

Forum: Economic and Social Council (ECOSOC)

Issue: Combating illegal sales of narcotic substances by terrorist organizations as a means of funding

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Introduction

On the 11th of March 2004, 13 bombs exploded simultaneously at the Madrid train system in Spain. 193 people were killed and over 2000 were injured. It was the worst terrorist attack ever on European soil. Investigations conducted by Spanish authorities revealed that the financing of the attack was provided by the trade of trafficked drugs (UNODC). This revelation once again emphasised the relationship between terrorist organisations and the illicit trade of narcotic substances.

The United Nations Security Council (UNSC) recognizes drug trafficking as one of the multiple illicit ways that acts of terrorism are financed by. Terrorist organisations use their revenue obtained by the trade of drugs to fund foreign terrorist fighters (FTFs). Those FTFs then carry out attacks that result in multiple casualties. Estimations on how much terrorism organisations are involved in drug trafficking are very difficult to make. However, the Senior Terrorism Prevention Officer of the United Nations Office of Drugs and Crime (UNODC) stated in a conference that *“the magnitude of the numbers (of terrorist organisations) involved make the relationship worrisome”* (Irka Kuleshnyk, 2018). Tackling this issue is vital for nations to maintain national and international security. To do so, networks involving drug trafficking must be identified and taken down. This requires stronger cooperation between Member States on the international stage which can only be accomplished by *strengthening diplomacy* around the globe.

Definition of Key Terms

Terrorism: There is no universally agreed legal definition for terrorism. This term has been

referred to in different ways in conventions and resolutions passed in the United Nations. However, the argument can be made that a definition provided in a UNSC resolution would be agreed by every nation since any resolution passed by the UNSC is considered to be legally binding to each Member State. Security Council Resolution 1373 (2001) refers to the term “terrorism” as:

“... criminal acts, including against civilians, committed with intent to cause death or serious bodily injury, or taking of hostages, with the purpose to provoke a state of terror in the general public or in a group of persons or particular persons, intimidate a population or compel a government or an international organization to do or to abstain from doing any act, which constitute offences within the scope of and as defined in the international conventions and protocols relating to terrorism, are under no circumstances justifiable by considerations of a political, philosophical, ideological, racial, ethnic, religious or other similar nature, and calls upon all States to prevent such acts and, if not prevented, to ensure that such acts are punished by penalties consistent with their grave nature.”

Freezing of Assets: Assets freeze is a type of sanction that restricts the access to the “*funds and financial assets or economic resources*” (UN) of individuals or groups that have been listed by Member States. The UNSC is the only body in the UN that can authorise such sanctions. The UNSC applies the use of the freezing of terrorist assets and considers it as a highly effective measure against the financing of terrorism (UNSC Counter-Terrorism Committee). Individual targeted sanctions including asset freezing and travel bans are imposed on 261 individuals and 83 entities that are on the Sanctions List. The reasoning for those sanctions are also stated in the list mentioned above.

Drug Trafficking: The UNODC defines drug trafficking as “*a global illicit trade involving the cultivation, manufacture, distribution and sale of substances which are subject to drug prohibition laws*”. In the last few decades, terrorist organisations have been increasingly involved in drug trade. This is because drug trafficking is extremely profitable. The UNODC estimates the value of the two main trafficking routes, the Balkan route and the Northern Route, at \$33 billion in total. Involvement of terrorist organisations such as Taliban, Al-Qaeda, Boko Haram and the Islamic State of Iraq and the Levant (ISIL) has become known on the international stage.

Foreign Terrorist Fighters (FTFs): Foreign terrorist fighters are individuals that travel to a state other than their own state in order to take parts in the planning and perpetration of, and participation in acts that aim to terrorise the general public or a certain group of individuals in places they are located in by receiving training from terrorist organisations that are especially located in conflict zones. (UNSC). Those individuals pose a serious threat to their State of origin, the States that they travel in and the states that are neighbouring conflict zones in which terrorist organisations are located in. The UNSC estimates that 30,000 individuals from over 100 Member States were attracted into joining terrorist organisations such as ISIL and Al-Qaeda. FTFs increase the threat of terrorism around the globe, and are deemed to be extremely dangerous.

General Overview

Terrorist organisations require financing in order to support their members, fulfill the logistical aspects of their actions and carry out attacks that serve their goals: to terrorise the public. They either receive licit donations or conduct illicit acts including arms trafficking and drug trafficking. Terrorist organisations are either directly or indirectly involved with such actions, making their proceeds even more difficult to trace. Large networks of criminal organisations are known to be related to terrorist organisations that are engaged in drug trafficking. This section of this report will go more into detail about how these organisations produce and traffick narcotic substances and how they operate by concealing their revenue.

Cultivation and Production

Drug trafficking expands into different continents. Production of illicit drugs is no exception. From the Revolutionary Armed Forces of Colombia (FARC) to the Taliban located in Afghanistan, terrorist organisations around the world are involved in large scale drug production. (U.S. State Department). The profile of regions in which drug trafficking is in abundance is very similar to each other: rural areas in which people live in poverty. Farmers in those regions rely on drug crop production as a source of income. Giving examples of countries with high drug crop cultivation and production rates would help us identify a general trend.

Afghanistan is one of the leading countries in cultivating opium, a narcotic depressant produced from opium poppy. Opium poppy is also used in the production of heroin. Opium has been a part

of Afghanistan's political economy for decades. Many warlords and government officials protected the country's opium industry (George Gavrilis, 2010). The Taliban, an Islamic fundamentalist group, took power in the country in the 1990's. Its stance on the opium industry varied throughout its rule. Taliban enforced taxes to create revenue for the government, but also handed out concessions to warlords to gain their support. During this time, Afghanistan was home to 75% of world's illicit opium. Towards the end of its rule, Taliban enforced strict bans on opium cultivation, curbing it by 98%.

In 2001, the U.S. invaded Afghanistan to overthrow Taliban who they believed hid Osama bin Laden, the founder and leader of the terrorist organisation called Al-Qaeda. The invasion overthrew the Taliban rule, and created instability in the country. The impoverished rural sites of Afghanistan had a surge in terms of drug production, as the situation in the war torn country enforced no limitations and provided no other source of income. In the year 2006, Afghanistan was again leading illicit opium production, producing 94% of the global illicit opium. The United States, Britain and the UNODC established a joined initiative to eradicate illicit opium poppy production. Although a decrease was observed between 2008-2010, a 2017 UNODC report called "Afghanistan Opium Survey 2017" found that the area under poppy cultivation increased by 63% compared to the last year, reaching a record-high. It is important to note that the most increase of poppy cultivation occurred in regions under Taliban insurgency (Vanda Felbab-Brown, 2017). The legal economy of Afghanistan has been in a huge recession since the US-led invasion, and shows little to no signs of recovery. With the increasing poverty in the country, people are left with no other option but cultivate opium. Taliban takes advantage of the situation in the country and the U.S. State Department estimates that its revenue is around \$400 million.

Colombia is the leading country in cocaine production. Although the government has significantly decreased the cultivation, the rate is still very high. The origin of the drug problem can be traced back to FARC, a guerilla movement that fought against the Colombian government between the years 1964 and 2017. FARC considered itself an army, but also perpetrated terror attacks against the government. Therefore, it was considered as a terrorist organisation by many countries. At first, FARC considered the drug industry dangerous for its aim, but its stance soon shifted with the need of financing. FARC then started taxing drug cultivators and traffickers. The more FARC promoted coca cultivation, the more it increased its

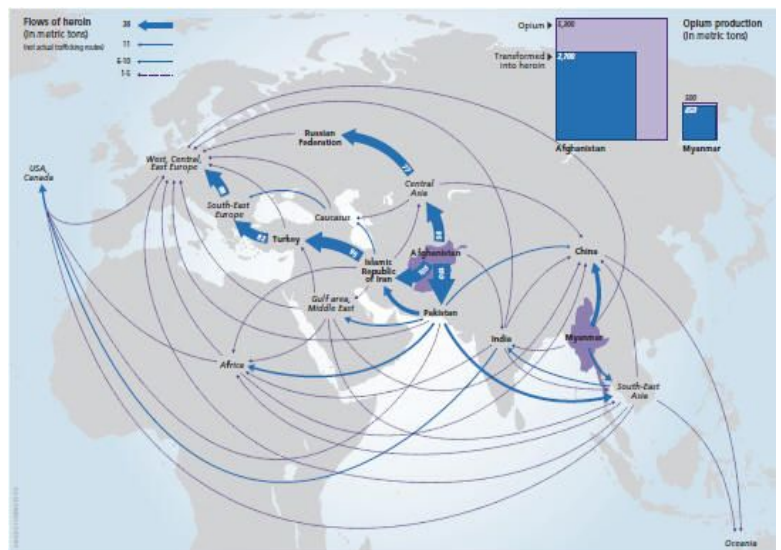
revenue. The guerilla group used the proceeds to expand its rebel army. The instability in the region due to the drug related violence between FARC, the government and other rebel groups caused a humanitarian crisis, with more than 5 million Colombians leaving their homes. (John Otis, 2014) The instability also led to many peasants join FARC. The expansion of the guerilla group was a huge threat to the government. The United States Defence Intelligence Agency in 1998 even put out a report that stated the Colombian government would be overthrown by FARC in 5 years.

Colombia's drug market is "worth \$6-\$7 billion dollars, and FARC receives 40 to 50 percent of this value" (Juan Carlos Pinzon, 2012). The only way that FARC maintains this revenue is by strengthening its relations with the poor local community and attempt to win "their hearts and minds"(John Otis, 2014). FARC was established to "to fight against the staggering levels of inequality" by representing the rural poor. Therefore, the support of the rural poor was vital for the continuation of the guerilla's existence. As FARC become more engaged with kidnappings and assassinations, the public opinion about them changed. This pushed the group to agree to start peace negotiations. In 2017, an agreement between FARC and the Colombian government was made, ending the conflict that continued for more than half a century.

Taliban and FARC, although located in different continents, followed a similar trend in drug cultivation. The countries that these groups are located in are considered unstable and low in terms of economic development. People living in these countries have no other opportunity but to cultivate crops which are later used by criminal and terrorist organisations to produce drugs. Those organisations promote the cultivation of these crops, therefore creating a multi-billion dollar illicit industry. This thread can be identified in in both countries mentioned above, and therefore should be considered.

Trafficking/ Transportation

The UNODC cooperates with member states and continuously monitors regions with high drug seizure rates to collect data. The data that it collects enables



the mapping and further understanding of drug trafficking. Considering the fact that heroin and cocaine are the largest illicit narcotic substance industries, \$33 and \$88 billion respectively (UNODC), focusing on the routes they are trafficked would be appropriate.

Heroin is a narcotic substance produced from opium. Information about opium was provided above. According to the UNODC, the annual production of heroin stands at 430-450 tons. This estimation comes from evaluations on world heroin consumption as well as heroin seizure data. Countries such as Afghanistan, Myanmar and the Lao People's Democratic Republic are countries in which heroin production is most in abundance. 50 tons of heroin are produced in Myanmar and the Lao People's Democratic Republic, and the remaining 380 tons are produced in Afghanistan. 5 tons of the 380 are consumed in Afghanistan, and the remaining heroin is trafficked around the world via routes crossing states neighbouring the country. There are two main routes that heroin is trafficked from Afghanistan. The Balkan route crosses through the Republic of Iran, Syria, Turkey, Greece and Bulgaria; entering Western and then Eastern Europe. The market value of this route is estimated to be \$20 billion (UNODC). Other terrorist organisations located on the route such as ISIL also profit from the trafficking of drugs. The northern route Russia, and crosses Tajikistan and Kyrgyzstan. This route is estimated to be worth \$13 billion. Heroin seizures mainly took place in the Middle East thanks to the increasing efforts of Turkey and the Republic of Iran.

Cocaine is a recreational narcotic substance produced from the coca plant. The UNODC estimates that the annual cocaine consumption is 470 tons, 40% of it consumed in Northern America. The consumption in the EU and Northern America make up 80% of the global cocaine consumption. Cocaine consumed in Northern America is trafficked from Southern America; mainly from Colombia to Mexico where it is then trafficked via sea or air transport. Colombia is the main source of cocaine, but shipments on route to Europe and the U.S. from neighbouring countries such as Peru and Bolivia are much more common.

Money Transfer

Terrorist organisations transfer their revenue to FTFs to plan, perpetrate and carry out attacks. However, those transfers are concealed and difficult to trace. One way to conceal their revenue is by running shell companies. Seemingly legitimate, those businesses are used to transfer money and arms. (Eben Kaplan, 2006). Terrorist organisations either choose official channels or

unregulated channels to transfer their money. The goal of terrorism financing is similar to the one of money laundering. Both hide funds from government scrutiny (Council of Europe).

Major Parties Involved and Their Views

Afghanistan

Drug trafficking has been a problem in Afghanistan for years. Counteractions against the cultivation, production and distribution of drugs have not shown the intended success due to the “insecurity, political power arrangements, and a lack of ready economic alternatives” (Vanda Felbab-Brown, 2016). Rural communities depend their livelihoods on opium poppy cultivation, and bans on it therefore has the potential to create inhumane situations. Although Afghanistan does its best to create economic alternatives, the war-torn country faces hardship to due so with its economy that was severely hit after international military forces entered the country. With no investments coming made in the country, the government’s hands are tied. Taliban, the organisation that ruled Afghanistan in the 90’s promotes itself as the protector of opium cultivation and in this way creates revenue for itself. The opium industry is as big as 4% of the total GDP of Afghanistan, and opium-supporting politicians therefore are able to diverge the government’s focus to other issues. The financial power behind them enable them to undermine efforts to eradicate opium poppy cultivation.

United States of America

The United States has the highest drug consumption and seizure rates according to UNODC data collected in 2016. The demand for drugs in the U.S. is very high, therefore creating a multi-billion dollar market. Most drugs arriving in the U.S. come from South American countries such as Colombia, Mexico and Peru. Other than the demand, the policy that the U.S. has set for the last two years carries great significance. With President Trump taking office, the U.S. started implementing new solutions, one of them being Trump’s campaign promise: a wall. Accusing Mexico of not implementing the necessary regulations, President Trump has continuously worded his intentions to build a 2000 mile long wall along the southern border of the United States. The building process has not started since the \$5.7 billion budget has not been approved by the U.S. Congress.

It should be stressed that drugs also enter from the northern border of the United States, through Canada. With the administration's focus on the southern border, the 5,500 mile long northern border has become a preferred one for drug trafficking into the United States. Authorities in the site have warned the U.S. government about the risks of the northern border but no solid action has been taken since then (Ron Nixon, 2016).

Colombia

Colombia is has the most cultivations of coca plants that are used to make cocaine. The cultivation coca plant was legal in Colombia as it was used for tea making and other daily functions. Today, the cultivation of the coca plant takes place in rural parts of Colombia where the government lacks regulation. UNODC estimates that 169,000 hectares of land is used for cocaine production in Colombia. Drugs from Colombia are shipped to countries in sub-Saharan countries in Africa where they are then sent to Europe via trade routes in Africa. Some of those trade routes are under the control of terrorist organisations which benefit from the trafficking of drugs on route to Europe. (Hiba Khan, 2017).

Financial Action Task Force (FATF)

FATF is an intergovernmental organisation that was established in 1989 following a meeting of its members' ministers. Its aim is to promote and ensure the implementation of required legislation against money laundering and terrorism financing around the globe. Its mandate was amended to include terrorism financing in 2001 (FATF).

The FATF publishes recommendations for states around the world to follow. Those recommendations are kept up to date to ensure their effectiveness. The FATF observes states and their implementation of the suggested legislation; and by cooperating with those states, the FATF aims to identify the vulnerabilities of the international financial system that caves way to money laundering and terrorism financing.

The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)

MONEYVAL is a body of the Council of Europe, responsible of setting international standards

for nations to prevent money laundering and terrorism financing. The committee makes recommendations to relevant authorities after its thorough evaluations in order to improve their systems. It is also responsible of ensuring the implementations of its recommendations which are provided for all Member States. MONEYVAL cooperates with international partners including the UN and the FATF (Council of Europe).

Timeline of Events

1989	Financial Action Task Force is established.
1997	United Nations Office of Drugs and Crime is established.
1999	International Convention for the Suppression of the Financing of Terrorism was signed.
11 September 2001	9/11 attacks kill more than 3000 people in the U.S.
7 October 2001	US-led forces enter Afghanistan.
30 November 2016	Peace deal between FARC and the Colombian government ends a war that continued for more than a decade.

UN Involvement

United Nations Office of Drugs and Crime

UNODC is an intergovernmental organisation which assist governments in implementing of legislation that combats illicit drugs, crime and terrorism. The UNODC publishes annual reports on drug use and drug trafficking around the globe, the most recent one being “World Drug Report 2018”. It also makes region based research and publishes its findings for the international community. The UNODC operates with the funds provided by its Member States. Three main conventions set UNODC’s stance towards drug control. Those conventions are the Single Convention on Narcotic Drugs (1962), the Convention on Psychotropic Substances (1971) and the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988). The report will go more into detail on these convention in the following sections. Two bodies are responsible of the implementation and adaptation of these conventions. The Commision on Narcotic Drugs, which consists of 53 Member States that are

elected by the Economical and Social Council (ECOSOC) for four-year terms, is responsible of improving and amending legislation regarding drug trafficking. The International Narcotics Control Board, consisting of 13 members who are elected for five-year terms by ECOSOC, monitor states in terms of their implementation of the three main conventions mentioned above. The UNODC assists these bodies by providing information to them. It also assists governments to ensure that relevant legislations against drugs and the trafficking of drugs are implemented (UNODC).

United Nations Security Council

The United Nations Security Council is one of the six main bodies of the United Nations. The council consists of 15 members, 10 of them non-permanent. The United States of America, Russian Federation, China, France and the United Kingdom are the remaining 5 permanent members of the UNSC. The primary duty of the UNSC is to maintain international peace and security. The Security Council has a Counter-Terrorism Committee which focuses on developing new ways to curb terrorism and its financing. The UNSC considers the freezing of assets as an effective tool to be used against terrorism financing. It is important to point out that the UNSC is the only body in the UN to impose such sanctions.

Economic and Social Council

ECOSOC was established as one of the six main organs of the United Nations, with the goal of serving as a platform of discussion for economical, social and environmental development. ECOSOC consists of 54 members who are elected from the General Assembly for three year terms. The Council detects and finds innovative solutions to emerging problems while also ensuring the parallel improvement of Member States economically, socially and environmentally (ECOSOC). Members of the The Commision on Narcotic Drugs and the International Narcotics Control Board are elected from ECOSOC.

Relevant UN Documents

Security Council Resolution 1373 (28 September 2001,S/RES/1373)

This resolution condemned the the 9/11 terrorist attacks in New York, Washington D.C. and Pennsylvania. It reiterated a similar message to the International Convention for the Suppression of the Financing of Terrorism (1999) which will be summarized in the next section

of the report.

Security Council Resolution 2178 (24 September 2014, S/RES/2178)

This resolution of the Security Council urges all Member States to implement new measures against terrorism financing through FTFs and called for the criminalization of the coverage of FTF travel expenses. The resolution emphasises the major obstacle to the solution of the problem, foreign terrorist fighters.

Treaties and Events

International Convention for the Suppression of the Financing of Terrorism (9 December 1999)

Adopted by the General Assembly, this convention is a milestone in the criminalisation of the financing of terrorism. It called Member States to prosecute individuals involved in the financing of terrorism with the appropriate penalties determined by the UN and implement these penalties in the domestic law. Out of the 188 parties, there are 132 signatories, considered as endorsements. Afghanistan is among the countries that are not signatories but has acceded the convention, meaning that it accepts the convention to legally bind the state.

FATF 9 Special Recommendations on Terrorist Financing

The FATF is an intergovernmental organisation that makes recommendations for Member States to implement in order to protect the global financial market. The 9 recommendations call for the immediate ratification of the International Convention for the Suppression of the Financing of Terrorism, increasing asset freeze capabilities and other useful measures, all endorsed by the Security Council.

Evaluation of Previous Attempts to Resolve the Issue

Apart from the treaties and resolutions above, Member States have taken action against the problem both individually or cooperatively with the UN. The Security Council has enforced multiple asset freeze sanctions on several entities associated with terrorism and the financing of terrorism around the globe. The Sanction List contains the names and reason for the sanction of the entities. Numerous countries are unable to implement these sanctions due to their lacking

asset freeze mechanisms (CTED). Therefore, sanctions still are not implemented in their fullest capacity.

Some countries on commonly used routes of drug trafficking increase their security measures in order to prevent drug trafficking in their countries. Although it increased drug seizure numbers, this would only be a single obstacle for drug traffickers unless all states implement similar security measures. Member States have also taken action against drug cultivation. The US, UK and the UNODC worked cooperatively to educate Afghan citizens of the harm of drug cultivation (CFR). The mission itself was hard to conduct as it required UNODC officials to identify regions with drug crop cultivation through constant communication with corrupt officials and local armed groups. The efforts decreased drug cultivation by 22% but the percentage soon increased with the worsening situation in Afghanistan.

The US negotiated with Afghanistan to use chemical herbicides sprayed from the air into regions held by the Taliban in order to curb opium poppy cultivation. Afghanistan was defiant and cited health risks for its rejection of the use of pesticides in the region (Jon Hemming, 2007). The immediate eradication of drug crop cultivation without the provision of another source of livelihood is also very dangerous as it may cause severe damage to poor communities.

Possible Solutions

Drug consumption is increasing around the globe. The demand for drugs increases year by year, creating regional markets worth billions of dollars. Delegates must consider ways to decrease this demand which would eventually lead to a decrease in the cultivation of drug crops. Drug production and trafficking mainly occur in countries with weak economies, paving way to great instability. Governments should be assisted into creating more job opportunities for its citizens, therefore creating other sources of livelihood for them.

Routes in which drugs are trafficked are mapped annually by the UNODC and other organisations. UNODC analysis shows that countries that increased their efforts to combat against drug trafficking in recent years such as Turkey and the Republic of Iran lead the world in terms of illicit drug seizures. Countries in which commonly used drug trafficking routes are used can increase their security measures to increase illicit drug seizures.

Although being an effective measure, sanctions such as asset freeze can't be implemented by many countries that lack the necessary capabilities to ensure their implementation. Delegates may be focused on assisting nations into developing such systems so that asset freezes can be fully implemented. Solutions must be based on international cooperation. There are numerous solutions to this issue that are not stated in this section of the report but are embedded in the whole report.

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