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Transnational Crime Issues: Global Trends Overview

Introduction

Transnational organized crime (TOC) is perceived by many to have evolved into a significant and potentially growing global issue with political, economic, and security implications. According to U.S. government reports, TOC groups may be involved in the

- accumulation of wealth, both from illegal activities as well as investments in legitimate business;
- commission of acts of violence, intimidation, and threats;
- penetration, co-optation, and weakening of state institutions and governance capacity;
- acquisition of power and influence in government, politics, and commerce through corruption and other means;
- exploitation of world financial systems through subversion, manipulation, and distortions of the global markets and economy; and
- facilitation of terrorist financing and travel.

Both the nature of TOC and the national security implications associated with it are widely seen to be expanding, diversifying, and destabilizing. Since 2009, TOC has featured in the Intelligence Community's annual Worldwide Threats Assessment to Congress. In 2016, for example, then-Director of National Intelligence (DNI) James Clapper identified TOC as among the top eight global threats in his annual congressional testimony.

On February 9, 2017, President Donald Trump signed an Executive Order (E.O.) on *Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking*. The E.O. prioritizes federal law enforcement responses to TOC, including international cooperation.

Drug Trafficking

According to the United Nations Office on Drugs and Crime (UNODC), TOC groups around the world derive their most significant source of revenue from illegal drugs, accounting for approximately 50% of TOC proceeds. Major types of illicit drugs trafficked around the globe include cocaine, produced entirely in South America; heroin produced in Southwest and Southeast Asia as well as Mexico; cannabis, produced in nearly all countries worldwide; methamphetamine and other synthetic substances; and new psychotropic substances, which are designer synthetics that are not yet under international control but produce effects similar to prohibited drugs.

Counterfeiting and Intellectual Property Theft

Intellectual property theft refers to the unauthorized transfer of proprietary or corporate information and material. It includes product counterfeiting, a type of consumer fraud in which items are sold to consumers, purporting to be something they are not, and which includes imitations of popular and trusted brand names. Intellectual property theft also encompasses intrusions into corporate and proprietary computer networks in order to obtain copies of movies, music, and video games, as well as proprietary designs of high-tech devices and manufacturing processes.

Trafficking in Persons

Trafficking in persons, or human trafficking, refers to the subjection of men, women, and children to compelled service for the purposes of exploitation. Examples of human trafficking include trafficking for commercial sexual exploitation, including that of children; forced labor, including bonded labor, involuntary domestic servitude, and forced child labor; and the unlawful recruitment and use of child soldiers. In 2012, the International Labor Organization estimated that some 20.9 million men, women, and children around the world were subjected to forced labor, including trafficking, debt bondage, and slavery-like conditions.

Human Smuggling

Human smuggling refers to the clandestine movement or attempted transportation of people and the use of false identities to facilitate travel of such persons across an international border, in violation of one or more countries' laws. Such activities may involve the use of vendors of fraudulent identity and travel documents and criminal groups with local expertise in exploiting porous borders. Smugglers may move criminals, fugitives, terrorist, and trafficking victims, as well as economic migrants. According to UNODC, major transnational flows of migrant smuggling have historically included Latin American migrants to North America and African migrants to Europe. A more recent flow to Europe, spurred by the displacement of civilians from conflict zones in the Middle East and North Africa, is both an opportunity for smugglers and an escalating challenge for authorities.

Environmental Crimes

Crimes involving illicit exploitation of natural resources include wildlife trafficking, timber trafficking, illicit trade in marine resources, and toxic waste dumping. Crimes related to illegal wildlife reportedly generate billions of dollars each year, a source of funds that may fuel instability and finance armed groups, particularly in Africa. Asian demand for illegal wildlife has increased in recent years, raising concerns about species conservation amid heightened poaching rates. The markup on wildlife products is most pronounced in Asia, and Asian criminal groups

largely control this high-profit, low-risk black market—often benefitting from the proximity to illicit retail outlets and cooperation of corrupt government officials to facilitate cross-border shipments and protect traffickers.

Arms Trafficking

Arms trafficking involves the movement and acquisition of arms, ammunition, and military materiel central to the operations of both criminal and terrorist groups. According to UNODC, the global proliferation of small arms is directly connected to the dissolution of the former Soviet Union and the inability of the international community to stem transfers and trafficking of large stockpiles of aging but still functional weapons. Globally, the National Intelligence Council estimated in 2010 that firearms trafficking may generate \$170 to \$320 million annually.

Cybercrime

A growing field of illicit activity centers on an array of cyber-related offenses that include hacking, phishing, electronic identity theft and credit card fraud, as well as dissemination of child pornography and pirated content. According to the UNODC, cyber-related identity theft victimizes some 1.5 million people worldwide and generates some \$1 billion annually. It is widely assumed that virtually all transnational criminal organizations are connected and enabled by online technologies, including access to encrypted networks on the dark web, which can be exploited to breach sovereign borders virtually.

TOC in Historical Context

The U.S. government's policy response to organized crime with international or transnational dimensions is largely informed by U.S. domestic experiences with such criminal activity in the 20th century, including Italian-American organized crime, international cocaine and heroin trafficking, and illicit opportunities that emerged from post-Cold War globalization. Early U.S. efforts focused on combating Italian-American organized crime, which stemmed from the emigration of Sicilian Mafia members to the United States in the late 1800s.

Contemporary U.S. counternarcotics efforts were brought to the forefront of U.S. policy debates in the late 1960s. In 1971, President Richard Nixon declared that illicit drugs were America's "public enemy number one." President Ronald Reagan followed with a directive in 1986 that identified narcotics trafficking as a threat to U.S. national security. Part of U.S. efforts to address international drug trafficking, beginning in the late 1960s, included tools such as the use of foreign aid for counternarcotics objectives, including crop control, eradication, interdiction, and provisions of training, equipment, and construction to foreign security forces for crime-control purposes.

The collapse of communism in the late 1980s and 1990s and the geopolitical restructuring following the demise of the Soviet Union provided the seeds of opportunity for localized and regional organized crime and black market activity, which had incubated under communism rule, to expand globally. Since then, continued and increasing international access to global criminal opportunities via open borders, financial markets, and the Internet have

culminated in a transnational phenomenon that many regard as having grown in global scale, diversity, and reach.

Since the end of the Cold War, international crime has been a policy priority for administrations. In 2000, the Clinton Administration issued an interagency International Crime Threat Assessment; in 2008, the Bush Administration's Justice Department issued a Law Enforcement Strategy to Combat International Organized Crime; and in 2011, the Obama Administration issued a Strategy to Combat Transnational Organized Crime (C-TOC). The 2011 Strategy defined TOC to include drug trafficking and placed this broader conceptualization of transnational criminal threats within a U.S. national security paradigm.

2011 C-TOC Strategy's Five Key Objectives

1. Protect U.S. citizens and interests from TOC
 2. Support partner nations to address TOC threats
 3. Protect U.S. financial system from exploitation
 4. Target TOC networks threatening national security
 5. Build international support for C-TOC
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Next Steps

The February E.O. on *Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking* instructs federal agencies to prioritize coordination and information sharing, including with foreign counterparts, for the purpose of thwarting transnational crime groups engaged in illicit activities that are a threat to U.S. public safety and national security. In addition to enhanced intelligence and law enforcement information sharing with foreign partners, the E.O. encourages the Departments of Justice and Homeland Security to enhance security sector assistance. The Defense Department, however, which plays a significant role in executing U.S. security sector assistance, was not mentioned in the E.O.

Implementation of the EO is to be led by the Threat Mitigation Working Group (TMWG, an entity established in 2011 as part of the Obama Administration's C-TOC Strategy). The E.O. expands the TMWG's co-chairmanship to include the Attorney General, DNI, as well as the Secretaries of State and Homeland Security. Within 120 days of the E.O.'s issuance (June 2017), the TMWG is to submit to the President a report on transnational criminal organizations, the extent of their penetration into the United States, progress made to combat such groups, and recommendations for further actions.

The TMWG is also tasked to review existing statutory authorities and federal policy implementation, including the relationship between C-TOC policies and U.S. immigration policies—issues that the 115th Congress may also consider reviewing. Congress will also determine the availability of appropriations to implement the E.O.

Source material, legislative research, and further policy analysis are available upon request.

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