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INTERNATIONAL COALITION AGAINST ILLICIT ECONOMIES

Illicit Trade Kills: Spotlighting the victims of illicit economies and greed crimes

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In 2022, 107,941 Americans died from drug poisonings, with a staggering 70% of those deaths caused by fentanyl and synthetic opioids (over 100,000 lives were also lost in 2021). At the headquarters of the Drug Enforcement Administration (DEA) in Washington, DC, a special exhibit, “The Faces of Fentanyl”, commemorates through photos the memory and reflection of the tens of thousands of American lives lost from fentanyl overdose over the past few years. It is a reality that fentanyl kills more Americans between the ages of 18 to 45 than terrorism, cancer, murders, accidents, or pandemics.

The Mexican cartels and street gangs are responsible for the illicit trafficking of these deadly opioids and other illegal drugs into the United States. **The dirty profits of the Mexican cartels are laundered, increasingly by Chinese criminal syndicates and professional enablers, to help finance other illicit activities across borders that harm even more people around the world.**

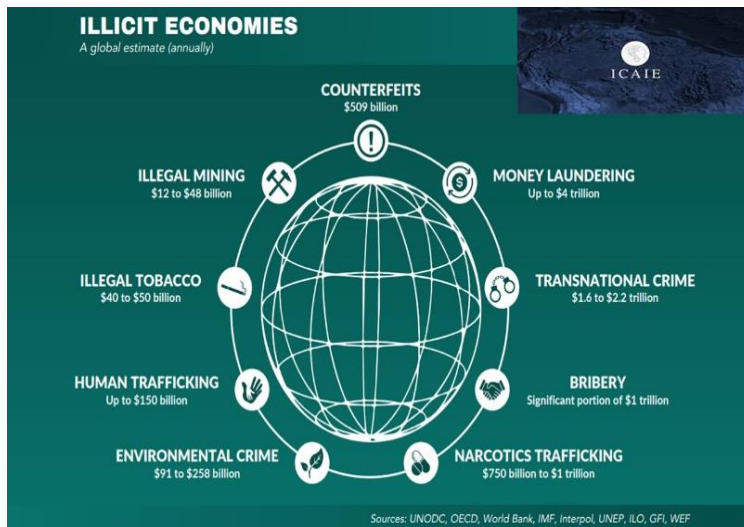
Illicit trade is not harmless nor a victimless crime.

Illicit economies and greed crimes have tremendous human, economic, societal and security costs and consequences to governments, markets, industries, communities, and innocent citizens. **Every year, criminalized trade and trafficking across illicit economies kill hundreds of thousands of people around the world.**

From small villages in Africa and Latin America to city streets across America, Europe, and Asia, too many people are harmed by the callous criminality and disregard for human security by organized criminal enterprises, narco-cartels, threat finance syndicates, complicit corrupt officials, market profiteers, and their professional enablers.



- Such bad actors and threat networks are involved in the lucrative criminal activities **enabling and fueling the multi-trillion-dollar illicit economies** include the smuggling and trafficking of narcotics, opioids, weapons, humans, counterfeit and pirated goods; illegal tobacco and alcohol products; illegally harvested timber, wildlife and fish; pillaged oil, diamonds, gold, natural resources and precious minerals; and other contraband commodities. Such contraband and illicit goods are sold on our main streets, on social media, in online marketplaces and on the dark web every minute of every day.



A Global Ecosystem of Criminality: The United Nations has estimated that the dirty money laundered annually from such criminal activities constitutes up to **5 percent of global gross domestic product, or \$4 trillion.**

In fact, the dirty monies derived from illicit trade are the lifeblood of today's bad actors, **enabling kleptocrats to loot their countries, criminal organizations to co-opt states and export violence, and terrorist groups to finance their attacks against our societies.**

- **In today's global threat environment, criminals and bad actors exploit human misery for illicit enrichment.**

Collectively, these bad actors help to fuel greater insecurity and instability around the world, undermining democracy, corroding the rule of law, fueling impunity, imperiling effective implementation of national sustainability and economic development strategies, contributing to human rights abuses and enflaming violent conflicts.

By exploiting markets, supply chains of legitimate businesses, modern technologies and communication systems, and the digital world, criminals are thriving through their illicit enterprises.

- **These criminal activities include modern slavery, human trafficking and sexual exploitation of women, as well as trafficking in antiquities, trade secrets, fine wine, counterfeit and pirated goods, and other high reward criminal activities and illicit industries that garner hundreds of billions of dollars every year.**

New research continues to inform us daily on the breadth and scale of today's illicit economies and hubs of illicit trade, especially across ecommerce and online marketplaces. Additionally, expert investigative journalism illumines how malefactors flaunt their staggering amounts of filthy lucre from an array of such criminal activities including in Dubai, London, Miami, New York, Paris, Sydney, Vancouver, and other high-end living destinations.

- **Unfortunately, not enough attention is given to the magnitude and the array of harms caused to victims of the dark forces of illicit trade.**

Who is getting hurt by illicit economies and criminalized trade?

- **Often it is vulnerable populations including the elderly, women and children, the poor, the sick, uninformed consumers, and others who are targeted, exploited, and abused by criminals, counterfeiters, and fraudsters.**

Financially-disadvantaged communities in the developing world are particularly hurt as we have witnessed during recent conflicts, pandemic, natural disasters, and the current uneven economic recovery.

The illicit harms faced by citizen-consumers and communities daily at significant levels include:

Fentanyl

Among the most serious harms to our homeland and to the health and safety of American citizens is the lethal trade in fentanyl, synthetic opioids, and precursor chemicals from China.

Fentanyl overdose has become the leading cause of death for young Americans since 2019. Such dangerous contraband is killing tens of thousands of Americans each year. Its potency is fueling the addiction crisis in the United States, especially when it is mixed with heroin, cocaine, or xylazine to increase profits for the Mexican cartels and other criminal organizations in their narcotrafficking operations.

Illicit activity such as the illegal fentanyl trade not only harms our people — killing tens of thousands of young Americans each year — **it also becomes a threat multiplier.**

- **It enables Mexican cartels—e.g., Sinaloa and Cartel de Jalisco Nueva Generacion (CJNG)— to earn tens of billions of dollars a year in dirty money, some of which is laundered in China, and the financing enables the cartels to infiltrate the Mexican government and CCP’s corruptive influence to penetrate legitimate sectors and supply chains.**

Significant quantities of fentanyl flow from China through Mexico and Canada, as well as arriving directly in the U.S. from China. Most fentanyl or fentanyl analogs (as well as other synthetic opioids), pill presses, and binding agents are smuggled through legal points of entry and via international mail carriers.

Selling fentanyl on-line via the open internet in China and the “dark” web in the U.S. has also become prevalent. In recent years, as the U.S.-China Economic and Security Review Commission has noted, there has been no substantive curtailment of fentanyl flows from China to the U.S. due to weak regulations governing pharmaceutical and chemical sectors in China.

- **Moreover, in China webs of corruption and criminality have complicated both U.S. and Chinese law enforcement agencies’ ability to disrupt manufacturing, distribution, and trafficking of illicit drugs including fentanyl and chemical precursors into Canada, Mexico, and the United States.**

Curtailing the dirty money derived from the illegal fentanyl trade is critically important. The U.S. Government must make tracking the illicit financial flows of both Chinese and Mexican money

launderers and their enablers a higher priority, especially unraveling the various illicit finance methodologies and anonymous shell companies that are fueling the current fentanyl crises across borders.

- This includes the numerous money laundering methods that John Cassara has outlined in his testimony, such as Chinese Fei-Chien (flying money), trade-based money laundering, black market exchanges, cash couriers and bulk cash smuggling, and various informal value transfer services such as hawala-style transfers and newer technologies that enable transfer of digital assets that offer greater anonymity.

When these illegal drugs converge with other criminal activities across illicit economies, the overall threat becomes multiplied many times over. Such crime convergence fuels greater violence, corruption, insecurity, instability, and sometimes conflicts around the world.

Counterfeit Medicines



In many parts of Africa, one often hears about the wailing cries of mothers who have lost their children because the medicines that they had trusted to save their children and loved ones were in fact counterfeited or fake.

- **According to the United Nations Office on Drugs and Crime (UNODC) hundreds of thousands of Africans die each year from counterfeit, fake, falsified, or substandard medicines including those used to treat malaria, tuberculosis, pneumonia, and other illnesses and diseases.**

While it may not be possible to determine an exact figure, the [World Health Organization](#) (WHO) estimated that substandard or falsified medical products comprise 10% of total medical products in low- and middle-income countries.

Trade in Counterfeit and Fake Medicines

In the United States, **the trade in counterfeit medicines generates tens of millions of dollars** and includes fake versions of Arimidex, a breast cancer treatment, Lipitor, a cholesterol drug, Diovan, a drug for high blood pressure, and medications like

OxyContin, Percocet, Ritalin, Xanax, Valium, and NS Ambien.

As a result, consumers are unable to get the treatment that they need and may even be further harmed by ingesting products with unknown substances, causing many to die from poisoning from such dangerous fakes.

- **Alarming, online pharmacies are flooding consumers with dangerous illicit medicines that further compound efforts to counter illicit trade in pharmaceutical products. According to a 2023 Office of the United States Trade Representative (USTR) [Report](#):**
- "The manufacture and distribution of pharmaceutical products and active pharmaceutical ingredients bearing counterfeit trademarks is a growing problem that has important consequences for consumer health and safety and is exacerbated by the rapid growth of illegitimate online sales."

Mexican Cartels’ Diversification into Illicit Medicines:

Organized criminals are raking in tens of millions of dollars from the sale of illicit medicines, especially online. In a new report by the International Coalition Against Illicit Economies (ICAIE), it is now [reported](#) that the *Cártel de Jalisco Nueva Generación (CJNG)* has expanded and diversified its economic profile from illegal narcotics and fentanyl to include a growing dominance in the trafficking of fake medicines and counterfeit pharmaceuticals, a multi-billion illicit industry repeatedly traced back to this cartel.

In Mexico, sixty percent of commercially sold pharmaceuticals are counterfeit, expired, or stolen. Pirated pharmaceuticals are most common in Guanajuato, Jalisco, Guerrero, and Michoacán.

The medicines are sold online, in the informal economy, and in professional brick-and-mortar pharmacies, where CJNG liaisons force pharmacists and storekeepers to store and sell them alongside real medicine. Other criminal networks are also behind significant trafficking of counterfeit medicines in Asia, Africa, and other regions.

- **There are numerous documented cases in the United States and Europe in which patients have died or suffered harm due to an online purchase of counterfeit medicines.**

Counterfeiting contributes to the proliferation of substandard, unsafe medicines that do not conform to established quality standards.

- **The United States and OECD member states are particularly concerned with the proliferation of counterfeit pharmaceuticals that are manufactured, sold, and distributed by numerous trading partners. The top countries of origin for counterfeit pharmaceuticals seized at the U.S. border in Fiscal Year 2022 were China, India, and Turkey.**

Sadly during the COVID-19 pandemic, we also saw the deadly effects of counterfeit therapeutics and medicines, pharmaceutical products, and personal protective equipment (PPE). The pandemic was illustrative of a known truism:

- **When a health-related pandemic or natural disaster strikes communities, entrepreneurial criminals profit from human misery from causal effects.**

Greed is a primary motivator behind illicit trade.

The [U.S. Customs and Border Protection](#) (CBP), U.S. Department of Homeland Security has continued to target and seize illegal imports of counterfeit, unapproved, or otherwise substandard COVID-19 related PPE products that threatened the health and safety of American consumers.

- **In 2022 alone, seizures included over 5.8 million counterfeit face masks in 142 incidents. U.S. brands are the most popular targets for counterfeiters of medical products, and counterfeit U.S.-brand medicines account for 38% of global counterfeit medicine seizures.**

At the peak of the COVID-19 pandemic, among the most [counterfeited](#) PPE and pharmaceutical products were antiviral medications, antimalarial chloroquine, antibiotics, face masks, coronavirus testing kits, surgical gloves, ventilators, hand sanitizers, and other disinfectants and wipes.

Counterfeit Luxury Consumer Goods, Electronic Products and Spare Parts

- **Every IP-protected product can be counterfeited.**

In addition to the hundreds of thousands of people who die from the trafficking and use of fentanyl and fake medicines, significant numbers of consumer-citizens every year around the world are fatally harmed by counterfeited automotive parts, defective electronics, toxic alcohol and spirits (counterfeited), and other deadly illicit products.

- **It is expected that the global luxury goods market will [reach](#) \$430billion by 2026. MarkMonitor [reports](#) that almost half (47 percent) of brands will lose sales revenue due to counterfeiting or pirated goods.**

This is true across all consumer goods and services, but especially for the footwear and apparel industry which accounted for more than a third of all customs seizures from China and Hong Kong.

- **The most commonly counterfeited American footwear and apparel products are NIKE, the North Face, Under Armour, Levi's, Michael Kors, and Polo brands. Clearly such criminal counterfeiting hurts the creative innovations, investments in R&D, intellectual property, and trademarks of American footwear and apparel companies.**

Social media sites like Instagram and Facebook as well as online marketplaces have become a boon for criminals in counterfeiting luxury fashion brands, including footwear and sportswear from American team sports from the National Football League (NFL), Major League Baseball

(MLB), National Basketball Association (NBA), National Hockey League (NHL), and those associated with international sports federations such as the Union of European Football Associations (UEFA), FIFA, and the International Olympic Committee (IOC).

- **In addition to this counterfeit sportswear and gear, anonymous companies and money laundering – including Trade-Based Money Laundering (TBML) -- have helped criminals across the United States sell in recent years several billion dollars in fake and counterfeited luxury handbags and apparel accessories coming from China, including those branded as Burberry, Louis Vuitton, Gucci, Fendi, Coach, and Chanel.**

In recent years, counterfeit cosmetics, fragrances, and personal care products in American markets have been [found](#) to contain toxic chemicals and dangerous ingredients that harm people's health, including causing damage to skin and respiratory systems.

- **Fake cosmetics have contained carcinogenic levels of arsenic, beryllium, cadmium, aluminum, other metals, bacteria, and animal waste that have caused serious skin rashes, eye infections, and deleterious effects on the human nervous, digestive, and immune systems.**

Watches and jewelry accessories have been known to contain toxic substances such as heavy metals and plastic that can inflict health injuries when worn or accidentally digested (e.g., when children put these goods in their mouths).

- **An OECD and EUIPO [report](#) underscored that when such products are in direct and prolonged contact with the skin, such harmful products “may be absorbed by the skin causing cancer, cell mutations and affect reproduction.”**

Counterfeit toys proliferate markets and harm children especially when parents buy these unsafe products on-line from disreputable merchants, or at discount stores selling them at cheap prices.

- **Fake baby strollers and other equipment have been found to not meet basic safety standards and have led to grave bodily harms to children including chest, head, and traumatic brain injuries.**

Automotive parts are increasingly also being counterfeited, which can result in catastrophic failures when such parts do not perform as intended. Fake and counterfeited auto parts have caused great bodily injuries, and even deaths to drivers during road collisions or malfunctions.

- **Among the most frequently counterfeited auto parts are airbags, brakes, brake pads, spark plugs, oil filters, suspension mechanisms, wheels, tires, electrical sensors, and other car components. In the United States, counterfeit parts are costing automotive companies like Ford, GM, Tesla, and others tens of billions of dollars a year, with most of fakes originating in China.**

Across the digital world, especially on ecommerce platforms and in online marketplaces, automotive fakes are listed for sale in ways that make it difficult for consumers to distinguish a counterfeited auto part from a real one.

- **This is another reason why it is important to know and trust reputable supply chains and parts distributors.**

The proliferation of counterfeited electronics significantly hurts not only the electronics industry in the United States but also threatens American national security, the safety of our troops, American jobs, and our citizens.

- **In the electronics industry, fake parts cost component manufacturers about \$100 billion annually. Cell phones such as the Apple iPhones, tablets, computers, smart watches, blue tooth earbuds, Microsoft software, and other high-demand consumer electronics are also [counterfeited](#) in the tens of billions every year.**

Theft of Trade Secrets and Lawfare (Malicious Third Party Litigation): Chinese state-sponsored hackers and criminals are stealing the intellectual property (IP) of the United States and American companies. Intellectual property theft and economic espionage of U.S. trade secrets are estimated to be as high as \$600 billion annually. China is responsible for much of this IP crime, damaging American innovation, competitiveness, good-paying jobs, and economic growth. It is critically important to show how Chinese criminal syndicates' and other illicit networks' infiltration across corporate America, especially in those companies doing business in China, facilitate abusive and intrusive governance, IP theft, lawfare and third-party funded litigation that extort corporate resources and trade secrets from our most innovative companies, thereby hurting U.S. competitiveness and our American industries, supply chains, economy and jobs.

By associating with sovereign wealth funds, global investment management firms, and other foreign investors, Third Party Litigation Funding (TPLF) entities have created a self-sustaining ecosystem that feeds high-payoff litigation using a deep reservoir of often nontransparent financial resources. TPLF entities exploit this funding to target operating companies in critical technology areas, using newly monetized and weaponized patents in infringement litigation, draining operating company resources while generating major profits for investors, and distorting competition. TPLF cases also pose a potential threat to U.S. national security, by exposing highly sensitive and privileged information such as source code, detailed technical data and schematics, and sales and marketing strategies.

Counterfeit batteries are dangerous to consumers and also present safety hazards especially when they are not properly manufactured and do not [follow](#) testing protocols to ensure compliance with standards as original equipment manufacturer (OEM) batteries.

- **As Lithium-powered electronics and power tools become more widely available, counterfeiters will continue to seize on ways to make money off of IP-protect batteries and fakes. However, such batteries have been known to overheat, ignite, and cause thermal dispersion that results in fires, explosions, and casualties.**

With regard to our national security, counterfeit electronic parts (especially from China) have been found to have [infiltrated](#) critical military systems and supply chains, putting American servicemen and women in harms way.

- **These parts have found their way into military equipment including military warfighting jets and tanks, special operation cargo planes, navigation and radar systems, missiles, and other hardware and software. In the past, counterfeit computer microprocessor-chips have been falsely labeled as products coming from Intel, Motorola, and Texas Instruments.**

Fake Food and Beverage Products



As climate change and heat waves around the world affect many communities with hot days and natural disasters, unscrupulous criminals continue to take advantage of such vulnerable populations wishing to counter thirst, hunger, and dehydration by selling fake, contaminated drinking/mineral water (bottles) and adulterated/ spoiled food to make fast money.

- **In these greed crimes, bad illicit actors and counterfeiters will operate without valid licenses and supply bottled water under fake labels at times with unfiltered, dirty water.**

In some instances, these criminals will re-use old plastic bottles collected from public areas, the streets (and garbage cans), and other venues. These re-used, re-filled, re-capped bottles are not sterilized and may contain a number of mold fungi, e. coli, and other bacteria, dangerous chemicals, or even microplastics.

- **For example, according to the [World Health Organization](#), microbiologically contaminated drinking water (including that which finds its way into fake bottled water) can transmit diseases such as cholera, dysentery, typhoid and polio, and is estimated to cause almost 500,000 diarrheal deaths each year.**

Buyers need to be better informed that contaminated water in fraudulent bottles can easily make consumers seriously sick, or worse.

Fake food stuff is also a growing challenge. The big illicit business in food fraud and fake consumer edibles poses serious health and safety harms to consumers including death. From

recent investigations by EUROPOL and INTERPOL to news articles examining today's booming counterfeit food industry, this illicit economy is estimated to be worth at least \$50 billion per year.

- **Among the world's most forged ingredients are olive oil, spices (e.g., saffron), cheeses (e.g., parmesan), fake and rotten meat (e.g., horse or kangaroo meat sold as beef), and fish (e.g., substituting a less expensive species of fish for a more expensive species).**

The [U.S. Food and Drug Administration - Office of Criminal Investigations \(OCI\)](#) defines food fraud as "the act of defrauding buyers of food or ingredients for economic gain."

In times of economic downturn, consumers with a lower purchasing power are more likely to [look](#) for alternatives and sacrifice their consumption of a good if they think they can get a similar product for a cheaper price.

- **Whilst economic downturns catalyze the conditions in which illicit trade can further proliferate, the nature and causes of the downturn affect how illicit trade escalates.**

A larger market share for illicit producers can drive licit businesses out of the market, generating losses for the economy due to loss of labor, capital, and revenues, and increasing harms and impacts to consumers. Illicit trade also causes reputational harm, as a result of which certain brands and some of their product integrity are compromised by counterfeiters and criminals.

Operation OPSON – a [Europol](#) and [INTERPOL](#) joint operation – has targeted fake and substandard food and beverages in recent years. Their operations have surfaced evidence on how cross-border trafficking in counterfeit infant formula, wine, liquor, fruit juices, and bottled mineral and spring water (e.g., refilling used bottles with unsanitized water) is highly profitable for criminals and other bad actors.

- **Some estimates put counterfeited or fake alcohol at 25% (1 in 4) of the total volume consumed worldwide.** It is estimated that illegally-produced alcohol products often use dangerous ingredients such as methanol, which has resulted in several thousand deaths per year internationally. During the COVID-19 pandemic's lockdowns, significant volumes of illegal (including counterfeit) alcohol entered markets through vulnerable supply chains, weak enforcement, and porous borders.

Another harm throughout the global food chain – from farmers to consumers – is the threat posed by **counterfeit pesticides**, which are another profitable area for criminals who typically use less active ingredients or even toxic ones that are dangerous to humans, pets, and the environment.

- **According to the [OECD](#), "global revenues associated with the trade of illegal pesticides are estimated at USD 6-10 billion."** Often times, illegal pesticides have not been approved by a government agency and are without risk assessments of the chemicals' impact on human health and the environment.

Human Trafficking and Migration

Human smuggling is also a major source of illicit trade. Human trafficking remains a very lucrative business for many criminal organizations and other violent threat networks around the world.

- **Human trafficking and modern slavery are among the world's fastest growing criminal enterprises, [generating](#) an estimated \$150 billion in illicit profits every year and robbing an estimated 28 million people of their freedom.**

We have all heard the many horrors of lives ruined by rapacious criminals. Stories of men and boys from across Southeast Asia who are lured and trafficked onto ships and end up spending years out at sea without ever setting foot on shore, and working 15-20 hour days with little or no pay in the fishing industry, physically abused and living under appalling working conditions.

Or stories of women and girls from across Africa, Southeast Europe, and Asia who are similarly lured by promises of paying jobs overseas, only to be beaten and forced into prostitution, in some instances through debt bondage and threats of arrest impelling them to remain in brothels.



- **Criminal groups and gangs continue to traffick, exploit, and extort people in many parts of the world as they flee and move from their home country to another for humanitarian reasons or for political asylum.**

As many families leave their countries due to persecution, conflict, violence, climate change, or economic conditions, women and girls are often kidnapped, enslaved, raped, tortured, and murdered as witnessed in Mexico and Central America for many years.

Amidst growing prosperity and development, no person should be exploited through the use of force, coercion, or fraud.

- **No one should ever have to be subjected to human trafficking, sexually exploited, or recruited and forced to serve as a gang member, child soldier, or terrorist.**

The societal harms and impacts posed by human trafficking are very real. Human trafficking siphons away the human capital potential of communities to build sustainable economic growth in a manner that respects human rights.

- **No person should ever have a price tag attached to their heart and soul nor be restricted, abused, and violated against their physical integrity and free will.**

As a consequence of Putin's unjust war in Ukraine, the [UNODC](#) predicts at least a 5% increase in Ukrainian human trafficking victims in 2023. Far from the front lines, internet searches for sexual content featuring Ukrainian women have risen 600% since Russia invaded Ukraine last year. “Ukraine refugee porn” has become a trending search term across the internet. One sexual

services website, Escort-Ireland, according to the Washington Post in February 2023, [reported](#) a 250 percent spike in its traffic, including Ukrainian women advertising their availability, within weeks of the invasion. According to the OSCE, the site claimed to offer users a way to live out their “war-inspired fantasies.”

- In **South Sudan**, violence against civilians and conflict related sexual violence by armed militias continue to rise, including trafficking in persons, particularly against women and children. Trafficking in persons for purposes of sexual exploitation, including sexual slavery, child and forced marriage, is a form of conflict related sexual violence, and has been prevalent in South Sudan.
- In the Democratic Republic of the Congo (DRC), ongoing conflict has displaced more than 1 million people since March 2022, with thousands of women and children exploited by organized sex trafficking operations – many allegedly operated by individuals connected with the Government of the DRC.
- **UNHCR has estimated that the number of people forcibly displaced is over 100 million, and over 32.5 million refugees.**

In the United States, which serves as a source, transit and destination economy, human trafficking is a booming illicit business. Every year, people from across the United States and abroad are exploited in various forms of forced labor, including in agriculture, domestic service, construction, and sweatshops, as well as in the commercial sex trade.

- **According to [Polaris](#), human trafficking and massage parlors involving Chinese organized criminals are also a significant concern to the United States, especially related to illicit massage businesses (IMBs) which generate \$2.5 billion annually. The vast majority of women reported to have been trafficked in IMBs are from China, Korea, and Thailand.**

Environmental Crimes

Environmental crime often converges with counterfeiting, drug trafficking, cybercrime, human trafficking, financial crime, arms trafficking, terrorism, and other illicit threats.

Environmental crimes such as illegal dumping of hazardous waste and materials, illegal fishing, illegal trade in wildlife, illicit mining of gold and other precious metals and critical minerals, and illegal logging are also among the fastest illicit areas of international criminal activity and rank among the most lucrative types of black market commerce, [estimated](#) at up to \$250 billion a year.

- **In turn, these illicit industries fuel increased demand for forced labor – further undermining human security and the rule of law. Institutional corruption allows these illicit industries to flourish.**



Wildlife trafficking is still one of the world's most lucrative organized crimes, with an annual value of around \$20 billion each year, according to INTERPOL and the UN Environment Programme (UNEP). Transnational criminal networks have been expanding into other low-risk, high-reward ventures such as illegally-poached trafficked wildlife, given the insatiable demand in Asia for elephant ivory, rhino horn, and

other endangered (and exotic) animal parts. This is also true related to rare birds, reptiles, and amphibians from South America which are trafficked to meet demand for exotic species in many markets around the world. The poaching of iconic animals has left these species very close to extinction.

- **Illegal wildlife trafficking, logging, mining, and fishing also facilitate the convergence exploitation of individuals for profit, as men, women, and children are subjected to forced labor or sex trafficking.**
- **In the Amazon**, for example, we also see how illegal gold mining by mafias, criminal syndicates, and armed groups, is often associated with illegal logging and has had an adverse impact not only on climate change, but to all sorts of rare and endangered flora and fauna species.

There also remain strong links between environmental crime and human security.

- **The hidden harms of environmental crime endanger families and kill too many who are working often in harsh, toxic conditions in mining industries in Africa, Amazon, Southeast Asia, and other parts of the world.**

In the illicit mining of gold and other critical minerals and rare earth elements, hundreds of thousands of miners including children and women are forced to labor in extremely harsh environments, often exposed to mercury or cyanide pollution and other toxic chemicals. Water contamination further compounds subsistence problems for impacted communities, harming agriculture, drinking water, and sanitation.

- **For example, as liquid mercury evaporates into the atmosphere, these deadly chemicals end up in the lungs of individuals (workers and innocent locals) or across the food supply chains as people digest contaminated food. In other cases, such toxicity creates grave long-term medical effects to the nervous, digestive, and immune systems.**
- In pregnant women, exposure to these toxic chemicals and metals often results in giving birth to babies with an array of congenital diseases. In the mining town of Laberinto,

Madre de Dios, Peru, 60 percent of the population had a toxic level of mercury exposure, which causes severe neurological damage in infants and children. Many also die from such dangerous working conditions and toxins.

Criminal organizations and militias operate trafficking rings to recruit children to work in illegal artisanal mining operations in many parts of the world. The illegal extraction of natural resources can involve a myriad of crimes, such as in the realm of illegal mining where human trafficking, environmental pollution, and other criminal activities can be present.

Finally, overfishing and illegal, unreported, and unregulated fishing harm the ecology of the ocean and reduce the long-term potential of fish stocks to provide food and jobs in the future.

So what is the current ecological impact of these environmental crimes?

- **According to a 2016 Living Planet Report by the World Wildlife Fund (WWF), over the past 40 years populations of mammals, birds, reptiles, amphibians, and fish around the globe have declined by 58 per cent.**

Truly a stunning number indeed, one which reflects the truism that illicit trade such as illegally-harvested wildlife, timber, fish, and other natural resources has real consequences.

In addition to being a critical human rights challenge, environmental crime is a sinister illicit trade that impacts our planet. It doesn't just destroy communities and harm everyday people, it fuels a network of ruthless criminals and armed groups that create insecurity and instability around the world.

Disproportionate Impacts of Illicit Trade on Specific Demographic Groups

Power differentials impact the poor, women, and other vulnerable groups.

Women's disempowerment in society, shaped by factors like socioeconomic inequalities, cultural norms, and other factors, makes women disproportionately more vulnerable to corruption and illicit trade.

- **An estimated 70 percent of the world's poor are women. Both the lack of transparency, mismanagement of public services, and corruption constitute an enormous obstacle for women to break intergenerational cycles of poverty.**
- These obstacles impede access to or degrade the quality of services like health, education, and public safety, thereby restricting avenues for social mobility.

Across the dark economy, women and girls are often exploited, trafficked, and forced into the underworld of sex trafficking by criminal organizations. The trafficking of women and sextortion are also related to the currency of corruption. Police complicity in such illicit trade interferes with efforts to reduce or eradicate human trafficking. **Seven in ten human trafficking victims are women and girls, many who also encounter high rates of physical and sexual violence from their criminal exploiters.**



Corruption and illicit trade also significantly imperil economic development strategies and the effective implementation of the **UN Sustainable Development Goals (SDGs)**.

As the Transnational Alliance to Combat Illicit Trade (TRACIT) has reported, the [impact](#) of illicit trade and kleptocracy cut across the 17 UN SDGs including the following sectors: agri-foods,

alcohol, fisheries, forestry, petroleum, pharmaceuticals, critical minerals and precious metals, pesticides, tobacco, wildlife, and all forms of counterfeiting:

“From smuggling, counterfeiting and tax aversion, to the illegal sale or possession of goods, services, humans and wildlife, illicit trade is compromising the attainment of the UN SDGs in significant ways crowding out legitimate economic activities, depriving governments of revenues for investment in vital public services, dislocating millions of legitimate jobs and causing irreversible damage to ecosystems and human lives.

Security challenges such as corruption, organized crime, terrorism, and other transnational threats, fuel greater insecurity and instability that impede the collective efforts to advance the noble aims of the [17 SDGs](#) including confronting poverty eradication and zero hunger to clear water, decent employment, prosperity. Trafficking in persons and migration, for example, are also examined as a particularly abhorrent phenomena affecting economic growth, supply chains, and basic human rights as well as imperiling peace and security.

[Goal 1](#): No Poverty (kleptocracy; diversion of funds to alleviate poverty)

[Goal 2](#): Zero Hunger (poor governance, conflicts, and violence increased food insecurity)

[Goal 3](#): Good Health and Well-Being (toxic counterfeits; fake medicines exacerbate illnesses)

[Goal 4](#): Quality Education (sextortion; child exploitation; cybercrime targeting youth)

[Goal 5](#): Gender Equality (discrimination/gender violence; disempowerment)

[Goal 6](#): Clean Water and Sanitation (criminalized pollution and dumping; adulterated food)

[Goal 7](#): Affordable and Clean Energy (oil bunkering; violent conflicts; pillaged resources)

[Goal 8](#): Decent Work and Economic Growth (forced labor; illicit trade practices)

[Goal 9](#): Industry, Innovation, Infrastructure (corruption; theft of trade secrets; IPR infringement)

[Goal 10](#): Reduce Inequities (violations of human rights; ethnic cleansing; cronyism; injustice)

[Goal 11](#): Sustainable Cities and Communities (tax evasion; bribery, fentanyl crisis, drugs, homicides)

[Goal 12](#): Responsible Consumption and Production (counterfeits, illicit trade; consumer fraud)

[Goal 13](#): Climate Change (inaction; natural resource plunder; migration; modern slavery)

[Goal 14](#): Life Below Water (hazardous dumping; illegal fishing; plastics/pollution)

[Goal 15](#): Life on Land (wildlife trafficking; illegal mining; theft of cultural heritage)

[Goal 16](#): Peace and Security (conflicts, violence, mitigation; bribery, corruption; cybercrime, organized crime, terrorism; lack of rule of law; malign influence; subversion of democratic values)

- **Communities must continue to strengthen international networks and partnerships to secure greater integrity, and to advance the SDGs' sustainable and peace goals ([SDG 17](#)) to safeguard the positive values and vital role for the benefit of all citizens and future generations.**

Through strength in numbers and dynamic public-private partnerships, we can all help the international community to promote the highest standards and values of honest governance, help partner communities implement their SDGs (and UN universal values), invest in their sustainable futures, and promote a more inclusive, secure and peaceful world.

Public-Private Partnerships and Next Steps Forward

Public-private partnerships (PPPs) are indispensable to combat the lethal nexus of organized crime, illicit trade, corruption, and money-laundering, and to protect communities from the violence, harm, and exploitation wrought by bad actors and criminal networks.

- **At a time when global risks are growing and converging, the international community must come together and build our own “network of networks” to better understand the current and future turbulences of our world, and to coordinate responses and action.**

Global trade, foreign investment, and economic development do create wealth and prosperity and finance economic freedoms around the world.

We must be vigilant, however, to also ensure that we protect the victims of illicit trade.

- **We must continue to shut down the illegal economy and criminalized markets, put criminal entrepreneurs and illicit networks out of business, and facilitate legitimate trade and enhance integrity across economies, markets, and supply chains.**

We must also break the corruptive power of criminal networks and their enablers; attack their financial underpinnings; follow the money and strip them of their illicit wealth; and sever their access to the financial system.

- **Depriving the networks of their profit and funding is one of the most effective ways to deter them.**

This requires a holistic, comprehensive anti-money laundering regime including the ability to trace, freeze, and seize assets related to illicit financial flows, while addressing both formal and informal financial networks.

About the International Coalition Against Illicit Economies (ICAIE)

ICAIE is a national security-centric NGO based in Washington DC. ICAIE continues to bring global leadership in advancing public-private partnerships to counter illicit economies, criminalized trade, counterfeits, illegal opioids, cybercrime, money laundering/trade-based money laundering (TBML), threat finance, corruption and other criminality.

ICAIE brings together committed champions across sectors and communities, including former members of the public sector, companies and prominent organizations from the private sector and civil society to mobilize collective action to combat cross-border illicit threats. ICAIE advances innovative energies through cross-sectoral collaborations, policy dialogues, and transformative threat intelligence and risk management.

Today, ICAIE is working with partners across the international community and private sector to harness the energies and interests of an array of industries, sectors, coalitions, and leading business associations and civil society groups to counter illicit economies, crime convergence, and corruption through numerous partnered networks and strategic alliances in the United States, and internationally.

ICAIE's multi-disciplinary approaches and whole-of-society solutions synergies also integrate the expertise across the inter-governmental community including in the United States such as the Departments of Commerce, Defense, Justice, Homeland Security, State, The Treasury; the Intelligence Community (IC), National Security Council, and other USG agencies and offices. ICAIE regularly provides Congressional testimony, briefings, and information on national security, anti-crime, anti-corruption, and money laundering threats and related matters to Members, Committees, and their respective staff in both legislative chambers, as well as the White House.

ICAIE also partners with relevant international organizations including the United Nations on Drugs and Crime (UNODC), the Organization for Economic Cooperation and Development (OECD), INTERPOL, EUROPOL, the Asia Pacific Economic Cooperation (APEC) forum, ASEAN, Organization of American States (OAS), the Financial Action Task Force (FATF) and other inter-governmental organizations.