

**UNITED NATIONS OFFICE FOR  
DRUG CONTROL AND CRIME PREVENTION**

**Tenth United Nations Congress  
on the  
Prevention of Crime and the Treatment of Offenders**

**10-17 April 2000  
Vienna**

**Opening Statement to the  
High-level Segment  
by  
Pino Arlacchi  
Under Secretary-General  
Executive Director**

**14 April 2000**

**Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

**A few months ago, the Ministerial Meeting of the World Trade Organization in Seattle provoked violent demonstrations against globalization of the world's economy. These demonstrations played on fears among some segments of the public on the impact of globalized markets. The World Economic Forum in Davos in January encountered similar disturbances.**

**It is tempting to brush these protests aside as being unrepresentative of global public opinion. I am in no position to offer a view in that respect. It is clear, however, that globalization has an ugly side that is a cause for concern, even if it may not involve the same issues that provoked disruptions in Seattle and Davos.**

**The liberalization of trade -- the free movement of goods and services -- is at the heart of globalization. This trend is not likely to reverse. It is the impulse for new growth in national economies. Many people benefit from the elimination of protected markets and from the free flow of information.**

**The negative side of globalization -- the backlash -- lies in the abuse of these new freedoms. Transnational criminal organizations have been among the first to take advantage of the new global reach made possible by the revolutions in communication, transportation and commerce.**

The sheer volume of cross-border activities has reduced our ability to control illegal trade and illegal immigration. Mingled with the stream of welcome tourists and visitors, criminals move hundreds of thousands of illegal immigrants year after year. Their illegal status, their lack of information and their fear make them ideal objects for exploitation. The traffickers who bring them across borders with false promises are the modern slave traders. Their motive is profit.

Many of the people lured into using the services of traffickers become virtual slaves, some in their own countries, others in faraway lands. Historians estimate that the slave trade from Africa to the Americas and the Middle East involved a total of some 18 to 19 million people from the 16<sup>th</sup> to the 19<sup>th</sup> century. This figure haunts us even today. Yet modern slavery has gone much further.

Professor Kevin Bayles estimates that 27 million people around the world currently live under various forms of slavery. The great majority are victims of modern forms of slavery, especially debt-bondage arrangements and contract slavery. The victim receives a loan in return for labour but then finds conditions that make it close to impossible ever to repay the loan. Or the victim is offered a contract tied to a period of labour in which nearly all earnings are kept by the "employer".

The work may be in a factory that produces consumer goods for export, as part of the new global economy. Or it may be a job in a distant country, which of course involves additional fees or debts. The desire for work combines with the dream of a better life. The reality of uncontrolled, clandestine immigration is more often than not a quagmire of debt to pay for forged documents, travel under dangerous conditions and exploitation upon arrival. Many illegal immigrants end up as beggars, accomplices to crime, sweatshop workers or prostitutes. Their dreams turn to desperation.

A recent US government document estimated that as many as 50,000 women and children from Asia, Latin America and Eastern Europe are brought to the United States under false pretenses each year and forced to work as prostitutes, abused labourers or servants.

Women and children are especially vulnerable to migration scams that land them in the sex industry. The International Organization for Migration reports that 500,000 women entered the European Union illegally in the single year 1995.

Worldwide, 1 million women and children are sold every year as modern-day sex slaves, 250 thousand of them from South East Asia and up to 200 thousand from the former Soviet Union.

**The exploding traffic in human beings is not the only criminal activity profiting from globalization. Firearms for illegal use must also move across borders. Over 2 million people in western Africa, 90 per cent of them civilians, have been killed by small firearms since 1990. Developing countries account for nearly 70 per cent of all illicit firearms purchases.**

**There are 600 million personal firearms around the world not in the hands of the police. Handguns are one of the main instruments in the 27 million violent crimes and 950 thousand murders committed every year. Police statistics from one Caribbean country show that 66 per cent of the murders on its territory are committed with illegal firearms. Virtually all of these guns, just as in many other countries, were at some stage trafficked across national borders.**

**Illegal drugs also move across borders. Their value increases at every step. We have solutions in hand for the economic situation of the farmers who grow opium poppy and coca bush. Their profits are small and can be offset by economic development in the growing areas.**

The main challenge lies in addressing the damage done by drug trafficking and by drug abuse itself. The abuse of drugs has also gone through a globalization process. Highest rates of heroin use are now in developing countries. The current wave of abuse of amphetamine-type stimulants, produced mostly in Europe, is a truly global affair. Drugs now move around the world in all directions. Drugs are abused in the countries of origin, along trafficking routes and in the destination countries.

The profits from drug trafficking are enormous. Some specialists claim that drug traffic is equal to 8 per cent of world trade. The mass of money generated is used in many cases to finance armed conflicts and terrorism. Thirty on-going armed conflicts are to a significant extent funded by illicit drugs.

Drug trafficking takes a terrible human toll as well. In Iran, for instance, 2900 law enforcement officers have been killed by drug traffickers in the past ten years.

Globalization would not have been possible without the revolution in technology which has occurred in the past twenty years. The advent of global electronic banking has been the key to economic integration and market expansion. Transnational crime generates money. That is its main purpose. It must move this money around to mask its origins. Crime groups have been primary beneficiaries of the major advances in the financial service industry.

SWIFT, the clearing house for international bank-to-bank transactions, now handles 1 billion inter-bank messages per year -- 1 thousand million in the British system -- international transactions per year. The daily volume of funds moving across international borders is now 5 trillion US dollars. That means a five with twelve zeros.

Criminals are experts at calculating the odds of getting caught when they attempt to move their profits for purposes of laundering. They can see that the odds of detecting one dubious transaction are not that high. The Russian money-laundering case which surfaced last year at the Bank of New York involved up to 10 billion dollars. The investigation was sparked when 300 thousand dollars in ransom money from a kidnapping in Russia were traced through an account at the bank. The remaining billions came from various other sources. The enormous amount involved points to a pooling of proceeds from perhaps corruption, tax evasion, corporate fraud and plundering of natural resources.

**Economic globalization has given a new dimension to these forms of crime. The IMF estimates that money laundering involves between 2 and 5 per cent of the world's gross domestic product, some 600 billion dollars annually. Large sums can quickly and easily be moved far away from the scene of the crime -- the place where bribery has occurred or where influence has been bought or where fraudulent contracts have been signed. What might otherwise be a local case takes on a more complex transnational dimension. Transnational transfers are used to escape the arm of national law enforcement.**

**Technological advance has also had other impacts on crime. We must now confront a totally new form of crime -- cyberspace crime, sometimes called computer or Internet crime. Threats are posed to individual security and to the security of business and government. From child pornography to cyber-stalking to fraud to sabotage -- old crimes have taken on new electronic trappings.**

**I have outlined some of the worrisome aspects of globalization. Let us now turn to what we can do about them.**

**We cannot welcome the liberalization of trade and increased international exchanges on the one hand, without at the same time addressing the backlash of globalization. "The price of liberty", Thomas Jefferson noted 200 years ago, "is eternal vigilance". To paraphrase the great statesman, we can say that the price of globalization is perpetual judicial cooperation.**

**Addressing the impact of globalization on organized crime requires a global approach. We are moving in that direction. Before the end of this year, the first Convention against Transnational Organized Crime should be ready for signature, along with its three protocols on trafficking in human beings, smuggling of migrants and illicit firearms.**

**The Convention will provide a common legal framework for international cooperation. It will only succeed if states strengthen their legal, judicial and enforcement structures to comply with the Convention.**

**For some conventions, the consequences of adherence are limited in scope to the country which adheres. For the Convention against Transnational Organized Crime, this is not the case. Every state that does not live up to the basic standards constitutes a potential safe haven and launching pad for transnational organized crime. As long as there are gaps in coverage, we will not succeed in our objective. There can be no weak links in the chain of enforcement.**

**My first appeal to you is thus for a major political push for rapid signature and ratification. The spirit of consensus which has characterized the gestation period of the Convention must be now be converted into global adoption of this new and powerful instrument. Last month, 20 Asian and Pacific governments meeting in Bangkok pledged themselves fully to the Convention process, including signature by the end of this year. This Congress offers all governments an opportunity to make a similar commitment here in Vienna.**

**The Convention has not come to life in a vacuum. It is a logical step in what have been a series of developments in international cooperation against crime. The UN Commission on Crime Prevention and Criminal Justice was created eight years ago and has been instrumental in generating the new consensus around the substance of the Convention.**

**We have seen encouraging developments in the efforts against illicit drugs. The 1988 Convention specifically target drug trafficking and related crime, a departure from earlier drug control conventions which approached drugs more from the regulatory perspective.**

**The 1998 special session of the General Assembly on drugs went a step further. Consensus was converted into commitment to concrete objectives. Deadlines were set. Enhanced judicial cooperation and measures against money-laundering were among the six target areas.**

**I am pleased to report that progress is encouraging in the application of the outcome of the special session. To give just one example, we have launched what we call the Offshore Forum, an effort to achieve a constructive engagement with the 55 jurisdictions serving as offshore financial havens. Just two weeks ago, at the first meeting under the Offshore Forum, 36 of them agreed to seek political commitment by September to a set of basic standards to be applied to international banking transactions. Assistance will be provided by ODCCP to those jurisdictions which need it to convert that commitment into reality.**

**With the support of Member States, we have also launched in the Centre for International Crime Prevention three global programmes.**

**The first programme concentrates on research into the nature and extent of transnational organized crime. Without first class information and expert analysis, we cannot hope to out-smart organized crime groups.**

**The second global programme addresses the trafficking in human beings. It -not only aims to achieve a deeper understanding of the involvement of organized crime in this traffic; it also offers assistance to countries in developing the machinery needed to counter the problem.**

**The third global programme addresses corruption, again offering to Member States assistance in designing and implementing a comprehensive anti-corruption strategy.**

**There are other initiatives at the international level -- in the United Nations and elsewhere -- which are already part of the response to the new challenges before us. Momentum is building. But it is not moving nearly as fast as the pace of technological change and the globalization of society.**

**This observation is the basis for my second appeal to you. We must accelerate the pace of pro-active work at the national and international levels. We run a serious risk of falling even further behind in fighting transnational organized crime if we are hindered by our own procedures. We cannot afford bureaucratic slowness and undue concern for petty issues.**

**There is no need for a protracted public awareness campaign to obtain the support of the general public. If we ask people on the street what concerns them the most in their day-to-day lives, crime-related issues almost always come out high in the list of answers. It is time for the politicians to listen and take responsible action. I do not mean crowd-pleasing action. I mean responsible action that will address crime in all its aspects, not the least of which is organized crime and the enormous destructive power it wields.**

**We will have a new Convention in a matter of months. We must address the question of how it will be implemented. In addition to the necessary institutional arrangements, we need to give urgent attention to ways in which countries can be helped to implement the Convention. I have mentioned some initiatives that have already begun. But these are just the beginning of what will be required if we are to be serious about this Convention and the objectives it puts forward.**

**The process of drafting the Convention has been smooth and fairly rapid. The international community is clearly taking its responsibilities seriously. This is no doubt based on the conviction that something must be done. It is also based on a belief that something can be done.**

**This brings me to my third and final appeal to you as leaders of your countries. To convert this political will into reality requires resources.**

**At the national level, this means enhanced support for the entire judicial system. In industrialized and developing countries alike, it means resources for training law enforcement officers and the judiciary in the new techniques needed to fight the new kinds of crime.**

**At the international level, it means greater resources for measures aimed at implementing international cooperation and, in particular, at assisting developing countries to put in place the necessary machinery.**

**We are living in a changing world. We have no choice but to understand and adapt to these changes. The greatest threat to peace and prosperity is no longer inter-state war. It comes from organized non-state actors who resort to violence, crime and terror to achieve their ends. Often criminal groups join with ethnic, religious or separatist movements, using them as fronts -- seeking legitimacy by association. Political conflicts open opportunities for criminal organizations. Criminal proceeds fuel adventurist political ambitions. State sponsorship of terrorism has been largely replaced by criminal sponsorship, funded by the proceeds of trafficking and organized crime.**

**Criminal groups draw in individuals who may have served in government or who may still be serving. They are needed for their privileged knowledge and for their connections. Expressed another way, they are needed to subvert the democratic process and the rule of law. In a number of countries organized crime has not only penetrated banking and other businesses. It has also begun to subvert the core structures of the state.**

**In his millennium address several days ago, the Secretary-General emphasized that this is not the time of the eclipse of the nation-state, as some have claimed. "On the contrary", he said, "States need to be strengthened. And they can draw strength from each other, by acting together within common institutions based on shared rules and values".**

**It is in this sense that I reiterate my three appeals to you, statesmen and leaders from around the world:**

**(1) Make a forceful push for rapid completion, signature and ratification of the Convention against Transnational Organized Crime and its three protocols;**

**(2) Accelerate the pace of designing and applying new practical measures to counter organized crime;**

**(3) And last but not least, give us not only the tools but also the resources to do the job of fighting crime effectively, at both national and international levels.**

**Mr. Chairman, I would like to close by extending to all of you a cordial welcome to the UN in Vienna. I look forward to your deliberations in this high-level segment.**

**Thank you.**