2021 OSCE-wide Conference on Combating the Threat of Illicit Drugs and the Diversion of Chemical Precursors

"Addressing Drug Trafficking and Related Organized Crime by Following the Money"

1 June 2021
Virtual Meeting
Hofburg (Ratsaal), Vienna

CONCEPT

I - Background and Rationale

Trade in illicit drugs continue to represent a **major source of revenue** for organized criminal groups (OCGs) in the OSCE area and beyond. For example, the EU drug market is estimated with the minimum retail value of EUR 30 billion per year.[1] Following the UNODC information, only the non-State armed groups raised about $150 million in 2016 from the Afghan illicit opiate trade in the form of taxes on the cultivation of opium poppy and trafficking in opiates.[2] The immense profits generated from this trade fund various other criminal activities allowing OCGs to develop their criminal enterprises at the expense of the health, prosperity and security of citizens. Criminals are exploiting new technologies and networks that are altering the nature of the illicit drug trade and the types of players. The online trade in drugs has continued to grow over recent years and has the potential to expand further. However, the supply of drugs via online platforms remains limited compared to traditional offline supply. The online trade in drugs typically takes place at retail level, involving frequent but small individual shipments. Criminal networks engaged in wholesale trafficking of drugs continue to rely on offline logistics.[3] Smaller OCGs have become more significant and only few groups are exclusively dedicated to drug trafficking.[4] A considerable number also operates in **other illicit sectors**, such as the trade in counterfeit and/or stolen goods, trafficking in human beings, and migrant smuggling. For example, trafficking in human beings and migrant smuggling may both have links with the drug trade when they are conducted by the same OCGs. More importantly, trafficking in human beings and exploitation may also be linked to drugs when individuals are enticed, or coerced, into becoming involved in low-level drug trade, for instance, as workers in cannabis farms or

[1] EU Drug Markets Report 2019.
[2] UNODC, World Drug Report 2017, "The drug problem and organized crime, illicit financial flows, corruption and terrorism", p. 10.
[3] EU SOCTA 2021, p 46.
[4] UNODC, World Drug Report 2019.

transporters of drugs, or when drugs are used to facilitate sexual exploitation.[5] Illicit drugs are also used as a means of payment among criminal groups.

Gender equality rarely feature in discussions about the world drug problem. Women's roles, both as participants and victims, are underestimated and understudied. However, it is clear that the world drug problem is undermining gender equality, and that a gender perspective is needed in all efforts to prevent and respond to this issue.[6]

OCGs involved in drug trafficking rely heavily on **corruption** to facilitate their activities. The wealth and power of some drug trafficking organizations can exceed that of local governments, allowing them to buy protection from law enforcement agents, criminal justice institutions, politicians and the business sector. In doing so, they further reinforce corruption. The rise of an illicit economy weakens the rule of law and facilitates corruption, which in turn reinforces the illicit drug sector.[7] The rule of law is both an immediate victim and, if it is already weak, an underlying factor that feeds this cycle.[8]

Money laundering allows OCGs to introduce the proceeds of crime into the legitimate economy. Almost all criminal groups need to launder profits generated from criminal activities. In some cases, OCGs launder these funds by themselves investing in legal economies, businesses, real estate and other ventures. The most successful drug trafficking networks also make use of money laundering syndicates, which have specialized in laundering the proceeds of other OCGs in exchange for a fee.

The global anti-money laundering framework implemented by law enforcement and other authorities has shown to have a **poor success rate in identifying and seizing** illegal funds generated by criminal organisations. Europol estimates that authorities in the EU confiscate as little as 1 % of all criminal proceeds, including money from the trade in illicit drugs.[9]

In 2016, the United Nations General Assembly Special Session (**UNGASS**)[10] on the world drug problem highlighted the need to respond to serious challenges posed by the increasing links between drug trafficking and other forms of organized crime, including trafficking in persons, weapons, and money-laundering, as well as terrorism. It also encouraged sub-regional, regional and international co-operation to combat all forms of drug-related crimes.

A number of sessions of the UN Commission on Narcotic Drugs emphasized that organized crime hinders prosperity and stability by eroding the rule of law, distorting economic development and violating human rights. Corruption has caused frustration amongst people in many parts of the world, leading to instability. Organized criminal activities such as smuggling of arms and drugs and money laundering are used for financing illicit activities.[11] The 64th

[5] EU Drug Markets Report 2019.
[6] UN Task Force on Transnational Organized Crime and Drug Trafficking as Threats to Security and Stability – Policy Brief on Gender and Drugs, UN Women 2014.
[7] UNODC, World Drug Report 2017, "The drug problem and organized crime, illicit financial flows, corruption and terrorism", pg. 10.
[8] UNODC, World Drug Report 2017.
[9] EU Drug Markets Report 2019.
[10] https://www.unodc.org/documents/postungass2016/outcome/V1603301-E.pdf, pg. 8.
[11] UN Commission on Narcotic Drugs, Sixty-third session reconvened, Vienna, 2–4 December 2020, ECN72020_CRP22_ECN152020_CRP3.

session of the Commission (12-16 April 2021) explicitly referred to the links between drug-related offences and other forms of crime, including money laundering and terrorism, and discussed measures with a view to addressing those links.

The OSCE, as the world's largest regional arrangement under Chapter VIII of the United Nations Charter, actively contributes to the global efforts in tackling the world drug problem. The 2012 "OSCE Concept for Combating the Threat of Illicit Drugs and the Diversion of Chemical Precursors" (PC.DEC/1048) noted that "serious challenges and threats are posed by the links between illicit drug trafficking; organized crime; trafficking in human beings, firearms/small arms and light weapons; corruption; terrorism; money-laundering, and other forms of transnational and domestic criminal activity." Furthermore, the 2015-2017 OSCE-wide anti-drug conferences[12] identified corruption, money laundering and terrorism as the most pressing drug-related crimes that need to be addressed on a basis of common and shared responsibility, and a balanced approach to the international co-operation and technical assistance. Based on the above Concept (2012) the OSCE participating States and the OSCE executive structures should take comprehensive action in addressing the world drug problem, in full compliance with international law and with full respect for human rights and fundamental freedoms. An important role in tackling this menace is played by civil society, including the media and non-governmental organizations. Additional efforts of the OSCE participating States and Partners for Co-operation are needed to develop a joint response to these threats based on the OSCE's concept of comprehensive security and its commitments in all three OSCE dimensions.

II – Objective and Focus

The 2021 OSCE-wide conference on combating the Threat of Illicit Drugs and the Diversion of Chemical Precursors convened by the Swedish OSCE Chairpersonship will provide a platform for experts from the OSCE participating States, OSCE Partners for Co-operation, OSCE executive structures, including field operations, as well as international organizations and civil society to discuss challenges posed by drug trafficking and its linkages with other forms of organized crime, as well as to identify proposals to address these threats. In particular, participants will discuss means and ways to tackle drug-related crimes, including corruption, money laundering and trafficking in persons, as the most challenging threats that require an increased co-ordinated response at regional and international levels.

The conference will highlight the importance of addressing illicit financial flows linked to different types of illicit markets, which distort economic development, create unfair competition and exacerbate inequality. Participants will review measures to uphold human rights as an essential part of drug control policies and measures to fight transnational organized crime. They will examine ways to better identify needs of those exposed to the risks of drug abuse and criminality. The discussion will consider gender mainstreaming in tackling drug-related and organized crime, including by strengthening multi-stakeholder partnerships in tackling the world drug problem.

[12] SEC.GAL/175/15, 6 October 2015; SEC.GAL/167/16, 10 November 2016; SEC.GAL/118/17, 11 September 2017.

III – Structure

The conference will be divided into three working sessions:

- **The first session** on "Illicit Drugs as a Financial Source for Organized Crime" will review efforts to identify and prevent illicit financial flows generated by drug trafficking and other related crimes. Participants will discuss the "poly-criminality" of OCGs and their effort to exploit new technologies and networks to monetize their illegal activities. They will also consider how the illicit funds are used and reinvested in both licit and illicit economies and which measures OSCE participating States, including in the framework of public-private partnerships, could introduce to improve detection and confiscation of such flows.
- **The second session** "Corruption and Money Laundering as Facilitators of Criminal Activities" will address anticorruption measures and the current developments in anti-money laundering legislation and practices in order to identify ways for their further improvement in preventing the trafficking in illicit drugs, while ensuring full compliance with OSCE commitments and international law obligations.
- **The third session** on "Illicit Drugs and Organized Crime as Threats to Economic Development and Welfare" will consider the implications on the economic and legal structures and anti-drug resilience of society in the OSCE participating States and Partners for Co-operation. Participants will discuss how these threats distort economic development, decrease economic opportunities, create unfair competition and exacerbate inequality.

The key findings and outcomes of the conference will be compiled in a final document, which will serve as a basis for further discussions on this topic for the OSCE participating States and Partners for Co-operation, as well as a guidance for the OSCE executive structures when providing technical assistance to the OSCE participating States and Partners for Co-operation.

IV – Audience/Format

The conference is targeted at experts from national drug control structures, representatives of relevant international and regional organizations, as well as civil society, including youth. Practitioners from pertinent government ministries, such as ministries of Interior, Justice, Health, Finance and Foreign Affairs, as well as local institutions are especially encouraged to participate. They are invited to share concrete examples, best practices and lessons learned. Participants will be asked to discuss and share experiences and to identify specific needs and proposals for possible improvement of the OSCE drug-related activities in line with its pertinent mandate built on agreed frameworks and shared responsibility.