



**Euro-Latin American Parliamentary Assembly
Assemblée Parlementaire Euro-Latino Américaine
Asamblea Parlamentaria Euro-Latinoamericana
Assembleia Parlamentar Euro-Latino-Americana**



EURO-LATIN AMERICAN PARLIAMENTARY ASSEMBLY
Committee on Political Affairs, Security and Human Rights

22.10.2010

WORKING DOCUMENT

on fighting drug trafficking and organised crime in the European Union and Latin America

LAC co-rapporteur: Sonia Escudero (Parlatino)

1. Introduction

Drug trafficking is a multi-faceted problem. On the one hand, there is the **public health** issue, in the shape of an estimated 155-200 million consumers of illegal substances in 2008¹ (which represents between 3.5% and 5.7% of the entire population of the world). Between 16 and 38 million of these consumers were deemed ‘problematic’, and almost 85% of them received no treatment whatever during the same period, with an annual mortality rate of 200 000 due to drug-related disease.

On the other hand there is a **public security** issue, above all in terms of drugs-related violent death. In Mexico, for example, between 2006 and the beginning of 2010, there were approximately 28 000 deaths linked to drug-related violence². The figures are rising throughout the region, particularly in producer and transit countries. Drug trafficking is intermeshed with other organised crime networks, such as trafficking in weapons, human beings or counterfeit products; the resulting assets are channelled into the formal economy by a variety of means and, in most cases, rest on a network of institutional corruption.

There is an economic reason for drug trafficking on such a scale: illegal trafficking in illegal substances is extremely profitable. The value of drugs is defined by the operation of the principle of supply and demand: the greater the demand – given the lack of give-and-take due to the product’s addictive nature – the more prices rise, even if the supply falls. The profit to the producer, however, does not increase; what grows instead is the profit margin enjoyed by the traffickers. For example, money laundering is estimated to account for between 2 and 5% of world GDP, i.e. between USD 800 billion and USD 2 trillion – a little less than the total GDP of Brazil and Mexico, and more than the GDP of sub-Saharan Africa.

2. Commercial paradoxes

Globalisation has made the borders of traditional nation-states more hazy, and had a positive impact on the quality of life enjoyed by a large part of humankind; but it has also resulted, inter alia, in the extremely harmful phenomenon of the transnationalisation of criminal threats.

The liberalisation of world trade has had an impact on the way drugs are marketed, and has fostered the growth of large-scale, transnational networks of organised criminals. The permeability of the fragile borders of our globalised world offers drug traffickers commercial opportunities and convenient protective shields.

The expansion of world trade in the 1990s – at a rate of 6% per annum thanks to free trade agreements, the institutionalisation of the WTO, the enlargement of the European Union, inter alia – has exponentially multiplied opportunities for the free movement of goods. And illegal substances, their precursors and their derivatives are, essentially, goods.

Financial liberalisation, for its part, has made many new tools available to traffickers. Organised crime uses these tools to legitimise its profits and can, quite literally at the touch of a button on a laptop keyboard, transfer these profits to different banking centres hundreds of thousands of kilometres away.

Cocaine, which along with heroin is the drug that gives international traffickers their biggest profits, is cultivated in three countries: Colombia (43% of world production), Peru (38% of world production) and Bolivia (19% of world production). However, the demand for cocaine is largely located outwith the region: the consumers live in North America (6.2 million in 2008) and Europe (4 to 5 million in 2008), regions which account for 70% of world demand and 85% of the market’s total value.

Around 70% of US cocaine trade profits go to intermediary retailers. Colombian farmers and traffickers, for example, see less than 3% of the retail income generated by the cocaine they produce. Although the volume of cocaine in Europe is less, the value of the European market is virtually the same as in North America (34 000 million dollars as against 37 000 million dollars). Intercontinental traffickers receive an even greater percentage than in North America.

Why is it the producer who suffers the harshest penalties (as we shall see), when it is the trafficker who makes the lion's share of the profit?

With regard to illegal *opiates*, the bulk of world production comes from Afghanistan. But Latin American production (above all Mexico and Colombia) is hardly insignificant: since 2003, Mexico has become the world's third-largest opium producer. Heroin consumption is heaviest not in Latin America but in Europe.

Cannabis is the world's most widely consumed illegal substance (between 129 and 190 million consumers), although it is largely locally-produced, as are *amphetamine-type stimulants (ATS)*. Although reports indicate that consumption of these substances is steadily rising in South America, the number of consumers is far lower than in North America and Europe. It is nonetheless significant.

Drug production requires both crops and chemical refinement or synthesis processes, depending on whether the drug is organic or an ATS. This means that control of chemical precursors is a central tool in the drug-trafficking arsenal.

Given the increase in controls in some countries, traffickers have found other sources of precursors and new techniques for synthesising drugs, and have turned to producing in other countries, with a highly pernicious overspill effect: in 2008, a 20% increase in secret laboratories for manufacturing ATS was reported, and for the first time, laboratories were found in Argentina, Brazil, Guatemala, Iran and Sri Lanka.

As with other products, the profits from drugs are made largely by the intermediaries, not the producers. Thus, illegal trafficking today reproduces the characteristic new colonial pattern of asymmetrical terms of exchange.

3. The social background

As stated above, drug trafficking would have no economic value if there were no market to drive demand.

On the one hand, the driving forces that underlie drug-taking run deep. I suspect that consumers' behaviour has little to do with 'recreational choice' and much to do with desperation in the face of the crisis of values linked to the 'disenchantment with the world' that Max Weber spoke of at the beginning of the 20th century, or possibly situations of social anomie, as described by Emile Durkheim a little earlier, which lead individuals already adrift from society to commit different types of suicide; the absence of social cohesion prevents individuals from developing something essential to being human, namely a sense of belonging.

Moreover, decades of institutional fragility and stupefying socio-economic inequality feed and feed back into the structures of organised crime: a fabulous 'virtuous circle' for organised crime, and a corrosive vicious circle for the rest of society. If we analyse the issue, we can see that:

- Poverty and destitution produce thousands of children, adolescents and young people who

end up living, killing and dying in order to consume drugs; they frequently end up, in a variety of roles, forming an integral part of the murderously violent criminal world of drug trafficking. This is the drug scene as the only alternative offering an escape, whether mental or physical, from utter, abject poverty. A study made by the Favelas Observatory between 2004 and 2006 in Rio de Janeiro showed that 57.4% of those working as vendors started doing so between the ages of 13 and 15; under-18s account for between 50 and 60% of the workforce³. Repressive policies which focus on retail and criminalising consumers have, on the one hand, merely resulted – as we shall see - in overcrowded prisons full of people who are anything but major drug traffickers. On the other hand, these policies have stigmatised consumers and vendors, condemning them to a life of social exclusion, which in its turn perversely feeds back into and reinforces the way the system functions.

- The transit countries are laboratories which replicate the classic export model in the way they maximise profits: the purest substances are sold on the foreign market, while the rest (in this case the basic paste) is sold to the poorest sectors of the national market. There is supply for every kind of demand.
- Institutional fragility means that the multi-million profits of the drug trade can become a destabilising factor in political and economic life, targeting state institutions for the purposes of infiltration and subjugation; politicians, judges, police. The drug trade is bound up with other illegal trades such as arms trafficking, and the result is that if these officials can be bought, well and good; if they cannot, they are murdered. The links between the drugs trade and trafficking in human beings means that more and more women are being kidnapped and used as couriers for transporting drugs.

4. Fighting drug trafficking and organised crime: some fallacies

Drug trafficking is interlinked with and draws strength from other forms of illegal trafficking – human beings, weapons, organs, counterfeit products. This makes it an extremely profitable line of business for transnational criminal organisations. To tackle this issue, we need to avoid four fallacies.

First fallacy: believing that with the dismantling of a few big cartels, the problem has been reduced, and that we are talking about an ordinary, normal form of crime.

First counter-argument: statistics show that trade in drugs, far from remaining stable, is continuing to grow. For example, since 1998 potential opium production has risen by 78%, and that of cocaine by 5%, despite the application of genuinely repressive policies such as the Plan Colombia.

As we have already said, the permeability of globalised frontiers provides drug traffickers with commercial opportunities and convenient protective shields, but those same frontiers generally constitute insuperable barriers for the state officials responsible for pursuing the traffickers, because no internationally coordinated policies exist.

Transnational crime linked with illegal trafficking is qualitatively different from conventional crime. Global criminal activity is transforming the international system and standing the rules of the game on their head, creating new players and reconfiguring access to power in international politics and the international economy. The traditional pattern has changed. Networks of highly motivated individuals, with no links to a specific country, empowered by globalisation, are playing an ever-larger role. The model no longer seems to be that of the cartel of somebody like Pablo Escobar, but that of the transnational company.

The narcotics business has eliminated the rigidly structured criminal operations of the past. The way it operates is more flexible, and its tracks are more difficult to trace.

Second fallacy: the assumption that drug trafficking operates illegally.

Second counter-argument: drug trafficking is a real business, one in which it is often extremely difficult to differentiate between what is legal and what is illegal. Terms like ‘offshore’ or ‘black market’ lead us to think that drug trafficking is an underground affair, something that happens elsewhere or extraterritorially. But drug trafficking – or rather, the profits it generates – is intertwined with people’s daily lives. Supermarkets, hotels, casinos, refuse collection – any commercial activity can be turned into an opportunity for actually trading in drugs, or for laundering profits from drugs.

In short, criminal networks are the most powerful established interest-groups facing the world’s governments. And when their business becomes large-scale, the trafficking networks reproduce the entrepreneurial model: they diversify into other companies and invest in politics.

Third fallacy: only two alternatives to drug trafficking and organised crime exist:

- (1) The prohibitionist paradigm of all-out war on drug trafficking
- (2) The damage-limitation paradigm

Third counter-argument: The Latin American Commission on Drugs and Democracy, which comprises world-famous Latin American intellectuals, said in its 2009 statement, that ‘it is imperative that the shortcomings of the prohibitionist strategy followed by the USA, and the limits of the damage-limitation strategy followed by the European Union, be subjected to critical examination.’⁴

The **paradigm promoted by the US Government** is two-pronged: on the one side, there is the criminalisation of drug-consumption, and on the other, the eradication of crops, which is carried out by means of a basically military strategy and underpinned by the view that the problem is a national security matter, as illustrated by two major policies: the Plan Colombia and the Plan Mérida. Both prongs of the approach are based on an approach reeking with prejudice, fear and ideology.

Assessing the policy of criminalising consumers and vendors, Moisés Naím, editor of the journal *Foreign Policy*, wrote that ‘Washington is the centre of the so-called war against drugs, whose annual federal budget alone comes to 20 000 million dollars. Throughout the USA, the fight against drugs results in 1.7 million arrests and the jailing of 250 000 people. In Washington, 28% of those in jail are there mainly because of drugs-related charges. With figures like these, it is surprising that almost one in two Washingtonians over the age of 12 admits to having taken some illegal drug. ‘(...)In the very headquarters of the war on drugs in the USA, the stronger force is winning, namely the market’⁵.

The dreadful paradox is that the war on drugs is the political option best suited to increasing capital income from drug trafficking.

The 2009 statement already quoted, by the Commission on Drugs and Democracy, says that ‘prohibition helped make the United States’ prison population the largest on Earth. The total cost of a trafficker in a US jail can be as high as \$ 450 000. (...) Those same \$ 450 000 could provide treatment for approximately 200 individuals’.

Criminalisation policies involve major investment in police and military action to arrest and imprison traffickers and consumers. These are resources which should not be diverted from

investment in social and health policies, which address the structural cause of the problem: the social background. The prison system is bursting with small consumers who, as we have said, are not those responsible for multinational organised crime.

With regard to crop-eradication, the Latin American Commission on Drugs and Democracy took the example of Colombia. 'For decades, this country has been taking every measure imaginable to fight drugs, a colossal effort which has not produced benefits commensurate with the enormous expenditure and human costs' adding that, despite significant successes 'areas planted with illicit crops and the drug-flow from Colombia and the Andean area have increased again'⁴.

In Colombia, 15 years and thousands of millions of dollars from the US Treasury devoted to helping the Colombian army in its fight against drug trafficking have marked up some successes: the Medellín and Cali cartel bosses have been eliminated, and there have been arrests, extraditions and trials, resulting in long sentences in US jails. But the flow of drugs is not drying up. Both the FARC and the AUC control territory where coca leaves are grown, they protect laboratories where cocaine is manufactured, and they rake in substantial revenue from exports. They also apply scientific and technological know-how in order to modernise agricultural techniques and increase production.

Furthermore, the destruction of crops in the Amazon area by fumigating them with glyphosphate – as part of the channelling of resources from the USA to Colombia – has been denounced as a serious threat to indigenous communities and the environment.

There can be no doubt that this is not the path to be followed. In saying this, I am not ignoring the need to fight cartels and traffickers. But the debate needs to be opened up to involve sectors of society who have hitherto stayed on the fringes of the problem, in the belief that the solution is entirely the responsibility of the authorities.

With regard to **the paradigm of limiting the damage done by drugs**, the Latin-American Commission on Drugs and Democracy acknowledges that this 'is more humane and effective', but warns that 'by not giving priority to reducing consumption, on the argument that damage-limitation strategies minimalise the social dimension of the problem, the policy of the EU countries means that the demand for illicit drugs, which stimulates their production and export from other parts of the world, remains intact'⁴

A further issue is that the problems associated with drug trafficking and consumption are exponentially magnified in Latin America. Latin America's particularity is not consumption, but the fact that the survival of a substantial part of its population depends on cultivating and harvesting crops which furnish the basis for manufacturing a range of drugs. In the case of the peasants living in the Andean area, these crops are even linked to ancestral practices and traditions, and they are not necessarily simply a source of raw materials for narcotics.

Finally, the Commission on Drugs and Democracy concludes that 'the long-term solution to the problem of illegal drugs involves cutting demand in the main consumer countries. We are not trying to identify countries guilty of this or that omission, but we are claiming that the USA and the European Union are co-responsible for the problems that we are facing in the region, since it is their markets which are the largest consumers of the drugs produced in Latin America (...) It is therefore desirable that they implement policies which will be effective in lowering consumption levels and significantly reducing the scale of this criminal commercial enterprise'.⁴

Fourth fallacy: The path to be followed in fighting drug trafficking is summarised in the

international conventions on the subject.

Fourth counter-argument: The policies derived from the existing conventions seek to eliminate any recreational, ritual, experimental or self-medical use of coca, cocaine, opium, heroine, marijuana and other substances. The control system derived from the legal framework essentially takes the form of policies of repression, penalisation and punishment, which takes us back to the previous fallacy. However, as the United Nations Office on Drugs and Crime itself acknowledges, applying the provisions as if they were ready-made recipes has had certain unintended consequences:

- the creation of a black market controlled by criminals;
- an increasing demand for material resources, frequently to the detriment of investment in public health;
- a shift in the type of drugs used, as a result of the price variations caused by prohibition;
- the stigmatisation of addicts, who are socially marginalised and have difficulty in obtaining appropriate treatment.

5. Conclusions

The appalling human costs of drug trafficking and drug taking make this an issue that **must be addressed** by the international community – the whole network of state and supra-national institutions which organise the world community – and one which demands responses in the shape of full-scale public policies which will tackle, with equal efficiency, each of the core factors which comprise the problem.

As the Transnational Institute observes, 'the challenge is to find a balance between protecting public health by implementing specific controls on the one hand, and, on the other, the negative consequences of repressive controls. The goal is to achieve a global system which will protect the well-being of humankind by controlling potentially harmful substances, but with sufficient flexibility to allow respect for socio-cultural differences, and place limits on repressive action against consumers, peasants and small vendors'.⁶

Global threats demand globally-coordinated responses. Adoption of unilateral policies to tackle these threats quite clearly leads to a situation in which the threats are translated into negative externalities in other countries. For that reason, we are proposing the institutionalisation of a bi-regional mechanism for open dialogue, without any ideologising, and based on scientific data, statistics and successful experiences which make it possible to work out public policies for eradicating drug trafficking, promoting policies of transparency and accountability aimed at fighting money-laundering, finding substitute crops for those used as the basis for manufacturing drugs while taking care to ensure sustainability for the peasants concerned and, fundamentally, treating addicts.

To that end, we recommend:

- rectifying the 'war against drugs' strategy which has been applied in the last 30 years in large areas of Latin America;
- setting up a global debate, open to the producer, transit and consumer countries, which will allow the widest possible coming together and discussion of different approaches and ideas, and thus be conducive to identifying reasonable alternatives involving decriminalising the consumption of currently illegal drugs, based on available scientific knowledge and past and present experience of decriminalisation, which will allow us to go beyond the dogmatism of the paradigms described above;

- implementing public health policies on prevention, educating the population at large and children and adolescents in particular about the risks of taking drugs, as well as public health policies on recovery, which will offer drug addicts complete courses of treatment that will allow them to re-integrate into society. In this connection, the regional institutional channels which will make it possible for America and Europe to exchange experiences in this field need to be kept open;
- promoting inter-regional public policies seeking rigorously to control all those substances recognised as precursors for manufacturing illegal drugs, standardising the legal definition of such substances;
- promoting inter-regional public policies designed to regulate the situation of those jurisdictions which, by means of legal arrangements involving low or no taxation, are conducive to legitimising assets which stem from drug trafficking;
- creating institutional spaces which will permit parliamentarians, intellectuals and scientists from Europe and Latin America to come together, interact and hold in-depth discussions, so that the parliamentarians can become familiar with progress in medicine, biology, sociology, criminology and any other discipline which could help formulate properly-grounded legislative policies on the issue of drug trafficking and drug taking, differentiating between illegal drugs in terms of the damage they do to health and society;
- drawing attention to the need for absolutely rigorous state controls on the circulation of weapons, given the evidence that one of the pillars supporting the destructive power of organised criminal networks devoted to drug trafficking is the scale and sophistication of the weaponry available to them;
- refocusing strategies on preventing the cultivation of illegal drugs: eradication activities need to be combined with the adoption of alternative development programmes which take account of the real situation on the ground in terms of viable products which will enjoy market access under competitive conditions. We should not only be talking about alternative crops but also about the social development of alternative sources of employment. At the same time, we need to consider the legal use of plants such as coca in those countries where there is a long tradition of ancestral use, and measures adjusting production strictly to consumption of this type need to be promoted;
- encouraging the countries of the Biregional Strategic Association to adopt the provisions laid down in the draft Framework Law against illegal trafficking and consumption of narcotic and psychotropic substances produced by the Latin American Parliament's Committee on Citizen Security, Fighting and Preventing Terrorism, Drug Trafficking and Organised Crime, in the appropriate jurisdictions.

¹ World report on drugs 2010, United Nations Office against Drugs and Crime (UNODC).

² Statistics from the Mexican National Research and Security Centre.

³ www.observatoriodefavelas.org.br/observatoriodefavelas/includes/publicacoes/9772881438084dc1deeb1ecf6b105392.pdf

⁴ Latin American Commission on Drugs and Democracy, 'Drugs and Democracy: Towards a paradigm shift'.

⁵ Naim, M. Ilícito, Editorial Debate, 2007.

⁶ www.nuso.org/upload/articulos/3623_1.pdf