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Economic and Social Council

-Transnational Organized Crime and Illicit trafficking in Metals and Mining-

# Research Report

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Topic 1:

Combating transnational organized crime and its links to illicit trafficking in precious metals and illegal mining including by enhancing the security of supply chains of precious metals



Johanna Schmucker and Celina Schwarz

## Introduction:

With the process of globalization, countries, international companies, communities and individuals are being penetrated by Organized Crime, including crimes across borders. As a result, Transnational Organized Crime (TOC) is now an integral part of economic transactions.

Transnational Organized crime is a crime involving specific groups, markets or individuals who plan and carry out illegal business transactions in more than one country.<sup>1</sup>

A Transnational Organized crime is a crime that is committed with financial profit in mind and there must be more than three persons involved. The most important topics are the trade in illegal drugs, trafficking in human beings and the trade of illicit arms trade.

Often this involves trafficking in illicit goods that lead to infiltration of the government and the economy. On an international level, approximately 80 percent of small-scale mining operations can be categorized as illegal. The illicit trade in precious metals and illegal mining leads to growing sources of profit for Transnational Organized Crime.

After many years of desperation, many countries have realized that without the cooperation of their neighbor countries or, more generally, other countries, Transnational Organized Crime cannot be combated, as it also trades across borders.

In 2003, the United Nations negotiated and finally concluded, that the support of cooperation among countries is necessary and must be encouraged in order to successfully fight this type of crime.

The United Nations Convention against Transnational Crime (UNTOC) agreed to this by taking a number of measures to combat the problem.<sup>2</sup>

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<sup>1</sup> Wikipedia contributors. *Transnational organized crime* (September 2019). January 26, 2020 Available at: [https://en.wikipedia.org/wiki/Transnational\\_organized\\_crime](https://en.wikipedia.org/wiki/Transnational_organized_crime)

<sup>2</sup> Unknown author. *United Nations Convention against Transnational Organized Crime and the Protocols Thereto* (September 2003). January 14, 2020 Available at: <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html>

## Definition of Key Terms

**Economic Transactions:** transfer of money and other investments, trade in goods and the provision of services between several persons in different countries.<sup>3</sup>

**Illegal Mining:** “Illegal mining is mining activity that is undertaken without state permission, in particular in absence of land rights, mining licenses, and exploration or mineral transportation permits. Illegal mining can be a subsistence activity, as is the case with artisanal mining, or it can belong to large-scale organized crime, spearheaded by illegal mining syndicates.”<sup>4</sup>

**Illicit Trade:** Illegal trade is global action, that affects multiple countries. “...an illicit trade operation may be located in country A, while the goods could be illegally produced in country B, distributed through country C and delivered to country D. They could be sold further through the Internet using a server based in country E, and the illegal gains may re-enter the global financial system through illicit processes such as money laundering taking place in country F.”<sup>5</sup>

**Illicit Trafficking:** “The term "illicit trafficking" can be defined as illegal "trading, selling or dealing" in specified goods.”<sup>6</sup>

**Supply Chain:** “A supply Chain is a network between a company and its suppliers to produce and distribute a specific product to the final buyer. This network includes different activities, people, entities, information, and resources. The supply chain also represents the steps it takes to get the product or service from its original state to the customer.”<sup>7</sup>

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<sup>3</sup> Will Kenton. *Profit Definition* (November 2019). January 27, 2020  
Available at: <https://www.investopedia.com/terms/p/profit.asp>

<sup>4</sup> Wikipedia contributors. *Illegal mining* (November 2019). January 29, 2020  
Available at: <https://www.definitions.net/definition/illegal+mining>

<sup>5</sup> Unknown author. *Illicit goods- the issues* (unknown). January 31, 2020  
Available at: <https://www.interpol.int/Crimes/Illicit-goods/Illicit-goods-the-issues>

<sup>6</sup> Jose Ramon Urena-Ramirez and John Ashcroft. *Illicit Trafficking Law and Legal Definition* (unknown). January 27, 2020  
Available at: <https://definitions.uslegal.com/i/illicit-trafficking/>

<sup>7</sup> Will Kenton. *Supply Chain* (February 2020). January 28, 2020  
Available at: <https://www.investopedia.com/terms/s/supplychain.asp>

## Background Information:

The illegal trade in precious metals has increased significantly over the years. This increase is directly related to the network of Organized Crime. The Illegal Trade in precious metals and mining in general is often used by criminal groups to finance their illegal transnational business. In doing so, they take advantage of the loopholes in national and international legislation to conduct their trade as quickly and undetected as possible.<sup>8</sup> Precious metals play a major role in the economy and are used for example extensively in industry.

Most precious metals and mineral resources are mined worldwide in China, Australia and the United States of America such as Gold, Silver, Platinum Group Metals. Mining in general needs to be categorized in different groups. There are 3 major groups such as artisanal small-scale mining (ASM), small scale mining and furthermore large-scale mining.<sup>9</sup>

Over the years, a black market has developed with the trade in mining, the outlet danger, of which national and international authorities can only fight with difficulties, puts our world at risk. In most cases, the metals are distributed around the globe in an unrefined form in order to lower the value of the precious metal more easily. The criminal traders try to reduce the value and hide the nature of the mined precious metals. The collected proceeds of the trade are usually transferred to foreign accounts, like the normal principle of illicit trade. This cycle promotes Transnational Organized Crime.<sup>10</sup>

In addition to that the development of international transport, infrastructure, technology and modern telecommunications and banking systems have helped to facilitate the illegal trade in precious metals. According to studies one of the most important impacts of TOC for a state is the harm it does to the quality of its governance.

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<sup>8</sup>Peter H. Bishop. *Illicit trafficking of precious metals and its destabilizing factors in systems of affected countries* (March 2011). February 02, 2020  
Available at: <http://f3magazine.unicri.it/?p=598>

<sup>9</sup>Unknown author. *Promoting an international strategy to combat illicit trafficking in precious metals* (unknown). February 15, 2020  
Available at: [http://www.unicri.it/special\\_topics/metals\\_gemstones/Preliminary\\_Desk\\_Review.pdf](http://www.unicri.it/special_topics/metals_gemstones/Preliminary_Desk_Review.pdf)

<sup>10</sup>Alexander Perelygin, Albert Selin and Vladimir Ivanov. *Metal Fingerprint: Countering Illicit Trade in Precious Metals and Gemstones* (January 2010). February 02, 2020  
Available at: <http://www.envirosecurity.org/actionguide/view.php?r=380&m=publications>

## Further Background Information Documents:

### **The threat of transnational organized crime (United Nations):**

<https://www.unodc.org/documents/data-and-analysis/tocta/1.The-threat-transnational-organized-crime.pdf><sup>11</sup>

### **Transnational organized crime and fragile states (Organization for Economic Co-operation and Development):**

<https://www.oecd.org/dac/accountable-effective-institutions/WP3%20Transnational%20organised%20crime.pdf><sup>12</sup>

### **Exploring tomorrow's organized crime (Europol):**

[https://www.europol.europa.eu/sites/default/files/documents/Europol\\_OrgCrimeReport\\_web-final.pdf](https://www.europol.europa.eu/sites/default/files/documents/Europol_OrgCrimeReport_web-final.pdf)<sup>13</sup>

### **White paper on transnational organized crime (Council of Europe):**

<https://rm.coe.int/168070afba><sup>14</sup>

### **Promoting an international strategy to combat illicit trafficking in precious metals (United Nations Interregional Crime and Justice Research Institute):**

[http://www.unicri.it/special\\_topics/metals\\_gemstones/Preliminary\\_Desk\\_Review.pdf](http://www.unicri.it/special_topics/metals_gemstones/Preliminary_Desk_Review.pdf)<sup>15</sup>

## Major Countries and Organizations involved:

**Europol:** Europol is a police department with their headquarter in Den Haag in the Kingdom of the Netherlands. At this time, they have about 28-member countries from the European Union. They also get supported by many non-EU partners or other international or European organisations. The aim of Europol is to secure peace and safety in the European Union. This organisation takes care of the problem of international crime, cybercrime and terrorism.<sup>16</sup>

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<sup>11</sup> Unknown author. *The threat of transnational organized crime* (unknown). January 18, 2020

Available at: <https://www.unodc.org/documents/data-and-analysis/tocta/1.The-threat-transnational-organized-crime.pdf>

<sup>12</sup> Paula Miraglia, Rolando Ocho and Ivan Briscoe. *Transnational organised crime and fragile states* (October 2012). January 18, 2020

Available at: <https://www.oecd.org/dac/accountable-effective-institutions/WP3%20Transnational%20organised%20crime.pdf>

<sup>13</sup> Unknown author. *Exploring Tomorrow's organised Crime* (2015). February 08, 2020

Available at: [https://www.europol.europa.eu/sites/default/files/documents/Europol\\_OrgCrimeReport\\_web-final.pdf](https://www.europol.europa.eu/sites/default/files/documents/Europol_OrgCrimeReport_web-final.pdf)

<sup>14</sup> Unknown author. *White Paper on transnational organised crime* (December 2014). February 09, 2020

Available at: <https://rm.coe.int/168070afba>

<sup>15</sup> Unknown author. *Promoting an international strategy to combat illicit trafficking in precious metals* (unknown). February 15, 2020

Available at: [http://www.unicri.it/special\\_topics/metals\\_gemstones/Preliminary\\_Desk\\_Review.pdf](http://www.unicri.it/special_topics/metals_gemstones/Preliminary_Desk_Review.pdf)

<sup>16</sup> Unknown author. *Europol: About Europol* (unknown). January 20, 2020

Available at: <https://www.europol.europa.eu/about-europol>

**Financial Action Task Force on Money Laundering (FATF):** “The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. Starting with its own members, the FATF monitors countries' progress in implementing the FATF Recommendations; reviews money laundering and terrorist financing techniques and counter-measures; and, promotes the adoption and implementation of the FATF Recommendations globally.”<sup>17</sup>

In general, their aim is to stop the organizations from operating in criminal activities. Interpol is working hand in hand with the local police and the local Interpol’s police services. Therefore, they conduct criminal analysis. Member countries and other organizations help them by giving them information about the suspicious groups.

**International Monetary Fund (IMF):** The International Monetary Fund is a special organisation of the United Nations with members of almost 150 countries around the world. They have worked over the past 50 years with governments. The International Monetary Fund takes measures to grow economic stability through the strengthening capacity of economic institutions and the ecosystem. In addition to that they help governments to provide better services for their people.<sup>18</sup>

**Interpol:** Interpol is nowadays one of the largest international police organizations. Currently it is consisting of 190-member nations, with the aim of “Preventing and fighting crime through enhanced cooperation and innovation on police and security matters”<sup>19</sup>.

**United Nations Office on Drugs and Crime (UNODC):** is a United Nations office, which is the official and international instrument for combating against Transnational Organized Crime.<sup>20</sup>

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<sup>17</sup>Unknown author. *Financial Action Task Force: What do we do?* (unknown). January 20, 2020  
Available at: <http://www.fatf-gafi.org/about/whatwedo/>

<sup>18</sup>Unknown author. *International Monetary Fund: What We Do* (unknown). January 20, 2020  
Available at: [https://www.imf.org/external/np/ins/english/capacity\\_about.htm](https://www.imf.org/external/np/ins/english/capacity_about.htm)

<sup>19</sup>Unknown author. *Interpol: Organized crime* (unknown). February 04, 2020  
Available at: <https://www.interpol.int/Crimes/Organized-crime>

<sup>20</sup>Unknown author. *United Nations Convention against Transnational Organized Crime and the Protocols Thereto* (September 2003). January 14, 2020  
Available at: <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html>

**United States of America:** The United States of America enforce many different agencies to prevent the Transnational Organized Crime. “The inter-American system has been strengthened in the past 25 years to favour cooperation in the fight against transnational organized crime.”<sup>21</sup>

**World Bank:** The World Bank has a membership of 188 nations. The combat of Transnational Organized Crime (TOC) is not primary their aim.<sup>22</sup> The combat of Transnational Organized Crime is needed to battle against corruption and money laundering. Although the World Bank has supported the fight against TOC with a donation in the year 2011 of \$ 1,5 billion. Furthermore, the World Bank is partnered with the United Nations in an initiative called “Stolen Asset Recovery Initiative” (StAR). The StAR initiative takes measures to end safe areas for corrupt resources.<sup>23</sup>

### Relevant UN Resolutions:

**Economic and Social Council Resolution 2005/17:** International cooperation in the fight against transnational organized crime; available at:

[https://www.unodc.org/documents/commissions/CCPCJ/Crime\\_Resolutions/2000-2009/2005/ECOSOC/Resolution\\_2005-17.pdf](https://www.unodc.org/documents/commissions/CCPCJ/Crime_Resolutions/2000-2009/2005/ECOSOC/Resolution_2005-17.pdf)

**Economic and Social Council Resolution 2019/23:** Combating transnational organized crime and its links to illicit trafficking in precious metals and illegal mining, including by enhancing the security of supply chains of precious metals; available at:

[https://www.unodc.org/rddb/document/crime/resolution/2019/2019/2019-](https://www.unodc.org/rddb/document/crime/resolution/2019/2019/2019-23/2019_ecosoc_resolution_2019-23br_combating_transnational_organized_crime_and_its_links_to_illicit_trafficking_in_precious_metals_and_illegal_mining_including_by_enhancing_the_security_of_supply_chains_of.html?lng=en)

[23/2019\\_ecosoc\\_resolution\\_2019-](https://www.unodc.org/rddb/document/crime/resolution/2019/2019/2019-23/2019_ecosoc_resolution_2019-23br_combating_transnational_organized_crime_and_its_links_to_illicit_trafficking_in_precious_metals_and_illegal_mining_including_by_enhancing_the_security_of_supply_chains_of.html?lng=en)

[23br\\_combating\\_transnational\\_organized\\_crime\\_and\\_its\\_links\\_to\\_illicit\\_trafficking\\_in\\_precious\\_metals\\_and\\_illegal\\_mining\\_including\\_by\\_enhancing\\_the\\_security\\_of\\_supply\\_chains\\_of.html?lng=en](https://www.unodc.org/rddb/document/crime/resolution/2019/2019/2019-23/2019_ecosoc_resolution_2019-23br_combating_transnational_organized_crime_and_its_links_to_illicit_trafficking_in_precious_metals_and_illegal_mining_including_by_enhancing_the_security_of_supply_chains_of.html?lng=en)

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<sup>21</sup>Gino Costa. *Citizen Security and transnational Organized Crime in the Americas* (June 2012). February 15, 2020

Available at: <https://sur.conectas.org/en/citizen-security-transnational-organized-crime-americas/>

<sup>22</sup> Unknown author. *The World Bank* (unknown). January 20, 2020

Available at: <https://www.worldbank.org/en/what-we-do>

<sup>23</sup>Unknown author. *The Stolen Asset Recovery Initiative* (unknown). January 20, 2020

Available at: <https://star.worldbank.org/>

**Economic and Social Council Resolution 2019/05:** Promoting technical assistance and capacity-building to strengthen national measures and international cooperation to combat cybercrime including information sharing; available at:

[https://www.unodc.org/documents/commissions/CCPCJ/CCPCJ\\_Sessions/CCPCJ\\_28/E\\_CN15\\_2019\\_L6\\_Rev1\\_e\\_V1903711\\_unedited.pdf](https://www.unodc.org/documents/commissions/CCPCJ/CCPCJ_Sessions/CCPCJ_28/E_CN15_2019_L6_Rev1_e_V1903711_unedited.pdf)

**Economic and Social Council Resolution 2019/05:** Technical assistance provided by UNODC related to counter-terrorism; available at:

[https://www.unodc.org/documents/commissions/CCPCJ/CCPCJ\\_Sessions/CCPCJ\\_28/ECN15\\_2019\\_L8Rev1\\_e\\_V1903717\\_reissued.pdf](https://www.unodc.org/documents/commissions/CCPCJ/CCPCJ_Sessions/CCPCJ_28/ECN15_2019_L8Rev1_e_V1903717_reissued.pdf)

**Economic and Social Council Resolution 2019/05:** Follow-up to the Thirteenth United Nations Congress on Crime Prevention and Criminal Justice and preparations for the Fourteenth United Nations Congress on Crime Prevention and Criminal Justice; available at:

<https://undocs.org/E/CN.15/2019/L.10/REV.1>

**Economic and Social Council Resolution 2019/05:** Countering the smuggling of commercial goods in cases falling within the scope of the United Nations Convention against Transnational Organized Crime; available at:

<https://undocs.org/E/CN.15/2019/L.9/REV.1>

### Previous Attempts to solve the issue:

The United Nations have already adopted their own Convention, by passing a resolution (General Assembly resolution 55/25 of 15 November 2000) with the main aim to combat the problems and consequences of Transnational Organized Crime. The Convention is strengthened through three more protocols. The protocol contains the task, that every member state has to recognize the seriousness of the problem raised by the Convention and promote and reinforce the need for close international cooperation to solve these problems.

The first protocol is “the protocol against the smuggling of migrants by land, sea and air.”, the second one is “the protocol against the illicit manufacturing of and trafficking in firearms, their parts and components and ammunition”, the last one is “the protocol to prevent, suppress and punish trafficking in persons, especially women and children”.

Member states, which sign this protocol are now mandatory to take a number of measures against Transnational Organized Crime, including the establishment of national offences, the adoption of new and comprehensive frameworks for extradition, mutual legal assistance, law enforcement cooperation and finally the promotion of training and technical assistance to build or improve the necessary capacities of national authorities. In addition to that the United Nations have also created a conference of the Prevention against Transnational Organized Crime.<sup>24</sup>

With that taken measures the United Nations have already made a huge step forward for the international cooperation of all member countries to combat Transnational Organized Crime and its links to illicit trafficking in precious metals and illegal mining including by enhancing the security of supply chains of precious metals successfully.

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<sup>24</sup> Unknown author. *Organized Crime* (unknown). February 17, 2020  
Available at: <https://www.unodc.org/unodc/en/organized-crime/intro.html>

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Available at: <https://www.investopedia.com/terms/s/supplychain.asp>

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