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Research Report

Topic 1: Countering the financing of drug and smuggling activities in Central Asia.



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Introduction

According to the United Nations Office on Drugs and Crime (UNODC), 90 tonnes of heroin are transported to the countries of Central Asia annually¹. The prevention of drug circulation is vital regarding the public and individual's health. To counter their illicit cultivation, production, manufacturing, and drug-related crimes, countering its financing is essential. This cannot be done without regional cooperation and financial trafficking. The drug problem is not only grounded in central Asia, but it remains a common and shared responsibility due to consequences that would be a global issue. Therefore, it should be addressed in a multilateral setting through effective and increased international cooperation.

This research report aims to represent the efforts that have been made to counter financing, and possible solutions to the issue.

Key terms

Money Laundering: The concealment of money that has been obtained illegally through banks and other businesses to make it seem as if the money has been obtained legally

Drug trafficking: The cultivation, manufacture, distribution and sale of illegal drugs.

Opium: A Narcotic produced from a poppy plant. A highly addictive drug.

Synthetic Drugs: Substances that are artificially modified from naturally occurring drugs and are capable of exhibiting both therapeutic and psychoactive effects.

Financial intelligence: Agencies such as FIU, and FATF that provide services that help prevent funding of illegal activities and terrorist financing. They set standards internationally that will prevent harm to society.

Illicit trade network: A system in which dangerous or morally repugnant goods or services are exchanged.

Background information

The financing of drug-related activities in Central Asia is a complicated issue with individuals and organizations of high power, such as corrupt government officials and criminal organisations involved. Drug smuggling across Central Asia has been documented since the 1970s as the illicit production of opium in Afghanistan began². The financing of these activities has mainly been through money laundering and its variations such as bulk cash smuggling, converting cash to

¹ “A Rocky Road - #OCIndex Series.” Global Initiative, 28 Feb. 2022, globalinitiative.net/analysis/central-asia-ocindex/. Accessed 29 Dec. 2024.
² “Afghanistan.” *UNODC*, 2001, www.unodc.org/pdf/report_2001-06-26_1/analysis_afghanistan.pdf.

checks or money orders, Wire transfers, Invoice manipulation, Letters of credit, Front companies, and Gold smuggling.

Globally, there are different routes by which drugs are manufactured and illicitly traded. Europe is supplied with it throughout the "Balkan route", which starts in Afghanistan, passing through the Islamic Republic of Iran and Turkey. There is also the "Southern route" that passes along Pakistan or the Islamic Republic of Iran through the sea reaching the gulf and into Africa, primarily the east. The money accumulated from these routes combined is an abundant sum. For instance, the "Northern route" collects USD 1.1 to 2.1 billion³.

As of December 2023, Myanmar has overtaken Afghanistan in its Opium production. However, Afghanistan still remains as a major source of drug manufacturing. From an interview of workers in the drug-smuggling industry in Afghanistan, 36% claimed to take part for monetary gain, 15% for the lack of employment and the other 15% due to social environments. The main drivers are unemployment as a quarter of Afghan workers are unemployed, and 80% of jobs are not secure⁴.

Major countries and Organisations involved

United Nations Office of Drugs and Crimes (UNODC)- The organisation ensures there is regional cooperation. They also support financial investigation and countering terrorist financing that is achieved through capacity building. They work with the central Asian states to strengthen the anti-money laundering system and overall legal system. In addition, they make pacts like the Paris Pact initiative and Central Asian Regional Information and Coordination Centre (CARICC) to contain the issue and minimise the negative outcome.

Belt and road initiative (BRI)- BRI's purpose on a national level is to work on regional connectivity. However, it is primarily made for an international scale of improving economic development all throughout the trade route going from Asia, to Europe and Africa. They are against the financing of drugs and activities in Central Asia as the trade route they are making would be endangered to being used for transportation purposes. Their involvement and support in this is for the benefit of their security.

Financial Action Task Force (FATF)- Intergovernmental organisation working with protection against money laundering. In addition, makes regulations in order to apply a system to further strengthen the systems of countries developed and developing from financial terrorism and money laundering

³ "Crossroads: Kazakhstan's Changing Illicit Drug Economy." *Global Initiative*, 31 Jan. 2024, globalinitiative.net/analysis/kazakhstans-illicit-drug-economy/. Accessed 18 Jan. 2025.

⁴ UNODC. Afghanistan Opium Survey 2023. 2023, www.unodc.org/documents/crop-monitoring/Afghanistan/Afghanistan_opium_survey_2023.pdf.

Afghanistan- Primary source of opiates in Central Asia. Despite Taliban bans on poppy cultivation, neighbouring countries of Afghanistan have suffered from rising levels of opiate abuse as a consequence of the increased drug traffic and availability in local markets⁵.

United States of America- They have been involved by starting CACI (Central Asia Counternarcotics Initiative). Their main goals include creating a Counternarcotics task force and promoting cross-region cooperation and establishing government networks so the criminals are investigated and found⁶.

Uzbekistan- Emerged as a key player in combating the financing of drugs nationally and with neighbouring countries through stricter border control and cooperating with international parties⁷.

Relevant UN resolutions

1. [Resolution adopted by the General Assembly on 4 June 2024 78/284. Central Asia's unified resolve and cooperation to effectively address and counter drug-related challenges](#)⁸

3. *Acknowledges* the strong intention of the States of the Central Asian region to improve national and regional cooperation on drug-related matters, including an enhanced integrated border management, and cross-border information exchange, especially along the trade and transit corridors to prevent drug trafficking and related illicit financial flows, the development of unified approaches to scheduling of controlled substances as well as the introduction of a regional electronic database of results of forensic chemical examinations of amphetamine-type stimulants and new psychoactive substances, within the regional networks of interaction between law enforcement and judicial authorities and between them;

2. [Resolution adopted by the General Assembly on 17 December 2018 73/192. International cooperation to address and counter the world drug problem](#)⁹

⁵ Fazli, Shehryar. "The Impact of Afghanistan's Drug Trade on Its Neighbours: The Case of Pakistan, Iran and Tajikistan." SOC ACE, Nov. 2023. www.socace-research.org.uk/publications/socace-rp25-afg-drug-trade-on-neighbours.

⁶ "Technical Difficulties." *State.gov*, 2025, 2009-2017.state.gov/documents/organization/184507.pdf. Accessed 18 Jan. 2025.

⁷ "UN Office on Drugs and Crime Continues to Enhance the Capacity of Competent Authorities of the Republic of Uzbekistan in Countering the Financing of Terrorism." *United Nations : UNODC Regional Office For*, 2022, www.unodc.org/roca/en/news/un-office-on-drugs-and-crime-continues-to-enhance-the-capacity-of-competent-authorities-of-the-republic-of-uzbekistan-in-countering-the-financing-of-terrorism.html. Accessed 18 Jan. 2025.

⁸ *Resolution Adopted by the General Assembly on 4 June 2024*. United Nations, 7 June 2024, p. 4, documents.un.org/doc/undoc/gen/n24/162/94/pdf/n2416294.pdf. Accessed 16 Jan. 2025.

⁹ *Resolution Adopted by the General Assembly on 17 December 2018*. United Nations, documents.un.org/doc/undoc/gen/n18/450/88/pdf/n1845088.pdf. Accessed 16 Jan. 2025.

Encouraging Member States to develop and strengthen, as appropriate, mechanisms of domestic coordination and timely and efficient information-sharing between authorities involved in identifying and countering drug trafficking, diversion of precursors and related money-laundering, to integrate financial investigations more thoroughly into interdiction operations so as to identify individuals and companies involved in such activities, and to encourage, in accordance with national legislation, cooperation with the private sector, including financial institutions, designated non-financial businesses and professions, as well as providers of money or value transfer services, to identify suspicious transactions, with a view to further investigating and disrupting the drug trafficking business model,

82. *Encourages* Member States to enhance national, regional, subregional, interregional and international capacity to prevent and counter money-laundering and illicit financial flows stemming from drug trafficking and related crimes, including, as appropriate, through the detection, investigation and prosecution of such activities, with a view to effectively addressing safe havens, and to identify and mitigate money laundering risks linked to new technologies, as well as emerging money-laundering methods and techniques, by using, inter alia, existing United Nations Office on Drugs and Crime technical assistance tools;

3. [*Resolution adopted by the General Assembly on 18 December 2013 68/197. International cooperation against the world drug problem*](#)¹⁰

23. *Reiterates* the urgent need for Member States to strengthen international and regional cooperation in order to respond to the serious challenges posed by the increasing links between drug trafficking, money-laundering, corruption and other forms of organized crime, including trafficking in persons, smuggling of migrants, trafficking in firearms, cybercrime and, in some cases, terrorism and the financing of terrorism, and to the significant challenges faced by law enforcement and judicial authorities in responding to the ever-changing means used by transnational criminal organizations, including the corruption of State officials, to avoid detection and prosecution;

4. [*Current situation with respect to regional and subregional cooperation in addressing and countering the world drug problem. Report of the Secretariat. UNODC/SUBCOM/56/3.*](#)¹¹

15. Regional cooperation is the most viable way to effectively tackle illicit drug cultivation, production, trafficking and use in the region. UNODC provides a harmonized and integrated

¹⁰ “Resolution Adopted by the General Assembly on 18 December 2013.” United Nations Office on Drugs and Crime, 18 Feb. 2014, www.unodc.org/documents/commissions/CND/Drug_Resolutions/2010-2019/2013/A_RES_68_197.pdf. Accessed 16 Jan. 2025.

¹¹ “Current Situation with Respect to Regional and Subregional Cooperation in Addressing and Countering the World Drug Problem.” Welcome the United Nations, 11 Sept. 2023, p. 3, documents.un.org/doc/undoc/gen/v23/069/08/pdf/v2306908.pdf. Accessed 16 Jan. 2025.

approach to strengthening the implementation of the integrated drug control initiatives. UNODC interventions are carried out at the regional and interregional levels through the regional programme for Afghanistan and neighbouring countries, the programme for Central Asia, the country programmes for Afghanistan, Iran (Islamic Republic of) and Pakistan, as well as the Office's global initiatives.

Previous Attempts to Solve this Issue

In 1996, the Memorandum of Understanding (MoU) on Sub-regional Drug Control cooperation was signed by the five Central Asian states to better counter the trafficking of drugs and related illicit financial flows, especially within the framework of shared responsibility¹².

Established the United Nations Regional Centre for Preventive Diplomacy for Central Asia (UNRCCA) in 2007 to address threats to regional stability, including drug trafficking and provide a political framework for preventive activities¹³.

Established Central Asia Regional Information and Coordination Centre (CARICC), joint international operations to combat illicit drug trafficking¹⁴.

The UNODC Regional Office for Central Asia (ROCA) provides ongoing technical assistance to member states in strengthening the legal framework, policies, and national strategies on anti-money laundering and countering the financing of terrorism (AML/CFT)¹⁵.

A simulation training programme was carried out as part of the UNODC Global Programme Against Money Laundering, with law enforcement and financial monitoring agencies of Kazakhstan and Uzbekistan on preventing drug-related money laundering¹⁶.

¹² "Central Asian States Increase Cooperation against Illicit Drug Trafficking; 13-14 December 2002, Ashgabat, Turkmenistan." United Nations : Information Service Vienna, 12 Dec. 2002, [unis.unvienna.org/unis/en/pressrels/2002/nar768.html](https://www.unis.unvienna.org/unis/en/pressrels/2002/nar768.html).

¹³ "UNITED NATIONS REGIONAL CENTRE for PREVENTIVE DIPLOMACY for CENTRAL ASIA." UNRCCA, unrcca.unmissions.org/sites/default/files/old_dnn/09%2029%202010%20-%20factsheet%20ENG%20with%20photos.pdf. Accessed 18 Jan. 2025.

¹⁴ "CARICC Agreements Enters into Force." UNODC Regional Office for Afghanistan, Central Asia, Iran and Pakistan, www.unodc.org/roca/en/news/caricc-agreements-enters-into-force.html. Accessed 18 Jan. 2025.

¹⁵ "UNODC and Kazakhstan's Agency on Financial Monitoring Improve Effectiveness of Anti-Money Laundering and Countering the Financing of Terrorism System." UNODC Regional Office for Afghanistan, Central Asia, Iran and Pakistan, www.unodc.org/roca/en/news/unodc-and-kazakhstans-agency-on-financial-monitoring-improve-effectiveness-of-anti-money-laundering-and-countering-the-financing-of-terrorism-system.html. Accessed 18 Jan. 2025.

¹⁶ "UNODC and Partners Held a Simulation Training Course on " Detecting and Investigating Financial Crimes, Suppressing Illicit Financial Flows from Drug Trafficking " for Officers from Kazakhstan and Kyrgyzstan." UNODC Regional Office for Afghanistan, Central Asia, Iran and Pakistan, www.unodc.org/roca/en/news/unodc-and-partners-held-a-simulation-training-course-on--detecting-and-investigating-financial-crimes--suppressing-g-illicit-financial-flows-from-drug-trafficking--for-officers-from-kazakhstan-and-kyrgyzstan.html. Accessed 18 Jan. 2025.

Possible Solutions

1. Cross-border collaboration between nations such as shared intelligence and joint operational activities such as border control
2. Strengthening legal frameworks to limit the criminal use of instruments that facilitate illicit drug trade
3. Addressing the underlying issue by improving socioeconomic conditions in drug-producing regions to reduce vulnerability to drug-related crimes such as job creation
4. Establish public-private collaborations between law enforcement and private sector entities in vulnerable areas to enhance security measures
5. Provide support to Central Asian countries to build their capacities in addressing the world drug problem, including countering money laundering and corruption
6. Enhance the ability of member states to collect, analyze, and exchange criminal intelligence
7. Collaborate to confiscate assets of high-risk organised crime groups through tracking and freezing criminal assets obtained from drug trafficking

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