drug cartels, with the livelihood of 3.2 million people dependent on drug cartels. In Mexico, drug cartels, between local and international sales, make a 25-30 billion dollar yearly profit. A majority of the profits circulate through international banks such as HSBC. Mexican drug cartels act as the basis in several local economies with a percentage of profits from the illegal trade invested in local communities. Often the profits contribute to the education and healthcare of people living within the community, and despite the fact that they bring great violence and hazards into the communities, they manage to create jobs and provide income for several community members.

Colombia as well has a significant role in illegal drug trade. Colombia being active in the illicit drug trade since the 1930s only became a dominant player in the 1970s. Despite the eradication of marijuana plantations in Mexico, demand remained high, resulting in Colombia being forced to meet the demand by growing more marijuana. Eventually marijuana became the leading supply of cash in Colombia. However, due to anti-marijuana campaigns in the Caribbean by the US military, drug traffickers continued a focus on cocaine exports. Throughout the 1980s the illegal drug value in Colombia ranged from 3 billion - 4 billion USD, making up 7-10% of the GNP of Colombia in the decade. However, confrontations within the Colombian state in the 1990s led the drug trade's contribution to the Colombian GDP to drop to a mere 2.6%.

## Major Parties Involved and Their Views

### United States of America

The United States is highly against the trade of illicit drugs with narcotics illegal in the US. Despite such, narcotics have been deeply integrated into the nation's culture as a recreational activity by several members of society. Therefore, illegal drugs are considered to be a commodity with high demand within the US. This has resulted in the US War on Drugs. Despite the constant efforts of politicians, the US is still the largest importer of illegal drugs.

### Mexico

The Mexican government is in constant battle with Mexican cartels in the illicit drug trade. Corruption in Mexico has led to the dominance of these cartels. Due to the nature of Mexico's political environment, it has made it easy for the growth of drug-related activity since the beginning of the 20th century. The corruption from cartels has resulted in distrust towards the government by the Mexican public, this becoming more prominent after the collapse of the PRI party. This led to the Mexican government during the early 21st century to implement several programs related to law enforcement and regulation. In 1993, President Salinas created the Institute for the Combat of Drugs in Mexico and from 2001-2005; President Vicente Fox created the Federal Agency of Investigation. These policies have further led to the arrests of major drug trafficking bosses.

### Venezuela

Venezuela has faced several problems with drug cartels in the turn of the 21st century, as they are a major illegal cocaine trade route. Venezuela is often used as a path to enter the United States and Europe for drugs coming from Colombia. According to the United Nations, from 2002 to 2005, Venezuela saw a large increase in cocaine trafficking due to their departure from the DEA.

### West Africa

Nations in West Africa including Cape Verde, Mali, Benin, Togo, and Nigeria have been increasingly popular hotspots for cocaine illicit trade produced in Colombia and Bolivia. The money is often laundered in countries such as Nigeria, Ghana, and Senegal. Due to the saturation of the market in the area, illicit drug traders have been able to increase shipping into

Europe via West Africa. According to the African Economic Institute, illicit drug smuggling in Guinea-Bissau brought in profits twice the value of the country's GDP.

## Timeline of Relevant Resolutions, Treaties and Events

Below is a selection of the most events relevant regarding important treaties and movements towards combating the proceeds from illegal drug trade from being used to finance illegal organizations:

<b>Date</b>	<b>Description of event</b>
	<b>Implementation of the Marijuana Tax Act</b>
2 August, 1937	The Marihuana Tax Act of 1937 was an act that placed a tax on the sale of cannabis in the United States. This shortly followed the prohibition. It was the first tax placed on narcotics in the US.
	<b>Beginning of the United States War on Drugs</b>
14 July, 1969	In a message to congress, President Richard Nixon condemned the growing use of narcotics in the US and identified it as a serious national threat. This resulted in a jump in drug-related arrests and street crime from 1960 to 1967. Nixon called for a national anti-drug policy at both the state and federal level. He officially declares a “war on drugs,” and identifies the drug abuse as the primary threat to the US.
	<b>Drug Enforcement Administration Established</b>
1 July 1973	President Richard Nixon creates the Drug Enforcement Administration amidst the beginning of the US War on Drugs. Its sole purpose is to coordinate and facilitate the War on Drugs and its efforts.
	<b>Establishment of the UNODC</b>
12 January 2002	The United Nations Office on Drugs and Crime was established to tackle issues regarding the illegal trade of drugs and was based in Vienna. They aimed to equip governments against drug and corruption related issues and maximizes public awareness.
30 June 2008	<b>Implementation of the Merida Initiative</b>



The Merida Initiative was a security cooperation between the United States, Mexico, and the countries of Central America aimed in combating the threats of drug trafficking and all crime related to drugs. This assistance included training of the police force, equipment, and US intelligence. From FY2008 to FY2015, approximately 2.5 billion USD has been given to Mexico under the Merida Initiative by the US, including aircraft according to the US Congress.

## Relevant UN Treaties and Events

- Resolution 70/181, 2015 (**A/RES/70/181**)
- Resolution 2011/34, 2011(**A/RES/69/201**)

## Evaluation of Previous Attempts to Resolve the Issue

In 2005, the DEA successfully seized around 1.4 billion USD in drug trade and almost 477 million worth of drugs. Yet according to the White House's Office of Drug Control Policy, the value of drugs sold in the US rises to as much as 64 Billion USD a year, making the DEA less than 1% efficient in the inception of the flow of drugs into the US. This is because the demand for illegal drugs is inelastic. This means that people who are buying the drugs will continue to buy them with little regard to price. This is translated into crime to support expensive drug habits when drug prices rise.

## Possible Solutions

### Shift Resources to Working Programs

Firstly it is important for governments, especially developing nations within drug transit or trade areas to shift more resources into working programs. More often times or not people join the illicit drug trade for the pursuit of cash due to an inability to find world or jobs, therefore it is crucial that jobs and an alternative be provided to avoid people from being involved in the drug trafficking industry.

## Reinforcement of Drug Control Efforts

There needs to a better connection between the UNODC and governments combating the illegal drug trade. Furthermore programs need to be enforced with the sufficient Intel. More often times than not raids are failures and drugs and money found are only a small percentage of the drugs that are coming through. Therefore, greater Intel is required. This can be done by tightening relations between the DEA and the UNODC as well as focusing on raiding means in which the drugs are being shipped across borders such as cargo ships and caravans.

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