

## THE PRESIDENTIAL INBOX

# Preventing Illicit Trafficking by Transnational Criminal Organizations

Brian Finlay, President & CEO

## Topline

Illicit trafficking creates or compounds nearly every global security challenge we face as a nation. However, existing efforts to address trafficking are disaggregated and fail to involve legitimate industry as partners in prevention. The President should catalogue the threat, better target government resources, and incent legitimate business to do more to help prevent illicit trafficking at home and abroad.

The Presidential Inbox is an ongoing series examining the international challenges that will face the next presidential administration and providing concrete recommendations for presidential action.

## The Problem

According to [recent estimates](#), transnational crimes—from drug and human trafficking to oil theft, illegal mining and fishing, to weapons trafficking—generate between \$1.6 trillion and \$2.2 trillion annually. While significant, these figures still fail to account for the breadth of human suffering these illegal transactions cause. Beyond their immediate human impact, they conspire to suborn government authorities and degrade the rule of law, create cyclical underdevelopment that can lead to state failure and violence and, ultimately, the need for foreign intervention.

Illicit trade figures into virtually every security challenge we face. The government of Iran transships and finances the purchase of strategic goods for their missile, WMD, and military programs illicitly and often through transnational networks. The cash-starved regime in North Korea relies on hard currency derived from the trade in narcotics, weapons, wildlife, counterfeit currency, and cyber theft. And many of the more than 68 million displaced people at the center of the global refugee and humanitarian crisis fall victim to human traffickers. In each of these cases, the illicit trade in goods propagates or exacerbates other serious threats to our common security and prosperity.

In aggregate, illicit trade represents one of the most insidious and least understood threats to American and international security. By better understanding the nature of this global phenomenon, modernizing the toolkit needed to counter these illegal activities, and altering the calculus of both legitimate and

illegitimate actors in the global supply chain, the United States can reap significant financial and security dividends.

## Essential Context

The explosion of global trade and access to technology is yielding undeniable benefit to millions around the world. Yet this same access has also opened the door to all manner of illicit activity. Transnational organized criminals use the tools of globalization to their advantage; just as the licit economy has gone global, so too have drug smugglers, traffickers, counterfeiters, and money launderers found new avenues to diversify their business enterprises and reach global markets. Knowingly or not, tens of thousands of similar actors along the global supply chain have both the potential to drive legitimate commerce and to facilitate criminal activity.

Countering transnational organized crime and trafficking has been a solidly bipartisan issue. In 2011, President Obama released a national [Strategy to Combat Transnational Organized Crime](#), seeking to enhance intelligence and information sharing, protect the global financial system, strengthen interdiction and prosecutions, and build international cooperation. That effort was expanded by President Trump's [Executive Order on Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking](#) in 2017.

Although both administrations prioritized federal efforts to meet the growing specter of illicit trafficking, both failed to go beyond government-oriented solutions to what has become a far more complex challenge. Beyond lip service and intermittent efforts to build “public private partnerships,” we have fundamentally failed to alter the calculus of both legitimate and illicit actors operating in the global supply chain.

Government must do its part to change the current ‘low-risk high-rewards calculus’ for those operating in the illicit space, and do more to incent legitimate companies to partner in countering illicit trade. One opportunity lies in attacking the enablers of these transnational criminal enterprises. Criminal networks are increasingly integrating their supply chains. A courier, distribution broker, or transportation company willing to transship illicit narcotics today is equally willing to move human slaves today and then weapons tomorrow if the price is right. While this has created a sophisticated and resilient global circulatory system for contraband, it also amplifies the opportunity to address an array of crimes by attacking key nodes in the supply chain—the illicit middlemen whose services link supplier and end user.

Likewise, existing market conditions incent letter of the law behavior among legitimate private sector interests. A transshipment company willing to screen cargo beyond the letter of the law will almost by definition slow throughput and hurt business. A pharmaceutical firm willing to invest in bespoke track-and-trace technologies will likely offer more expensive products than a less scrupulous competitor. The US government must help skew the market in favor of those firms willing to go above and beyond the letter of the law to prevent illicit trafficking.

## Policy Recommendations

- **Comprehensively chart the global gray market to identify common choke points:** Any attempt to respond to illicit tracking must begin with a strategic assessment of their interconnectivity. Transnational threats are rarely considered in the context of the traits they share in common. As a result, programs designed to mitigate these threats are stove-piped in different departments and agencies and thereby fail to appropriately direct finite enforcement resources. By identifying intersections in illicit flows, government can reduce the number of targets and focus enforcement resources using an 'all hazards' approach.
- **Dedicate a greater share of intelligence and interagency resources to identifying and disrupting factors that enable illicit middlemen in the global supply chain:** In an era of declining budgets, government must get a bigger bang from their buck. A greater share of our intelligence assets should be dedicated to looking horizontally at illicit enterprises - from organized criminal networks to terrorist organizations - with the goal of identifying and shutting down their supply networks. The confluence of tracking challenges found in most common supply chains provides a logical way to leverage limited resources. Consider the Financial Action Task Force on Money Laundering (FATF) which was established in 1989 in response to growing concerns about money laundering and other illicit financial activities. Its success in countering the use of the financial system by criminals, rather than combating criminals directly, is a positive indication of criminals' susceptibility to supply chain assaults.
- **Enlist support of the legitimate supply chain companies:** Identifying ways to transform the industry from a conveyor belt into a "choke point" for these illicit items -- without hampering the competitiveness of legitimate industry -- will be critical to containing these worsening trends and building political support for these actions. While government intervention and regulation may be necessary in vulnerable environments, the global economy is based upon the rapid and efficient movement of goods. The US government can offer legitimate firms direct and indirect incentives to encourage positive behavior including preferential access to US government contracts, trade 'green lanes,' or expedited consideration of export licenses. The President should launch an interagency effort to identify the most promising industry incentives.

## Additional Resources

- Nate Olson and Brian Finlay, “Stakeholder Convergence: Public-Private Responses to Transnational Crime,” in [Transnational Crime and Global Security](#), vol. 2. 2018.
- Brian Finlay, [Public Threats, Private Solutions](#), Stimson, 2016.
- Brian Finlay and Nate Olson, [Market Power: Adapting Public and Private Roles for Transnational Commerce and Transnational Threats](#), Stimson, 2013.