

EXPANDING THE TOOLKIT TO TACKLE ORGANIZED ENVIRONMENTAL CRIME

RECOMMENDATIONS
FOR THE G7 MINISTERS



**GLOBAL
INITIATIVE**

AGAINST TRANSNATIONAL
ORGANIZED CRIME

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This week, the G7 Summit will be held in the United Kingdom. The G7 ministers responsible for climate and the environment met in advance of this week's meeting to discuss 'building back greener' after the pandemic and released a communiqué with joint commitments.

The ministers' document provides an ambitious set of pledges – from preserving biodiversity to mainstreaming nature in policymaking. They recognize the challenges posed by both legal and illicit markets, and one of their pledges is to confront 'illicit threats to nature'. In so doing, they acknowledge that the illegal wildlife trade (IWT), trafficking in timber and timber products and illegal logging, as well as illegal trade in mineral resources, such as precious metals, gemstones and other minerals, and illegal, unreported and unregulated fishing all have a devastating impact on the natural environment and people's livelihoods. In the communiqué, the ministers commit to strengthen 'international and transboundary cooperation to tackle these crimes [illicit threats to nature] and harmful activities'.¹

The Global Initiative Against Transnational Organized Crime (GI-TOC) welcomes this timely commitment. It advances a way forward that recognizes environmental crimes as threats that are cross-cutting and a collective challenge, as opposed to siloed, discrete concerns. The ministers also recognize the significance of addressing criminal environmental markets as part of efforts to confront the 'interdependent crises of climate change and biodiversity loss'.

There are already multilateral agendas – such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora – designed to regulate the international trade in wildlife and wildlife products; there are also a number of civil society organizations that contribute extensively to awareness raising, research, investigations and even enforcement in some cases for particular environmental crimes, such as IWT. However, when it comes to taking action, responding to illicit environmental markets is not given a high priority at a policy level by some states, or there are significant obstacles hampering such responses. Consequently, the response has unfortunately not met the match of the challenge that exists.

In this brief, the GI-TOC sets out four specific action points that the G7 states could consider as critical elements of a toolkit that would tackle illicit environmental markets more efficiently and curtail the wide-ranging threat that environmental crimes pose worldwide: focus on shrinking the consumer base by tackling online markets; reconsider policy responses at the source by engaging local communities; improve targeted law enforcement within a governance and rule of law agenda; and consider sanctions as a part of the toolkit against high-level impunity.

Firstly, it begins by examining the background to and scope of the threat.

¹ G7 Climate and Environment: Ministers' communiqué, London, 21 May 2021, <https://www.gov.uk/government/publications/g7-climate-and-environment-ministers-meeting-may-2021-communiqué/g7-climate-and-environment-ministers-communiqué-london-21-may-2021#environment>.



ENVIRONMENTAL CRIME: AN ESCALATING THREAT

A recent report by the GI-TOC that surveys the trajectory of illicit markets globally over time makes clear the stark impact environmental crime has had on societies.² While the exploitation of resources such as oil, valuable minerals and timber is widely reported, there are many other lesser-known markets based on the unregulated sale of natural resources. For instance, to cite but one, rapid urbanization and consequent construction booms in cities across the world have spurred an illicit, mafia-controlled trade in sand.³ Meanwhile, an estimated 90% of e-waste is traded or dumped illegally.⁴ Scarcity, driven in many instances by the impact of climate change, threatens species and natural resources, increasing their value when traded in illegal markets.

Furthermore, the potential impacts of climate change are more acute in vulnerable, often developing countries, where state resources to mitigate its impact may be constrained. In some such areas, people are no longer able to survive on agriculture and turn to activities, like illicit or informal mining, for survival. The effects of climate change have also accelerated the scale of rural-to-urban migration, outstripping the ability of many local authorities to provide essential public services and security. The result, experienced particularly in the Global South, often leads to swelling informal urban settlements. In these conditions, inadequate infrastructure often hampers provision of basic resources, such as water and energy, and meeting these needs has been captured by informal monopolies or organized crime groups in some circumstances.

Challenges to an effective response

Efforts to confront these diverse illicit markets and supply chains come up against challenges on multiple levels. For one, online trade (including the use of social networking and e-commerce platforms) has been identified as a major and growing marketing component of these international illicit markets.⁵ Along supply chains and at the source of many natural resource markets, corruption manifests itself along a spectrum from low-level bribery to grand corruption; either way, corruption ultimately disincentivizes policy reform or stymies effective responses. Many of these supply chains that feed mostly legal consumer markets are controlled or taxed by armed insurgents, criminal groups or corrupt officials along the way. Illicit natural-resource markets also often connect with informal markets, such as the charcoal trade, which in some cases supply basic needs for many, and sometimes responses to informal activity become amalgamated with those to criminality.

² The global illicit economy: Trajectories of organized crime, GI-TOC, March 2021, <https://globalinitiative.net/analysis/global-organized-crime/>.

³ Prem Mahadevan, Sand mafias in India, Disorganized crime in a growing economy, GI-TOC, July 2019, <https://globalinitiative.net/analysis/sand-mafias-in-india/>.

⁴ UNEP, Illegally traded and dumped e-waste worth up to \$19 billion annually poses risks to health, deprives countries of resources says UNEP, 12 May 2015, <https://www.unep.org/news-and-stories/press-re-lease/illegally-traded-and-dumped-e-waste-worth-19-billion-annually-poses>.

⁵ Simone Haysom, In search of cyber-enabled disruption: Insights from the Digital Dangers project, GI-TOC, February 2019, <https://globalinitiative.net/analysis/in-search-of-cyber-enabled-disruption/>.



Environmental crimes operate globally, often driven by transnational organized criminal networks – with many composite parts carrying out operations. On the consumer side, demand for environmental products is international and diverse, yet rarely addressed by policymakers. There are established consumer and collector markets in developed economies (including the G7 countries), while a growing number of middle-income countries feed the demand for exotic wildlife, rare protected woods and precious stones, as well as the so-called ‘traditional’ medicinal and food markets of East and South East Asia. The burden in supplying these markets often falls predominantly to the Global South, principally because it is host to the world’s highest remaining concentration of biodiversity and a rich source of minerals and precious stones.

Combating environmental crimes can also be impeded by the fact that illicit markets are sometimes intertwined with legal supply chains and markets, and vested interests can overlap with development and profit incentives of governments and corporations. When governments turn their sights on these markets, they often target and criminalize impoverished communities eking out a livelihood in environmental trade.⁶ Meanwhile higher-level involvement, for example at the state, political or corporate level, commonly evades punitive measures. Some enforcement efforts have also tended towards militarization, for instance in addressing wildlife trade markets in Africa. The effect of such measures disproportionately impacts vulnerable and marginalized communities in the informal market, while doing little to disrupt the activities of those who benefit from high-level patronage or influence among authorities.

⁶ Simone Haysom, et al, Black gold: The charcoal grey market in Kenya, Uganda and South Sudan, GI-TOC, March 2021, <https://globalinitiative.net/wp-content/uploads/2021/03/Black-Gold-The-charcoal-grey-market-in-Kenya-Uganda-and-South-Sudan.pdf-GITOC.pdf>; Marcena Hunter et al, Illicit gold markets in east and southern Africa, GI-TOC, May 2021, <https://globalinitiative.net/wp-content/uploads/2021/05/Illicit-gold-markets-in-East-and-Southern-Africa-GITOC-.pdf>.



AREAS FOR ACTION

Given these various challenges and complexities, honing a more effective toolkit to address environmental crime, both at the state level and multilaterally, is, we argue, of pressing need. Below the GI-TOC proposes four critical approaches, which – with coordinated and committed G7 support and action – have the opportunity to improve responses for tackling the global environmental crime problem.

Taken as a whole, these areas for action can contribute to denormalizing illegal trade in endangered species and natural resources; shrinking the spaces where illicit environmental markets can reach wider audiences; increasing capacity to disrupt the higher tiers of involvement; and building relationships and agency at the local level by engaging local communities as change agents in policymaking solutions.

1. Focus on shrinking the consumer base: tackle online markets

In the communiqué, the ministers commit to increase their efforts to ‘reduce the demand for IWT products by developing targeted and evidence-based interventions in order to inform consumer behaviour and close markets where these illegal products are trafficked and sold’.

Online consumer demand for wildlife products is a key area that needs to be tackled. Websites on the open web, which people use on a daily basis, host some of the biggest markets for endangered species online.⁷ Not only do the open online sales and marketing of endangered wildlife help drive the illicit profits of criminal groups involved wildlife trafficking, but they also stimulate demand, particularly by ‘normalizing’ the purchase or consumption of endangered species. These conditions are also true for other environmental crimes, such as online trade in mercury used in illegal mining, and are critical points for targeted responses.

With an increasing volume of illicit trade occurring on social media platforms and the surface web, stronger online regulation is needed. There is also a need to build awareness of online criminality. Partnerships with online platform providers are critical, as is the need at the same time for regulation that safeguards rights and safety. More information is critical too. For example, baseline studies to help us understand the scale of IWT online are lacking. There is a need to better understand these markets and how they operate if we are to be able to measure the effectiveness of interventions. This could include experimenting with ‘model’ responses, which undermine markets and displace traders to less mainstream platforms.

Evidence of wildlife crime is widespread across the internet, and tech platforms and law enforcement have been unable to mount an adequate response. This mirrors a broader challenge with cyber-enabled crime in general – namely that criminals are active on the web, but the police are not. There are many reasons for this, including a difficult resourcing environment for implementing a cyber response, and a lack of coordinated and agreed upon

⁷ Simone Haysom, In search of cyber-enabled disruption, GI-TOC, 18 February 2019, <https://globalinitiative.net/analysis/in-search-of-cyber-enabled-disruption/>.



domestic and international action on how to regulate cyberspace. The resource constraint is compounded by the fact that the online world frustrates traditional law-enforcement approaches and because environmental crime is often low on governments' policy priority agendas.

The net result is that the online dimension to the illegal wildlife trade is left to flourish, barring the efforts of some NGOs and special-interest groups.⁸ There is an urgent need to shift the burden of monitoring and response to the private sector, and to mandated authorities, who should be ultimately held responsible and to account for taking action against illegal trade on the open web.

2. Reconsider policy responses at the source: engage local communities

Often, local communities are excluded from the policy discussion or response. When it comes to environmental markets, locals face challenges from many angles – powerful corporate interests, criminal interests, government interests, or a combination. In legal markets, the community may find it impossible to compete with multinationals; in illicit markets, the effect is even more damaging: workers and community members are often exploited, and criminal economies employ forced labour, human trafficking, extortion and robbery. Local communities typically have no power, especially in situations where private sector interests co-exist symbiotically with local government corruption.

The G7 ministers' communiqué recognizes the concept of 'leave no one behind' and commits to increasing efforts 'to address environmental justice issues in order to make their voices heard and support their full, equal and meaningful participation in decision-making, recognising their critical role as leaders and agents of change'.

This commitment should also apply to responses to transnational organized crime, and in this instance, illicit environmental markets. The communiqué also notes: 'Recognising that illicit threats to nature deprive some of the world's poorest communities of sustainable forms of living income, we commit to mobilise public and private support for sustainable livelihoods as an alternative to these activities.'

At the local-community level, the nuances reveal themselves, as do the real-life needs, risks and challenges presented in each circumstance. For instance, there is a debate as to how well community conservation efforts can work in densely populated areas, such as the western boundary of the Kruger National Park in South Africa, which is home to more than 2 million people – communities where many poachers come from. As noted in the previous section, local populations should be partners in conservation, and beneficiaries of local environmentally rich economies, and be given a voice in decision making.

Responses should involve – and provide support to – communities, civil society and local authorities. These are key constituents in preserving environmental resources, regulating local production and highlighting illegal and corrupt practices on the part of the private sector and state officials. For example, local community groups have played an important role in advocating for the protection of state-designated protected forests; in working with local authorities to promote more sustainable charcoal production; and in exposing the criminal behaviour of mining companies and associated officials in diamond mining areas. These types of initiatives play a vital interface role between communities and authorities, but are usually lacking in resources and face barriers to engage due the

⁸ Katie A Paul, Kathleen Miles and Damien Huffer, Two clicks away: Wildlife sales on Facebook, Alliance to Counter Crime Online, 2020, <https://www.counteringcrime.org/wildlife-sales-on-facebook>; Jo Hastie, Disrupt: Wildlife cybercrime – Uncovering the scale and nature of online wildlife trade, IFAW, 2018, <https://www.ifaw.org/united-kingdom/online-wildlife-trade-2018>.



sensitive political environment in which they operate. Interventions may require strategic engagement with established informal networks, even if this means working with less-than-ideal partners. In particular, the influential role of intermediary buyers and their relationships with mining communities could potentially be of use. The GL-TOC Resilience Fund, which financially supports and builds the capacity of civil society groups working in such contexts, has found that by ensuring interventions take into account and operate within the specific context of local communities, legal frameworks and customs it can have greatly beneficial impacts on the success of government-driven regulatory projects, and enhance and enable resilience of communities to resisting criminal threats.

3. Improve targeted law enforcement within a governance and rule of law agenda

There are certain key aspects of the environmental criminal economy that necessitate a more targeted response that incorporates rule of law, governance and targeted law enforcement, including weak governance, outsider interests, corruption and private sector profit-making interests. If unsustainable natural resource use is to be brought under management, and local communities are to benefit from the value-add of the environmental economy, then accountability to local populations has to be a central element of the responses. A package of responses that address communities, conservation and targeted law enforcement actions, among others, is needed.

International assistance should look more closely at incentives and approaches that improve local government engagement with local communities. Donor funding and technical support should be at a 'lower level' in many key places, such as those where environmental crime is present, or where local communities exploit the environment in an unsustainable and damaging way. This needs to be considered as an alternative response to criminalizing communities, such as those engaged in wildlife poaching, the charcoal trade or artisanal gold mining. These efforts should both strengthen local government while improving its accountability to the local population and environment.

Currently, law enforcement action in this space largely targets the foot-soldiers, such as low-level wildlife poachers and couriers. These are the easiest actors for law enforcement agents to apprehend, but also, ironically, the easiest to replace in a transnational criminal network. As long as armed poachers are active in national parks and reserves, the militarized response will be applied at the local level, but the rangers are trying to hold an increasingly shaky line at great cost. Longer-term, more impactful law enforcement should instead be sought by targeting the higher management levels of syndicates and through cross-border collaboration to disrupt networks along transnational illicit supply chains.

Criminal investigations should also target the activities of senior government officials. This could include increased support for financial intelligence units and financial investigations. By providing information and support, governments and international law enforcement bodies can support efforts to identify and prosecute key politically connected individuals, companies and financial institutions linked to or involved in illicit trades. This can lead to improved reporting on suspicious transactions and increase our knowledge of laundering methods and flows.

4. Consider sanctions as a part of the toolkit against high-level impunity

Targeted sanctions offer a key tool for the international community to restrict environmental crime actors, government officials who abet them and any businesses complicit in the trade. Many perpetrators of environmental



crimes sell their products in legal markets in the Global North – Europe, the United States, China and elsewhere, while Western partners, financial services and markets are frequently central to the realization of their profits. As noted earlier, corruption is also a critical link, oiling illegal supply chain operations.

The threat of sanctions heightens the risks and costs associated with their business and impacts ability of actors to travel to meet buyers. Targeted sanctions, as opposed to more blunt country-wide sanctions, can be critical to controlling an environment where there are smuggling and other criminal activities, and can minimize harm to vulnerable communities.

Targeted sanctions designed to curb environmental crime, and the corruption that often enables it, can be imposed through existing regimes and laws. Sanction regimes focused on corruption and human rights, implemented over the last five years by the US, EU, UK and Canada, offer an appropriate vehicle. The relationship between natural resources and corruption is already explicitly recognized in some policy priorities of various human rights sanction regimes, including those of the UK and US. Many of the country-specific UN sanction regimes include involvement in the illegal trade in specific resources as listing criteria. As such, there is a framework in place to enable a targeted sanctions response to illegal environmental economies.

The G7 countries ought to consider how to more fully leverage the potential of targeted sanctions, and apply them to serious violations linked to environmental crime. Amending internal policy and guidance so that environmental protection is an explicit priority would encourage both civil service and civil society actors to make better use of the human rights sanction regimes.

There is also a need for enhanced coordination among countries on the implementation of targeted sanctions. There are strong precedents from other international sanction and restrictive-measure regimes to indicate that when implementing countries coordinate their approaches, the impact is substantially intensified. The issue of regime coordination is particularly important for environmental crime, given the malleability of international supply chains. Coordination has implications for the overall impact of sanctions, which, ideally, should also be pragmatically part of a comprehensive analysis of policy aims, tools and enforcement action.

These policy ‘tools’ can be applied across different illicit markets, and as part of responses that engage multiple interconnected players in these markets: the consumer, the community at the source, the operational leaders and transnational networks, and the high-level figures who facilitate these trades. These four areas will help expand the toolkit for international responses to environmental crimes and advance a wider lens on tackling these complex markets.

