



NHSMUN

UNTOC

BACKGROUND GUIDE

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Delegate Experience
Nastasja Vásquez

Global Partnerships
Daniela Maciel
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Under-Secretaries-General

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Adiva Ara Khan
Anshul Magal
Analucia Tello
Sofia Velasco
Renata Venzor

Dear Delegates,

My name is Sabeeh Mirza, and I am so excited to welcome you to the United Nations Convention Against Transnational Crime (UNTOC) committee at the National High School Model United Nations Conference (NHSMUN) 2025. My Co-Director, Ana Cosson, and I are so excited to welcome you to this year's iteration of the UNTOC committee. Both Topic A and Topic B were chosen with great care and attention to ensure that every delegate and every country can substantially engage and participate in debate.

I competed in Model UN for four years at the high school level. I am now in my second year at the University of Southern California (Fight On!) with a major in Political Economy and a minor in Applied Analytics. At USC, I am the Director of Team Training for MUNSC, our collegiate Model UN team. I will also be serving as a chair for TrojanMUN 2024, our college conference, and the USG of General Assembly Committees at SCMUN 2025, our high school conference. Approaching six years in MUN, I cannot begin to describe the impact and importance it has had on my life. Not only have I met some of my closest friends, both competing and on my team, but the activity has encouraged me to expand my horizons and ability to think critically. I credit much of my success to Model UN and the skills I learned from it.

Outside of Model UN, I am a competitor for the Trojan Debate Squad, USC's College Policy Debate team. I am also an associate editor of the USC Journal of Law and Society. When I am not studying at a library (or more accurately, a coffee shop), I love being outside! Whether that means going for walks, sitting at the beach, or playing pickleball, I try to soak up as much Southern California sun as possible. While I grew up in Toronto, Canada, I have lived in five states in the United States and hold a true passion for traveling. I speak for both Ana and myself when I say that we are so excited to welcome you to New York City for NHSMUN 2025!

After a lot of time, research, and editing, Ana and I selected two topics that we believe are incredibly important for the world. Topic A: The Influence of the Taliban on the Narcotics Trade, and Topic B: Addressing Money Laundering by Non-State Actors in Latin America, are both filled with nuances and complexities that we encourage every delegate to explore. While both topics hold a regional emphasis, they apply to every country in the modern world. As such, we expect that delegates will take the time and effort to find out how both topics apply to their specific country and how they can best interact with the topic. I expect any participants in the committee to treat their country, and others in the committee, with respect, understanding, and cordiality. I am so excited to see the ideas and solutions you bring to the committee this spring! Good luck researching, and please feel free to contact us with any questions.

Sabeeh Mirza

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United Nations Convention Against Transnational Organized Crime

Session I



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Welcome Delegates!

I am Ana Cosson, and I am so excited to welcome you to the United Nations Convention against Transnational Organized Crime Committee (UNTOC) for NHSMUN 2025! I am so happy to help you navigate the topics, present your ideas and creative solutions, and listen to you all in debate. The topics you'll tackle in UNTOC revolve around finding solutions to fighting crimes committed by organized crime groups. In these cases, we will be discussing the Taliban's drug trafficking among other crimes, and money laundering in Latin America. The issues we have chosen have lasting impacts worldwide, and we encourage you to create solutions to address these.

I have always been involved with Model UN and attended countless conferences as a delegate and Director. This will be my second year attending NHSMUN as a staff member. Last year I was an Assistant Director for CND and loved it, and I am so excited to be back! My favorite MUN experience was the first time I spoke on a committee. At 11 years old, I had my first experience as a delegate. My legs were trembling, but I stood up and spoke for, what felt like, the longest minute of my life. That moment changed my life, and I would love for you to feel that thrill at NHSMUN too. Our objective is for everyone to have a voice, and also use this time to solve important transnational problems.

For a little about me, I live in Venezuela, a place filled with arepas (which you should try), dancing, and music. I am currently in my second year at Universidad Católica Andrés Bello. I am double majoring in Communications and Psychology, and I am loving it so far. Someday, I would also like to work for the United Nations or an organization that helps to address poverty, war, and injustice. I love to read, dance, go to the beach, and eat sweets (my weaknesses are Reese's and salted caramel cookies). I am so excited to meet all of you, and I hope by the end of this conference you will leave with great memories inside the committee.

I am excited to meet you all and to hear about your innovative solutions for these topics. We are so excited about the new and unique ideas you will all bring to the debate. If you have any questions, please feel free to reach out! Have a fun time reading!

Sincerely,

Ana Cristina Cosson

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United Nations Convention Against Transnational Organized Crime

Session II



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A Note on the NHSMUN Difference

Esteemed Faculty and Delegates,

Welcome to NHSMUN 2025! We are Terry Wang and Jordan Baker, and we are this year's Secretary-General and Director-General. Thank you for choosing to attend NHSMUN, the world's largest and most diverse Model United Nations conference for secondary school students. We are thrilled to welcome you to New York City in March.

As a space for collaboration, consensus, and compromise, NHSMUN strives to transform today's brightest thinkers, speakers, and collaborators into tomorrow's leaders. Our organization provides a uniquely tailored experience for all through innovative and accessible programming. We believe that an emphasis on education through simulation is paramount to the Model UN experience, and this idea permeates throughout numerous aspects of the conference:

Realism and accuracy: Although a perfect simulation of the UN is never possible, we believe that one of the core educational responsibilities of MUN conferences is to educate students about how the UN System works. Each NHSMUN committee is a simulation of a real deliberative body so that delegates can research what their country has said in the committee. Our topics are chosen from the issues currently on the agenda of that committee (except historical committees, which take topics from the appropriate time period). We also strive to invite real UN, NGO, and field experts into each committee through our committee speakers program. Moreover, we arrange meetings between students and the actual UN Permanent Mission of the country they are representing. Our delegates have the incredible opportunity to conduct first-hand research, asking thought-provoking questions to current UN representatives and experts in their respective fields of study. These exclusive resources are only available due to IMUNA's formal association with the United Nations Department of Global Communications and consultative status with the Economic and Social Council. No other conference goes so far to deeply immerse students into the UN System.

Educational emphasis, even for awards: At the heart of NHSMUN lies education and compromise. Part of what makes NHSMUN so special is its diverse delegate base. As such, when NHSMUN distributes awards, we strongly de-emphasize their importance in comparison to the educational value of Model UN as an activity. NHSMUN seeks to reward students who excel in the arts of compromise and diplomacy. More importantly, we seek to develop an environment in which delegates can employ their critical thought processes and share ideas with their counterparts from around the world. Given our delegates' plurality of perspectives and experiences, we center our programming around the values of diplomacy and teamwork. In particular, our daises look for and promote constructive leadership that strives towards consensus, as real ambassadors do in the United Nations.

Debate founded on strong knowledge and accessibility: With knowledgeable staff members and delegates from over 70 countries, NHSMUN can facilitate an enriching experience reliant on substantively rigorous debate. To ensure this high quality of debate, our staff members produce detailed, accessible, and comprehensive topic guides (like the one below) to prepare delegates for the nuances inherent in each global issue. This process takes over six months, during which the Directors who lead our committees develop their topics with the valuable input of expert contributors. Because these topics are always changing and evolving, NHSMUN also produces update papers intended to bridge the gap of time between when the background guides are published and when committee starts in March. As such, this guide is designed to be a launching point from which delegates should delve further into their topics. The detailed knowledge that our Directors provide in this background guide through diligent research aims to increase critical thinking within delegates at NHSMUN.

Extremely engaged staff: At NHSMUN, our staffers care deeply about delegates' experiences and what they take away from their time at NHSMUN. Before the conference, our Directors and Assistant Directors are trained rigorously through hours of workshops and exercises both virtual and in-person to provide the best conference experience possible. At the conference,

delegates will have the opportunity to meet their dais members prior to the first committee session, where they may engage one-on-one to discuss their committees and topics. Our Directors and Assistant Directors are trained and empowered to be experts on their topics and they are always available to rapidly answer any questions delegates may have prior to the conference. Our Directors and Assistant Directors read every position paper submitted to NHSMUN and provide thoughtful comments on those submitted by the feedback deadline. Our staff aims not only to tailor the committee experience to delegates' reflections and research but also to facilitate an environment where all delegates' thoughts can be heard.

Empowering participation: The UN relies on the voices of all of its member states to create resolutions most likely to make a meaningful impact on the world. That is our philosophy at NHSMUN too. We believe that to properly delve into an issue and produce fruitful debate, it is crucial to focus the entire energy and attention of the room on the topic at hand. Our Rules of Procedure and our staff focus on making every voice in the committee heard, regardless of each delegate's country assignment or skill level. Additionally, unlike many other conferences, we also emphasize delegate participation after the conference. MUN delegates are well researched and aware of the UN's priorities, and they can serve as the vanguard for action on the Sustainable Development Goals (SDGs). Therefore, we are proud to connect students with other action-oriented organizations to encourage further work on the topics.

Focused committee time: We feel strongly that face-to-face interpersonal connections during debate are critical to producing superior committee experiences and allow for the free flow of ideas. Ensuring policies based on equality and inclusion is one way in which NHSMUN guarantees that every delegate has an equal opportunity to succeed in committee. In order to allow communication and collaboration to be maximized during committee, we have a very dedicated administrative team who work throughout the conference to type up, format, and print draft resolutions and working papers.

As always, we welcome any questions or concerns about the substantive program at NHSMUN 2025 and would be happy to discuss NHSMUN pedagogy with faculty or delegates.

Delegates, it is our sincerest hope that your time at NHSMUN will be thought-provoking and stimulating. NHSMUN is an incredible time to learn, grow, and embrace new opportunities. We look forward to seeing you work both as students and global citizens at the conference.

Best,

Terry Wang
Secretary-General

Jordan Baker
Director-General

A Note on Research and Preparation

Delegate research and preparation is a critical element of attending NHSMUN and enjoying the debate experience. We have provided this Background Guide to introduce the topics that will be discussed in your committee. We encourage and expect each of you to critically explore the selected topics and be able to identify and analyze their intricacies upon arrival to NHSMUN in March.

The task of preparing for the conference can be challenging, but to assist delegates, we have updated our [Beginner Delegate Guide](#) and [Advanced Delegate Guide](#). In particular, these guides contain more detailed instructions on how to prepare a position paper and excellent sources that delegates can use for research. Use these resources to your advantage. They can help transform a sometimes overwhelming task into what it should be: an engaging, interesting, and rewarding experience.

To accurately represent a country, delegates must be able to articulate its policies. Accordingly, NHSMUN requires each delegation (the one or two delegates representing a country in a committee) to write a position paper for each topic on the committee's agenda. In delegations with two students, we strongly encourage each student to research each topic to ensure that they are prepared to debate no matter which topic is selected first. More information about how to write and format position papers can be found in the NHSMUN Research Guide. To summarize, position papers should be structured into three sections:

I: Topic Background – This section should describe the history of the topic as it would be described by the delegate's country. Delegates do not need to give an exhaustive account of the topic, but rather focus on the details that are most important to the delegation's policy and proposed solutions.

II: Country Policy – This section should discuss the delegation's policy regarding the topic. Each paper should state the policy in plain terms and include the relevant statements, statistics, and research that support the effectiveness of the policy. Comparisons with other global issues are also appropriate here.

III. Proposed Solutions – This section should detail the delegation's proposed solutions to address the topic. Descriptions of each solution should be thorough. Each idea should clearly connect to the specific problem it aims to solve and identify potential obstacles to implementation and how they can be avoided. The solution should be a natural extension of the country's policy.

Each topic's position paper should be **no more than 10 pages** long double-spaced with standard margins and font size. **We recommend 3–5 pages per topic as a suitable length.** The paper must be written from the perspective of your assigned country and should articulate the policies you will espouse at the conference.

Each delegation is responsible for sending a copy of its papers to their committee Directors via [myDais](#) on or before **February 21, 2025**. If a delegate wishes to receive detailed feedback from the committee's dais, a position must be submitted on or before **January 31, 2025**. The papers received by this earlier deadline will be reviewed by the dais of each committee and returned prior to your arrival at the conference.

Complete instructions for how to submit position papers will be sent to faculty advisers via email. If delegations are unable to submit their position papers on time, please contact us at info@imuna.org.

Delegations that do not submit position papers will be ineligible for awards.

Committee History

The United Nations Convention Against Transnational Organized Crime (UNTOC) is a legally binding agreement between States. It follows the adoption of Resolution 5/23 by the General Assembly and was entrusted to the United Nations Office on Drugs and Crime (UNODC).¹ The Convention officially opened during a conference in Palermo, Italy, in December of the same year, and it became widely used in 2003.² This landmark convention serves as the primary instrument in the global fight against transnational organized crime. The convention's design is centered on the commitment of signatory countries to deny safe havens to transnational organized criminals. This is achieved by prosecuting these criminals wherever their activities occur and by fostering international cooperation.³

The signing ceremony for UNTOC occurred in Palermo, Sicily, hometown of the renowned anti-mafia prosecutor, Giovanni Falcone. After Falcone fell victim to organized crime in May 1992, he along with counterparts in Italian and American law enforcement, laid the groundwork for international cooperation against organized crime, which paved the way for the Convention. Both countries involved have rich histories in combating organized crime. Italy actively promoted the concept, while the USA lent its support and helped shape the Convention. The adoption of a legally binding UN Convention Against Transnational Organized Crime was not always assured, as discussions on the need for such a convention began in international forums as late as 1975, until it was finally signed on November 15, 2000.

UNTOC is the fundamental international framework for fighting transnational organized crime, supported by three additional Protocols: the Protocol to Prevent, Suppress, and Punish Trafficking of Persons the Protocol against the Smuggling of Migrants by Land, Sea, and Air (Especially Women and Children); and the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition. These Protocols provide further measures in the fight against transnational organized crime, touching on three essential components of the nature of such crime across the world. However, before a country can become a party to any of the aforementioned protocols, it must become a party to the Convention itself. After this point, it indicates a willingness to establish measures against transnational organized crime by creating domestic criminal offenses. There has also been an increase in cooperative extradition processes by providing mutual legal assistance, aligning law enforcement standards and practices, and promoting training for national authorities.⁴

UNTOC established a legally binding framework for international cooperation among law enforcement and judicial authorities to share evidence and pursue international criminal actors.⁵ It encouraged countries to update their legislation to enhance their ability to investigate and prosecute these criminals. Key features of the Convention include standardizing terms, defining specific offenses, protecting victims and witnesses, forfeiture of crime proceeds, promoting international cooperation, providing for training and information-sharing, encouraging preventive policies, and containing technical provisions. Today, UNTOC boasts 190 parties, nearly universal ratification, with its supplementary protocols also garnering substantial participation: the Trafficking in Persons Protocol (178 parties), the Smuggling of Migrants Protocol (149 parties), and the Trafficking in Firearms Protocol (118 parties).⁵ This demonstrates its significance as a globally recognized legal instrument in the fight against transnational organized crime.

1 "United Nations Convention against Transnational Organized Crime." 2021. United Nations : Office on Drugs and Crime. 2021. <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html>.

2 United Nations : Office on Drugs and Crime. "Signature/Ratification Status of the Convention against Transnational Organized Crime," 2021. <https://www.unodc.org/unodc/en/treaties/CTOC/signatures.html>

3 United Nations : Office on Drugs and Crime. "About UNODC," 2021. <https://www.unodc.org/unodc/en/about-unodc/index.html>.



UNTOC

NHSMUN 2025



TOPIC A:

THE INFLUENCE OF THE TALIBAN ON THE NARCOTICS TRADE

Photo Credit: Fwd

Introduction

The Taliban is an Islamist political group that came to power in Afghanistan in the 1990s. After the Afghan civil war, they gained support for their strict policies. By the end of 1996, the Taliban controlled about two-thirds of Afghanistan, including Kabul.¹ Once in control, they imposed strict rules on women, education, crime, and religion. During this time, Afghanistan became the largest producer of opium due to high levels of poppy farming. Although Afghanistan continued to lead in opium production, the Taliban introduced policies to reduce the drug trade to legitimize their government.²

In the 2000s, the Taliban supported al-Qaeda, which was led by Osama bin Laden. The Taliban played a major role in al-Qaeda's September 11, 2001, attacks on the US. After these attacks, the Taliban refused to hand over bin Laden to the US, leading to military action. The US and its allies attacked Afghanistan, eventually resulting in bin Laden's death. For the next decade, fighting continued in the region. During this time, the Taliban funded their activities through the illegal opium trade. In February 2020, the US made a deal with the Taliban. The Taliban agreed to stop attacking US forces in Afghanistan and to prevent al-Qaeda and ISIS from operating in the country. In exchange, the US agreed to withdraw its troops from Afghanistan within 14 months.³

Since the Taliban regained control in 2021, Afghanistan's economy has struggled. The Taliban's efforts to end the drug trade and poppy farming have forced nearly 34 million Afghans into poverty. This has caused instability, as the farming sector has been severely impacted.⁴

Despite their efforts to stop the drug trade, the Taliban still engage in narcotics trafficking to fund their government. Narcotics bans are often only enforced when fines are collected from farmers, rather than stopping the growth of the plants. Many countries have also pulled back their humanitarian and financial support since the Taliban's return to power. Recently, methamphetamine production in Afghanistan has increased.

The Abdul Wadood bazaar, located in the southwest, is the country's largest meth production area. About 11,886 cubic meters of ephedra, the plant used to make meth, were found there. Although the Taliban banned the growing of ephedra, the ban has not been strongly enforced, and the plant continues to grow.⁵

One reason Afghanistan's drug industry thrives is its connections to both local and global markets. Drugs move through Afghanistan via major highways. The Balkan Route, for example, connects Afghanistan to Iran, Türkiye, Pakistan, and Europe. This route allows heroin and methamphetamines to reach international markets.⁶

History and Description of the Issue

Opium in Afghanistan

The Taliban is a predominantly Pashtun, Islamic fundamentalist group that emerged in Afghanistan in the mid-1990s following the withdrawal of Soviet troops, the collapse of Afghanistan's communist regime, and the subsequent breakdown in civil order. Following the US-led invasion that toppled the original regime in 2001, the Taliban regrouped across the border in Pakistan and began taking back territory. In August 2021, the United States withdrew its remaining troops from Afghanistan as outlined in a 2020 peace agreement with the group and the

1 Rupert Stone, "Afghanistan's Drug Trade Is Booming under Taliban Rule," Atlantic Council, August 24, 2022, <https://www.atlanticcouncil.org/blogs/southasiasource/afghanistans-drug-trade-is-booming-under-taliban-rule/>.

2 Rupert Stone, "Afghanistan's Drug Trade Is Booming under Taliban Rule."

3 Riazat Butt "Two-Year Timeline of Events in Afghanistan since 2021 Taliban Takeover," *AP News*, August 14, 2023, <https://apnews.com/article/afghanistan-taliban-second-year-timeline-490bab098864b13d8f8cdb67ae044bee>.

4 "UN Says 34 Million Afghans In Poverty Under Taliban Rule," *Barrons*, April 18, 2023, <https://www.barrons.com/news/34-million-afghans-in-poverty-under-taliban-rule-un-1abfa801>.

5 Rupert Stone, "Afghanistan's Drug Trade Is Booming under Taliban Rule."

6 Rupert Stone, "Afghanistan's Drug Trade Is Booming under Taliban Rule."

Taliban took over.⁷

In 2022, one year after the Taliban took over Afghanistan, their leader, Hibatullah Akhundzada, banned poppy farming. He did not explain the decision, but it was seen as a way to reduce drug trafficking in Central Asia. This was a big move and more successful in curbing drugs than the United States' efforts over two decades. To enforce the ban, Taliban forces conducted 5,799 anti-drug operations, arrested 6,781 traffickers, seized 1,799 tons of drugs, and shut down 585 heroin labs.⁸ Still, the Taliban faces major problems in making Afghanistan less dependent on drugs. Sanctions placed on Afghanistan for human rights violations have weakened its economy and security. While the Taliban has launched construction projects and tried to develop the country's natural resources, Afghanistan remains tied to international trade.⁹ There is also a lack of clear information on the progress of their projects. As a result, the goal of making Afghanistan self-reliant is still far away. The economy remains deeply connected to illegal drugs,

so ending opium production will continue to be a difficult challenge.¹⁰

Afghanistan used to be the world's biggest opium producer and a main source of heroin for Europe and Asia. Many farmers, especially poor ones, relied on poppies to earn a living. The crop became popular because it made more money. Now, farmers who break the ban face harsh punishments like prison time.¹¹ However, the ban has worked well so far. In southern Afghanistan, where over half the country's drugs were once grown, poppy cultivation has dropped from 129,000 hectares to 740 hectares in just a year.¹²

Since the ban took effect, heroin prices in Afghanistan's main growing areas have gone up due to the reduced supply. Though the ban was announced in 2022, it wasn't fully enforced until 2023. In the time between, manufacturers sold off their stock, and prices tripled as buyers rushed to get drugs. After the ban, Afghan drugs were no longer available. This led to short-term

7 Lindsay Maizland, "The Taliban in Afghanistan," Council on Foreign Relations, January 19, 2023, <https://www.cfr.org/backgrounder/taliban-afghanistan>.
 8 Akmal Dawi, "Taliban's War on Drugs Going Strong, for Now," *Voice of America (VOA News)*, August 10, 2023, <https://www.voanews.com/a/taliban-s-war-on-drugs-going-strong-for-now-7219105.html>.
 9 Ghulam Mohiuddin Mangal, "Challenges and Complexities of the Taliban's Governance," *OBSERVER RESEARCH FOUNDATION (ORF)*, October 15, 2023, <https://www.orfonline.org/expert-speak/challenges-and-complexities-of-the-talibans-governance>.
 10 Abubakar Siddique, "Taliban's Quest For Self-Sufficiency Faces Challenges," *RFE/RL*, December 9, 2023, <https://www.rferl.org/a/afghanistan-taliban-self-sufficiency-challenges/32723444.html>.
 11 United Nations, "Taliban's Poppy Ban in Afghanistan: Can It Work?," United Nations, accessed September 25, 2024, <https://www.un.org/en/video/talibans-poppy-ban-afghanistan-can-it-work>.
 12 Akmal Dawi, "Taliban's War on Drugs Going Strong, for Now."

Afghan National Police officer picks up a bag of opium
 Credit: Sean K. Harp



profits for producers, but the country's poverty has worsened since the ban.¹³ Poppy farmers and drug producers lost their primary source of income, and now many Afghans need urgent aid to meet basic needs.¹⁴

Nevertheless, to make up for lost income, other drugs have entered the Afghan market. Methamphetamine, also known as meth, has become more common since the poppy ban. Meth is a strong, addictive drug that affects the brain and nervous system. It is sometimes used to treat ADHD or obesity, but long-term use can cause serious health problems and even death. With opium production down, drug makers have turned to meth, which is more profitable.¹⁵ Meth trafficking has increased, showing a shift from Afghan opiates to this new drug. Meth seizures are up worldwide, with shipments intercepted in places like Australia, India, the Gulf, Central Asia, the Netherlands, and Belgium. These shipments likely came from Afghan sources.

Meth production in Afghanistan has increased since the ban, with seizures reported as far as the European Union, the Near and Middle East, Southeast Asia, and Eastern Africa. In one year, 2.7 metric tons of meth were seized, but the actual amount made is likely much higher, though impossible to know without full production data.¹⁶

The Economic Impact of the Taliban

Since the Taliban regained power in 2021, Afghanistan's economy has suffered greatly. Right after the Taliban took control, the economy collapsed, pushing most of the population into poverty.¹⁷ Nearly 70 percent of people in Afghanistan can't afford basic needs like food. The economy

has shrunk by about 25 percent, which has caused the loss of many government services and infrastructure.¹⁸ The Taliban also placed strict limits on government spending and access to funds. The Taliban took over a country that was already struggling. Afghanistan ranked low on many global measures, such as the Human Development Index. The country was already facing conflict, was dependent on foreign aid, and had weak institutions. Its currency, the Afghani, had lost value, and inflation made the cost of living too high. Government institutions couldn't pay their workers. Afghanistan's economy is barely surviving.¹⁹

Foreign aid was cut sharply after the Taliban takeover. Because of the violent nature of their return to power, most foreign aid stopped immediately. Afghanistan lost USD eight billion in annual aid, which was 40 percent of its GDP. Its banking and foreign exchange systems were also frozen, preventing international business.²⁰ This led to the end of social security, homeless programs, government-funded aid, and the shutdown of many Afghan businesses.

The COVID-19 pandemic made things worse for Afghanistan's economy. It caused more unemployment, higher prices, and the closure of many small businesses. The cost of living rose even more, and political instability grew. The country's drought has also worsened since the pandemic, as the lack of resources made it harder to deal with natural challenges.²¹

The Taliban's strict control of the opium trade has hurt Afghanistan's economy too. In August 2021, opium farming increased by 32 percent, adding USD 1.4 billion to the economy in 2022.²² The illegal drug trade also grew, fueled

13 Abdul Khaliq, "Afghan Taliban Launch Campaign to Eradicate Poppy Crop."

14 "Afghanistan Opium Cultivation in 2023 Declined 95 percent Following Drug Ban: New UNODC Survey," United Nations : Office on Drugs and Crime, accessed September 25, 2024, https://www.unodc.org/unodc/en/press/releases/2023/November/afghanistan-opium-cultivation-in-2023-declined-95-per-cent-following-drug-ban_-new-unodc-survey.html.

15 "What Is Methamphetamine?," National Institute on Drug Abuse, accessed September 25, 2024, <https://nida.nih.gov/publications/research-reports/methamphetamine/what-methamphetamine>.

16 United Nations Office on Drugs and Crime, "Understanding Illegal Methamphetamine Manufacture in Afghanistan," August 2023, https://www.unodc.org/documents/data-and-analysis/briefs/Methamphetamine_Manufacture_in_Afghanistan.pdf.

17 "One Year Later, Taliban Unable to Reverse Afghanistan's Economic Decline," United States Institute of Peace, accessed September 25, 2024, <https://www.usip.org/publications/2022/08/one-year-later-taliban-unable-reverse-afghanistans-economic-decline>.

18 William Byrd, "UNODC: Methamphetamine Trafficking in and around Afghanistan Expanding Rapidly as Heroin Trade Slows," United Nations : Office on Drugs and Crime, accessed September 25, 2024, https://www.unodc.org/unodc/en/press/releases/2023/September/unodc_-methamphetamine-trafficking-in-and-around-afghanistan-expanding-rapidly-as-heroin-trade-slows.html.

19 Hameed Hakimi, "Afghanistan: One Year of Taliban Rule," Chatham House – International Affairs Think Tank, August 15, 2022, <https://www.chathamhouse.org/2022/08/afghanistan-one-year-taliban-rule/>.

20 William Byrd, "UNODC: Methamphetamine Trafficking."

21 William Byrd, "UNODC: Methamphetamine Trafficking."

22 Hameed Hakimi, "Afghanistan: One Year of Taliban Rule," Chatham House – International Affairs Think Tank, August 15, 2022,

by the country's economic and political instability.²³ Before gaining control, the Taliban funded much of its operations through the illegal opium trade. "Black" money, earned from illegal sales of drugs and weapons, has been a key source of funds for terrorist groups.²⁴ In April 2022, during the opium harvest, the Taliban tightened control over Afghanistan's poppy farming, trade, and revenues.²⁵ They stopped farmers from growing poppies and removed poppy fields. By the next year, Afghanistan's opium harvest dropped by almost 96 percent. The ban did not just cover growing poppies, but also opium processing and trade. This has cost Afghanistan more than USD one billion each year since the ban, especially hurting farmers and those in agriculture.²⁶

The economic challenges caused by the poppy ban have been hard for Afghanistan's young people. Since September 2023, about 600,000 Afghan migrants have been forced to return from Pakistan, with similar numbers coming from Iran. The opium fields employed about half a million people, so the ban has caused widespread unemployment. Women have been hit the hardest, with their employment rate dropping by 25 percent, compared to 7 percent for men.²⁷

The Taliban has also placed strict limits on foreign currency, like the US dollar, to protect the Afghani and stop people from swapping it for stronger currencies.²⁸ The Taliban has also stopped printing new banknotes, which halts government spending but leads to inflation. To fight inflation, the Taliban has taxed the private sector heavily, which has hurt people's ability to buy goods.²⁹ The Taliban cannot borrow money from

other countries because Afghanistan is isolated internationally. This has left the country in a deep economic crisis. There is no money in Afghanistan's reserves, and banks are struggling to lend money.³⁰

Afghanistan's financial sector has been in crisis since the Taliban took power. Banks are short on cash, so they've placed limits on withdrawals. Transfers have become more expensive, making it harder for businesses and aid groups to move money.³¹ Banks have stopped lending because people can't repay loans, and real estate prices are too low for banks to use as collateral. The country's microfinance sector has also been hit hard, with 50 percent fewer small loans given since 2021.³²

Foreign donor funds are no longer a reliable source of help. The UN has been sending cash to Afghanistan as a temporary fix for over two years. While emergency cash transfers are usually not a long-term solution, Afghanistan's severe problems make this situation unique. Weekly cash shipments of USD 40 million have helped keep some banks stable, but this dependence is hurting Afghanistan's chances of becoming financially independent.³³ Some analysts say the UN's estimates of humanitarian needs in Afghanistan are based on incomplete data, which has led to poor distribution of aid. Concerns about accidentally helping the Taliban benefit from foreign donations have also caused a drop in funding expected for 2024.³⁴

Many people involved in drug trafficking in Afghanistan are driven by the need to meet basic needs, like paying for rent,

<https://www.chathamhouse.org/2022/08/afghanistan-one-year-taliban-rule/>.

23 Vanda Felbab-Brown, "Drugs, Security, and Counternarcotics Policies in Afghanistan," *Brookings*, October 29, 2020, <https://www.brookings.edu/articles/drugs-security-and-counternarcotics-policies-in-afghanistan/>.

24 "Afghanistan: How the Drug Trade Supports Terrorism," Office of Justice Programs, accessed September 25, 2024, <https://www.ojp.gov/ncjrs/virtual-library/abstracts/afghanistan-how-drug-trade-supports-terrorism>.

25 "As Taliban Poppy Ban Continues, Afghan Poverty Deepens," United States Institute of Peace, accessed September 25, 2024, <https://www.usip.org/publications/2024/06/taliban-poppy-ban-continues-afghan-poverty-deepens>.

26 William Byrd, "UNODC: Methamphetamine Trafficking in and around Afghanistan Expanding Rapidly as Heroin Trade Slows," United Nations: Office on Drugs and Crime, accessed September 25, 2024, https://www.unodc.org/unodc/en/press/releases/2023/September/unodc_methamphetamine-trafficking-in-and-around-afghanistan-expanding-rapidly-as-heroin-trade-slows.html.

27 Graeme Smith, "Afghanistan Three Years after the Taliban Takeover," Crisis Group, August 14, 2024, <https://www.crisisgroup.org/asia/south-asia/afghanistan/afghanistan-three-years-after-taliban-takeover>.

28 Ahmad Sayer Daudzai, "The Truth About the Afghan Economy Under the Taliban," *International Policy Digest*, May 30, 2024, <https://intpolicydigest.org/the-truth-about-the-afghan-economy-under-the-taliban/>.

29 Daudzai, "The Truth About the Afghan Economy Under the Taliban".

30 Daudzai, "The Truth About the Afghan Economy Under the Taliban".

31 UNDP, *Afghanistan Socio-Economic Outlook 2023*. (New York: UNDP, 2023), https://www.undp.org/sites/g/files/zskgke326/files/2023-05/SEO%202023_full%20report.pdf.

32 UNDP, *Afghanistan Socio-Economic Outlook 2023*.

33 Runde, Daniel, "The Future of Assistance for Afghanistan: A Dilemma," CSIS, last modified June 13, 2024, <https://www.csis.org/analysis/future-assistance-afghanistan-dilemma>.

34 Runde, "The Future of Assistance for Afghanistan: A Dilemma".

food, or debt. Improving Afghanistan's economy is essential to reducing the country's reliance on the illegal opium trade. Humanitarian agencies have identified Afghanistan as a high-risk hunger zone. In 2024, about 23.3 million Afghans will need humanitarian aid to survive. Afghanistan remains one of the world's poorest countries, and without economic improvement, balancing aid with political reforms will be necessary for recovery.³⁵

Decreasing Quality of Life under Taliban Rule

In Afghanistan, malnutrition is a crisis in 25 of its 34 provinces. It is estimated that 60 percent of the population suffers from severe hunger. This places Afghanistan among the top ten countries with the highest maternal and infant deaths due to malnutrition.³⁶ The reasons for this include both a broken economy and harsh climate conditions. Women and girls are affected the most, with girls facing a 90 percent higher death rate than boys in treatment centers. Poverty in Afghanistan makes things worse, as many families prioritize feeding men

over women due to men performing more physical labor.³⁷

Natural disasters and droughts also add to the country's malnutrition issues. These events affect 75 percent of Afghanistan. Two-thirds of the population has depleted the land and water resources, which has led to crop failures.³⁸ In recent years, an earthquake killed over 1,000 people and left 1,500 injured, while flash floods destroyed 11,000 homes and impacted 16,000 families, leaving 192 people dead. These disasters further displace civilians and take away their ability to rebuild their lives.³⁹

Yet, the blame does not rest solely on nature. The Taliban's return to power has worsened the country's social and economic conditions, particularly for women and girls. Their ban on girls' education and restrictions on women's employment have cost Afghanistan USD one billion in lost economic output. As a result, Afghanistan now ranks last on the Women, Peace, and Security Index for female inclusion.⁴⁰ Families in Afghanistan are struggling with limited options to survive. In the past, 24

35 Syeda Hossain, "In Afghanistan, Families Struggle to Survive," Bread For the World, February 7, 2024, <https://www.bread.org/article/in-afghanistan-families-struggle-to-survive/>.

36 International Rescue Committee, "Afghanistan: An entire population pushed into poverty", August 9, 2023, <https://www.rescue.org/article/afghanistan-entire-population-pushed-poverty>.

37 Mehran, Weeda, "Food discrimination against women in Afghanistan", Relief Web, August 8, 2017, <https://reliefweb.int/report/afghanistan/food-discrimination-against-women-afghanistan>.

38 Hossain, "In Afghanistan, Families Struggle to Survive".

39 Mohammad Yasir Essar, Sharifullah Wahdati, Brianne O'Sullivan, Arash Nemat and Karl Blanchet, "Cycles of disasters in Afghanistan: The urgent call for global solidarity", *National Library of Medicine*, January 8th, 2024, <https://doi.org/10.1371%2Fjournal.pgph.0002751>.

40 Matiullah Qazizada, "Impacts of the Taliban's ban on women's work and education," *ReliefWeb*, February 9, 2024,



Afghan citizens brings malnourished child for assistance
Credit: Senior Airman Rylan Albright

percent of households had no savings, and another 12 percent have since depleted what they had due to the ongoing crisis. More than 30 percent of households have no property, land, or income-generating assets. Food is the top priority for 91 percent of households, with 77 percent stating that food prices are unaffordable.⁴¹

To cope with these economic hardships, 80 percent of households are borrowing money. About 45 percent have reduced spending on health care and education just to afford food. Reports show that 470,000 households are forced to rely on begging or charity, 850,000 have sent their children to work, and 80,000 households have arranged early marriages for their daughters.⁴²

The Taliban's policies have also devastated the healthcare system. In 2022, the Taliban slashed the health ministry's budget from USD 334 million to just USD 49 million. This led to the closure of around 2,000 health centers, most of which were funded by international organizations. According to the World Health Organization, Afghanistan now has only 2.8 doctors and nurses per 10,000 people, far below the threshold of 23 per 10,000 considered necessary for a functioning healthcare system.⁴³ The shortage of healthcare workers has had a huge impact. For example, in 2022, Herat Regional Hospital saw a 70 percent increase in patients coming from Farah province, which is 280 km away, and a 38 percent increase from Badghis province, 150 km away. This shows that many Afghans must travel long distances for medical care, which is hard to afford during such a severe economic crisis.⁴⁴ According to UNICEF, only 9 percent of health facilities in Afghanistan have a functioning operating room, 28 percent have a working lab, and 45 percent have emergency rooms.

Of those emergency rooms, only 27 percent are open at night. In 2022, 29 percent of reports stated that there was no functioning healthcare center nearby.⁴⁵

Despite this bleak outlook, international support has made a difference. The World Health Organization and the Afghanistan Humanitarian Response Plan aim to assist 14 million people, including 7.5 million children and 3.1 million women. By mid-2023, they had already helped 8.4 million people. But this assistance requires sustained funding. Without it, 450,000 patients could lose access to trauma care, and 1.6 million people might miss out on mental health support.⁴⁶

Decades of conflict have crippled Afghanistan's education system. Currently, 3.7 million Afghan children do not attend school, and 60 percent of them are girls. This is partly because there aren't enough female teachers and schools, and there are transportation difficulties. Only 48 percent of teachers in the country hold an Associate Degree.⁴⁷ The Taliban's policy now prohibits women from teaching boys, leaving many classrooms without qualified teachers.⁴⁸ The lack of access to secondary education is especially troubling for girls. Since the Taliban took power, 1.4 million girls have been banned from attending secondary school. Combined with the Taliban's strict religious rules, 2.5 million girls, or 80 percent of girls in that age group, are now deprived of their right to an education. UNESCO estimates that the Taliban's actions have erased 20 years of progress in Afghanistan's education system..⁴⁹

Afghanistan's economic collapse has severely affected the population's quality of life. Basic needs are now beyond the reach of many. Currently, 28.8 million people are in urgent need of humanitarian aid, a 60 percent increase from the previous year. The World Food Programme estimates that

<https://reliefweb.int/report/afghanistan/impacts-talibans-ban-womens-work-and-education/>.

41 UNDP, "Afghanistan Socio-Economic Outlook 2023".

42 UNDP, "Afghanistan Socio-Economic Outlook 2023".

43 "Afghanistan's Healthcare Crisis," Institute for War and Peace Reporting, accessed September 30, 2024, <https://iwpr.net/global-voices/afghanistans-healthcare-crisis/>.

44 Doctors without Borders, "Persistent Barriers to Access Healthcare in Afghanistan", May 2, 2023, https://www.doctorswithoutborders.ca/wp-content/uploads/2023/05/healthcare_barriers_afghanistan-2.pdf/.

45 Doctors without Borders, "Persistent Barriers to Access Healthcare in Afghanistan".

46 World Health Organization: WHO, "Afghanistan's Health System Suffers Critical Underfunding, Calls for Donor Support," World Health Organization: WHO, August 18, 2023, <https://www.who.int/news/item/18-08-2023-afghanistan-s-health-system-suffers-critical-underfunding-calls-for-donor-support/>.

47 "Education," UNICEF Afghanistan, accessed September 30, 2024, <https://www.unicef.org/afghanistan/education>.

48 "Afghanistan: Taliban Schools Also Failing Boys," Human Rights Watch, December 6, 2023, <https://www.hrw.org/news/2023/12/05/afghanistan-taliban-schools-also-failing-boys/>.

49 "Afghanistan: 20 Years of Steady Education Progress 'Almost Wiped Out,'" UN News (The United Nations, August 14, 2024), <https://news.un.org/en/story/2024/08/1153191>.

between May and October 2023, 15.5 million people faced severe food insecurity, with 2.8 million in emergencies. Around 4 million people, including 3.2 million children under five, are suffering from acute malnutrition. Pregnant and nursing women do not have access to proper nutrition, making the situation even worse.⁵⁰

Unemployment has risen sharply since the Taliban took over. The unemployment rate increased by 3 percent between 2021 and 2022, reaching 14.1 percent. This figure does not account for those who are unable to work due to illness or injury, so the true unemployment rate may be even higher.⁵¹

In conclusion, life in Afghanistan has deteriorated significantly due to economic instability, natural disasters, malnutrition, and the Taliban's regressive policies. Widespread poverty, food shortages, the collapse of healthcare and education, and the erosion of basic human rights have created a humanitarian disaster. International aid and long-term solutions are urgently needed to prevent Afghanistan's situation from worsening further.

Taliban Violence

Since the Taliban took control of Kabul, security in Afghanistan has worsened, making life unsafe for Afghans. On August 15, 2021, the Taliban overthrew the Government of the Islamic Republic of Afghanistan after twenty years of conflict. They declared the "Islamic Emirate of Afghanistan" and announced an amnesty, promising protection to all military and civil employees of the former government. While this may have given some Afghans hope, any positive expectations quickly faded as human rights began to deteriorate.⁵²

The Taliban had abolished all laws and the Constitution, taking the Afghanistan population's basic rights and freedoms with it. Without legal guarantees and collapsed institutions

dedicated to social protection, the Taliban was able to free itself of accountability when depriving its people of human rights. For instance, findings from Rawadari, an Afghan human rights organization, reports that over 15 months, hundreds of citizens have been killed also in and under suspicious circumstances.⁵³ Report findings also include that between August 15, 2021, and November 2022, 634 civilians including members of security forces, Salafi Muslims, and members of the "National Resistance Front" have been unlawfully killed in the Kandahar, Panjshir, Nangarhar, and Sar-e-pol provinces.⁵⁴

101 residents of Nangarhar were killed in strange circumstances. 70 of them were accused by the Taliban of being affiliated with the Islamic State Khorasan Province (ISKT). Thirteen people including two women were killed for unknown reasons. With the collapse of Kabul, the Taliban gained jurisdiction of all provinces of Afghanistan, except the Panjshir province. As the Taliban attacked Panjshir, a resistance front was formed against them in the province. On August 26, 2021, a ceasefire was announced between the parties. Yet, the (NRF) carried out several military attacks against the Taliban. In response, a large operation was carried out against people affiliated with the NRF in different districts of Panjshir and Baghlan provinces. As a result, 50 civilians were arrested and killed on suspicion of association with the NRF.⁵⁵

Nearly two years after they decreed amnesty, it is clear that the Taliban did not honor their promise, and have targeted former government officials through collective punishments in areas where anti-Taliban groups are present. A report between the Armed Conflict Location and Event Data (ACLED) and Afghan Peace Watch (APW) shows records of over 1,000 incidents of violence targeting civilians between the fall of Kabul in 2021 and June 30, 2023. These instances are 62 percent of all attacks on civilians in Afghanistan.⁵⁶

This surge in violence is also related to the creation of multiple

50 Dayne Curry, et al., "Afghanistan's Two Years of Humanitarian Crisis Under the Taliban," United States Institute of Peace, accessed September 30, 2024, <https://www.usip.org/publications/2023/09/afghanistans-two-years-humanitarian-crisis-under-taliban>.

51 Macrotrends, "Afghanistan Unemployment Rate 1960-2024", 2024, <https://www.macrotrends.net/global-metrics/countries/AFG/afghanistan/unemployment-rate>.

52 "Unlawful & targeted killings in Afghanistan", *Rawadari*, January 4, 2023, <https://rawadari.org/wp-content/uploads/2023/01/Unlawful-targeted-killings-in-Afghanistan-1-1.pdf>.

53 Rawadari, "Unlawful & Targeted Killings in Afghanistan".

54 Rawadari, "Unlawful & Targeted Killings in Afghanistan".

55 Rawadari, "Unlawful & targeted killings in Afghanistan".

56 ACLED and APW, "Two Years Of Repression: Mapping Taliban Violence Targeting Civilians in Afghanistan," last August 11, 2023, <https://acleddata.com/2023/08/11/two-years-of-repression-mapping-taliban-violence-targeting-civilians-in-afghanistan>.



Hazara children in central Afghanistan
 Credit: Nasim Fekrat

armed resistance groups across Afghanistan in response to the Taliban’s takeover. Anti-Taliban groups have made attacks in 29 out of 34 provinces in the country. The largest group, the National Resistance Front (NRF) was mainly operating in the northeastern region of the country, causing unrest in the provinces they operate in. The Taliban has conducted raids on villages searching for NRF fighters, killing people merely accused of having connections to the NRF and detaining and disarming several others.⁵⁷

On June 26, 2022, the Taliban killed six Hazara people, including a 12-year-old girl during a night raid operation in search of former security officials. These attacks indicate a pattern of attacks on ethnic minorities such as the Hazara community. For instance, 13 Hazara were killed in the Daykundi province.⁵⁸ These ethnic attacks are indicative that the Taliban is willing to remove anyone perceived as an adversary because of religious ideals. The Hazaras have been discriminated against and persecuted by the Taliban for over a century. For example, due to land disputes, more than 25,000 Hazara people have been displaced from their homes by the

Taliban’s military as of July 2022.⁵⁹

The Hazara minority has suffered these circumstances disproportionately because of their ethnic and religious views. Yet, the Taliban is not the only perpetrator against the Hazara. The Islamic State-Khorasan Province (ISKP) has been active since 2015 in Afghanistan, carrying out targeted attacks on Shia-Hazara mosques, schools, and neighborhoods. The Taliban has not gone unaffected either, with over 50 Taliban ministry employees killed in a bank bombing outside of Kandahar province on March 21, 2024.⁶⁰

In other recent attacks from ISKP to the Hazara, on January 6, 2024, an attack on a bus in Dasht-e Barchi killed five people, and injured 14, with at least one child in the mix. On April 20, 2024, a magnetic bomb attached to a bus whose passengers were primarily Hazara exploded, killing one and injuring ten. Ten days later, on April 29th of 2024, an armed member of the ISKP opened fire on worshippers at a Shia-Hazara mosque in western Herat province, killing six, including a child.⁶¹

⁵⁷ ACLED and APW, “Two Years Of Repression: Mapping Taliban Violence Targeting Civilians in Afghanistan”.

⁵⁸ Amnesty International, “Afghanistan: 13 Hazara killed by Taliban fighters in Daykundi province – new investigation”, October 5, 2021, <https://www.amnesty.org/en/latest/news/2021/10/afghanistan-13-hazara-killed-by-taliban-fighters-in-daykundi-province-new-investigation/>.

⁵⁹ United States Holocaust Memorial Museum, “Urgent Action Needed: Hazaras in Afghanistan Under Attack,” August 10, 2022, <https://www.ushmm.org/genocide-prevention/blog/urgent-action-needed-hazaras-in-afghanistan-under-attack>.

⁶⁰ Abbasi, Fereshta, “Attacks Target Afghanistan’s Hazaras”, Human Rights Watch, May 3, 2024, <https://www.hrw.org/news/2024/05/03/attacks-target-afghanistans-hazaras/>.

⁶¹ Abbasi, “Attacks Target Afghanistan’s Hazaras”.

Many of these actions are reflected in the Taliban's war on drugs. Incidents include a skirmish between Taliban and poppy farmers in the Nangarhar province while local authorities destroyed opium fields. Several concentrations of violence were in the Badakhshan province as well, when several young men were recruited to fight against the Taliban against harvest bans on poppy cultivation.⁶²

While agriculture has been affected, the Taliban has also taken forceful measures against people who use drugs (PWUD), placing them in overcrowded and barely equipped treatment facilities. In these facilities, PWUD has reported human rights abuses and acts of violence. While drug use has been perceived as a large problem in Afghanistan, violent, unlawful policies such as these have public support.⁶³ Nonetheless, localized rebellions against the Taliban have caused struggles in enforcing their ban on drug cultivation. Farmers are still resorting to small-scale operations, with hidden gardens and walled compounds, still making large profits from the inflated crop prices to produce drugs. To counteract this, the Taliban's counter-narcotic officials are using chemical herbicides to destroy poppy fields, poisoning the farmers' land and water, a form of bioterrorism.⁶⁴

As the Taliban's poppy ban continues, it could trigger political tensions and even armed conflict. Historically, there have been several examples of successful opium bans in Afghanistan, but they have always been temporary and unsustainable in the long term. The economic hardships provided by the ban on poppy cultivation in the 2000s are said to not have been fully maintained even if the Taliban had remained in power. Therefore, political blowback could lead to serious instances of statewide conflict and violence if the ban is continuously enforced.⁶⁵

Despite the efforts to impose a successful opium ban, Afghanistan remains a volatile and dangerous State. While the ban has served well to reduce the negative effects of drug production and drug trafficking it has also created new tensions and economic difficulties. The Taliban's rule, coupled with the conflicts with various resistance groups, has led to human rights violations and several civilian deaths. Ironically, the war on drugs will create significant challenges in achieving lasting peace and stability. The international community should take steps in advance to ensure that political and economic tensions stemming from this counter-narcotics victory are properly mitigated.

Threats to Human Rights

Throughout the changing political landscape of Afghanistan, citizens have faced various threats to human rights and violence. Between 2021 and 2022, there have been over 200 murders without any forms of culpability. 160 of these killings were of former Afghanistan government members.⁶⁶ Additionally, religion has become a focal point of the Taliban's government. This has severely and negatively impacted socioeconomic progress in Afghanistan. The Taliban's refusal to allow Afghan women and girls to receive an education is an obstacle that stands in the way of the government's efforts to develop international relations. Restricting overall human rights and an unstable market have also resulted in many countries pulling back previous support.⁶⁷

Most of Afghanistan's civil society is ruled by fear. Specifically, many restrictions have been placed on women.⁶⁸ The Taliban government has stripped women of the right to education, paid employment, freedom of speech and movement, dress code, and political participation. Women face constant surveillance, harassment, assault, arbitrary detention, torture, and possible

⁶² Crisis Group, "Trouble In Afghanistan's Opium Fields: The Taliban War On Drugs," September 12, 2024, <https://www.crisisgroup.org/asia/south-asia/afghanistan/340-trouble-afghanistans-opium-fields-taliban-war-drugs>.

⁶³ Khoruk, Maria, *Illicit Economies in Afghanistan Under the Taliban*, Global Initiative, <https://globalinitiative.net/wp-content/uploads/2024/03/Maria-Khoruk-Illicit-economies-in-Afghanistan-under-the-Taliban-GI-TOC-March-2024.v2.pdf>.

⁶⁴ Crisis Group, "Trouble In Afghanistan's Opium Fields: The Taliban War On Drugs".

⁶⁵ Byrd, William, "The Taliban's Successful Opium Ban is Bad for Afghans and the World", United States Institute of Peace, June 8, 2023, <https://www.usip.org/publications/2023/06/talibans-successful-opium-ban-bad-afghans-and-world>.

⁶⁶ "International Community Must Do More to Protect Human Rights in Afghanistan," Center for a New American Security (en-US), September 20, 2022, <https://www.cnas.org/publications/commentary/international-community-must-do-more-to-protect-human-rights-in-afghanistan>.

⁶⁷ Sultan Barakat, "Taliban ban on girls' education defies both worldly and religious logic", *Al Jazeera*, April 1st, 2024, <https://www.aljazeera.com/opinions/2024/4/1/taliban-ban-on-girls-education-defies-both-worldly-and-religious-logic>.

⁶⁸ Amnesty International, "Women in Afghanistan: The Back Story", *Amnesty International*, 2022, <https://www.amnesty.org.uk/womens-rights-afghanistan-history>.



Women in burkas because of the Taliban law

Credit: Arnesen

exile if they oppose the Taliban's policies. In September 2021, the Ministry of Education formed secondary schools for boys but did not allow female attendance.⁶⁹

Further restrictions were placed on women which restricted them to their homes and from obtaining jobs. Taliban representatives declared that women and girls should stay indoors, and if they had to go outside, they should cover up with loose, all-encompassing clothes, like a burka, that only showed their eyes. The Taliban announced these types of restrictions on women's clothing and movement since taking power. While women began to disappear from public life, the number of destitute women, who had been denied the right to work and the ability to feed their families, were increasingly visible on the streets begging for help. Many were forced into marriages because they could no longer sustain a daughter who didn't study or work.⁷⁰ Overall, the Taliban's policies have been connected to higher rates of child marriages, maternal deaths, and illiteracy.⁷¹

Women responded to these restrictions by marching on the streets of Afghan cities, demanding the right to work and

study. They were violently stopped by the Taliban government on multiple occasions. At least four female activists were detained. They were held for weeks and faced harsh punishments, such as being lashed by electric cables.⁷² As a whole, the Taliban's policies have instituted extremely harsh and cruel punishments, and even torture, as penalization for crimes.

The Taliban took over Afghanistan two years ago, but the restrictions on women working and attending school have not been lifted. This has had a serious negative economic impact on both Afghanistan and its people. It diminishes the status of women in families and society, interferes with the distribution of help, contributes to poverty, and limits economic expansion. Given that women are prohibited from working and attending school, donors are hesitant to send money to Afghanistan. Previously, women actively participated in the production of animals, the processing of dairy products, and the chopping, cleaning, drying, and preservation of crops.⁷³ Afghan women also made contributions by working on a variety of export goods such as wool, hides, carpets, and karakul skins. With

⁶⁹ Limaye, Yogita, "Five key moments in the crushing of Afghan women's rights", *BBC*, August 13, 2023. <https://www.bbc.com/news/world-66461711>.

⁷⁰ Hadid, Diaa, "The Taliban orders women to wear head-to-toe clothing in public", *NPR*, May 7, 2022. <https://www.npr.org/2022/05/07/1097382550/taliban-women-burqa-decree>.

⁷¹ Curtis, Lisa, et al., "International Community Must Do More to Protect Human Rights in Afghanistan".

⁷² Yogita Limaye, "Five key moments in the crushing of Afghan women's rights", *BBC*, August 13, 2023. <https://www.bbc.com/news/world-66461711>.

⁷³ Heather Barr, "The Taliban and the Global Backlash Against Women's Rights".

the help of donors, Afghan women successfully founded and managed about 57,000 small and medium-sized businesses in the 20 years before the country fell.

Over the past five years, violence has grown across Afghanistan. Some of this is a result of different groups in the region fighting for power over the country and government. In August of 2021, IS-K, an Islamic State terrorist group, launched a bomb at the international airport in Kabul.⁷⁴ This was done to prevent US forces from entering the region. This attack killed 150 local Afghans and 13 soldiers from the US army. In November of 2021, 25 Afghans were killed and almost 20 were injured in an attack on a military hospital in Kabul. Attackers from IS-K opened fire on the hospital in an attempt to fight against the Taliban government. IS-K has also launched multiple other attacks targeting the Taliban's forces, as well as citizens in a form of retaliation.⁷⁵

Following the various attacks on human rights, many countries and organizations have pulled back their humanitarian aid. 28.3 million people, or two-thirds of the country's total population, are in immediate need of emergency help. In the two years following the republic's collapse, an additional 10 million people have become in need of immediate assistance.⁷⁶ More than six million Afghani citizens are at high risk of famine. It is estimated that upwards of USD 750 million would be required to assist Afghanistan for up to six months. While the United States has provided monetary support to the country, it has proven difficult to prevent funding from going directly to the Taliban's operations instead of the citizens.⁷⁷

As the Taliban has gained power and financial support, the number of Afghan women involved in the drug trade has increased.⁷⁸ Women have also become increasingly involved in drug trafficking networks, according to a report published by

the United Nations Office on Drugs and Crime (UNODC). This has expanded the growing and harvesting of opium, as well as money management and further drug trafficking. Although it has historically been difficult to evaluate women's engagement in this trade due to the cultural setting in Afghanistan, new research indicates that their involvement has increased dramatically in recent years.⁷⁹ Women's rights are directly related to drug production and trafficking. If women are unable to work and must provide for their families, they often explore illegal options for financial support.⁸⁰

Current Status

Taliban Attendance at Doha United Nations Meeting

After the takeover of Afghanistan in 2021, the Taliban have never shown interest in attending United Nations meetings. This is often due to refusing to address infrastructural issues and disagreements on international forces' involvement. However, on June 30, 2024, the Taliban attended as representatives from Afghanistan. On July 1, 2024 delegations from Afghanistan and about 30 other countries went to Qatar to start a third round of United Nations-sponsored talks. The main discussion was integrating the South Asian country into the international community.⁸¹ However, the talks did not touch on the subject of recognizing the terrorist group as a legitimate government on the international stage.

In May 2023, the UN discussed humanitarian aid in Afghanistan, but the Islamist group declined to attend. The Taliban placed conditions on their attendance, which included having its emirate recognized as the only legitimate representation of Afghanistan and guarantees that its

74 Reuters, "More than 20 killed in attack on Kabul military hospital", *BBC*, November 2, 2021, <https://www.bbc.com/news/world-asia-59133026>.

75 Reuters, "More than 20 killed in attack on Kabul military hospital".

76 Heather Barr, "The Taliban and the Global Backlash Against Women's Rights", *Human Rights Watch*, February 6th, 2024, <https://www.hrw.org/news/2024/02/06/taliban-and-global-backlash-against-womens-rights>.

77 Curtis, Lisa, Pforzheimer Annie, and Jahid Jan M, "International Community Must Do More to Protect Human Rights in Afghanistan".

78 Mustafa Basij Rasikh, Alyssa Sharkey, "Outlasting the Taliban's Ban on Women's Medical Education", *Think Global Health*, April 11, 2024, <https://www.thinkglobalhealth.org/article/outlasting-talibans-ban-womens-medical-education>

79 Azizi, Hamid, Natascha Eichinger, Monika Roszkowska, "Afghan Women and the Opiate Trade." *Georgetown Institute for Women, Peace and Security*, November 2022, <https://giwps.georgetown.edu/resource/afghan-women-and-the-opiate-trade/>.

80 United Nations Office on Drugs and Crime, *Afghan women and the opiate trade*, https://www.unodc.org/documents/data-and-analysis/AOTP/Afghan_Women_Opiate_Trade.pdf.

81 News Wires, "Taliban sends its first delegation to a UN-led meeting in Qatar on Afghanistan", *France 24*, June 30th, 2024, <https://www.france24.com/en/middle-east/20240630-taliban-sends-its-first-delegation-to-a-un-led-meeting-in-qatar-on-afghanistan>.

government would not be criticized. However, the UN refused to meet these conditions and therefore, did not attend. The Taliban's official statement was that the invitation had been "sent too late" for the group to attend the second meeting, which was held in February of 2024. In response, UN Special Envoy Antonio Guterres said that the group had placed unacceptable restrictions on its attendance, such as requiring that members of Afghan civil society be kept out of the negotiations.⁸²

In the first meeting in 2023, the UN held a discussion centered around Afghan human rights, but it was deemed counterproductive due to a lack of participation from the governing body of Afghanistan.⁸³ The goal of the meeting was to create peace in the region, implement possible solutions, and integrate Afghanistan into the international community. The Taliban's attendance is mainly to discuss restrictions on the country's financial and banking systems, its struggles to grow its private sector, and take concrete action against drug trafficking. Private sector discussions were centered around countering the narcotics trade through regulations and stable infrastructure.⁸⁴ Specifically, supporting farmers and the agricultural sector if poppy growth is prohibited to prevent drug trafficking. During this discussion, the Taliban also demanded that the US release seven billion US dollars. These funds are currently frozen in the country's central bank reserves and cannot be accessed without approval.

Afghanistan, the world's leading producer of opium, has long struggled with the illicit drug trade. Meth and heroin are produced in large quantities as well. Approximately four million individuals in the country, or almost ten percent of the overall population, participate in the narcotics industry, either through taking or distributing drugs. The goal of the meeting in Doha was to begin addressing Afghanistan's drug problem, strengthen ties with trading partners, and revive the country's impoverished economy.

However, the Taliban demanded that no Afghan women be allowed to participate in the UN meeting in Doha. This was considered a major step against women's rights. Since the Taliban took over Kabul in August 2021, they have restricted women's access to education, employment, and public spaces. In March, it was reported that they would reintroduce public flogging: a public beating with a whip as a form of punishment to maintain discipline.⁸⁵ Regardless of women's attendance at meetings, the Taliban has refused to discuss women's rights. Tirana Hassan, executive director at Human Rights Watch, said: "Excluding women risks legitimizing the Taliban's abuses and triggering irreparable harm to the UN's credibility as an advocate for women's rights and women's meaningful participation".⁸⁶

The Taliban attempted to address economic concerns and counter-narcotic measures while sidelining contentious topics like women's rights and governance. This strategic choice was an attempt to avoid discussing any controversial policies their government has implemented. The UN's approach to dealing with the Taliban recognized the need for ongoing communication to address security threats while managing complex issues related to human rights and governance. This reflects a broader strategy of providing humanitarian aid, while still trying to hold the Taliban accountable.⁸⁷

Human rights advocates and Western donor authorities, however, strongly criticized the most recent meeting for the United Nation's involvement with the Taliban and what they deemed as concessions on the agreement. Human rights advocates and Afghan civil society launched a series of protests against the Taliban's attendance at the Doha meeting. Several donor state officials voiced their dissatisfaction in the weeks preceding Doha 3, with some even considering reducing or canceling their participation. Preparations for Doha 3 were based on a fundamental idea of change. The goal of the U.N. assessment and all of its recommendations was to

82 Javid, Osama, "What to expect as Taliban joins third UN-held talks on Afghanistan in Qatar", *Al Jazeera*, July 1st, 2024, <https://www.aljazeera.com/news/2024/7/1/what-to-expect-as-taliban-joins-third-un-held-talks-on-afghanistan-in-qatar>.

83 Javid, "UN holds crucial Afghanistan talks in Qatar, without Taliban".

84 Nichols, Michelle, "UN-led Doha meeting with Taliban not about recognition, says UN", *Reuters*, June 26, 2024, <https://www.reuters.com/world/asia-pacific/un-led-doha-meeting-with-taliban-not-about-recognition-says-un-2024-06-26/>.

85 Geoffrey Abbott, "Flogging", *Britannica*, July 2, 2024, <https://www.britannica.com/topic/flogging>.

86 CSW, *CSW Afghanistan Joint Statement*, United States Mission for the United Nations, March 18, 2023, <https://usun.usmission.gov/csw-afghanistan-joint-statement/>.

87 Raisina Debates, "Taliban's participation in the UN-led conference in Doha", *Observer Research Foundation*, July 12, 2024, <https://www.orfonline.org/expert-speak/taliban-s-participation-in-the-un-led-conference-in-doha>.

break the blockade that had overtaken relations between the international community and the Taliban. United Nations officials have stated that the more challenging demands should be postponed in this engagement process to break this impasse.⁸⁸⁸⁹

As a step to include the Afghan government in international discussions, countries started to make a double take on Afghan international trade.⁹⁰ Countries such as Kazakhstan, the People's Republic of China, Russia, Pakistan, Iran, India, Uzbekistan, Turkmenistan, Tajikistan, Azerbaijan, Türkiye, Qatar, Saudi Arabia, and the United Arab Emirates, have removed the Taliban from their list of prohibited groups.⁹¹ On July 2, 2024, Afghan women's rights groups and civil society activists are expected to meet with international diplomats and UN officials to discuss women's rights and how to proceed in these future meetings.

Conflict in Pakistan

Since the fall of Kabul in 2021, when the Taliban took over Afghanistan, relations between Pakistan and Afghanistan have become strained. Issues in the region have continued escalating and war has become a serious threat due to cross-border terrorism originating from the Taliban. All of these problems happen across The Durand Line. The Afghanistan–Pakistan border, also known as the Durand Line, is a 2,640 km (1,640 miles) international border between Afghanistan and Pakistan in South Asia. The western end runs to the border with Iran and the eastern end to the border with China.⁹² The Durand Line has been the site of frequent military clashes and violent confrontations. The Pakistani military has engaged in operations against Taliban forces due to them often crossing the border. This has resulted in a cycle

of violence, including suicide bombings and military strikes, affecting both countries.⁹³ Relations have been limited by the political climate in Afghanistan, especially with the Taliban's return in 2021. According to the Islamist group, The Durand Line divides families and communities, and they have denied its legitimacy.⁹⁴

Originally, Pakistan had hoped to continue its history of cooperation with the Taliban after their takeover, but those hopes evaporated within the first year of Taliban rule in Kabul. Instead, Pakistan experienced a surge in cross-border terrorism that had been originating from Afghanistan. This was because the Taliban's return to power emboldened the Tehreek-e-Taliban Pakistan (TTP). The TTP represents the Taliban's allies that live in Pakistan, which have been keen on taking down the Pakistani government. The TTP's attacks on Pakistan resulted in Pakistan taking drastic measures to protect its citizens and military.⁹⁵

In recent months, Pakistan has enforced trade restrictions on Afghanistan, making the already crumbling Afghan economy worsen. As of July 15, 2024, trucks carrying commercial goods between the two countries will not be able to travel without obtaining a temporary transit permit. The taxes for transporting commercial goods have also increased exponentially, which makes it even more difficult for the drivers and owners of these trucks that need to cross the border. All of these barriers in commerce have pushed labor workers towards other sectors that will provide steady income, even if they include the transportation of illegal goods such as drugs. This worsening problem of high taxes and unattainable permits has negatively impacted both countries, but Pakistan has continued to implement them due to the feud between

88 Andrew Watkins, "What's Next for the U.N.'s Doha Process on Afghanistan?", *United States Institute of Peace*, July 16, 2024, <https://www.usip.org/publications/2024/07/whats-next-uns-doha-process-afghanistan>.

89 Javaid, "What to expect as Taliban joins third UN-held talks on Afghanistan in Qatar".

90 Khaliq, Riyaz, "At UN meet, Taliban seek 'delineating' internal matters from foreign affairs of Afghanistan", *AA*, July 1, 2024, <https://www.aa.com.tr/en/asia-pacific/at-un-meet-taliban-seek-delineating-internal-matters-from-foreign-affairs-of-afghanistan/3262452>.

91 Siddique, Abubakar, "Which Countries Have Relations With The Taliban's Unrecognized Government?", *Radio Free Europe*, May 30, 2024, <https://www.rferl.org/a/afghanistan-taliban-russia-diplomacy/32972530.html>.

92 Raikar, Sanat P, "Durand Line", *Britannica*, <https://www.britannica.com/event/Durand-Line>.

93 Omrani, Bijan, *The Durand Line: History and problems of the Afghan-Pakistan Border*, Volume 40, Issue 2, June 17, 2009, <https://www.tandfonline.com/doi/full/10.1080/03068370902871508>

94 Young Voices, "Afghanistan-Pakistan relations and the Durand line: Why is it important?", *Observer Research Foundation*, January 31, 2022, <https://www.orfonline.org/expert-speak/afghanistan-pakistan-relations-and-the-durand-line>.

95 Janjua, Haroon, "Can Pakistan face down a growing Taliban insurgency?", *DW*, January 31, 2023, <https://www.dw.com/en/pakistan-faces-down-a-growing-taliban-insurgency/a-64566865>.



Refugees from Afghanistan in Pakistan
Credit: Voice of America

the countries.⁹⁶

Pakistan has also displaced up to 850,000 undocumented Afghan migrants. Afghan citizens living in Pakistan have been asked to leave the country and will be arrested and deported if they fail to comply. Afghans have declared that police authorities have been pressuring them for bribes, have robbed them, or have been expelled from Pakistan despite having the documents that proved that their stay in the country was legal. Urgent action needs to be taken to protect the rights of all these refugees that are running away from their country, and even the ones that aren't. The Pakistani government has explained that what fuels this campaign is that even though most of these refugees fled Afghanistan fearing persecution by the Taliban, Pakistan will face negative consequences if they stay in its country.⁹⁷

On March 18, 2024, Pakistan launched an airstrike on Afghanistan, killing at least eight people in border regions of the country. The airstrikes targeted civilian homes in Khost and Paktika provinces near the border with Pakistan, and the country's Foreign Office said the strikes targeted a group of the Pakistani Taliban, which was described as "intelligence-

based anti-terrorist operations". This action was considered a violation of Afghanistan's sovereignty by the Taliban and they promised retaliation. In response, the Taliban's security forces targeted Pakistani troops on the border with heavy weapons, wounding four Pakistani soldiers in the process. Most recently, on March 21, 2024, a suicide bombing killed seven Pakistani soldiers near the Afghan border. The Taliban denied the recent attacks originated in Afghan territory. However, Pakistan promised retaliation as well.⁹⁸

Pakistan will continue to launch attacks against Afghanistan as part of a new military operation called "Resolve for Stability". The mission statement is to stop terrorism and it will be used to target terrorists on Pakistani soil, but has also consequently attacked Afghani civilians in the process. Overall, there must be a deeper examination of the problem to ensure responsibility is taken for the attacks and foster an environment for peace between the parties.

In March of 2024, five Chinese engineers were killed when a suicide bomber rammed a vehicle into their convoy working on a hydropower project in northwest Pakistan. Pakistan's military previously alleged the attack was planned in neighboring

⁹⁶ "New Restrictions Imposed on Trade Between Afghanistan, Pakistan", *Tolo News*, July 14, 2024, <https://tolonews.com/business-189730>.

⁹⁷ RFE/RL, "Pakistan's Campaign To Expel Millions Of Afghan Refugees Enters Second Phase", *Radio Free Europe, Radio Liberty*, March 20, 2024, <https://www.rferl.org/a/pakistan-afghan-refugees-expulsions-campaign-second-phase/32870404.html>.

⁹⁸ DW, "Taliban say 8 killed in Pakistani strikes on Afghanistan", March 18, 2024, <https://www.dw.com/en/taliban-say-8-killed-in-pakistani-strikes-on-afghanistan/a-68599426>

Afghanistan, and that the bomber was also an Afghan national, which exploded the whole problem. It has been said that this new operation attacking Afghanistan, initiated by Pakistan, was launched due to the pressure they felt from Beijing, China's capital. The government was concerned about the safety of its 29,000 citizens in Pakistan, 2,500 of whom are working on China and Pakistan's Economic Corridor projects, part of Beijing's Belt and Road Initiative.⁹⁹

During the most recent attack, on August 13, 2024, three Afghan civilians were killed during a fight between Afghan and Pakistani border troops. This occurred near the Torkham border, one of the official crossings of the Durand Line. Three Pakistani paramilitary troops were wounded in the fighting. Clashes frequently break out between the security forces of the surrounding countries along the border, which was established during British colonial rule decades ago and has long been disputed.¹⁰⁰ However, it was unclear who launched the strike. Previously, both sides have closed the Chaman border crossing in Pakistan's southwest, as well as Torkham. For trade and transit between Afghanistan and Pakistan, both crossings are essential. The closure and violence along this route will impact both Afghanistan and Pakistan's economic trade.¹⁰¹

The conflict between Pakistan and Afghanistan is directly affecting Afghanistan and the Taliban's government. Insecurity in the country creates displacement of citizens, and healthcare issues, and negatively impacts the economies of both countries. It also fuels drug trafficking in Afghanistan. Attacks and anarchy in the country contribute to economic instability. This pushes workers towards illegal jobs to earn an income. It also makes way for criminal activities to develop. With the Durand Line not being enforced and protected, it is easier to transport drugs from one country to another. It is important

to highlight that displacement also contributes to these issues. Transport permit structures will also push workers to turn to drug trafficking since they do not have to pay higher fees and can gain a higher income. UNTOC needs to consider this problem and come up with creative solutions to reinforce the values of the United Nations in all the countries affected.

Sustainable Development Goals

The United Nation's Sustainable Development Goals (SDGs) provide a reliable policy framework for countries to rely on to address the most pressing global threats.¹⁰² There are currently 17 goals that focus on promoting peace, and prosperity, ending poverty, and promoting health and education. These goals include economic growth, tackling climate change, and reducing inequality.¹⁰³ The UNTOC committee falls under the UNODC mandate, following a similar approach in its recommendation of the SDGs. Regarding the influence of the Taliban on the narcotics trade, SDGs 3, 5, and 16 are especially prevalent.

The first SDG to note is SDG 3: Good Health and Well-Being. The third SDG works to ensure healthy lives for everyone by promoting good health and sustainable living. Many aspects of SDG 3 are connected to the work of the UNODC.¹⁰⁴ Target 3.3 emphasizes strengthening prevention and treatment measures for substance abuse. This includes the harmful effects of drug abuse and the role trafficking narcotics play in the spread.¹⁰⁵ To achieve these goals, the Office's existing mandate suggests countries take a more proactive approach when dealing with their people's drug problems. This can be done by having interventions for drug abusers and strengthening access to substance abuse services and centers. Furthermore, there is an emphasis on increasing

99 Javed, Farhat, "Pakistan will continue attacks in Afghanistan - minister", BBC, July 2, 2024, <https://www.bbc.com/news/articles/c7289yvl84po>.

100 Reuters, "Three killed in Pakistan, Afghanistan border clash, Kabul says", *Reuters*, August 13, 2024, <https://www.reuters.com/world/asia-pacific/three-killed-in-pakistan-afghanistan-border-clash-kabul-says-2024-08-13/>.

101 Rahim Faiez, "Pakistani, Afghan Taliban forces trade fire at Torkham border crossing, killing 3 Afghan civilians", *AP News*, August 13, 2024, <https://apnews.com/article/pakistan-afghanistan-torkham-border-shootout-153a235135b94712eb3e7baed47f3e95>.

102 "United Nations Sustainable Development," United Nations Department of Economic and Social Affairs Sustainable Development, <https://sdgs.un.org/goals>.

103 "United Nations Sustainable Development," United Nations Department of Economic and Social Affairs Sustainable Development.

104 "Goal 3: Ensure healthy lives and promote well-being for all at all ages," United Nations Department of Economic and Social Affairs Sustainable Development. https://www.unodc.org/documents/SDGs/UNODC-SDG_brochure_LORES.pdf.

105 "Goal 3: Ensure healthy lives and promote well-being for all at all ages," United Nations Department of Economic and Social Affairs Sustainable Development.

the availability of gender-responsive services as a start to ending discrimination against drug abusers.¹⁰⁶ SDG 3b supports the research and development of medicines and vaccines in developing countries.¹⁰⁷ This works to ensure that people have easy access to health care and can afford essential medicines and resources. These provisions follow the Doha Declaration on the TRIPS Agreement and Public Health which protects citizens globally by maintaining their health care rights.¹⁰⁸ Part of the UNODC's work supports the creation and implementation of data collection and drug monitoring systems. This is to provide reliable information about people suffering from dependence and drug use disorders.¹⁰⁹ These systems are necessary for countries to increase their forensic sector. UNODC believes that technical methods of substance identification and detention are needed to provide treatment and justify interventions.¹¹⁰ Countries must implement these initiatives if they want to be prepared to reduce the risks of substance abuse and have methods to prevent abuse.

SDG 5 on Gender Equality is another goal that must be considered. The nature of Afghanistan's laws and history of gender discrimination requires this goal to be heavily considered. The UNODC prioritizes achieving gender equality and empowering all women and girls.¹¹¹ There must be increased protection for women and girls given their high risk and exposure to trafficking. Countries must implement more anti-trafficking strategies. This can be done by increasing monitoring of the trafficking of women and by collecting data on the victims of crime.¹¹² One of the core of the office's work pertains to strengthening the rights of women. What makes the UNODC's mandate special is its focus on women and

girls within a human rights framework. Much of their work prioritizes the implementation of gender-appropriate training and the publication of guidance documents.¹¹³

Lastly, SDG 16: Peace, Justice, and Strong Institutions, is highly relevant when it comes to the Afghan drug trade. This goal focuses on creating peace and maintaining justice with strong institutions. In Afghanistan, it is an unfortunate nature when children are involved in crime. This issue is more recently a concern with the rise of jihadism and the increased vulnerability kids now face as they face the risk of recruitment. Target 16.2 is centered around ending exploitation, trafficking, and all forms of torture of children.¹¹⁴ To achieve this, this committee must prioritize building effective, accountable, and inclusive institutions at all levels.¹¹⁵ Strong institutions can make changes in legislation and pass good policies. These policies can reform the criminal justice system and ensure the right perpetrators are being held accountable. Institutions help create peace and maintain justice as they can strengthen legal systems by enforcing their laws. SDG 16.3 promotes the rule of law at the local and global levels and ensures equal access to justice for all.¹¹⁶ The UNODC suggests creating strong, fair, and humane criminal justice systems. In addition, this goal focuses on youth crime prevention. To supplement these goals, the office annually publishes its United Nations Survey on Crime Trends and Operations of Criminal Justice Systems (UN-CTS).¹¹⁷ This document is intended to aid in the field of crime prevention by producing the relevant survey data for countries to view.

106 "Goal 3: Ensure healthy lives and promote well-being for all at all ages," United Nations Department of Economic and Social Affairs Sustainable Development.

107 "Goal 3: Ensure healthy lives and promote well-being for all at all ages," United Nations Department of Economic and Social Affairs Sustainable Development, https://sdgs.un.org/goals/goal3#targets_and_indicators.

108 "Goal 3: Ensure healthy lives and promote well-being for all at all ages," United Nations Department of Economic and Social Affairs Sustainable Development.

109 "Goal 3: Ensure healthy lives and promote well-being for all at all ages," United Nations Department of Economic and Social Affairs Sustainable Development.

110 "Goal 3: Ensure healthy lives and promote well-being for all at all ages," United Nations Department of Economic and Social Affairs Sustainable Development.

111 "Goal 5: Gender Equality," UNODC and the Sustainable Development Goals, https://www.unodc.org/documents/SDGs/UNODC-SDG_brochure_LORES.pdf.

112 "Goal 5: Gender Equality," UNODC and the Sustainable Development Goals.

113 "Goal 5: Gender Equality," UNODC and the Sustainable Development Goals.

114 "Goal 16: Peace, Justice and Strong Institutions," United Nations Environment Programme, 2024, <https://www.unep.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter/goal-16>.

115 "Goal 16," United Nations, accessed August 9, 2024. <https://sdgs.un.org/goals/goal16>.

116 "Goal 16," United Nations, accessed August 9, 2024. <https://sdgs.un.org/goals/goal16>.

117 "Goal 16," United Nations, accessed August 9, 2024. <https://sdgs.un.org/goals/goal16>.

Bloc Analysis

Points of Division

The Global Initiative against Transnational Organized Crime is a non-governmental organization (NGO) based in Geneva, Switzerland that works to combat organized crime.¹¹⁸ In 2021, this organization developed the Global Organized Crime Index to measure the progress of individual countries and the international community in overcoming organized crime. In 2023, the Global Initiative against Transnational Organized Crime expanded the index from 2021 with the help of over 400 experts to include more data. The index currently measures organized crime in all 193 member states of the United Nations and specifically captures the status of specific criminal markets worldwide.¹¹⁹

One of these markets is the heroin trade. The Global Initiative against Transnational Organized Crime has given each member state of the United Nations a score between one and 10 for their involvement in the heroin trade. The score measures the financial impacts of the heroin trade on each country as well as other social impacts. It also measures the level of influence that the trade has on the government overall. It also measures the prevalence and sophistication of organized crime groups in each country. Countries with a score of one would have a low level of organized crime activity as it pertains to the heroin trade, whereas countries with a score of 10 would have a high level of organized crime activity in this market. As such, this index can be used to determine where countries stand on the issue of the global narcotics trade and the types of policies they might support. The index also measures each country's resiliency against organized crime as it pertains to the heroin trade. A country's resiliency is determined by the actions and policies that the country has adopted to combat the heroin trade. Together, these components determine each country's score and ranking.¹²⁰

Each of the 193 member states of the United Nations falls into one of the three following blocs: countries with high levels of activity in the heroin market, countries with moderate levels of activity in the heroin market, and countries with low levels of activity in the heroin market. By determining where their country falls on this scale, delegates can determine which resolutions their country will support and how they can work with countries that might have different stances on the issue.

Countries with a high organized crime index score for the heroin trade (7 and higher)

Countries in this bloc have an organized crime index score for the heroin trade of 7.0 or higher. This means that there is a strong presence of organized crime groups involved in the heroin trade in these countries. It also means that these organized crime groups are sophisticated and are generally successful in their operations. Overall, the heroin trade greatly impacts these countries' economies, governments, and societies. These countries also have a low resiliency when it comes to the heroin trade. This means that they have few legal frameworks in place to combat the heroin trade. Whether this is due to a lack of resources, government corruption, or prioritizing of other issues, these countries struggle to overcome the influence of the heroin trade.¹²¹

Afghanistan falls into this bloc. Afghanistan has a score of 9.5 out of 10. This is largely due to the influence of the Taliban on the narcotics trade. According to experts at the Global Initiative against Transnational Organized Crime, Afghanistan is likely responsible for 75 percent of all opiate production globally. Additionally, Afghanistan exports opiate to nearly every region in the world, and it likely generates billions of US dollars in income from the opiate trade every year.¹²² Heroin remains a significant source of income for Afghanistan's economy. Despite the Taliban's ban on poppy cultivation, heroin is currently produced at record-high levels in Afghanistan. Furthermore, the continued involvement of

118 "Global Initiative against Transnational Organized Crime," Global Initiative against Transnational Organized Crime, accessed September 15, 2024, <https://globalinitiative.net/>.

119 "Introduction: Organized crime in a fractured world," Global Initiative against Transnational Organized Crime, accessed September 15, 2024, <https://ocindex.net/report/2023/0-5-introduction.html>.

120 "About the Index," Global Initiative against Transnational Organized Crime, <https://ocindex.net/report/2023/02-about-the-index.html>.

121 Global Initiative against Transnational Organized Crime, "About the Index".

122 "Afghanistan," Global Initiative against Transnational Organized Crime, accessed September 15, 2024, <https://ocindex.net/country/afghanistan>.

the Taliban in the narcotics trade hinders much of its attempts to curb opium production.¹²³

Other countries that fall into this bloc include Myanmar, Iran, and Pakistan. Similar to Afghanistan, these countries are largely impacted by the heroin trade and do not have strong frameworks in place to overcome it.¹²⁴ Because of their dependency on the heroin trade, countries in this bloc might be hesitant to agree to solutions that would dismantle the trade completely. Therefore, it is important to consider how to supplement the income these countries would lose from the end of the narcotic trade. It is also important to ensure that countries in this bloc have legal frameworks and resources that are sufficient to overcome the influence of organized crime groups.

Countries with a moderate organized crime index score for the heroin trade (between 4 and 7)

Countries in this bloc have an organized crime index score for the heroin trade that is 4.0 or higher but less than 7.0. Countries in this bloc are moderately impacted by the heroin trade and organized crime groups in this market. Many of the countries that fall into this bloc are destination countries in the narcotics trade. This means that narcotics that are produced in other countries are often transported to these countries, where they are then sold. While these countries are still involved in the narcotics trade, many of them have stronger frameworks and laws in place to mitigate its impacts.

One example of a country in this bloc is Spain. Spain has a score of 6.5. Spain is one of the major destination countries for the heroin trade. The Global Initiative against Transnational Organized Crime found that heroin is often trafficked through seaports in Galicia by organized crime groups from Albania and Türkiye. The heroin is then transported to major cities in Spain, such as Madrid and Barcelona, to be sold. The experts also found evidence to suggest that customs and law enforcement officials in Galicia are involved in corruption with organized

crime groups. Despite its involvement in the narcotics trade, Spain has taken some action to address transnational organized crime and the drug trade. Spain has signed many international treaties aimed at ending transnational organized crime. Additionally, Spain has passed the Transparency Act and has several anti-corruption government agencies that aim to deal with corruption issues.¹²⁵

Other countries in this bloc include the United States, Saudi Arabia, and Nigeria. Like Spain, many of these countries are destinations in the narcotics trade. Others are used as stops between producer countries and destination countries, and heroin is smuggled through their ports. While these countries still face corruption, they have some legal frameworks in place to promote transparency.¹²⁶ They will likely support attempts to end the drug trade, but they might need stronger enforcement mechanisms to ensure that these agreements are carried out. They might also seek to help other countries affected by the narcotics trade develop stronger legal frameworks to combat organized crime groups.

Countries with a low organized crime index score for the heroin trade (less than 4)

Countries in this bloc have an organized crime index score that is lower than 4.0. These countries have very little involvement in the heroin trade and are not majorly influenced by organized crime groups. They also have strong legal frameworks in place to combat organized crime. Some of these countries do still have involvement in the narcotics trade, mostly as consumers of narcotics; however, their involvement is on the decline. Furthermore, there is a strong public trust in government and law enforcement agencies in these countries. They often have high levels of government transparency and low levels of corruption. Many of them also have a history of strong international cooperation. This greatly contributes to their ability to effectively combat transnational organized crime.¹²⁷

One example of a country in this bloc is Luxembourg. Luxembourg does have some involvement in the heroin

123 Global Initiative against Transnational Organized Crime, “Afghanistan”.
 124 “Heroin trade,” Global Initiative against Transnational Organized Crime, https://ocindex.net/rankings/heroin_trade?f=rankings&view=Cards&group=Country&order=DESC&criminality-range=0%2C10&state-range=0%2C10.
 125 “Spain,” Global Initiative against Transnational Organized Crime, <https://ocindex.net/country/spain>.
 126 Global Initiative against Transnational Organized Crime, “Heroin trade”.
 127 Global Initiative against Transnational Organized Crime, “About the Index”.

trade. It is a consumer of heroin and is a destination country in the trade. However, there is very little influence from organized crime groups in Luxembourg. Furthermore, heroin consumption in Luxembourg is declining. This suggests that efforts to combat the heroin trade in Luxembourg have been effective. This is further supported by high levels of public trust in government institutions in Luxembourg. The country also has very low levels of corruption. Luxembourg has passed several laws aimed at overcoming organized crime. It also works with other countries to combat transnational organized crime. For example, its law enforcement agencies often work with Interpol, Europol, and other international law enforcement agencies to investigate and prosecute transnational crime. It also works with other individual countries to achieve these goals.¹²⁸

Other countries in this bloc include Rwanda, Sweden, and Uruguay.¹²⁹ These countries have limited involvement in the narcotics trade and are not heavily influenced by organized crime groups. They also have strong legal frameworks and high levels of trust in government institutions. This is usually due to high levels of transparency which makes corruption less likely to occur and easier to detect. Despite their low scores, these countries are still affected by the narcotics trade, as it is a global issue. Countries in this bloc might encourage solutions that aim to develop stronger legal frameworks in countries that struggle to overcome organized crime groups involved in the narcotics trade. They might also favor solutions that aim to increase government transparency and boost trust in public institutions in countries that are heavily influenced by organized crime groups.

Committee Mission

The UN Convention against Transnational Organized Crime (UNTOC) was adopted by the UN Assembly in resolution 55/25 of November 15, 2000. UNTOC fights against transnational organized crime and fosters close international relations and cooperation to tackle organized crime.

Member countries of the Convention are responsible for taking a series of measures against transnational organized crime. These include the fight against domestic crimes, (which can be committed by anyone): being a participant in an organized crime group, money laundering, corruption, and obstruction of justice. Additionally, UNTOC encourages countries to adopt new frameworks for banishment, mutual legal assistance, and law enforcement cooperation. It also enforces the promotion of training assistance for building and upgrading the necessary capacity of national authorities.

For 24 years, UNTOC has created protocols to tackle specific problems within organized crime. Human trafficking, migrant smuggling, and the illegal sales of firearms and ammunition were the most discussed. UNTOC's resolutions have addressed various issues, such as perpetrators' punishments, promoting transnational cooperation, and protecting human rights. It has also brought attention to the necessity of providing precise definitions of the issues so that people can understand their scope and more easily rule them out.¹³⁰

To address the issues within UNTOC, the committee must create legal frameworks, reinforce borders, and streamline emergency responses to human rights violations. As delegates of the UN Convention against Transnational Organized Crime, it is very important to collaborate to address the topic at hand.

The Taliban's drug trafficking and other criminal activities affect all the countries that are connected to Afghanistan by economic trade, borders, or mutual interests. By finding innovative solutions to tackle the Taliban and all the problems that it creates, UNTOC will be able to address the topic properly and help millions of people around the world.

¹²⁸ "Luxembourg," Global Initiative against Transnational Organized Crime," <https://ocindex.net/country/luxembourg>.

¹²⁹ Global Initiative against Transnational Organized Crime, "Heroin trade".

¹³⁰ UNODC, "UN Convention against Transnational Organized Crime and the Protocols thereto", <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html>.



UNTOC

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TOPIC B: ADDRESSING MONEY LAUNDERING BY NON-STATE ACTORS IN LATIN AMERICA

Photo Credit: ironypoisoning

Introduction

According to the United Nations Office on Drugs and Crime, between 2 and 5 percent of the global gross domestic product (GDP) is laundered each year.¹ That is between USD 781 billion and two trillion. Money laundering is a process where criminals or crime groups illegally hide the source of their money.² For organized crime groups, or criminal groups that commit illegal, planned, and structured acts, money laundering is crucial. Money laundering makes sure that governments and other international groups cannot track illegal activities.³ It often happens across borders, regions, and continents. This is to diversify and spread illegal money as widely as possible. This heavily slows down the efforts of domestic law enforcement. Following money across borders often requires diplomatic efforts with involved countries. A key part of the negative effect of money laundering is the link between money that has been laundered and criminal activity.⁴

Organized crime groups rely on laundered money to finance their operations. Whether it be acts of domestic terror, the production and trade of drugs, or human trafficking, a variety of funding sources are required. Materials, operations, employees, and logistics all require large amounts of money. Organized crime almost always happens to earn money. For example, drug cartels earn significant amounts of money from the sale of drugs, and weapons traders receive money on deals that they make. Large profits that could be deposited into a bank could easily be flagged as criminal, and law enforcement can easily trace items purchased with “illegal” money back to crime groups.⁵ Money laundering provides a way for crime groups to “legalize” their money. This allows them to expand their operations without attracting attention.

Furthermore, money laundering requires a lot of people. This makes it harder for law enforcement to investigate.⁶ It muddies the money trail, making it tedious as a whole to follow the money across borders. Tracking these finances is

expensive and requires many people and technology. Even with this, there is no guarantee of success. As is the case with any financial incentive, money laundering and corruption go hand in hand.⁷ Bribes are common with financial institutions, like banks. Bribes are also common with law enforcement. Ultimately, bribes allow organized crime groups to take advantage of weak legal or political structures and further their illicit goals. Money laundering also harms economies.⁸ It hides and manipulates sources of revenue and lowers tax income. It also distorts global trends and readings. The connected nature of the global economy via trade and investment means that money laundering in one country can affect other countries economically.⁹

There are many anti-money laundering laws.¹⁰ Many international bodies and countries have attempted to enact regulations on money laundering. However, these have had different amounts of success. This is due to several factors. First, money international laundering policies often do not

1 “Money Laundering,” Europol, accessed August 9, 2024. <https://www.europol.europa.eu/crime-areas/economic-crime/money-laundering>

2 “Money Laundering,” United Nations Office on Drugs and Crime, accessed August 9, 2024. <https://www.unodc.org/unodc/en/money-laundering/overview.html>

3 “Defining Organized Crime,” United Nations Office on Drugs and Crime, accessed August 9, 2024. <https://www.unodc.org/e4j/en/organized-crime/module-1/key-issues/defining-organized-crime.html>

4 “Money Laundering,” INTERPOL, accessed August 9, 2024. <https://www.interpol.int/en/Crimes/Financial-crime/Money-laundering>

5 “Money Laundering,” Corporate Finance Institute, accessed August 9, 2024. <https://corporatefinanceinstitute.com/resources/career-map/sell-side/risk-management/money-laundering/>

6 “Warning Signs of Money Laundering,” The Law Society, January 20, 2020. <https://www.lawsociety.org.uk/topics/anti-money-laundering/money-laundering-warning-signs>

7 Kishani A. Udugampola, “Corruption, Money Laundering and the Economy,” ACAMS Today, September 13, 2023. <https://www.acamstoday.org/corruption-money-laundering-and-the-economy/>

8 “Anti-Money Laundering,” Public Safety Canada, accessed August 9, 2024. <https://www.publicsafety.gc.ca/cnt/cntrng-crm/nt-mny-ldrng/index-en.aspx>

9 “Consequences of Money Laundering: Impact on the Economy,” Tookitaki, March 17, 2023. <https://www.tookitaki.com/afc-thoughts/the-consequences-of-money-laundering-why-a-community-based-approach-matters>

10 “Anti-Money Laundering and Countering the Financing of Terrorism at EU Level,” European Commission, accessed August 9, 2024. https://finance.ec.europa.eu/financial-crime/anti-money-laundering-and-countering-financing-terrorism-eu-level_en

have strong enough enforcement mechanisms. This leaves enforcement responsibilities to individual countries. Countries potentially lack legal frameworks and capacity, the ability to prosecute money launderers, or the general understanding necessary to enforce these laws. Additionally, the potential for non-state actors to bribe law enforcement or regulatory individuals further lowers the ability of countries to stop money laundering.¹¹

Latin America is a crucial region as organized crime is very present.¹² This is due to a variety of factors, including inefficiencies in government and overall lack of international power. The presence of drug cartels and gangs creates opportunities for money laundering. Furthermore, Latin America is a key region in the map of global trade.¹³ This provides a unique opportunity for organized crime groups to spread their influence and products across the world. Ultimately, money laundering in Latin America is a quickly worsening issue. Money laundering is not localized, or specific to individual places. Rather, it quickly spreads and pulls in other countries and individuals. Delegates from every country have a unique reason to talk about this issue. Actions concerning money laundering in Latin America set an example for what should be done globally and in other regions. As such, money laundering and the tie to transnational organized crime affects all and is of the highest importance.

History and Description of the Issue

Methods of Money Laundering in the 21st Century

Money laundering is common for transnational organized

crime groups in the 21st century. Without laundering, groups are easily traceable. This would leave them vulnerable to government regulation and prosecution.¹⁴ Money laundering across the world is destructive. Not only does it help organized crime groups hide their activities, but it allows them to fund further actions. Money laundering has not been something that has always happened. The term “money laundering” originated in the 1960s.¹⁵ The first reported case was in 1972 as a result of the “Watergate Scandal” in the United States. The scandal refers to the arrest of members of President Richard Nixon’s reelection committee. The individuals had broken into the Watergate Hotel, attempting to wiretap the US Democratic National Convention. President Nixon, a Republican, came under fire for his potential involvement in the scandal.¹⁶ President Nixon accepted cash donations to his campaign, allowing him to avoid reporting them to regulatory bodies. As a result, he was able to pay allies and supporters without government oversight.¹⁷ While this incident appears obscure, it pushed the idea of hiding money into the news. Before this, transnational organized crime groups would have to smuggle large amounts of money back to their country of operation. Transporting large quantities of cash was high risk, leaving them susceptible to government intervention or theft.¹⁸ Following the Watergate Scandal, the idea to disguise illegal earnings spread.¹⁹

The largest development that changed money laundering was the spread of mobile devices. The normalization of smartphones and digital transfers of money has made money laundering more accessible for organized crime groups. In the past, organized crime groups needed to deposit checks and cash at physical banks. Mobile phones, however, have allowed organized crime groups greater flexibility and anonymity. They

11 “Dirty Money - Our Priorities,” Transparency International, accessed August 9, 2024. <https://www.transparency.org/en/our-priorities/dirty-money>
 12 Fernando Iglesias, “Transnational Organized Crime in Latin America: A Regional Approach,” World Federalist Institute, February 4, 2022. <https://www.wfm-igp.org/blog/transnational-organized-crime-in-latin-america-a-regional-approach/>
 13 “Experts Explore Globalization, Trade, and Regionalism in Latin America,” Georgetown Americas Institute, January 18, 2024. <https://americas.georgetown.edu/features/experts-explore-globalization-trade-and-regionalism-in-latin-america>
 14 “Money Laundering,” U.S. Department of the Treasury, accessed July 24, 2024. <https://home.treasury.gov/policy-issues/terrorism-and-illicit-finance/money-laundering>
 15 Benjámín Villányi, “Money Laundering: History, Regulations, and Techniques,” *Oxford Research Encyclopedia of Criminology and Criminal Justice*, April 26, 2021. <https://doi.org/10.1093/acrefore/9780190264079.013.708>
 16 “Watergate,” FBI, accessed July 24, 2024. <https://www.fbi.gov/history/famous-cases/watergate>
 17 Rick Perlstein, “Watergate Scandal,” *Encyclopædia Britannica*, July 15, 2024. <https://www.britannica.com/event/Watergate-Scandal>
 18 Douglas Farah, “Money Laundering and Bulk Cash Smuggling: Challenges for the U.S.-Mexico Border,” Wilson Center, accessed July 24, 2024. <https://www.wilsoncenter.org/sites/default/files/media/documents/publication/FARAH%20ILLICIT%20FINANCIAL%20TRANSACTIONS.pdf>
 19 Villányi, “Money Laundering: History, Regulations, and Techniques.”

can now launder money from anywhere, using foreign and offshore bank accounts without the requirement for physical travel.²⁰ While the digitization of money laundering has made access easier, it has also made regulation easier. Investigators can now access bank records, electronic transfers, and more.²¹

There is a diverse set of practices used by money launderers to hide their activities. Broadly, money laundering falls under four categories: passive self-launderers, active self-launderers, opportunistic launderers, and professional launderers.²² Passive self-launderers are those who attempt to move smaller amounts of money. They typically use illegally-obtained money for more illegal things (i.e. buying drugs, paying employees, etc.). They “launder” by purchasing legal things needed for the operations (i.e. groceries, rent, etc.) with occasional luxury purchases.²³ Active self-launderers take more steps to hide their funds. They may run their money through a legal business. This would look like opening a clothing store and reporting illegally obtained money as earnings. They also might use their illegally obtained money for services not run through banks (i.e. renovations).²⁴ Opportunistic launderers are those who launder for someone else, usually someone that they know.²⁵ Professional laundering is the method that transnational organized crime groups typically use. Professional launderers are normally a law firm, bank, accountant, or an individual/group with access to a method for more in-depth and complicated laundering.²⁶ This makes it easier for them to disguise themselves and launder large amounts of money.

Professional launderers use four main types of laundering.

The first is trade-based laundering. This involves creating fake transactions of goods and services to disguise illegally obtained money as profit from trade.²⁷ An organized crime group can quickly shift to another method or outpost and erase ties if its money laundering activities through trade-based transactions are discovered.²⁸ Trade-based money laundering also allows transnational organized crime groups to operate internationally, making them harder to detect. In Latin America, trade-based laundering implicates entire mechanisms of infrastructure and trade, making it difficult to regulate and track. Another method is real estate-based money laundering. Real estate-based money laundering involves the purchase of property with illegal funds. Illicit funds are quickly integrated into financial systems, allowing crime groups to acquire usable land. Whether used to expand their operation, pay employees, or temporarily store assets, this form of laundering is quick and effective. However, real estate laundering is difficult to execute on a large scale.²⁹ The next method is tax-based laundering. This involves hiding money from the government by not filing taxes. This form of tax evasion, while easy, is susceptible to auditing and regulation.³⁰ Finally, professional launderers can use a bank-based system. This typically involves wire transfers between banks and countries. While there are other forms of laundering, the four described above are prevalent in Latin America and across the globe.

Joaquin “El Chapo” Guzman of the Sinaloa Cartel in Mexico used some of these methods. El Chapo was captured in 2016, largely due to the tracking of the Sinaloa Cartel’s financial movement. El Chapo was a heavy advocate of trade-based

20 “Mobile Payments - A Growing Threat,” U.S. Department of State, March 2008. <https://2009-2017.state.gov/j/inl/rls/nrcrpt/2008/vol2/html/101346.htm>

21 “Mobile Payments - A Growing Threat.”

22 Mark Berry, Mike Salinas, and R. V. Gundur, “Financial Risk Management Strategies of Small to Medium Illicit Drug Enterprises: Considering Low-Level Money Laundering,” *Trends in Organized Crime*, (September 19, 2023):. <https://doi.org/10.1007/s12117-023-09501-5>

23 Mike Levi and Melvin Soudijn, “Understanding the Laundering of Organized Crime Money,” *Crime and Justice* 49 (July 2020): 579–631. <https://doi.org/10.1086/708047>

24 Aili Malm and Gisela Bichler, “Using Friends for Money: The Positional Importance of Money-Launderers in Organized Crime,” *Trends in Organized Crime* 16, no. 4 (June 16, 2013): 365–81. <https://doi.org/10.1007/s12117-013-9205-5>

25 Edward R Kleemans, “Organized Crime and the Visible Hand: A Theoretical Critique on the Economic Analysis of Organized Crime,” *Criminology & Criminal Justice* 13, no. 5 (November 15, 2012): 615–29. <https://doi.org/10.1177/1748895812465296>

26 Michael Levi, “Making Sense of Professional Enablers’ Involvement in Laundering Organized Crime Proceeds and of Their Regulation,” *Trends in Organized Crime* 24, no. 1 (November 26, 2020): 96–110. <https://doi.org/10.1007/s12117-020-09401-y>

27 Trade-Based Money Laundering,” Financial Action Task Force, accessed July 24, 2024. <https://www.fatf-gafi.org/content/dam/fatf-gafi/brochures/Handout-Trade-Based-Money-Laundering-Private-Sector.pdf>

28 Cecilia Farfán-Méndez, “The Structure of Drug Trafficking Organizations and Money Laundering Practices: A Risk Appetite Hypothesis,” *Journal of Illicit Economies and Development* 1, no. 3 (2019): 294–311. <https://doi.org/10.31389/jied.1>

29 “Understanding Money Laundering in Real Estate,” ComplyAdvantage, October 3, 2023. <https://complyadvantage.com/insights/real-estate-money-laundering/>

30 Brigitte Unger, “Introduction,” *Research Handbook on Money Laundering*, August 30, 2013. <https://doi.org/10.4337/9780857934000.00007>



Joaquin “El Chapo” Guzman in Custody of United States Law Enforcement

Credit: United States Department of Justice

laundering, utilizing the fashion district and textiles in Los Angeles, California, in the United States.³¹ The cartel bought textiles in US dollars and shipped them to Los Angeles. From there they would be sold in the fashion district for Pesos. El Chapo also used a method called “structuring” that involved limiting bank deposits to USD 10 thousand. The Sinaloa Cartel also ensured that these deposits were spread across Latin America to diffuse the money into the economy.³² This would help them avoid detection.

There are three core parts to money laundering: placement, layering, and integration. Money laundering that is smart and effectively uses all three actions.³³ Placement refers to the process of putting illegally obtained money into a legal institution. For example, an organized crime group may deposit their money into a bank. A key part of this process is “scaling.” Scaling refers to the process of splitting a larger quantity of money into smaller amounts to avoid suspicion.³⁴

Using a variety of banks with geographical distances can also

help hide illegal operations. An alternative mechanism is “offshoring.” Offshoring is a method of money laundering that moves money overseas into foreign economies to avoid regulation and attention.³⁵ Placement is an important part of laundering as it “legalizes” illicitly obtained money. Scaling and offshoring are very important because they make sure that regulatory bodies are unable to easily track illegal money. Successful organized crime groups often have complex placement strategies. Layering is the next stage of the process. Layering occurs as money launderers attempt to further conceal their illicit money. Casinos and the stock market are popular methods that allow organized crime groups to hide their money alongside legitimate money, making it extremely difficult to track.³⁶ Layering can take place across borders. Few financial regulatory bodies hold international jurisdiction. As such, the trap of bureaucracy can prevent groups from being tracked and prosecuted. The final stage of money laundering is integration. Integration refers to the return of laundered money to its origin, in this case, the organized crime group.³⁷

31 “Money Laundering Methods: Capture of El Chapo,” Thomson Reuters, March 3, 2023. <https://legal.thomsonreuters.com/en/insights/white-papers/money-laundering-methods-of-drug-cartels-and-the-capture-of-el-chapo>.

32 “Money Laundering Methods: Capture of El Chapo,”

33 “Organized Crime Module 4 Key Issues: Money-Laundering,” United Nations Office on Drugs and Crime, April 2020. <https://www.unodc.org/e4j/en/organized-crime/module-4/key-issues/money-laundering.html>

34 Christian D’Angelo, “The 3 Stages of Money Laundering,” Alessa, October 5, 2020. <https://alessa.com/blog/3-stages-of-money-laundering/>

35 D’Angelo, “The 3 Stages of Money Laundering.”

36 “What Does Layering Mean in Money Laundering?,” Dow Jones Professional, accessed July 25, 2024. <https://www.dowjones.com/professional/risk/glossary/anti-money-laundering/layering/>

37 “History of Anti-Money Laundering Laws,” Financial Crimes Enforcement Network, accessed July 25, 2024, <https://www.fincen.gov/>

Typically, the purchase of expensive goods (i.e. paintings, cars, antiques) allows members of organized crime groups to enjoy their profits without having to hold excess cash.³⁸

International money laundering does not only affect Latin America. Ultimately money laundering is a global issue. Even when focusing on laundering in Latin America, it can quickly spread to involve other countries. The trade of illicit goods, use of external launderers, and interactions with individuals across borders implicate every country and make this issue one of extreme urgency.

Influence of Money Laundering on the Drug Trade

Drug cartels in Latin America heavily grew in the 1980s due to crackdowns in the United States on drug use.³⁹ This made Latin America the largest supplier of illegal narcotics.⁴⁰ This was an effect of the “War on Drugs,” a policy initiated by President Richard Nixon in 1971. The United States government tried to secure the border between the United States and Mexico as part of this initiative.⁴¹ At the same time, however, the demand for drugs in the United States went up. Known as the “crack epidemic,” the rise in the popularity of crack was tied to its cheap cost and the good feeling produced by the drug.⁴² The United States began to target Mexican cartels, specifically the Sinaloa cartel.⁴³

The Sinaloa cartel is based in Culiacán, Sinaloa state, Mexico.

The cartel gained its power and resources as a result of its proximity to farming land. The Sinaloa cartel processed poppies that were grown nearby, which are the key ingredient for many drugs.⁴⁴ Marijuana and coca, the key ingredient for cocaine, were also in proximity, allowing the Sinaloa cartel to spread its control. At this point of the War on Drugs, many of the drugs in the United States were from the Sinaloa cartel.⁴⁵ To help depower the cartel, the United States partnered with the Mexican government to establish “crop eradication programs.”⁴⁶ The main mechanism of these programs involved aerial spraying of drug-related crops to kill growth. This practice was extremely disruptive to nearby agricultural communities. However, cultivation and distribution of drug-related crops shifted to Colombia.⁴⁷ Pablo Escobar and the Medellin cartel took the place of the Sinaloa cartel.⁴⁸ While the United States put large amounts of time and effort into stopping the cartel, the drug trade was not eradicated. Rather, it continued to proliferate and spread, also returning partly to Mexico.

Central American countries serve a unique role in the drug trade: that of the *transportistas*. *Transportistas* connect the production of drugs in South America to distribution in Mexico and the United States. Currently, Colombia and Mexico house the largest drug trafficking cartels (The Clan del Golfo in Colombia, and the Sinaloa cartel in Mexico).⁴⁹ However, both of these cartels have outposts in other countries. For example, the Clan del Golfo is involved in at least 29 countries and uses

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38 “Money Laundering: A Three-Stage Process,” About Business Crime Solutions Inc, accessed July 25, 2024. https://www.moneylaundering.ca/public/law/3_stages_ML.php.

39 “Rise of South American Drug Cartels,” Encyclopædia Britannica, accessed July 25, 2024. <https://kids.britannica.com/students/article/Rise-of-South-American-drug-cartels/277150>

40 “Rise of South American Drug Cartels.”

41 Aileen Teague, “The United States, Mexico, and the Mutual Securitization of Drug Enforcement, 1969–1985,” *Diplomatic History* 43, no. 5 (September 3, 2019): 785–812. <https://doi.org/10.1093/dh/dhz035>

42 Deonna S. Turner, “Crack Epidemic,” Encyclopædia Britannica, June 20, 2024. <https://www.britannica.com/topic/crack-epidemic>

43 Benjamin T. Smith, “The Rise and Fall of Narcopopulism: Drugs, Politics, and Society in Sinaloa, 1930–1980,” *Journal for the Study of Radicalism* 7, no. 2 (July 1, 2013): 125–65. <https://doi.org/10.14321/jstudradi.7.2.0125>

44 “Opium Poppy,” Drug Enforcement Agency Museum, accessed August 7, 2024. <https://museum.dea.gov/exhibits/online-exhibits/cannabis-coca-and-poppy-natures-addictive-plants/opium-poppy>

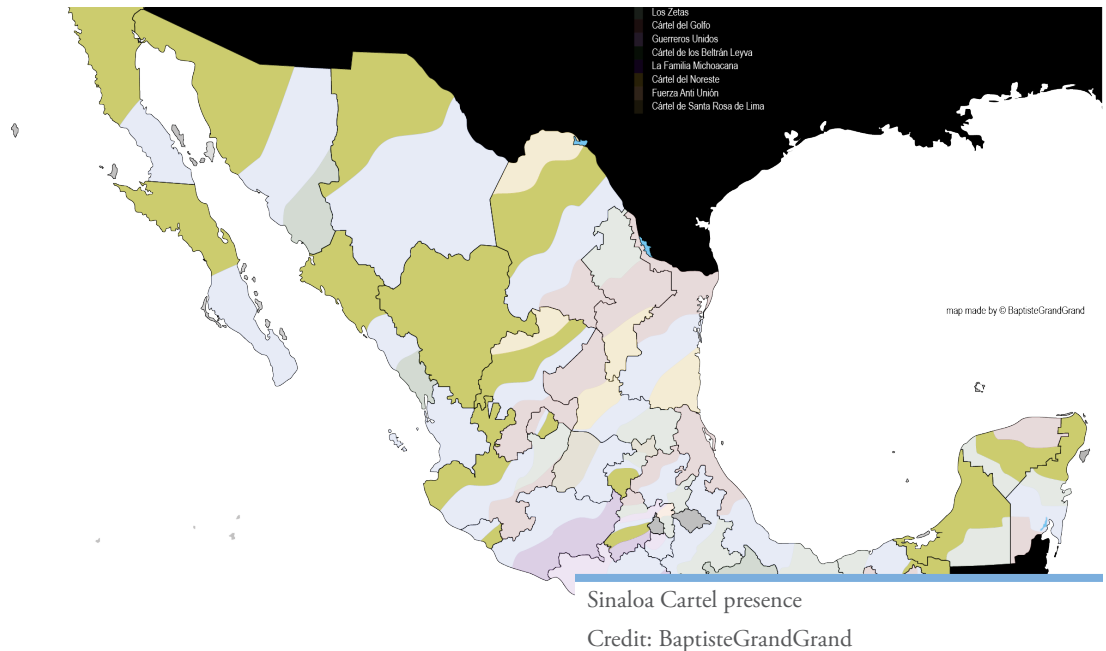
45 Alejandro Santos Cid, “Fentanyl’s Butterfly Effect: End of Heroin Boom Leaves Mexican Poppy Farmers High and Dry,” *El País*, April 18, 2023. <https://english.elpais.com/international/2023-04-18/fentanyls-butterfly-effect-end-of-heroin-boom-leaves-mexican-poppy-farmers-high-and-dry.html>

46 “Vicious Cycle: Forced Crop Eradication and the War on Drugs,” The Washington Office on Latin America, July 23, 2021. <https://www.wola.org/events/vicious-cycle-crop-eradication-drug-war/>

47 “The Colombian Cartels,” PBS, accessed July 25, 2024. <https://www.pbs.org/wgbh/pages/frontline/shows/drugs/business/inside/colombian.html>

48 “The Drug Enforcement Administration (DEA) 1980-1985,” The Drug Enforcement Administration, accessed July 25, 2024. https://www.dea.gov/sites/default/files/2021-04/1980-1985_p_49-58.pdf

49 “Reward for Information: Key Clan Del Golfo Leaders Involved in Human Smuggling in the Darién Region between Colombia and Panama Reward Offers Totaling up to \$8 Million,” U.S. Department of State, June 11, 2024. <https://www.state.gov/reward-for-information-key-clan-del-golfo-leaders-involved-in-human-smuggling-in-the-darien-region/>



transportista states to move its drugs.⁵⁰

For all drug cartels money laundering is key.⁵¹ Latin American cartels have cultivated strategies that make their laundering nearly undetectable. This involves casting a wide net of money laundering attempts in a variety of places to ensure small quantities of money fly under the radar.⁵² Money laundering allows cartels to expand their business and distribute more illicit drugs. Fentanyl, specifically, presents a large threat to the international community. According to the World Health Organization (WHO), there were 600,000 drug-related deaths in 2019, with 80 percent of those being related to opioids and 25 percent resulting from an opioid overdose.⁵³ Fentanyl is a synthetic opioid, meaning that it is made in a lab. Fentanyl is extremely potent and is often mixed with other opioids to

increase their potency.⁵⁴ Fentanyl is up to 50 times stronger than heroin, and 100 times stronger than morphine.⁵⁵ The expansion of the fentanyl trade was due partly to the increased effectiveness of money laundering in recent years.⁵⁶ Money laundering funded the infrastructure for the trade, investment into production, and manufacturing.⁵⁷ The tie between money laundering and fentanyl is clear: the growth and expansion of one spilled over to the other.

In an attempt to control the drug trade, countries have continued to regulate drugs. China, Saudi Arabia, Singapore, and South Africa have some of the strictest drug laws.⁵⁸ However, countries with strict prohibitions are often larger parts of the illicit drug trade by cartels.⁵⁹ The social stigma and legal ramifications often support a culture of drug use,

50 Luis Jaime Acosta, “Colombia’s Clan Del Golfo Gang Network Extends to 28 Countries,” Reuters, November 3, 2021. <https://www.reuters.com/world/colombias-clan-del-golfo-gang-network-extends-28-countries-police-2021-11-03/>

51 Diego Ore, “How Mexican Narcos Use Remittances to Wire U.S. Drug Profits Home,” Reuters, August 18, 2023. <https://www.reuters.com/investigates/special-report/mexico-drugs-remittances/>

52 Khaled A. Alasmari, “Cleaning Up Dirty Money: The Illegal Narcotics Trade and Money Laundering,” *Economics & Sociology* 5, no. 2a (July 20, 2012): 139–48. <https://doi.org/10.14254/2071-789x.2012/5-2a/12>

53 “Opioid Overdose,” World Health Organization, August 29, 2023. <https://www.who.int/news-room/fact-sheets/detail/opioid-overdose>

54 “Facts About Fentanyl,” Drug Enforcement Administration, accessed July 25, 2024. <https://www.dea.gov/resources/facts-about-fentanyl>

55 “Fentanyl: One Pill Kills,” Texas Health and Human Services, accessed July 25, 2024. <https://www.hhs.texas.gov/services/mental-health-substance-use/mental-health-substance-use-resources/fentanyl-one-pill-kills>

56 “Money Laundering from Fentanyl and Synthetic Opioids,” Financial Action Task Force, November 30, 2022. <https://www.fatf-gafi.org/en/publications/MethodsandTrends/Money-laundering-fentanyl-synthetic-opioids.html>

57 “2024 National Money Laundering Risk Assessment,” U.S. Department of the Treasury, 2024. <https://home.treasury.gov/system/files/136/2024-National-Money-Laundering-Risk-Assessment.pdf>

58 “Nations with the Harshes Drug Laws: As Singapore Hangs Man Over 1kg of Cannabis,” Business Standard, April 27, 2023. https://www.business-standard.com/world-news/as-singapore-hangs-man-these-are-the-nations-with-the-harshes-drug-laws-123042700530_1.html

59 Sergio Ferragut, “Organized Crime, Illicit Drugs and Money Laundering: The United States and Mexico,” Chatham House, accessed July 26, 2024. https://www.chathamhouse.org/sites/default/files/public/Research/International%20Security/1112pp_ferragut.pdf

with cartels and drug dealers being the only method to receive drugs. On the other hand, countries that have decriminalized drugs often see lower rates of use. As states continue to try to regulate and ban drugs, cartels continue to grow in power. Not only does their customer base grow, but their money laundering operations spread and are sustained by higher financial flows. This is especially true when looking at international trade. In 2024, a tie was exposed between Chinese money launderers and the Sinaloa cartel.⁶⁰ Millions of dollars were laundered through these individuals, who would also use United States bank accounts to further disguise money. This implicated Mexico, China, and the United States, as all three had citizens who played a large role in the laundering operations.⁶¹

A clear example of drug-based money laundering can be seen in the “Black Market Peso Exchange (BMPE).” The BMPE was one of the original forms of laundering when cartels were amassing power. It involves the buying and trading of goods on the black market.⁶² This does not require money to cross borders, making it one of the most widespread forms of laundering in Colombia and Mexico. Illicit drug money will be used to buy legitimate goods from businesses in Latin America, which are then sold and traded on the black market. The benefit of the BMPE is that it can convert United States Dollars into Pesos. This is done as illegally obtained US dollars are used to buy the goods, which are then sold for Pesos.⁶³

This further demonstrates how money laundering in the drug trade can seep into individual communities and interactions. Through the BMPE, Latin American businesses and consumers are swept into the money laundering exchange, thus becoming complicit in the drug trade. Further, this also makes cartel-based money laundering especially difficult to track as a variety of actors ranging from an individual consumer to a

banking institution are used. While the BMPE is mainly on a regional level, the international aspect of the drug trade and money laundering presents a grave threat to international institutions. Factoring in the drug trade spreads this hold. Latin America is one of the largest suppliers of fentanyl and cocaine.⁶⁴ Afghanistan and Myanmar are both countries that also have large drug trades present. However, the proximity of Latin American states to the United States has compounded the impact as drug use in America and money laundering through America has risen. One of the largest factors in the continued presence of drug cartels is their flexibility and ability to reform following a government investigation. A wide swath of income sources from money laundering and multi-step laundering supply chains makes it easier to excise a link under investigation, replacing it quickly and effectively.⁶⁵ The biggest shift for cartels and money launderers in Latin America has been the growth of digital banking. As discussed in a prior subtopic, digital banking and electronic transfer make it far easier to launder money, pay employees, and stay under the radar. As digital banking practices grow each day, so too does the control and presence of drug cartels.⁶⁶

The Panama Papers

In 2016, 11.5 million confidential and secured documents were released to the public. The “Panama Papers” were the property of the Panamanian law firm Mossack Fonseca. The papers were leaked by an anonymous source from within Panama to the German newspaper “Süddeutsche Zeitung.” The Panama Papers identified over 214,000 “tax havens” across 200 states.⁶⁷ Tax havens refer to places where people may deposit income to avoid high taxes. The existence of a tax haven by itself is not problematic or illegal. However, the papers revealed attempts to hide money by 143 politicians,

60 James FitzGerald, “Chinese ‘Underground Bankers: Accused of Aiding Mexican Cartel,” BBC News, June 19, 2024. <https://www.bbc.com/news/articles/cw44mdkg0e9o>

61 Matthew Ormseth, “Sinaloa Drug Cartel Laundered Millions Through Chinese Network in L.A., Prosecutors Say,” Los Angeles Times, June 18, 2024. <https://www.latimes.com/california/story/2024-06-18/sinaloa-cartel-chinese-money-laundering>

62 “Illicit Finance,” National Drug Intelligence Center, December 2008. <https://www.justice.gov/archive/ndic/pubs31/31379/31379p.pdf>

63 “Illicit Finance,” National Drug Intelligence Center.

64 “Drug Enforcement Administration National Drug Threat Assessment 2024,” Drug Enforcement Administration, May 2024. https://www.dea.gov/sites/default/files/2024-05/NDTA_2024.pdf

65 “Laundering the Proceeds of Trafficked Synthetic Drugs,” United Nations Toolkit on Synthetic Drugs, accessed July 26, 2024. <https://syntheticdrugs.unodc.org/syntheticdrugs/en/cybercrime/laundryproceeds/index.html>

66 “Digital Finance Is a Money-Launderer’s Dream, Argues an Author,” The Economist, June 10, 2024. <https://www.economist.com/by-invitation/2024/06/10/digital-finance-is-a-money-launderers-dream-argues-an-author>

67 Will Kenton, “The Panama Papers Scandal: Who Was Exposed & Consequences,” Investopedia, June 28, 2024. <https://www.investopedia.com/terms/p/panama-papers.asp>

including 12 national leaders.⁶⁸ One law firm from Panama was responsible for over USD 1.2 billion of stolen or hidden money.⁶⁹ While tax havens as an idea are not illegal, Mossack Fonseca helped countless individuals in money laundering and fraud through the havens.

The Panama Papers show that money laundering and fraud are a global issue. The International Consortium of Investigative Journalists (ICIJ) released the Panama Papers. The group put time and resources into translating and publishing each released document. They reported the people involved, how much money was laundered, and more details.⁷⁰ Estonia, Luxemburg, Monaco, and the United Kingdom are just a few examples of countries that were involved.⁷¹ The publishing of the Panama Papers was the largest collaborative effort of journalism and research in recent history. Over 100 news sources in over two dozen languages worked to translate and publish information from the papers. International cooperation painted the issue as a global one, rather than one only affecting certain countries. While smaller cases of money laundering and corruption have been publicized, none have drawn as much attention as the Panama Papers.⁷² The Panama Papers held unique consequences for transnational organized crime groups because they revealed the global and cross-border efforts groups underwent.

The papers directly called out The New Generation Cartel of Jalisco (CJNG), a drug cartel in Mexico. Gerardo González Valencia was part of the leadership of CJNG and was arrested as part of the investigation.⁷³ His brother, Abigael González Valencia, was the head of Los Cuinos, another cartel in the region. While Gerardo was the only one caught because of

the papers, the close ties between the cartels drew attention to both. Both cartels were tied to the drug trade in the United States and in other countries.⁷⁴ Thus, the Panama Papers resulted in a wide range of investigations with varying levels of success.

The Panama Papers published “shell” corporations, or businesses with no true money or property. Shell corporations are only founded and maintained to receive and transfer money. Gerardo González Valencia used his Panama-based shell corporation to buy property in Uruguay. This was eventually uncovered as a product of money laundering. Money laundering is important to the operations of transnational organized crime groups. Entire networks of cartels and other organized crime were uncovered and investigated as a result of the papers. However, as stated above, governments and government officials were also implicated by the papers.⁷⁵

Brazil was uniquely impacted by the publishing of the papers. The Brazilian government has had a long history of fighting corruption and money laundering. In 2014, the Brazilian Workers’ Party was exposed for corruption and bribery with state-owned oil company Petrobras.⁷⁶ The investigation, called “Operation Car Wash,” found that government officials were taking bribes from corporations to grant them favorable deals and contracts with Petrobras, while also paying Petrobras some of the money.⁷⁷ Petrobras perpetuated cartel violence and expanded their control by working with cartels to secure specific contracts and projects that were helpful for the cartel. Since Petrobras was owned by the government, contractors would have to fight for agreements, or contracts, to work with Petrobras. This further drew in cartels to facilitate bribes for

68 Luke Harding, “What Are the Panama Papers? A Guide to History’s Biggest Data Leak,” *The Guardian*, April 5, 2016. <https://www.theguardian.com/news/2016/apr/03/what-you-need-to-know-about-the-panama-papers>

69 ICIJ, “Counting the Panama Papers Money: How We Reached \$1.24 Billion,” International Consortium of Investigative Journalists, July 15, 2019. <https://www.icij.org/investigations/panama-papers/counting-the-panama-papers-money-how-we-reached-1-28-billion/>

70 ICIJ, “Giant Leak of Offshore Financial Records Exposes Global Array of Crime and Corruption,” International Consortium of Investigative Journalists, April 3, 2016. <https://www.icij.org/investigations/panama-papers/20160403-panama-papers-global-overview/>

71 “Offshore Leaks Database,” International Consortium of Investigative Journalists, accessed July 23, 2024. <https://offshoreleaks.icij.org/investigations/panama-papers>

72 Marina Walker, “The Panama Papers,” MIT Open Documentary Lab, accessed July 23, 2024. <https://docubase.mit.edu/project/the-panama-papers/>

73 Martha M Hamilton, “Cartel-Linked Suspects Arrested after Panama Papers Revelations,” International Consortium of Investigative Journalists, April 25, 2016. <https://www.icij.org/investigations/panama-papers/20160425-cartel-arrests-uruguay/>

74 Hamilton, “Cartel-Linked Suspects Arrested after Panama Papers Revelations.”

75 Hamilton, “Cartel-Linked Suspects Arrested after Panama Papers Revelations.”

76 Paulo Sotero, “Petrobras Scandal,” *Encyclopædia Britannica*, accessed July 24, 2024. <https://www.britannica.com/event/Petrobras-scandal>

77 Javier El-Hage, “Shaking the Latin American Equilibrium: The Petrobras & Odebrecht Corruption Scandals,” *Fordham Journal of Corporate and Financial Law*, November 4, 2019. <https://news.law.fordham.edu/jcfl/2019/11/04/shaking-the-latin-american-equilibrium-the-petrobras-odebrecht-corruption-scandals/>

contracts.⁷⁸ Petrobras was also involved in money laundering with cartels, using projects to move money.

Following Operation Car Wash, Brazil took large measures to fight money laundering and corruption. The government passed laws and funding initiatives to identify and crack down on money laundering.⁷⁹ However, the release of the Panama Papers was a large step back for Brazilian progress in fighting corruption. The former Speaker of the Brazilian House of Representatives, Eduardo Cunha, was exposed in the papers for laundering millions of dollars through an offshore shell company.⁸⁰ This investigation found that corruption ran much deeper in the Brazilian government than was previously thought.⁸¹

While Brazil’s involvement in the Panama Papers prompted domestic action, other countries’ involvement had international consequences. The Panama Papers uncovered

a deep web of money laundering and fraud for Russian President Vladimir Putin.⁸² The Papers uncovered that one of the largest banks in Russia, Bank Rossiya, had ties to many offshore banks. Specifically, “Sandalwood Continental Ltd” was a corporation established by the bank in the British Virgin Islands. It peaked in 2009 and 2012 with transfers of over USD one billion.⁸³ Evidence shows that Putin put tax dollars and government money into Bank Rossiya. It was then given to his political allies and friends. When the Panama Papers were released, Bank Rossiya had USD nine billion in assets and over USD 500 million in investments and equity.⁸⁴ This has since raised larger questions about the workings of the Russian government. The need for President Putin to pay his political allies indicates political corruption and bribery. This negatively impacts Russian geopolitics, as Putin has turned his attention to Latin America for new allies.⁸⁵ Evidence has suggested that Putin funds Latin American drug cartels, such as the Sinaloa

78 Kleno Barbosa and Giancarlo Spagnolo, “Corrupting Cartels: An Overview of the Petrobras Case,” Stockholm Institute of Transition Economics, October 2019. <https://swopec.hhs.se/hasite/papers/hasite0051.1.pdf>

79 Jonathan Watts, “Operation Car Wash: The Biggest Corruption Scandal Ever?,” The Guardian, June 1, 2017. <https://www.theguardian.com/world/2017/jun/01/brazil-operation-car-wash-is-this-the-biggest-corruption-scandal-in-history>

80 The Tico Times, “Officials in Latin America Linked to ‘Panama Papers,’” The Tico Times, April 4, 2016. <https://ticotimes.net/2016/04/04/officials-latin-america-linked-panama-papers>

81 “Combating Money Laundering and the Financing of Terrorism – AML/CFT,” Banco Central Do Brasil, accessed July 24, 2024. <https://www.bcb.gov.br/en/financialstability/moneylaundering>

82 Novaya Gazeta, “Russia: Banking on Influence,” Organized Crime and Corruption Reporting Project, June 9, 2016. <https://www.occrp.org/en/panamapapers/rossiya-putins-bank/>

83 Luke Harding, “Revealed: The \$2bn Offshore Trail That Leads to Vladimir Putin,” The Guardian, April 3, 2016. <https://www.theguardian.com/news/2016/apr/03/panama-papers-money-hidden-offshore>

84 Jake Bernstein et al., “All Putin’s Men: Secret Records Reveal Money Network Tied to Russian Leader,” International Consortium of Investigative Journalists, April 3, 2016. <https://www.icij.org/investigations/panama-papers/20160403-putin-russia-offshore-network/>

85 “Russia Contributes to the Far-Left Forces, Drug Cartels and Islamists Merger in Latin America,” Robert Lansing Institute for Global

Operation Car Wash
Credit: Martin Dee



cartel, in exchange for their support and loyalty.⁸⁶

Russia was not the only world power exposed in the Panama Papers. Chinese Communist Party (CCP) officials were tied to shell companies as well.⁸⁷ President Xi was quick to insult and question the papers, calling them Western propaganda. He went on to say that the Papers were attempting to destabilize the People's Republic of China.⁸⁸ The biggest collection of business from the papers occurred in Hong Kong and China. Money laundering is more than just a method for organized crime groups to operate. Rather, it is representative of international threads and connections that advance various goals. For China, the release of the Panama Papers thrust the CCP into the global spotlight. This was especially relevant considering the hard stance against money laundering President Xi had taken prior.⁸⁹ The Panama Papers encouraged the publishing of documents and reporting of money laundering. However, President Xi took stark action to censor online content related to the papers within China.⁹⁰ This highlights another issue with money laundering – transparency. Money laundering revolves around secrecy and discretion, making it difficult to combat. However, the Panama Papers shifted the status quo to one of publicity, access, and clarity.⁹¹

Some countries showed efforts to address money laundering after the Panama Papers. Nigeria quickly attempted to demonstrate transparency following the release of the Panama

Papers. 120 Nigerian individuals and corporations were mentioned or addressed in the Panama Papers.⁹² In 2016, at an anti-corruption summit in London, the President of Nigeria, Muhammadu Buhari vowed to enforce transparency and broader anti-corruption measures.⁹³ While it is not direct action, world leaders must recognize the issues that money laundering creates and vow to put an end to it. In India, over 500 individuals were mentioned, including several Hollywood movie stars.⁹⁴ Money laundering and questionable money practices were a key part of fame and power in India at the time. In response to the Papers, India created a task force made up of multiple government agencies to fight money laundering and tax evasion.⁹⁵

Saudi Arabian royalty, however, was not so responsive. Both King Salman bin Abdulaziz Al Saud and Crown Prince Mohammad bin Naif bin Abdulaziz Al Saud were tied to suspicious money practices that were exposed by the Panama Papers.⁹⁶ Saudi Arabia as a whole took no clear responsibility for the illegal operations. Money laundering and illegal money practices are likely present throughout the government. This provides an incentive to stay silent on the Panama Papers. Furthermore, in 2019, the European Commission listed Saudi Arabia as a country on a “blacklist” of countries that were failing to address money laundering.⁹⁷

For Latin American transnational organized crime groups

Threats and Democratic Studies, January 27, 2020. <https://lansinginstitute.org/2020/01/27/russia-contributes-to-the-far-left-forces-drug-cartels-and-islamists-merger-in-latin-america/>

86 “The Kremlin’s Efforts to Covertly Spread Disinformation in Latin America,” U.S. Department of State, November 7, 2023. <https://www.state.gov/the-kremlins-efforts-to-covertly-spread-disinformation-in-latin-america/>

87 Juliette Garside and David Pegg, “Panama Papers Reveal Offshore Secrets of China’s Red Nobility,” *The Guardian*, April 6, 2016. <https://www.theguardian.com/news/2016/apr/06/panama-papers-reveal-offshore-secrets-china-red-nobility-big-business>.

88 Stephen Mulrenan, “Asia: Panama Papers – No News Is Good News,” *International Bar Association*, accessed July 24, 2024. <https://www.ibanet.org/article/7829E0B5-1D4D-4477-B3FB-46140DCDAD0A>

89 “Anti-Money Laundering (AML) in China,” *Sanction Scanner*, May 23, 2024. <https://www.sanctionscanner.com/Aml-Guide/anti-money-laundering-aml-in-china-164>.

90 “Panama Papers: China Censors Online Discussion,” *BBC News*, April 4, 2016. <https://www.bbc.com/news/world-asia-china-35957235>.

91 Jack A. Blum et al., “Financial Havens, Banking Secrecy and Money Laundering,” *United Nations Office For Drug Control and Crime Prevention*, June 2022. <https://gfintegrity.org/wp-content/uploads/2022/06/UN-FINANCIAL-HAVENS-laundering.pdf>

92 Nuhu Ribadu, “The Impact of Panama Papers on Africa,” *Europarl*, accessed August 7, 2024. https://www.europarl.europa.eu/cmsdata/116489/5-03-Ribadu_statement.pdf

93 “David Cameron Calls Nigeria and Afghanistan ‘Fantastically Corrupt,’” *BBC News*, May 10, 2016. <https://www.bbc.com/news/uk-politics-36260193>.

94 “India’s Rich and Famous Named in Panama Papers Leak so Far,” *India Today*, December 21, 2021. <https://www.indiatoday.in/india/story/india-rich-and-famous-named-in-panama-papers-leak-so-far-1890097-2021-12-20>

95 “Flashback: The 2016 Panama Papers & the Scandal behind Famous Names and Their Offshore Entities,” *The Economic Times*, December 22, 2021. <https://economictimes.indiatimes.com/magazines/panache/flashback-the-2016-panama-papers-the-scandal-behind-famous-names-and-their-offshore-entities/articleshow/88407797.cms>

96 Dominic Dudley, “Panama Papers: The Middle East Players,” *Forbes*, April 4, 2016. <https://www.forbes.com/sites/dominicdudley/2016/04/04/panama-papers-the-middle-east-players/>

97 Simon Bowers, “European Commission Shames Saudi Arabia, Panama with ‘dirty Money’ List That Attracts Criticism,” *International Consortium of Investigative Journalists*, February 14, 2019. <https://www.icij.org/investigations/panama-papers/european-commission-shames-saudi-arabia-panama-with-money-laundering-and-terror-financing-blacklist-but-attracts-criticism/>

specifically, visibility is directly harmful to business. Much of cartel trading requires staying out of the spotlight.⁹⁸ The global response to the Panama Papers was one of protest and attention. Countries such as France, Germany, and the United Kingdom launched investigations into crimes exposed by the papers. Protests applied heavy pressure on governments, drawing on information from the International Consortium of Investigative Journalists in investigations. Meanwhile, countries like China, Panama, and Russia, criticized the leak and denied involvement.⁹⁹ In the following years, countless legal trials and investigations ensued. Various public officials were arrested, Latin American cartels faced increased surveillance, and governments attempted to instill new regulations. While Mossack Fonesca was tied up in deep litigation and lawsuits, money laundering continues to be widespread.¹⁰⁰ The Panama Papers did, however, encourage Latin American cartels to be more careful. The Panama Papers also revealed how little is truly known about money laundering worldwide. While money laundering may be pervasive in Latin America, it is not limited to the region. Countries from all parts of the world were implicated in the Panama Papers. This is not an issue localized to Latin America.

Past Actions and Challenges in Combating Money Laundering

In 1988, the United Nations adopted the Vienna Convention, or the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.¹⁰¹ This convention was focused on criminalized money laundering as

it pertained to the drug trade. 168 countries implemented the convention. In 1989, the Financial Action Task Force (FATF) was established at the G7 summit. The purpose of the FATF is to fight money laundering and analyze trends in global financial patterns, representing a significant move against money laundering.¹⁰²

The next large set of actions came following the terrorist attacks in the United States on September 11, 2001.¹⁰³ The US passed The USA PATRIOT Act. Section III of the Patriot Act encouraged the expansion of anti-money laundering programs. This led to a bolstering of the 1986 Money Laundering Act. While the Patriot Act was unique to the United States, expanded provisions were adopted by numerous other countries.¹⁰⁴ The United Kingdom passed the Anti-terrorism, Crime and Security Act in 2001, which strengthened security regulations.¹⁰⁵ In 2004 Australia passed the Anti-Terrorism Act which expanded the power of law enforcement agencies when investigating organized crime and terrorism.¹⁰⁶ Both of these acts drew inspiration from the USA PATRIOT Act.

The implications of this were an increase in communication between financial institutions and law enforcement agencies. The Patriot Act, however, has since come under heavy scrutiny. This is because the US government has used it to justify mass racialized surveillance and targeting.¹⁰⁷ In 2010, a website called “WikiLeaks” released tens of thousands of classified United States government documents that exposed the invasive investigations that happened due to the Patriot Act.¹⁰⁸ The Patriot Act encouraged a significant increase in anti-

98 J. D. Jaspers, “Strong By Concealment? How Secrecy, Trust, and Social Embeddedness Facilitate Corporate Crime,” *Crime, Law and Social Change* 73, no. 1 (June 11, 2019): 55–72. <https://doi.org/10.1007/s10611-019-09847-4>

99 Stella Roque, “The Panama Papers: The World Reacts,” Organized Crime and Corruption Reporting Project, April 3, 2016. <https://www.occrp.org/en/panamapapers/reactions/>

100 Will Fitzgibbon and Michael Hudson, “Five Years Later, Panama Papers Still Having a Big Impact,” International Consortium of Investigative Journalists, April 3, 2021. <https://www.icij.org/investigations/panama-papers/five-years-later-panama-papers-still-having-a-big-impact/>

101 “United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances,” United Nations, December 20, 1988. https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsq_no=VI-19&chapter=6&clang=_en

102 “What We Do,” Financial Action Task Force, accessed July 26, 2024. <https://www.fatf-gafi.org/en/the-fatf/what-we-do.html>

103 “National Commission on Terrorist Attacks Upon the United States Introduction and Executive Summary,” National Commission on Terrorist Attacks Upon the United States, 2003. https://9-11commission.gov/staff_statements/911_TerrFin_Ch1.pdf

104 “Financial Crimes Enforcement Network; Customer Identification Programs for Certain Banks (Credit Unions, Private Banks and Trust Companies) That Do Not Have a Federal Functional Regulator,” Department of the Treasury, accessed July 27, 2024. <https://home.treasury.gov/system/files/246/staterule.pdf>

105 “Anti-Terrorism, Crime and Security Act 2001,” Legislation.gov.uk, accessed August 7, 2024. <https://www.legislation.gov.uk/ukpga/2001/24/contents>

106 “A Human Rights Guide to Australia’s Counter-Terrorism Laws,” The Australian Human Rights Commission, 2008. <https://humanrights.gov.au/our-work/legal/human-rights-guide-australias-counter-terrorism-laws>

107 James Chen, “Patriot Act: Definition, History, and What Power It Has,” Investopedia, August 8, 2022. <https://www.investopedia.com/terms/p/patriotact.asp>

108 “The USA PATRIOT Act: Implications for Lawful Interpretation,” WikiLeaks, accessed July 27, 2024. <https://wikileaks.org/spyfiles/>

money laundering policy and legislation. However, it did so at the cost of individual liberties and privacy. This begs a larger consideration of the line between combating transnational organized crime and overstepping individual rights.

Latin America has taken action to combat money laundering regionally as well. One example is the Financial Action Task Force of Latin America (Grupo de Acción Financiera de Latinoamérica) (GAFILAT).¹⁰⁹ 18 Latin American countries are members of GAFILAT. GAFILAT is an associate member of the Financial Action Task Force (FATF). The FATF has issued 40 recommendations, and the GAFILAT works to implement them. The recommendations range in nature but work to fight money laundering and its subsequent effects.¹¹⁰ One such example of actions conducted by GAFILAT can be seen in their visits to member countries. As part of these visits, they conduct interviews with various members of the government regarding anti-money laundering actions and operations. For example, in early 2024, their financial action task force spent 12 days in El Salvador.¹¹¹ The purpose of this is to work one-on-one with various governments to establish clear action and reforms to be implemented to combat money laundering. GAFILAT also organizes conferences to discuss potential solutions to money laundering. In July 2023, they hosted one such event in Panama, inviting other global organizations to join. The EU Global Facility, an international body from the European Union, joined to participate in talks and conversations about combating money laundering and other financial crimes.¹¹²

Solutions, however, are limited by a government's desire, ability, and bandwidth to enact the necessary actions. For example, in 2023, the Colombian government collaborated

with the United States government to implement an anti-money laundering task force. However, two-thirds of the way through the planned timeline, little to no progress had been made in establishing a task force. The Colombian government's response stated that numerous difficulties prevented them from effective enforcement. One of the most prevalent difficulties was the hardship in tracking and criminalizing high-profile cartel members and money launderers.¹¹³ This is because higher-level cartel officials can pay off government officials, police officers, and investigators to ensure they are safe from crackdown attempts.

Meanwhile, in Uruguay, difficulties in combating money laundering are systemic. Lack of an enforcement agency, budget to spend on investigations, and legal loopholes within financial statutes all dampen potential action.¹¹⁴ This reflects a larger issue with lack of legal and institutional backing to fight money laundering. While most cartels and money launderers are well-versed in legal loopholes and methods of evasion, many governments are left to play catch-up. Lack of concentrated expertise in governments has also been cited as an obstacle in combating money laundering.¹¹⁵

In some countries, government officials actively work to ensure the security of cartels and money launderers. In 2001, for example, Guatemala adopted the Act Against the Laundering of Money. In 2005, it passed the Act to Prevent and Punish Terrorist Financing.¹¹⁶ However, little has been done to modernize these acts or adjust them to fit into a modern context. Furthermore, political unrest and corruption within the government have altered the meaning of these acts. In 2022, leading up to a set of national elections, the head

document/aqsacom/199_the-usa-patriot-act-implications-for-lawful-interception/199_the-usa-patriot-act-implications-for-lawful-interception.pdf

109 "Financial Action Task Force of Latin America (GAFILAT)," Financial Action Task Force, accessed July 27, 2024. <https://www.fatf-gafi.org/en/countries/global-network/financial-action-task-force-of-latin-america--gafilat-.html>

110 "International Standards on the Fight Against Money Laundering Assets, The Financing of Terrorism, and the Financing of the Proliferation of Weapons of Mass Destruction," Financial Action Task Force of Latin America, December 2023. <https://www.gafilat.org/index.php/es/biblioteca-virtual/gafilat/documentos-de-interes-17/publicaciones-web/4692-recomendaciones-metodologia-actdic2023/file>

111 "GAFILAT Conducts Onsite Assessment of El Salvador's AML Measures," STEP, February 7, 2024. <https://www.step.org/industry-news/gafilat-conducts-onsite-assessment-el-salvadors-aml-measures>

112 "Participation in the GAFILAT Plenary in Panama," EU AML/CFT Global Facility, accessed July 27, 2024. <https://www.global-amlcft.eu/event/participation-in-the-gafilat-plenary-in-panama/>

113 Scott Bronstein and Jacqueline Charles, "U.S.-Backed Effort to Fight Colombia Money Laundering Has So Far Been a Flop," *The Miami Herald*, December 27, 2023. <https://www.miamiherald.com/news/nation-world/world/americas/article283027418.html>

114 Christopher Newton, "3 Obstacles to Uruguay's Fight Against Money Laundering," *InSight Crime*, September 4, 2023. <https://insightcrime.org/news/obstacles-uruguay-fight-money-laundering/>

115 Newton, "3 Obstacles to Uruguay's Fight Against Money Laundering."

116 "Anti-Money Laundering (AML) in Guatemala," *Sanction Scanner*, May 14, 2024. <https://www.sanctionscanner.com/Aml-Guide/anti-money-laundering-aml-in-guatemala-616>.

of investigative newspaper *elPeriódico*, José Rubén Zamora, was charged with money laundering and extortion.¹¹⁷ Little evidence of money laundering was released to the public. However, the government ultimately has the final say as it relates to financial crimes. Guatemala, despite having passed a law regarding money laundering, still suffers from this issue.¹¹⁸ The two acts passed by Guatemala, while theoretically good ideas, lacked a strong execution. Part of the issue is that a large amount of money laundering occurs in Guatemala. However, the government struggles to meet the demand for anti-money laundering enforcement.

In 2019, Paraguay passed a set of 12 anti-money laundering laws to crack down on money laundering.¹¹⁹ The main purpose of these bills was to combat terrorist financing through money laundering. However, the bills applied to money laundering regardless. GAFILAT consultation, which was delayed due to COVID-19, determined that Paraguay had an adequate legal framework for the situation. A large concern by international institutions is that Hezbollah, an Iranian-supported militia group, is operating out of Paraguay. These concerns were part of what justified the money laundering laws.¹²⁰ The laws, however, were not incredibly effective, as prosecutions against individuals suspected of money laundering rarely escalated.¹²¹ This was in part due to a lack of sufficient resources and because of corruption within the judicial branch.

The International Monetary Fund (IMF) has put resources into publishing reports and recommendations on combating money laundering. Not only does the IMF break down complex nuances of money laundering, but it also identifies potential reforms that can help mitigate money laundering.¹²² Furthermore, the UN passed a global plan to combat

money laundering. “The Global Programme against Money Laundering” was established to help countries develop their resources to fight money laundering. The main purpose of the program involves two aspects. First, the plan aims to establish legal and judicial frameworks to fight money laundering.¹²³ This looks like establishing guidelines, protocols, and a clear escalation plan when money laundering has occurred. The second is to establish infrastructure to combat money laundering. This involves clear enforcement agencies, task forces, and more. The purpose of this is to ensure that countries have material mechanisms to apply frameworks.¹²⁴

Ultimately, countries with weak or failed attempts to regulate money laundering face an increased threat of transnational organized crime groups. It is a sign that their operation, whether it be terrorism or drug trading, can flourish and grow without government infiltration. Not only this but countries with weak frameworks and enforcement mechanisms are used as hubs for transnational organized crime, making it easier to move in and out of countries with stricter guidelines. Ultimately, the implications of organized crime and money laundering in Latin America are clear. Not only is it destabilizing to the region, but it has the potential to impact countries across the world, no matter the strength of their programs.

Money Laundering and Regional Instability

Money laundering at its core is regionally destabilizing. Nearly all transnational organized crime requires some aspect of money laundering. Crime cannot flourish and spread without a concrete method to hide profits. Between drug cartels and terrorist organizations, countries are heavily impacted and affected by money laundering.¹²⁵ Today, companies are

117 Francisco Goldman, “Guatemala’s Corrupt Officials Train Their Sights on the Press,” *The New York Times*, August 9, 2022, <https://www.nytimes.com/2022/08/09/opinion/guatemalas-corrupt-officials-train-their-sights-on-the-press.html>

118 Martín Rodríguez Pellecer, “Guatemala, Ideal Money Laundering Pit Stop,” *Global Integrity*, January 2019, https://www.globalintegrity.org/wp-content/uploads/2019/01/GIRNotebook2010_Guatemala.pdf

119 “Country Reports on Terrorism 2020: Paraguay,” U.S. Department of State, accessed July 27, 2024, <https://www.state.gov/reports/country-reports-on-terrorism-2020/paraguay/>

120 Celina B. Realuyo, “Rising Concerns About Hezbollah in Latin America Amid Middle East Conflict,” *Wilson Center*, December 1, 2023, <https://www.wilsoncenter.org/blog-post/rising-concerns-about-hezbollah-latin-america-amid-middle-east-conflict>

121 “Paraguay: An Overview,” *Congressional Research Service*, February 12, 2024, <https://crsreports.congress.gov/product/pdf/IF/IF12207>.

122 “Anti-Money Laundering and Combating the Financing of Terrorism,” *The International Monetary Fund*, accessed July 27, 2024, <https://www.imf.org/en/Topics/Financial-Integrity/amlcft>

123 “Global Programme Against Money Laundering,” *United Nations Office on Drugs and Crime*, accessed July 27, 2024, <https://www.unodc.org/unodc/es/money-laundering/global-programme-against-money-laundering/.html>

124 “Global Programme Against Money Laundering,” *United Nations Office on Drugs and Crime*.

125 “Anti-Money Laundering,” *United Nations Office on Drugs and Crime*, accessed July 27, 2024, <https://www.unodc.org/rpanc/en/Sub-programme-2/Thematic-areas/aml.html>



2019 Press Conference with European Union and Mercosur Leaders

Credit: Alan Santos/PR

intimately tied to trade and economic relations.¹²⁶ As a result, money laundering and organized crime are not just a domestic issue; rather, it is transnational and often transcontinental.

Money laundering is very dangerous. This is uniquely seen in economic stability. Financial sectors imbued with illegal money are heavily skewed. The influx of money in legitimate economies from money laundering can make the economy appear stronger, or as though it is in a “boom.” However, while economic analysts may assume that a “boom” is indicative of more growth, it is often short and limited due to its role as a quick addition of laundered money. The Gross Domestic Product (GDP) of a country is impacted by the use of black markets and laundered money. This is because the income and profit generated illegally are not reported to the government. This further destroys perceived economic strength and economic data.¹²⁷ This means that individuals or companies who invest assuming a larger projection of growth often

make poor or incorrectly informed decisions.¹²⁸ Furthermore, laundered money is not taxed. As a result, economic growth or inflections in the economy are not tied to increases in government earnings. As such, a government may be unable to match growth or effectively capitalize on the potential for government-funded programs.¹²⁹ Finally, the cost of money laundering-related activities drains money from other causes. The drug trade and terrorist organizing both produce damage to public property.¹³⁰ Terrorist attacks may also target key infrastructure points of a country, including electric grids, dams, power plants, etc.¹³¹

Additionally, bystanders can get pulled into money laundering schemes. One example of this is through investment. Money laundering often happens through “fronts,” or fake businesses used to hide illegal activity. Individuals may invest in these fronts, unaware of their true source of income: crime.¹³² Additionally, illicit funds may be used to give loans to

126 “Trade Agreements,” International Trade Administration, accessed July 27, 2024. <https://www.trade.gov/trade-agreements>

127 Andrew Bloomenthal, “How the Underground Economy Affects Gross Domestic Product (GDP),” Investopedia, October 16, 2023. <https://www.investopedia.com/articles/markets-economy/062216/how-underground-economy-affects-gdp.asp>

128 Carolina Claver, Chady El Khoury, and Rhoda Weeks-Brown, “Financial Crimes Hurt Economies and Must Be Better Understood and Curbed,” The International Monetary Fund, December 7, 2023. <https://www.imf.org/en/Blogs/Articles/2023/12/07/financial-crimes-hurt-economies-and-must-be-better-understood-and-curbed>

129 John McDowell and Gary Novis, “Consequences of Money Laundering and Financial Crime,” *Economic Perspectives* 6, no. 2 (May 2001): 6–8. <https://www.ojp.gov/ncjrs/virtual-library/abstracts/consequences-money-laundering-and-financial-crime>

130 “Transnational Organized Crime: A Growing Threat to National and International Security,” National Archives and Records Administration, accessed July 27, 2024. <https://obamawhitehouse.archives.gov/administration/eop/nsc/transnational-crime/threat>

131 “The National Strategy for the Physical Protection of Critical Infrastructures and Assets,” The Department of Homeland Security, February 2003. https://www.dhs.gov/xlibrary/assets/Physical_Strategy.pdf

132 Bruce Baer Arnold and Wendy Bonython, “Villains, Victims and Bystanders in Financial Crime,” *Financial Crimes: Psychological, Technological, and Ethical Issues*, 2016, 167–98. https://doi.org/10.1007/978-3-319-32419-7_8

unknowing consumers. This pulls in unknowing parties by having them spend the illicit funds, returning legitimate money.¹³³ While these individuals often have no prior knowledge of illicit activities, they are still implicated in money laundering and help expand their efficiency and effectiveness. This is ultimately destabilizing because it expands organized crime and money laundering outside of the criminal and government sectors. Rather, it involves the general public, creating a web of impacts and consequences that is difficult to overcome.¹³⁴

In Latin America specifically, instances of money laundering implicate the entire region. First, international repercussions and consequences from money laundering and transnational crime impact governments. While governments do not have absolute control over crime within a country or region, external countries may adjust economic or diplomatic interactions out of caution.¹³⁵ For example, the United States has adjusted trade and public relations with Mexico and Latin America as a whole as a result of increases in organized crime. This significantly impacts Latin America as a whole.¹³⁶ A clear example of this can be seen in the EU-Mercosur deal. In 1999, the United Nations and Mercosur, a trading group consisting of Argentina, Brazil, Paraguay, and Uruguay, began to negotiate a trade deal. They reached a deal 20 years later in 2019. Since then, other Latin American countries have joined Mercosur, including Venezuela and Bolivia.¹³⁷ However, membership is contingent on following human rights law and numerous other requirements. As a result of regional instability and government corruption, Venezuela had its membership

suspended in 2016.¹³⁸

Not only does transnational organized crime lead to domestic issues within a country, but it also limits global power for Latin America. Countries like the United States and the United Kingdom have been able to leverage hegemonic and international power to chastise and criticize Latin American countries for a lack of stability.¹³⁹ This has led to further “holds” in other agreements. Latin American countries require international trade to sustain their economies. As such, threats from global powers often place negotiating power in the hands of external countries, further limiting Latin American growth.¹⁴⁰

Furthermore, transnational gangs within Latin America have led to interregional tensions. As organized crime groups, including gangs, cross borders and perpetuate their crime in a multitude of places, political disagreements brew.¹⁴¹ Uncertainty surrounding blame, responsibility, and inconsistency over enforcement creates a large gap in confusion and cooperation. A lack of Latin American consensus on handling transnational organized crime and money laundering across borders brews dissent and confusion. As such, united action is difficult. This prevents Latin American countries from developing an effective response to money laundering and crime.¹⁴²

Conflict in the Northern Triangle, consisting of Honduras, Guatemala, and El Salvador, has led to broader Latin American disputes. The Northern Triangle is home to widespread instability, poverty, and violence. A lack of effective money

133 Hussam A. Al-Abed, David A. Dickinson, and Andy Zavoina, “Examples Of Using A Loan To Launder Money,” Bankers Online, June 16, 2003. <https://www.bankersonline.com/qa/examples-using-loan-launder-money>

134 Arnold and Bonython, “Villains, Victims and Bystanders in Financial Crime.”

135 Michael Levi, “Evaluating the Control of Money Laundering and Its Underlying Offences: The Search for Meaningful Data,” *Asian Journal of Criminology* 15, no. 4 (May 20, 2020): 301–20. <https://doi.org/10.1007/s11417-020-09319-y>

136 Daniela Mohor, “Surging Gang Violence Across Latin America Challenges Aid Sector to Respond,” *The New Humanitarian*, May 17, 2023. <https://www.thenewhumanitarian.org/analysis/2023/05/17/gang-violence-latin-america-challenge-aid-sector>

137 “EU-Mercosur,” European Commission, accessed July 27, 2024. https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement_en

138 Lauri Tähtinen, “EU-Mercosur: So Much More Than a Dead Deal,” Center for Strategic and International Studies, March 26, 2024. <https://www.csis.org/analysis/eu-mercosur-so-much-more-dead-deal>

139 P. Michael McKinley, “Inflection Point: The Challenges Facing Latin America and U.S. Policy in the Region,” Center for Strategic and International Studies, September 7, 2023. <https://www.csis.org/analysis/inflection-point-challenges-facing-latin-america-and-us-policy-region>

140 Flavian Moreau and Rafael Machado Parente, “How Latin America Can Use Trade to Boost Growth,” *The International Monetary Fund*, November 16, 2023. <https://www.imf.org/en/Blogs/Articles/2023/11/16/how-latin-america-can-use-trade-to-boost-growth>

141 “Rising Violence in the Last Year Can Intensify Humanitarian Crises in Latin America,” *International Rescue Committee*, March 3, 2022. <https://www.rescue.org/press-release/rising-violence-last-year-can-intensify-humanitarian-crises-latin-america-irc>

142 Angelika Rettberg, “The Legacies of Armed Conflict on Lasting Peace and Development in Latin America,” *United Nations*, April 2015. <https://www.un.org/en/chronicle/article/legacies-armed-conflict-lasting-peace-and-development-latin-america>

laundering frameworks has allowed crime to flourish.¹⁴³ An influx of refugees attempting to flee the region has caused border conflicts in Mexico, the United States, and other Latin American countries as well. This is a result of policy disagreements on migrants seeking asylum, passage through countries, and a general lack of space.¹⁴⁴ The United States and other international bodies have attempted to stimulate the economy of the region while also attempting to aid the respective governments in anti-crime plans. However, this has not been effective.¹⁴⁵

The proximity of Latin American countries to each other creates a system ripe for transnational organized crime disputes. For example, land and territory disputes between gangs in Latin America have substantiated disagreements on sovereignty and control over regions and conflicts.¹⁴⁶ Money laundering is the key link that allows gangs and other crime groups to operate. Ultimately, the use of illicit funds allows groups to grow and expand. Money laundering further pulls in international bodies, as illegal money crosses borders. This breeds disagreements and confusion, leading to a strain on cooperation. Latin American cooperation could mitigate these disputes. However, the lack of consensus and a framework for cooperation has prevented this.

When discussing why Latin America is home to larger quantities of organized crime, an analysis of surrounding situations is needed. Ultimately, a cycle has been created. Historical events that destabilized the region created room for organized crime, corruption, and money laundering. This

has led to further destabilization and corruption, creating a continuous cycle.¹⁴⁷ While some countries have attempted to help Latin America, it has not always been productive. Throughout history, US and European intervention has pushed out government leaders, disrupted attempts at reform, and worsened overall conditions.¹⁴⁸ Solutions have often been seen in Latin American countries as simply needing to be fixed without consideration for sovereignty and autonomy.¹⁴⁹ As a result, a level of distrust between Latin American countries and other countries has hindered agreements. A lack of clear communication over goals and expectations between countries leads to broken agreements.¹⁵⁰ Collaboration is possible, but attention to regional instability and root causes, with an intention of long-term reform is crucial.

Interactions Between Governments and Transnational Organized Crime Groups

Sustaining a weak government is in the interest of transnational organized crime groups. Disorganized governments allow for the maximum expansion of transnational organized crime. Crime groups aim to pursue their own hierarchy.¹⁵¹ Cartels in Latin America seek to put towns and sub-regions under their control and jurisdiction. They attempt to supersede the government and envision themselves in power instead.¹⁵² As a result, national governments are infrequently seen as a ruling or regulatory body. Rather, they exist to be manipulated and ignored.¹⁵³ Money laundering serves as a tool for this goal. By laundering money, cartels can imitate the legality and legitimacy of their illegally obtained money. This furthers their

143 Diana Roy and Amelia Cheatham, "Central America's Turbulent Northern Triangle," Council on Foreign Relations, July 13, 2023. <https://www.cfr.org/backgrounder/central-americas-turbulent-northern-triangle>

144 "Central American Migration: Root Causes and U.S. Policy," Congressional Research Service, November 30, 2023. <https://sgp.fas.org/crs/row/IF11151.pdf>

145 Conor M. Savoy and T. Andrew Sady-Kennedy, "Economic Opportunity in the Northern Triangle," Center for Strategic and International Studies, September 20, 2021. <https://www.csis.org/analysis/economic-opportunity-northern-triangle>

146 Tiziano Breda, "Latin America Likes Bukele's 'War on Gangs.' That's a Problem," International Crisis Group, December 15, 2022. <https://www.crisisgroup.org/latin-america-caribbean/central-america/el-salvador/latin-america-likes-bukeles-war-gangs-thats>

147 Roger A. Kittleson, David Bushnell, and James Lockhart, "Disorder and Caudillismo," Encyclopædia Britannica, July 26, 2024. <https://www.britannica.com/place/Latin-America/Disorder-and-caudillismo>

148 Adam Isacson, "The United States' Influence on Latin America's New Militarism," The Washington Office on Latin America, November 22, 2021. <https://www.wola.org/analysis/the-united-states-influence-on-latin-americas-new-militarism/>

149 Tom Long, "Monroe Doctrine Still Dominates U.S., Latin America Relations After 200 Years," Foreign Policy, December 16, 2023. <https://foreignpolicy.com/2023/12/16/monroe-doctrine-united-states-latin-america-foreign-policy-interventionism-china-gop/>

150 "U.S. – Latin American Relations: Paternalism to Partnership," ABC News, June 13, 2013. https://abcnews.go.com/ABC_Univision/Opinion/us-latin-american-relations-paternalism-partnership-opinion/story?id=19393563

151 Shadi Hamid, Vanda Felbab-Brown, and Harold Trinkunas, "When Terrorists and Criminals Govern Better Than Governments," Brookings, April 5, 2018. <https://www.brookings.edu/articles/when-terrorists-and-criminals-govern-better-than-governments/>

152 Vanda Felbab-Brown, "How the Sinaloa Cartel Rules," Brookings, April 4, 2022. <https://www.brookings.edu/articles/how-the-sinaloa-cartel-rules/>

153 Jonathan Lowy and Luis Moreno, "The Mexican Cartels Can Be Stopped If We Stop Supplying Them With Guns," The Washington Post, April 13, 2023. <https://www.washingtonpost.com/opinions/2023/04/13/mexico-cartels-gun-trafficking-violence/>

power and domain.¹⁵⁴ Working through government loopholes allows transnational organized crime groups to avoid the need to expend resources evading capture, while simultaneously asserting a claim to a country or area.

To avoid government detection, cartels must have flexibility in operations. Numerous contingencies, backup plans, and alternative modes of action are crucial to allow for rapid restructuring in the event of an investigation. Furthermore, bribery of local officials allows organized crime groups to continue with both knowledge of “behind-the-scenes” investigations, and the ability to conceal their movements.¹⁵⁵ One example of this can be seen in “Operation Greenlight,” a joint effort between the United States, Australia, and European intelligence agencies.¹⁵⁶ The investigation involved the tracking of illicit cell phones and messaging services by organized crime groups across the world.¹⁵⁷ While the operation was largely successful, certain groups were tipped off by sources, indicating that people within the intelligence agencies were working with the organized crime groups.¹⁵⁸ Finally, posturing and leverage are key factors in government avoidance. With the physical dominance and expanded influence possessed by many cartels and organized crime groups, government agencies and groups are hesitant to directly combat them.¹⁵⁹ As a result, cartels operate with an air of dominance and sovereignty. Money laundering is crucial to this, as financial freedom allows organized crime groups to dominate local governments and regulatory bodies.

One example of such action can be seen with the Primeiro Comando da Capital (PCC) in Brazil. The PCC is a large

criminal syndicate that operates in Brazil and has expanded its reach into other countries including Paraguay and Bolivia.¹⁶⁰ The PCC conducts activities ranging from drug sales, arms trading, money laundering, and more. They have been in existence since 1993 when they were founded in the Carandiru Prison in São Paulo. Overall posturing, control, and influence have allowed them to continually evade crackdown from the Brazilian government. Additionally, their presence in prisons gives the PCC a key method to expand their network of operatives, bringing new people into the organization.¹⁶¹ Strategic alliances throughout Latin America, work with other cartels and crime groups, and quick maneuvering of legal loopholes and interactions have all allowed the PCC to expand without fear of government intervention.

Government attitudes towards money laundering and crime groups impact the success of cartels as well. Colombia, while busy fighting cartel and drug violence, has attempted to make significant reforms and progress against the footholds of cartels. One example of this can be seen in the payment of government officials by the Clan de Golfo.¹⁶² Colombia has held trials to fight governmental dishonesty.¹⁶³ Although there is still a lack of punishment for corrupt government officials, the symbolic action of putting them on trial demonstrates a strong attitude against crime. Additionally, Colombia passed the Justice and Peace Law in 2005. This law aimed to minimize the impact of the United Self-Defense Forces of Colombia (AUC). The AUC was a hard-right paramilitary group that participated in a variety of criminal endeavors, including drug trading and weapons dealing.¹⁶⁴ However, the Justice and Peace

154 John Burnett, “Awash in Cash, Drug Cartels Rely on Big Banks to Launder Profits,” NPR, March 20, 2014. <https://www.npr.org/sections/parallels/2014/03/20/291934724/awash-in-cash-drug-cartels-rely-on-big-banks-to-launder-profits>

155 Astrid Gamba, Giovanni Immordino, and Salvatore Piccolo, “Corruption, Organized Crime and the Bright Side of Subversion of Law,” Centre for Studies in Economics and Finance, June 2016. <http://www.siecon.org/online/wp-content/uploads/2016/09/GAMBA-1.pdf>

156 Colin Packham and Toby Sterling, “Spy Phones ‘In Gangsters’ Back Pockets’ Betray Hundreds to Police,” Reuters, June 8, 2021. <https://www.reuters.com/world/asia-pacific/middle-east/global-crackdown-organised-crime-after-high-tech-us-australia-sting-2021-06-08/>

157 “800 Criminals Arrested in Biggest Ever Law Enforcement Operation Against Encrypted Communication,” EUROPOL, accessed August 14, 2024. <https://www.europol.europa.eu/media-press/newsroom/news/800-criminals-arrested-in-biggest-ever-law-enforcement-operation-against-encrypted-communication>

158 Packham and Sterling, “Spy Phones ‘In Gangsters’ Back Pockets’ Betray Hundreds to Police.”

159 Ernesto Truqui, “Drug Cartels, Politics, and Violence in Mexico,” Chicago Policy Review, June 4, 2021. <https://chicagopolicyreview.org/2021/06/04/drug-cartels-politics-and-violence-in-mexico/>

160 “Treasury Sanctions Primeiro Comando Da Capital (PCC) Operative,” U.S. Department of the Treasury, March 14, 2024. <https://home.treasury.gov/news/press-releases/jy2180>

161 Valerie Wirtschafter, “The Internationalization of Organized Crime in Brazil,” Brookings, January 24, 2024. <https://www.brookings.edu/articles/the-internationalization-of-organized-crime-in-brazil/>

162 Luis Jaime Acosta, “Colombia Prosecutors Weigh Immunity for Ex-Officials in Government Corruption Case,” Reuters, May 7, 2024. <https://www.reuters.com/world/americas/colombia-prosecutors-weigh-immunity-ex-officials-government-corruption-case-2024-05-07/>

163 Acosta, “Colombia Prosecutors Weigh Immunity for Ex-Officials in Government Corruption Case.”

164 “Paramilitary Violations of International Humanitarian Law,” Colombia and International Humanitarian Law, accessed July 27, 2024.

Law was the result of extensive discussions between the AUC and the Colombian government. It involved an agreement to immobilize and disband the AUC, ensuring that its members would be reintegrated into society, purchasing weapons from the group, and more.¹⁶⁵ In exchange for this, members of the AUC agreed to a set of rules, including the requirement to go on the record and admit to their crimes.

Conversations with cartels and transnational organized crime groups are not always possible. Financial power via money laundering, military strength, and perceptual dominance creates an uneven negotiation field for cartels and the government. As a result, many governments willingly turn a blind eye to avoid confrontation. An example of this can be seen in Guatemala, a country with extremely high rates of crime. The pervasiveness of crime throughout the country has made it difficult for the disorganized government to tackle the issue.¹⁶⁶ However, there is hope that Guatemala can address this issue more effectively in the future. In 2023, Bernardo Arévalo was elected president of Guatemala over an incumbent who was favored to win. Arévalo ran for office on a strong anti-corruption and anti-crime bill.¹⁶⁷ A change in leadership can lead to institutional changes.¹⁶⁸

Ultimately, the failure of governments and international bodies to effectively counter the growing influence of money launderers has complicated the regional situation. Past solutions have not required strong follow-through on the part of governments, which has yielded solutions that are not strongly enforced. To combat money laundering, solutions must include a plan for their enforcement.¹⁶⁹ In the past, governments that have accepted aid have taken some steps against money launderers but ultimately allowed money laundering groups to reform and reorganize around new actions. This form of reading and

predicting has allowed transnational organized crime groups to stay ahead of governments as they adjusted.¹⁷⁰

Money laundering directly funds criminal activities. As such, countries must stop money laundering to stop broader crime. For Latin America, government loopholes and weak frameworks have allowed criminal groups and money launderers to expand. With groups anchored in multiple countries, as opposed to just one, domestic solutions will no longer hold buoyancy or strength as they once did. Rather, the complex international sphere that has pulled in China, the European Union, the United States, and more, will require international cooperation.

Current Status

Cryptocurrencies and the Evolution of Money Laundering

A pinnacle of cryptocurrency is transparency.¹⁷¹ Transactions are recorded and documented. While this may seem like a point of worry or weakness for money launderers, this is not the case. Bitcoin, for example, does not require “government names” or any authenticated form of identity. This means that for money launderers, identity concealment is easier than previously thought possible under government banks and other financial institutions. It is important to remember that transactions are still public. However, without names or identifying characteristics, money launderers can operate with a significantly smaller fear of discovery.¹⁷² Without adjustments to match the technological advances in cryptocurrency, prior anti-money laundering laws and regulations will become obsolete. Cryptocurrency also allows for a wide proliferation

<https://www.hrw.org/legacy/reports98/colombia/Colom989-04.htm>

¹⁶⁵ “Colombia,” International Center for Transitional Justice, accessed July 27, 2024. <https://www.ictj.org/location/colombia>.

¹⁶⁶ Ana Castro, “A Shifting Landscape,” Global Initiative, August 11, 2023. <https://globalinitiative.net/analysis/guatemala-ocindex/>

¹⁶⁷ Stephen G. McFarland, “Sometimes the Good Guys Win: Guatemala’s Shocking 2023 Election,” United States Institute of Peace, April 10, 2024. <https://www.usip.org/publications/2024/04/sometimes-good-guys-win-guatemalas-shocking-2023-election>

¹⁶⁸ Mauricio Cárdenas, “Latin America Is Avoiding the Obvious Need for Reform. Why?,” Americas Quarterly, October 27, 2020. <https://www.americasquarterly.org/article/5-reasons-why-latin-america-is-avoiding-reform/>

¹⁶⁹ “Five Ways to Help Combat Money Laundering,” Five Ways to Help Combat Money Laundering | Thomson Reuters, accessed July 27, 2024. <https://legal.thomsonreuters.com/en/insights/white-papers/combatting-money-laundering-five-ways-to-help>

¹⁷⁰ “Organized Crime Has Globalized and Turned into a Security Threat,” United Nations Office on Drugs and Crime, June 17, 2010. <https://www.unodc.org/unodc/en/press/releases/2010/June/organized-crime-has-globalized-and-turned-into-a-security-threat.html>

¹⁷¹ Tim Sullivan, “Transparency, Trust, and Bitcoin,” Harvard Business Review, June 2015. <https://hbr.org/2015/06/transparency-trust-and-bitcoin>

¹⁷² “Money Laundering through Cryptocurrencies,” United Nations Office on Drugs and Crime, accessed August 9, 2024. <https://syntheticdrugs.unodc.org/syntheticdrugs/en/cybercrime/laundryingproceeds/moneylaundering.html>

of transactions.¹⁷³ Cryptocurrencies have made it far easier for money launderers to transfer a large quantity of money through a high number of small transactions.

Furthermore, cryptocurrencies allow money launderers to supersede borders.¹⁷⁴ Typically, transferring money across borders requires an intermediary to translate the money across currencies. This is typically done through a bank or a similar financial entity. However, the buying and selling of cryptocurrency does not require this. Rather, they can be sold at the will of the holder. This is particularly problematic because it is easier for money launderers to route their money across a variety of borders to further hide and bury the paper trail of laundered money. This also can implicate a wide variety of countries and individuals, complicating an already complex issue.

Cryptocurrency tumblers (or mixers) are also a significant threat and point of convolution. A tumbler is a process to disguise the origins of cryptocurrency.¹⁷⁵ For cryptocurrencies to be “tumbled,” a service is utilized by individuals. They transfer their cryptocurrencies to the service, or the tumbler, who then distributes various quantities of the cryptocurrency to various individuals. This means that the individual who signed up for the tumbler will walk away with the same quantity of cryptocurrency; however, the currency they walk away with is likely from someone else. For example, if a group of people each put a dollar into a bag and shook it, and then randomly took a dollar from the bag, it would have been “tumbled.” The purpose of tumbling is to disguise or hide the origins of cryptocurrencies.¹⁷⁶ By combining and redistributing cryptocurrency across a variety of users, individuals can further cover their tracks. While tumbling itself is not illegal, it is often

used to disguise illegal or questionable actions.¹⁷⁷

Cryptocurrency mixing gained media attention amidst a court trial in 2024. “Bitcoin Fog” was a Bitcoin tumbling service that ran from 2011 to 2021. Roman Sterlingov, a citizen of Russia and Sweden, operated the service.¹⁷⁸ Sterlingov was investigated by the United States government and found guilty of money laundering. The United States was able to trace transactions through various mediums and transfers within Bitcoin, allowing them to gather enough evidence to prosecute Sterlingov.¹⁷⁹ Mixers make a profit by charging a service fee with every transaction. As a result, Sterlingov reportedly made millions of US dollars in profits. A result of this trial was a larger discussion on potential reforms to anti-money laundering actions. The United States has begun discussions on creating policies that flag mixers as high-risk sources of money laundering and illegal activities. This shows that anti-money laundering actions can be adapted to match changes and improvements in financial technologies.

The three stages of money laundering are still applicable and identifiable with laundering via cryptocurrencies. Placement refers to the initial movement of illegally obtained money into a legitimate financial stream of some form. In the world of cryptocurrency, this can look like mixing or a general purchase of cryptocurrencies. Layering occurs to manipulate and hide the source of money. This can be done with the buying and selling of cryptocurrencies, especially across borders, to proliferate as many transactions as possible. This serves to muddy a potential paper trail and make it difficult to follow. This can also involve the use of multiple types of cryptocurrencies. The final stage of money laundering, integration, happens as cryptocurrencies are converted back into traditional forms of currency.¹⁸⁰

173 “Cryptocurrencies - Tracing the Evolution of Criminal Finances,” EUROPOL, 2021. https://www.europol.europa.eu/cms/sites/default/files/documents/Europol_Spotlight_-_Cryptocurrencies_-_Tracing_the_evolution_of_criminal_finances.pdf

174 Sheila Chiang, “Money Launderers Are Increasingly Turning to Crypto to Conceal Flow of Funds, Chainalysis Says.”

175 “What Is a Tumbler, and Is Cryptocurrency Tumbling Safe?,” Freeman Law, November 26, 2023. <https://freemanlaw.com/what-is-a-tumbler-and-is-cryptocurrency-tumbling-safe/>

176 “Founders and CEO of Cryptocurrency Mixing Service Arrested and Charged with Money Laundering and Unlicensed Money Transmitting Offenses,” United States Department of Justice, April 24, 2024. <https://www.justice.gov/usao-sdny/pr/founders-and-ceo-cryptocurrency-mixing-service-arrested-and-charged-money-laundering>

177 “Money Laundering and Terrorist Financing Indicators-Virtual Currency Transactions,” Government of Canada, November 19, 2021. https://fintrac-canafe.canada.ca/guidance-directives/transaction-operation/indicators-indicateurs/vc_mltf-eng

178 Jason Brett, “Amid Bitcoin Fog Operator Conviction, Are Crypto Mixers Now Illegal?,” Forbes, March 28, 2024. <https://www.forbes.com/sites/jasonbrett/2024/03/28/amid-bitcoin-fog-operator-conviction-are-crypto-mixers-now-illegal/>

179 Jury Finds Russian-Swedish Operator of ‘Bitcoin Fog’ Guilty of Running the Darknet Cryptocurrency Mixer,” United States Department of Justice, March 12, 2024. <https://www.justice.gov/usao-dc/pr/jury-finds-russian-swedish-operator-bitcoin-fog-guilty-running-darknet-cryptocurrency>

180 Alisha Bains, “Money Laundering Cryptocurrency: The 3 Stages of Cryptocurrency Money Laundering,” CCN.com, October 31, 2023. <https://www.ccn.com/education/cryptocurrency-money-laundering/>

A clear example of the dangers of money laundering through cryptocurrencies can be seen through the existence of the “Silk Road.” Silk Road was a digital black market on the dark web.¹⁸¹ Silk Road was founded in 2011 and shut down by the United States Federal Bureau of Investigation (FBI) in 2013. Products related to organized crime were widely sold and traded on Silk Road. This includes drugs, private data, passwords, and more. The founder of Silk Road, Ross William Ulbricht, is now serving a life sentence in prison.¹⁸² Transactions on the Silk Road occurred via Bitcoin. This was a clear utilization of cryptocurrencies to hide both money laundering and broader criminal activities. The dependency of Silk Road on cryptocurrencies, including Bitcoin, demonstrates the high potential for illegal actions using cryptocurrencies.¹⁸³ While Bitcoin and other cryptocurrencies are meant to be transparent and open, the lack of verifiable identification mechanisms creates an ideal environment for organized crime.¹⁸⁴ The strength and scope of Silk Road shows a fraction of the possibilities held by cryptocurrencies for illegal activity. While Silk Road was shut down, numerous other digital black markets have risen, creating a larger web of illicit activity and money laundering.¹⁸⁵

In an attempt to stay current with global trends, the government of Venezuela, led by President Nicolás Maduro, created its form of cryptocurrency: the Petro.¹⁸⁶ The Petro was backed by oil profits, meaning the “value” of a Petro was tied to the value of oil. While most forms of cryptocurrency are created

and maintained by non-state actors, this was not the case with the Petro. President Maduro further incentivized the use of the Petro by requiring payment for certain government services in Petros.¹⁸⁷ The main purpose of the Petro was to avoid sanctions on Venezuela.¹⁸⁸ Sanctions are placed on governments and financial institutions. As such, the Petro was able to sidestep sanctions initially. Other national and international bodies did not grant Petro legitimacy and adjusted sanctions to apply to Petro-based payments. As a result of this, the Petro was shut down in 2024.¹⁸⁹ The lifespan of the Petro demonstrates the exploitative potential of cryptocurrencies, whether utilized by state or non-state actors. While international actors were able to adjust sanctions to apply to the Petro, the Petro initially succeeded in avoiding these sanctions. This demonstrates the potential for cryptocurrencies to serve as a pillar of financial crime and evasion.

Money laundering via cryptocurrency was also seen with Bitzlato, a cryptocurrency based out of Hong Kong with major operations in Europe.¹⁹⁰ Bitzlato was managed by Anatoly Legkodymov, a Russian national, who was arrested in 2023 for his role in corruption and illicit actions via Bitzlato.¹⁹¹ Bitzlato was shut down because of high levels of money laundering and illicit activities involving this cryptocurrency. Cryptocurrencies are not always used as mediums for money laundering. However, in the case of Bitzlato, Legkodymov expressly regulated the currency in a way that allowed illicit activity.¹⁹² It is clear that while cryptocurrencies are neutral

181 “What Was the Silk Road Online? History and Closure by the FBI,” Investopedia, June 29, 2024. <https://www.investopedia.com/terms/s/silk-road.asp>

182 David Carlisle, “Inside the Crypto Launderers: How the Private and Public Sector Have Innovated to Combat Money Laundering in Crypto,” Elliptic, February 19, 2024. <https://www.elliptic.co/blog/inside-the-crypto-launderers-how-the-private-and-public-sector-have-innovated-to-combat-money-laundering-in-crypto>

183 David Canellis, “Doj Gets Silk Road Coins Worth \$305m Stuck in Bitcoin Mempool,” Blockworks, July 12, 2023. <https://blockworks.co/news/doj-bitcoin-silk-road-mempool>

184 Canellis, “Doj Gets Silk Road Coins Worth \$305m Stuck in Bitcoin Mempool.”

185 Andy Greenberg, “Drug Market ‘agora’ Replaces the Silk Road as King of the Dark Net,” Wired, September 2, 2014. <https://www.wired.com/2014/09/agora-bigger-than-silk-road/>

186 “Cryptocurrency: Venezuela Bets on the Petro. Three Questions to Eric Chaney,” Institut Montaigne, July 3, 2018. <https://www.institutmontaigne.org/en/expressions/cryptocurrency-venezuela-bets-petro-three-questions-eric-chaney>

187 “Maduro Decrees Mandatory Use of ‘Petro’ Cryptocurrency for Airline Fuel Payments,” Holland & Knight, accessed August 9, 2024. <https://www.hklaw.com/-/media/files/insights/publications/2020/01/englishmadurodecreesmandatoryuseofpetrocrypto.pdf?la=en&rev=1ad7e3866bf0460aa7cc94f3bde230b4>

188 Leopoldo López and Kristofer Doucette, “Crypto in Venezuela: Two Sides of a Coin,” Wilson Center, April 2024. https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/Report_STIP-april-2024.pdf

189 Esteban Rojas, “Venezuela Kills off Petro Cryptocurrency,” Barron’s, January 12, 2024. <https://www.barrons.com/news/venezuela-kills-off-petro-cryptocurrency-1e2b0317>

190 Tom Wilson and Angus Berwick, “Binance Moved \$346 MLN for Seized Crypto Exchange Bitzlato,” Reuters, January 24, 2023. <https://www.reuters.com/business/finance/binance-moved-346-mln-seized-crypto-exchange-bitzlato-data-show-2023-01-24/>

191 “Founder and Majority Owner of Bitzlato, a Cryptocurrency Exchange, Charged with Unlicensed Money Transmitting,” United States Department of Justice, January 18, 2023. <https://www.justice.gov/usao-edny/pr/founder-and-majority-owner-bitzlato-cryptocurrency-exchange-charged-unlicensed-money>

192 Luc Cohen, “Russian Co-Founder of Crypto Exchange Bitzlato Pleads Guilty in US,” Reuters, December 6, 2023. <https://www.reuters.com>

forms of financial interaction, they hold a large potential for exploitation and misuse.

Silk Road, Petro, and Bitzlato all demonstrate histories of misuse and illicit action tied to cryptocurrencies. The rapid expansion of cryptocurrencies has created a new form of financial interaction ripe for use by money launderers and transnational organized crime groups. The decentralization and anonymity at the core of cryptocurrencies create a unique burden that anti-money laundering laws have struggled to overcome, while also making them preferable for illegal uses. Without action against cryptocurrencies, money laundering will continue to spiral and evade law enforcement agencies. A lack of adaptation will ensure that any existing frameworks or actions become obsolete in an ever-changing world. Robust and adaptive frameworks are key to containing the ongoing spread of cryptocurrencies and their potential for financial crime.

Case Study: Bolivia

Bolivia resides in the heart of Latin America.¹⁹³ Bolivia has become a core part of the drug trade in Latin America. This is due to two main reasons: geography and agriculture. Geographically, Bolivia resides at a key juncture in the drug routes of Latin America.¹⁹⁴ Bolivia borders Brazil, Argentina, and Peru. These three countries are a large part of the illicit drug trade across Latin America.¹⁹⁵ As a result, drugs pass through Bolivia, pulling them both into the money laundering exchange as well as the broader drug trade. Bolivia is not simply a bystander in this process. Rather, Bolivia exists as both a transit country and a producer, contributing to the trade. The geographic ease of Bolivia has allowed organized crime groups to establish Bolivia as an active participant in the drug trade and money laundering. Bolivia's central location

makes it a key part of the drug trade, strengthening the broader Latin American drug trade as a whole. Furthermore, remote regions within Bolivia create pockets that allow illicit activities, including drug production and trade, to thrive. Weak regulations and oversight mechanisms work with natural geography to create an ideal base for organized crime groups.

The agriculture of Bolivia makes it a unique part of the drug exchange in Latin America. The climate and location of Bolivia create good conditions for the coca plant to grow. The coca plant is the main ingredient in cocaine.¹⁹⁶ In the past, Bolivian farmers grew coca crops. Recent expansion in the production capabilities and relaxation of governmental enforcement has made Bolivia one of the largest producers of cocaine in the world.¹⁹⁷ Bolivia has thus become a key player in the drug trade. A lack of support for agricultural workers and low wages also contribute to the growth of the drug trade in Bolivia.¹⁹⁸ Drug cartels can persuade farmers to join the drug trade by offering financial incentives. This has created a larger issue, as many localities have become dependent on the illicit drug trade and need coca cultivation for income. This also leads to money laundering, as there is a larger need for it with increased economic ties to illegal production.

The outcome of Bolivia's 2020 presidential election is key to understanding the broader shift in policy and governance relating to money laundering and the drug trade. Before the 2020 election, President Evo Morales held power.¹⁹⁹ Morales narrowly won the 2019 election but eventually resigned amidst public outcry of fraud and foul play. Luis Arce, a member of the same party as Morales, won the 2020 election.²⁰⁰ Arce expanded and developed the policies of Morales, maintaining the influence of the Labor Party in Bolivia. By 2024, however, severe economic stagnation and downturn were ripe. As

com/technology/co-founder-seized-crypto-exchange-bitzlato-plead-guilty-us-2023-12-06/

193 "Encounter Bolivia," Encounter Latin America, accessed August 9, 2024. <https://encounterlatinamerica.com/bolivia/>.

194 "Criminology in Bolivia," The Organized Crime Index, accessed August 9, 2024. <https://ocindex.net/country/bolivia>

195 Laura Muth, "Crack Cocaine on the Rise in Brazil, Argentina," InSight Crime, August 19, 2011, <https://insightcrime.org/news/analysis/crack-cocaine-on-the-rise-in-brazil-argentina/>.

196 "Bolivia (Plurinational State Of)," United Nations Office on Drugs and Crime, accessed August 9, 2024. <https://www.unodc.org/unodc/en/alternative-development/bolivia.html>

197 Beatriz Vicent Fernández, "Record Seizures in Bolivia Suggest Growing Role in Cocaine Exports," InSight Crime, January 25, 2024. <https://insightcrime.org/news/record-seizures-in-bolivia-suggest-growing-role-in-cocaine-exports/>

198 Oeindrila Dube, Omar Garcia-Ponce, and Kevin Thom, "From Maize to Haze: Agricultural Shocks and the Growth of the Mexican Drug Sector," *OUP Academic*, July 8, 2016, <https://doi.org/10.1111/jeea.12172>

199 "Evo Morales," Encyclopædia Britannica, August 6, 2024. <https://www.britannica.com/biography/Evo-Morales>

200 "Bolivia Election: Protests as Evo Morales Officially Declared Winner," BBC News, November 11, 2019. <https://www.bbc.com/news/world-latin-america-50178188>

a result, discontent with Arce, the Labor Party, and his administration, was plentiful. This led to widespread protests.

Political instability in Bolivia has created a window of opportunity for both drug cartels and money launderers. Concerns with the 2025 elections and 2024 protests have shifted attention away from regulations and enforcement, allowing money laundering and cartel operations to expand. Focus on the current economic weakness of Bolivia has shifted national focus to the political realm. This has led to a tradeoff with the enforcement of anti-cartel and anti-money laundering regulations.²⁰¹ Drug cartels specifically benefit from loopholes and a lack of aggression in regulatory frameworks and policies.²⁰²

Money laundering in Bolivia has implications for the rest of Latin America. Bolivia's positioning in the cocaine trade has bound Bolivia to other countries and groups in Latin America as it pertains to drugs.²⁰³ Transnational organized crime groups that operate in Bolivia can leverage geographical and

agricultural advantages to expand. Money laundering through Bolivia provides organized crime groups an opportunity to diversify and spread their operations. Not only is this strategic in attracting more clients, but operating under a variety of governments lowers the potential for successful government investigations. In January 2002, Bolivia adopted the UN International Convention for the Suppression of the Financing of Terrorism.²⁰⁴ While this was a positive action, it had little material effect on combating money laundering. Ultimately, it is up to individual countries to enforce international treaties. The ratification of the convention was largely a symbolic move, and money laundering continued to expand in Bolivia. In the early 2000s, Bolivia was classified as a primary risk for money laundering by the United States.²⁰⁵

Despite this, Bolivia has made some progress. Bolivia has worked with international bodies and external governments to fight money laundering. For example, in 2010, Bolivia committed to working with the Financial Crimes Enforcement Network

201 "Impact of Drug Cartels on Bolivia: Effects and Challenges," Course Sidekick, accessed August 10, 2024, <https://www.coursesidekick.com/sociology/262289>

202 Milan Sime Martinic, "Latin America in Turmoil: Bolivia's Slide to Instability," The Week, November 23, 2023. <https://www.theweek.in/news/world/2023/11/23/latin-america-in-turmoil-bolivias-slide-to-instability.html>

203 Seth Robbins and Juan Diego Cárdenas, "Drug Trafficking Creeps into Bolivia's Amazon National Parks," InSight Crime, May 2, 2024. <https://insightcrime.org/investigations/drug-trafficking-creeps-into-bolivias-amazon-national-parks/>

204 Francisco E. Thoumi and Marcela Anzola, "Asset and Money Laundering in Bolivia, Colombia and Peru: A Legal Transplant in Vulnerable Environments?," *Crime, Law and Social Change* 53, no. 5 (March 30, 2010): 437–55. <https://doi.org/10.1007/s10611-010-9235-8>

205 "Bolivia Country Summary," KnowYourCountry, accessed August 12, 2024. <https://www.knowyourcountry.com/bolivia>



Vladimir Putin and Evo Morales

Credit: The Presidential Press and Information Office

(FinCEN) of the United States.²⁰⁶ Actions related to this collaboration included a heavy emphasis on transparency and communication.²⁰⁷ Bolivia has also developed a framework for sentencing and enforcement of money laundering; however, it struggles to carry out this framework.²⁰⁸ A contributing factor to this is government corruption.²⁰⁹ Prosecuting organized crime groups is difficult, as some government officials purposefully detract from the effectiveness of operations and investigations. A clear example of this can be seen through Operation Car Wash.²¹⁰ The initial investigation by the United States Department of Justice in 2016 did not yield any tie to Bolivia regarding corruption and money laundering.²¹¹ Following the investigation, President Morales declined to take any further actions regarding proactive investigations or revisions of laws regarding money laundering. In April 2018, a report was released that showed that Bolivian officials had accepted bribes in the Petrobras scandal.²¹² President Morales then committed to investigating corruption and launched an investigation into the claims.²¹³

Another significant source of money laundering and related activities can be found in the gold trade. Gold is a significant and well-established source of income and labor in Bolivia.²¹⁴ Mining, however, has a large amount of regulation on it. This is largely due to conservation efforts. Mining gold has been tied to mercury pollution, specifically on Indigenous land.²¹⁵ As a result, permits are typically required to mine. However, groups

have been circumventing and ignoring the need for permits. A “gold rush,” or steep increase in the value of gold, occurred in 2023.²¹⁶ As such, organized crime groups and other individuals in Bolivia increasingly began to value it. This ranged from a desire to mine gold and sell it, to buying and selling gold as a method of laundering. The expansion of mining and the desire for gold has yielded a level of “chaos” surrounding mining efforts that is uniquely beneficial for organized crime groups.²¹⁷ The lack of clear regulatory oversight has allowed an exploitation of loopholes and blind spots. Furthermore, increased illegal mining, while advantageous as a source of profit for groups already committing illicit activities, contributes to environmental degradation and pollution. The confusion and multi-faceted nature of the gold trade only serve to generate further confusion and pockets for criminal activities.

Organized crime can also extend to legitimate corporations and entities. In 2021, former Bolivian Minister of Government, Arturo Murillo, was indicted on charges of money laundering.²¹⁸ Murillo gave favorable government contracts for infrastructure projects to those who paid bribes and consequently laundered the bribes to make them appear legitimate. While this may not seem to be a form of organized crime, Murillo was dependent on networks of crime and laundering. This demonstrates the widespread nature of money laundering. Though Murillo held office in Bolivia, his bribes were received from United States

206 “FIN-2013-A003,” Financial Crimes Enforcement Network, April 24, 2013, <https://www.fincen.gov/sites/default/files/advisory/2016-06-28/FIN-2013-A003.pdf>.

207 “International Narcotics Control Strategy Report,” U.S. Department of State, March 2022. <https://www.state.gov/wp-content/uploads/2022/03/22-00768-INCSR-2022-Vol-2.pdf>

208 “Bolivia Country Summary.”

209 “Our Work In Bolivia,” Transparency.org, accessed August 13, 2024. <https://www.transparency.org/en/countries/bolivia>

210 “Brazil Corruption Scandals: All You Need to Know,” BBC News, April 8, 2018. <https://www.bbc.com/news/world-latin-america-35810578>

211 Kathryn Hochstetler, “Odebrecht in the Amazon: Comparing Responses to Corruption in Latin America,” London School of Economics: Latin America and Caribbean Centre, May 18, 2017. <https://blogs.lse.ac.uk/latamcaribbean/2017/05/18/odebrecht-in-the-amazon-comparing-responses-to-corruption-in-latin-america/>

212 Emily Achtenberg and Rebel Currents, “Lava Jato in Bolivia: Boon or Bane for Evo Morales?,” The North American Congress on Latin America, August 29, 2018. <https://nacla.org/blog/2018/08/30/lava-jato-bolivia-boon-or-bane-evo-morales>

213 Cesar Sanchez, “Evo: Mi Gobierno Nunca Va a Caer Por Corrupción,” Oxígeno Digital, March 29, 2018, <https://www.oxigeno.bo/pol%C3%ADtica/28511>.

214 María Fernanda Ramírez, “Gold Mining: A State-Sanctioned Scourge in Bolivia,” InSight Crime, May 2, 2024. <https://insightcrime.org/investigations/gold-mining-state-sanctioned-scourge-bolivia/>

215 Dan Collyns, “How Bolivia’s Gold Rush Is Poisoning Indigenous Communities,” New Scientist, January 10, 2024. <https://www.newscientist.com/article/2411159-how-bolivas-gold-rush-is-poisoning-indigenous-communities/>

216 Maya Fernandez, “Hunger For Gold Means the Amazon Has Reached ‘Tipping Point’ of Mercury Contamination from Illegal Mining,” CBCnews, December 28, 2023. <https://www.cbc.ca/news/world/mercury-poisoning-illegal-gold-mining-amazon-1.7069496>

217 Fritz Brugger, Joschka J. Proksik, and Felicitas Fischer, “The State and the Legalisation of Illicit Financial Flows: Trading Gold in Bolivia,” *New Political Economy* 29, no. 4 (January 22, 2024): 560–78. <https://doi.org/10.1080/13563467.2024.2304170>

218 “Four Men Charged in Philippine Bribery and Money Laundering Scheme,” United States Department of Justice, October 20, 2022. <https://www.justice.gov/opa/pr/four-men-charged-philippine-bribery-and-money-laundering-scheme>

companies and laundered through the United States financial system.²¹⁹ Murrilo fled to the United States after President Morales left office and was eventually arrested by United States officials. Bolivia has since requested his extradition from the United States government, which has indicated that Murillo would return to Bolivia following his sentence. This trial shows how international collaboration can lead to effective resistance to money laundering.

The Bolivian court system, however, can be highly corrupt.²²⁰ This is because it is heavily influenced by political parties.²²¹ Without adequate sentencing and prosecution, anti-money laundering laws cannot be effective. Even if someone is caught money laundering, they can avoid consequences altogether. While the outcome of Murillo's trial demonstrates an instance of effective investigation, this is not always the case. Every country is at risk of money laundering. Bolivia just demonstrates one such example of the effects money laundering can have on a country.

Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) were drafted in 2012 at the United Nations Conference on Sustainable Development.²²² They were ratified by 193 countries in 2015. The SDGs serve as a set of priorities that should be accomplished by 2030. The goals range in topic from the elimination of poverty to climate action, to gender equality.²²³ The SDGs serve as a blueprint for countries to follow to achieve a more sustainable world. As a result, ensuring actions and reforms put in place follow the guidelines of the SDGs is

key to achieving a better future for everyone. The SDGs hold a unique importance because of their collaborative nature.²²⁴ Ultimately, improving the world is not a task that can be taken on by a single country or region. Rather, it requires intention and commitment from all. Tethering solutions to the actions of other countries and ensuring that solutions are adaptable to different countries is crucial in achieving a sustainable world. Collaboration allows for a diversity of thought and ideas, creating stronger solutions.²²⁵ Global solidarity further reminds countries and individuals that the issues plaguing the planet affect all. By addressing the SDGs, countries can create cohesive and targeted solutions.

Goal 16: Peace, Justice, and Strong Institutions, aims to “promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels” is key when discussing the fight against money laundering.²²⁶ A key part of SDG 16 involves strengthening governments. This specifically prioritizes transparency, honesty, and accountability between governments and citizens.²²⁷ Judicial and financial institutions are implicated in money laundering.²²⁸ Money laundering is explicitly flagged under Target 16.4: “By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets, and combat all forms of organized crime.”²²⁹ The lack of clearly defined laws, statutes, and enforcement guidelines for those convicted of money laundering both perpetuates money laundering and decreases the legitimacy of legal institutions. Meanwhile, financial institutions, like banks, are often a key pillar of

219 “US Court Hands Ex-Bolivia Interior Minister 6-Year Jail Sentence,” Al Jazeera, January 5, 2023. <https://www.aljazeera.com/news/2023/1/5/us-court-hands-ex-bolivia-interior-minister-6-year-jail-sentence>

220 “The Rule of Law in Bolivia,” World Justice Project, 2022. <https://worldjusticeproject.org/our-work/research-and-data/rule-of-law/bolivia-2022>

221 Sofia Wickberg, “Overview of Corruption and Anti-Corruption in Bolivia,” Anti-Corruption Resource Center, September 27, 2012. https://knowledgehub.transparency.org/assets/uploads/helpdesk/346_Overview_of_corruption_in_Bolivia.pdf

222 “Sustainable Development Goals,” Practical Action, accessed August 9, 2024. <https://practicalaction.org/sustainable-development-goals/>

223 “The 17 Goals,” United Nations, accessed August 9, 2024, <https://sdgs.un.org/goals#history>.

224 Laura Hannson and Nicolas Ronderos, “How Businesses Are Collaborating for the Sustainable Development Goals: Blog: Sustainable Business Network and Consultancy,” Business for Social Responsibility, February 27, 2024. <https://www.bsr.org/en/blog/how-businesses-are-collaborating-for-the-sustainable-development-goals>

225 Carmine Di Sibio, “How Collaboration Is Leading to New Innovation in Emerging Markets,” EY, January 11, 2021. https://www.ey.com/en_gl/insights/digital/how-collaboration-is-leading-to-new-innovation-in-emerging-marke.

226 “Goal 16,” United Nations, accessed August 9, 2024. <https://sdgs.un.org/goals/goal16>

227 “Goal 16: Peace, Justice and Strong Institutions,” United Nations Environment Programme, accessed August 10, 2024. <https://www.unep.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter/goal-16>

228 Daniel J. Mitchell, “Money Laundering Laws: Ineffective and Expensive,” CATO Institute, October 11, 2016. <https://www.cato.org/blog/money-laundering-laws-ineffective-expensive>

229 “SDG16: Peace and Justice,” United Nations Office on Drugs and Crime, accessed August 10, 2024. https://www.unodc.org/unodc/en/about-unodc/sustainable-development-goals/sdg16_-peace-and-justice.html

money laundering.²³⁰ Transnational organized crime and money laundering directly weaken and challenge the strength of institutions, both within a country and internationally. Strengthening financial institutions, anti-money laundering frameworks and laws, and taking steps to fight organized crime are crucial to achieving SDG 16. Breaking the cycle between money laundering and organized crime concretely strengthens institutions and allows for stronger governments and international ties. Effectively addressing money laundering aids the integrity of financial systems while also creating a more just, transparent, and united global network.

Money laundering in transnational organized crime groups also relates to Goal 10: Reduce inequality within and among countries.²³¹ Ultimately, money laundering perpetuates economic and social disparities within countries.²³² Organized crime furthers systemic divides within a country. Money laundering contributes to uncertainties and inaccuracies when reporting and tracking financial data. As such, financial policies and attempts at economic remediation may be ineffective. Money laundering is also typically a large loss of tax income.²³³ Not only this, but funds needed to track and mitigate the effects of money laundering often distract from other issues. Unreported income from money laundering and the increase in wealth inequality that accompanies it both make it far more difficult to achieve a sustainable world. Diversion of public funds is a unique obstacle to repairing inequality.²³⁴ Comprehensive action against money laundering not only can strengthen the efficiencies of budgets but can also help mitigate what is currently a large financial strain on countries. Furthermore, taking action against larger structures of transnational organized crime is a strong action to fight

inequality writ-large across the globe. Encouraging global collaboration and communication will help make the world more equitable.²³⁵

Collective action and commitment to fighting money laundering and organized crime are crucial in furthering and strengthening the sustainable future of the planet. Strengthening financial and legal institutions, and reducing inequalities are both concrete ways to achieve these goals.

Bloc Analysis

Points of Division

Money laundering is present in almost every country.²³⁶ However, levels of money laundering and broader organized crime are different from region to region.²³⁷ Money laundering is a natural part of organized crime. This is because it is the source of funding that keeps transnational organized crime groups alive. Whether or not countries have a large organized crime presence is irrelevant. Transnational organized crime and money laundering cross borders. Whether it be the use of banks within a country, passage through its borders, or larger operations, every country is at risk.²³⁸ The Financial Action Task Force (FATF) monitors countries and evaluates their risk and attention level regarding money laundering.²³⁹ Ultimately, two metrics are important when approaching overall blocs: the scope of money laundering within a country, and actions taken to combat money laundering.

While money laundering is present in all countries, some are at a lower risk for money laundering than others.²⁴⁰ However,

230 “Banks Are Dedicated to Preventing Money Laundering and Terrorist Financing,” Canadian Bankers Association, May 29, 2024, <https://cba.ca/money-laundering>

231 “Goal 10,” United Nations, accessed August 10, 2024. <https://sdgs.un.org/goals/goal10>

232 Claver, El Khoury, and Weeks-Brown, “Financial Crimes Hurt Economies,” December 7, 2023.

233 Christine Lagarde, “Stepping up the Fight against Money Laundering and Terrorist Financing,” The International Monetary Fund, July 26, 2017. <https://www.imf.org/en/Blogs/Articles/2017/07/26/stepping-up-the-fight-against-money-laundering-and-terrorist-financing>

234 Clay Lowery and Vijaya Ramachandran, “Unintended Consequences of Anti-Money Laundering Policies for Poor Countries,” Center For Global Development, November 6, 2015. <https://www.cgdev.org/publication/unintended-consequences-anti-money-laundering-policies-poor-countries>

235 “Addressing Income Inequality through Development Cooperation: A Quick Guide,” European Commission, accessed August 10, 2024. https://international-partnerships.ec.europa.eu/system/files/2022-09/income-inequalities-executive-summary_en.pdf

236 “Money Laundering,” United Nations Office on Drugs and Crime.

237 “Global Organized Crime Index 2021,” Global Initiative Against Transnational Organized Crime, 2021. <https://globalinitiative.net/wp-content/uploads/2021/09/GITOC-Global-Organized-Crime-Index-2021.pdf>

238 Rhoda Weeks-Brown, “Straight Talk: Cleaning Up,” The International Monetary Fund, December 3, 2018. <https://www.imf.org/en/Publications/fandd/issues/2018/12/imf-anti-money-laundering-and-economic-stability-straight>

239 “Countries,” Financial Action Task Force, accessed August 10, 2024. <https://www.fatf-gafi.org/en/countries.html>

240 Sanction Scanner, “Countries with Lowest Money Laundering Risk,” LinkedIn, December 19, 2023. <https://www.linkedin.com/>

these countries still must ensure the security of the international community. Money laundering and transnational crime are not limited to a particular region or part of the world. Rather, they can quickly spread across borders.²⁴¹ These countries have credibility on the issue. This means that they have the potential to influence aggressive policy measures. Countries may have taken prior action against money laundering with medium levels of success and effectiveness. Other countries are more likely to struggle with financial crime more broadly. This is likely because of difficulty enforcing and monitoring groups or individuals with a risk of laundering money. Insufficient frameworks, plans, or policies to combat money laundering are likely in these countries.²⁴² Finally, some countries completely lack a framework for combating money laundering or have ineffective frameworks that are unable to regulate the illicit movement of money. This means that money laundering and organized crime continue with little pushback. These are also countries that might struggle with corrupt public officials or enforcement agencies.²⁴³

Aggressive actions against money laundering, while desired by some countries, may be destabilizing or difficult to enforce in others. Committing resources and time to combating money laundering is also more difficult for some countries than others. Combating transnational crime requires international oversight, which will also potentially hurt governmental control. Privacy concerns are also present, as money laundering monitoring requires investigation into personal or corporate financial records. Ultimately, delegates will need to find a solution that is possible and effective for all countries.

Countries with Strong and Effective Approaches to Combat Money Laundering

Countries with historically strong and effective approaches to combating money laundering will take a proactive and aggressive approach when discussing solutions. These are countries that have taken explicit steps to create and refine anti-money laundering policies and frameworks. Countries in this bloc will have flagged money laundering as a pressing issue and made significant progress in combating it.²⁴⁴ These are also countries that may be involved in international or regional bodies that work to combat money laundering. Examples of this may include the Financial Action Task Force (FATF) or the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL).²⁴⁵

Countries in this bloc will favor solutions that are firm and decisive when combating money laundering. These countries will have also made efforts to break the link between money laundering and organized crime. For example, “Know Your Customer (KYC)” requirements mandate that banks and other financial institutions have clear data and information about clients.²⁴⁶ While not enough to stop money laundering on its own, KYC requirements are a clear step to promote transparency and accountability in financial practices. Countries in this bloc might also support international information sharing. This involves clear efforts to collaborate with the broader international community by sharing information about known money launderers, organized crime groups, and more.²⁴⁷ Not only does this show a dedication to aiding the international community in fighting money laundering, but it is also effective in creating a mechanism to track financial crime across borders. This ultimately mitigates

pulse/countries-lowest-money-laundering-risk-sanctions-scanner-kroof?trk=organization_guest_main-feed-card_feed-article-content

²⁴¹ “Organized Crime Module 4 Key Issues: Money-Laundering,” United Nations Office on Drugs and Crime.

²⁴² “Anti-Money Laundering: What It Is and Why It Matters,” SAS.

²⁴³ Clay Lowery and Vijaya Ramachandran, “Unintended Consequences of Anti-Money Laundering Policies for Poor Countries,” Center For Global Development, November 6, 2015.

²⁴⁴ “Global AML Regulations: What You Need to Know,” Dow Jones Professional, March 5, 2024. <https://www.dowjones.com/professional/risk/glossary/anti-money-laundering/global-regulations/>

²⁴⁵ “Countries,” Financial Action Task Force; “Council of Europe Anti-Money Laundering Body: Georgia Strengthened Preventive Measures Applicable to Politically Exposed Persons, Further Progress Needed,” Council of Europe, May 7, 2024. <https://www.coe.int/en/web/moneyval/-/council-of-europe-anti-money-laundering-body-georgia-strengthened-preventive-measures-applicable-to-politically-exposed-persons-further-progress-needed>.

²⁴⁶ “Understanding the Steps of a ‘Know Your Customer’ Process,” Dow Jones Professional, accessed August 10, 2024. <https://www.dowjones.com/professional/risk/glossary/know-your-customer/>

²⁴⁷ “Financial Intelligence Units: An Overview,” The International Monetary Fund, June 2004, <https://www.imf.org/external/pubs/ft/fiu/index.htm>.

the ability of crime groups to shift and hide.

Switzerland, for example, allows the Swiss Financial Market Supervisory Authority (FINMA) to set regulations and rules about money laundering.²⁴⁸ FINMA holds significant amounts of power and rights in investigations of companies, banks, and individuals when money laundering or suspicious financial practices occur. The FATF has declared Switzerland is “largely compliant” in following the FATF’s recommendations.²⁴⁹ Singapore has recently passed the Anti-Money Laundering and Other Matters Bill which reduces the legal burden for proof the prosecution must present when attempting to litigate cases of money laundering.²⁵⁰ Ultimately, delegates in this bloc should be able to draw a clear line to examples of anti-money laundering policy, as well as evidence of the effectiveness in combating money laundering, both writ large and in organized crime groups.

Countries with Moderate Approaches to Combat Money Laundering

Countries with moderate attempts and success to combat money laundering may believe that money laundering is an issue or holds importance, but have struggled to capitalize on international momentum or standards. Countries in this bloc may be found on the FATF’s “Grey List,” or a list of countries with a lack of success in combating money laundering but a desire to improve.²⁵¹ Countries likely have a fractured or fragmented framework for addressing money laundering, inconsistent enforcement, or a lack of clarity on regulation. These countries likely are part of international bodies or commitments to combat money laundering and resulting organized crime, however, have not made significant progress on their goals. Consequently, perpetrators of money

laundering or other financial crimes may be identified, but not prosecuted due to loopholes or confusion in policies.

Solutions that allow for more flexibility are intrinsic to this bloc. This means recommendations for lighter enforcement, opt-in processes, and more. For example, partial transparency as opposed to total transparency would be preferred, to maintain a level of differentiation and seclusion between oversight committees and private corporate or government affairs.²⁵² Countries in this bloc would likely support initiatives driven by incentives as opposed to penalties, allowing countries sovereignty and control when it comes to strengthening anti-money laundering policies. Actions that attempt to increase identification and flagging of money laundering or illicit actions would be supported by this bloc, in an attempt to strengthen security. Countries likely support attempts at international cooperation, however, may attempt to draw a line of differentiation and separation between the broader international community and domestic information and reporting.

Thailand, for example, has attempted to pass laws regarding money laundering, stemming from the Anti-Money Laundering Act of 1999.²⁵³ While this act has been updated sporadically, it is unable to be effectively implemented.²⁵⁴ Weaknesses in the banking system and inconsistency in various statutes make prosecution and enforcement difficult. Furthermore, the presence of “informal” trade, via things like the black market, creates a challenge in identifying money laundering and tracking it.²⁵⁵ South Africa is another example of a country that has struggled with enforcement. South Africa holds an established framework for combating money laundering.²⁵⁶ However, a large problem and difficulty in

248 “FINMA - An Independent Supervisory Authority,” FINMA, accessed August 10, 2024. <https://www.finma.ch/en/finma/finma-an-overview/>

249 “Switzerland,” Financial Action Task Force, accessed August 10, 2024. <https://www.fatf-gafi.org/en/countries/detail/Switzerland.html>

250 Xinghui Kok, “Singapore Aims to Make It Easier to Prosecute Money Laundering Cases,” Reuters, July 2, 2024. <https://www.reuters.com/world/asia-pacific/singapore-aims-make-it-easier-prosecute-money-laundering-cases-2024-07-02/>

251 “Black and Grey Lists,” Financial Action Task Force, accessed August 10, 2024. <https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html>

252 “Beneficial Ownership Transparency Is a Pillar of Anti-Money Laundering Systems – So It Needs to Stand Up. Insights from the Basel AML Index 2021,” Basel Institute on Governance, September 20, 2021. <https://baselgovernance.org/blog/beneficial-ownership-transparency-pillar-anti-money-laundering-systems-so-it-needs-stand>

253 “Anti-Money Laundering Law in Thailand,” Siam Legal International, accessed August 10, 2024. <https://www.siam-legal.com/litigation/anti-money-laundering-law-in-thailand.php>

254 “Problems of Money Laundering within Foreign Banks in Thailand Affecting the Confidence of Foreign Investors,” *Journal of Thai Justice System* 9, no. 1 (2016): 83–105. <https://doi.org/https://so04.tci-thaijo.org/index.php/JTJS/article/view/246608>

255 “Problems of Money Laundering within Foreign Banks in Thailand Affecting the Confidence of Foreign Investors.”

256 “South Africa,” Financial Action Task Force, accessed August 10, 2024, <https://www.fatf-gafi.org/en/countries/detail/South-Africa.html>.

making substantive progress in combating money laundering comes from high levels of border movement and migration.²⁵⁷ Lack of clear discussion of handling border crossings, as well as communication with regional countries, creates difficulty in prosecuting money launderers. Countries in this bloc will have made attempts at combating money laundering, both internationally and domestically, but will have struggled to gain momentum and traction in their endeavors. Countries may also have weaker frameworks for combating money laundering but have also had low levels of financial crime.

Countries with Weak or Failed Actions Against Money Laundering

Countries that have failed to effectively combat money laundering may be stymied by a variety of potential obstacles. These countries likely suffer from high rates of money laundering and illicit financial operations. Countries found on the FATF's "Black List" will fall under this bloc.²⁵⁸ Unhampered money laundering may be so severe that nearby states may consider "containment measures" to protect their interests. Countries in this bloc may view money laundering as an issue or a threat, however have been unable to implement effective actions to combat it. This is further differentiated from other blocs as countries in this bloc will likely have larger impacts on civilian and day-to-day life as a result of organized crime and money laundering. Countries may also struggle with combating money laundering due to issues of bribery and dishonesty within governments.

Countries in this bloc will likely oppose attempts at punitive measures aimed at encouraging stronger anti-money laundering legislation. Rather, they will most likely support flexible and incentivized actions. A desire to maintain strong

national sovereignty and autonomy, as well as privacy, is also likely with countries in this bloc. They might support attempts at international collaboration over anti-money laundering policies, however will likely avoid overt attempts at correction and management. They will also likely act in favor of attempts aimed at building and strengthening regulatory frameworks. Inconsistencies in prosecutions have often prevented significant progress in fighting money laundering.²⁵⁹ Money laundering potentially provides economic incentives to countries in this bloc. As such, they might lack the motivation to concretely criminalize money laundering. Rather, creating a clear path that enforces more regulations over time is preferable and allows for a smoother transition for countries within this bloc.

Iran is one such example of a country that would fall into this bloc. In 2024, the United States Treasury placed sanctions on Iranian banks due to the presence of "shadow banking."²⁶⁰ Shadow banking allowed Iranian corporations and entities to hide their international financial practices. This was mainly done through real estate-based laundering, via the buying and selling of houses. The purpose of this was to disguise and manipulate money from oil profits into weapon distribution and trading. Myanmar is another example of a country that would fall in this bloc.²⁶¹ Lack of transparency has allowed money laundering practices to expand heavily in Myanmar. This comes at a few different levels. Political corruption lack of governmental certainty at the highest level, and bank complicity in aid in disguising money laundering practices substantiate the expansion of money laundering in Myanmar.²⁶² Ultimately, countries in this bloc likely suffer from expanded organized crime. Delegates in this bloc should work to ensure sustainable and tangible solutions that will allow steady and manageable improvement and implementation.

257 "South Africa: Detailed Assessment Report on Anti-Money Laundering and Combating the Financing of Terrorism," *IMF Staff Country Reports 2021*, no. 227 (October 2021): 1. <https://doi.org/10.5089/9781557755124.002>

258 "Black and Grey Lists," Financial Action Task Force.

259 Clay Lowery and Vijaya Ramachandran, "Unintended Consequences of Anti-Money Laundering Policies for Poor Countries," Center For Global Development.

260 Kate Winston, "US Treasury Imposes Sanctions on Iranian Shadow Banking Network Laundering Oil Money," S&P Global Commodity Insights, June 25, 2024. <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/oil/062524-us-treasury-imposes-sanctions-on-iranian-shadow-banking-network-laundering-oil-money>

261 "Myanmar Blacklisted by the FATF," Tilleke & Gibbins, October 31, 2022. <https://www.tilleke.com/insights/myanmar-blacklisted-by-the-fatf/>

262 "Risks and Considerations for Businesses and Individuals with Exposure to Entities Responsible for Undermining Democratic Processes, Facilitating Corruption, and Committing Human Rights Abuses in Burma (Myanmar)," U.S. Department of State, January 26, 2022. <https://www.state.gov/risks-and-considerations-for-businesses-and-individuals-with-exposure-to-entities-responsible-for-undermining-democratic-processes-facilitating-corruption-and-committing-human-rights-abuses-in-burma/>

Committee Mission

The United Nations Convention Against Transnational Organized Crime (UNTOC) “is the only global legally binding instrument against transnational organized crime.”²⁶³ UNTOC was adopted in 2000 under the United Nations General Assembly resolution 55/25.²⁶⁴ The purpose of UNTOC is to encourage change to fight transnational organized crime. UNTOC is a binding treaty, meaning that if a country has signed on to the treaty, it is legally required to follow the rules of the resolution.²⁶⁵ Individual countries have levels of control when deciding how they understand the treaty itself. This also gives them control in implementing it. This is dependent on their legal frameworks or guidelines.

UNTOC explicitly says that money laundering is an important problem.²⁶⁶ Money laundering or the ability to make illegally obtained money appear legitimate, is critical to the operations of organized crime groups. It allows them to further their activities while also avoiding law enforcement and regulations. Strong and smart actions against money laundering need detailed and clear frameworks for identifying and stopping money laundering. Drug trading, corruption, arms sales, and human trafficking are all activities that are encouraged by money laundering. Any approach to stopping organized crime must address the topic of money laundering. As such, it is clear that the proposed topic for this committee, addressing money laundering by non-state actors in Latin America, is crucial.

Latin America is a crucial region to address. Specific and focused solutions are more powerful and effective than general reforms. This is true because general reforms often struggle to address complicated challenges and situations. Latin America is a key pillar of money laundering and organized crime. High levels of organized crime, especially in drug cartels, have positioned Latin America as a source of money laundering and crime. Countries outside of Latin America have a high potential to be drawn in because of Latin America’s place in the

global financial network. Trade and the integration of global supply chains ensures that Latin America is involved in a large portion of global interactions, strengthening the potential for trade-based laundering.

Delegates must remember the limits posited by UNTOC. Adopted frameworks, while binding, are up to interpretation by individual countries. Proposed solutions should be detailed, clear, and easy to implement. Furthermore, money laundering evolves and changes each day. Solutions must be flexible and adaptable to different countries and periods. Ensuring mechanisms for international collaboration and enforcement are key to potential solutions. Delegates can and should work towards effective and cohesive strategies to fight transnational organized crime.

The United Nations Convention Against Transnational Crime is in charge of taking action against money laundering. Money laundering is a key part of organized crime. Money laundering operations go across borders and switch between currencies. This means that discussion of the issue within a United Nations committee is important to guarantee global cooperation. Latin America is a hub of money laundering due to high levels of organized crime. Addressing money laundering in Latin America allows UNTOC to lessen a key part of global organized crime, while also unifying international frameworks.

263 “Twentieth Anniversary of the United Nations Convention Against Transnational Organized Crime,” United Nations Office on Drugs and Crime, accessed August 10, 2024. <https://www.unodc.org/unodc/fr/untoc20/index.html>

264 “United Nations Convention against Transnational Organized Crime and the Protocols Thereto,” United Nations Office on Drugs and Crime, accessed August 10, 2024. <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html>

265 “Glossary,” United Nations, accessed August 10, 2024. https://treaties.un.org/Pages/Overview.aspx?path=overview/glossary/page1_en.xml

266 “United Nations Convention against Transnational Organized Crime and the Protocols Thereto,” United Nations Office on Drugs and Crime.

Research and Preparation Questions

Your dais has prepared the following research and preparation questions as a means of providing guidance for your research process. These questions should be carefully considered, as they embody some of the main critical thought and learning objectives surrounding your topic.

Topic A

1. What is your country's relationship with the Taliban? Are they a recognized government body in the eyes of your country?
2. Does your country have a history with illegal drug trafficking/trade, either through the import or export of drugs? How does its role, if any, affect your country's economy?
3. How does your country prosecute drug trafficking/traffickers, and what methods have worked best?
4. Which actors are most prominent in the global drug trafficking scheme, and are they affiliated with the Taliban's illegal trade?
5. How can UNTOC deter the Afghani population from participating in the drug trade? What would this entail for Afghanistan's economy?
6. If your country does not hold diplomatic recognition for the Taliban government, how can it manage its stance while also stopping drugs from reaching other parts of the world?

Topic B

1. What extent of your country's gross domestic product (GDP) is associated with money laundering? How does this compare to the global percentage?
2. Has your country implemented domestic laws against money laundering? If so, what are the enforcement mechanisms?
3. Describe your country's history with organized crime – have these groups engaged in money laundering outside of your country's borders?
4. How have recent technological developments facilitated and/or prevented money laundering practices?
5. Is your country a tax haven? What has influenced your country's stance on combating tax havens?
6. How has your country interacted with the economy of Latin America? Are any of these interactions facilitated by organized crime groups?

Important Documents

Topic A

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Topic B

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