

United Nations Convention Against Transnational Organized Crime (UNTOC)



Topic A: Money Laundering

Topic B: Counterfeit Product Trafficking

Director: Khalfani Gilliam

POSITION PAPERS DUE on October 17th by 11:59 pm to Committee Email

October 24-25, 2020

To Delegates of CHSMUN Advanced 2020

Dear Delegates,

Welcome to CHSMUN Advanced 2020!

It is our highest honor and pleasure to welcome you all to our 2020 online advanced conference here at Cerritos High School. On behalf of the Cerritos High School Model United Nations program, we are proud to host our very first advanced conference, where you will become more knowledgeable on international issues, participate in intellectually stimulating discussions, and create new and everlasting friendships.

The CHSMUN program continues to compete around the world as a nationally ranked MUN program. Our delegates utilize diplomacy in order to create complex solutions towards multilateral issues in the global community. Our head chairs are selected from only the best seniors of our program, undergoing a rigorous training process to ensure the highest quality of moderating and grading of debate. Furthermore, all the topic synopses have been reviewed and edited numerous times. We strongly believe that by providing each and every delegate with the necessary tools and understanding, he or she will have everything they need to thrive in all aspects of the committee. We thoroughly encourage each delegate to engage in all of the facets of their topic, in order to grow in their skills as a delegate and develop a greater knowledge of the world around them.

Although this wasn't what we expected, our advisors and staff have put in countless hours to ensure delegates have an amazing experience at the online conference. Our greatest hope is that from attending CHSMUN 2020, students are encouraged to continue on in Model United Nations and nevertheless, inspired to spark change in their surrounding communities. With this strong circuit consisting of 6 schools and over 500 delegates, CHSMUN Advanced 2020 will provide a quality experience for intermediate delegates to enhance their speaking and delegating skills.

If you have any questions, comments, or concerns, please contact us! We look forward to seeing you at CHSMUN Advanced 2020!

Sincerely,

Anjali Mani and Karishma Patel

sg.cerritosmun@gmail.com

Secretary-Generals

A Note From The Director

Delegates,

My name is Khalfani Gilliam, and I'll be the head director of UNTOC. This will be my fourth year of MUN at Cerritos High School, and fifth year of MUN overall. Some of my favorite committees to participate in are the Security Council, Ad Hocs on Terror, and the UNDP. I'm excited to be able to participate in providing this learning experience to delegates, even if it is under some less-than-ideal circumstances. Besides MUN, I am also a member of the Cerritos High School band and participate in our marching band, our concert band, and our jazz band. I am also involved with band programs outside of school; had our season not been cancelled due to COVID-19, I would have completed my first season with Pacific Crest Drum and Bugle Corps, a nationally recruiting music program, this past summer. In my free time, I mostly listen to music. My favorite genres right now are shoegaze and bedroom pop, but I'll listen to just about anything. Because this conference is going to be very out of the ordinary, don't hesitate to contact with any questions or concerns you might have! I look forward to seeing you!

Sincerely,
Khalfani Gilliam

Untoc.CHSMUN@gmail.com

Director, UNTOC

Committee Introduction

The United Nations Convention against Transnational Organized Crime (the UNTOC) was signed in 2000 in response to a call from the international community for help in stopping organized crime. The convention would come into force in 2003, becoming the first worldwide response to both trafficking and organized crime. As defined by the UNTOC, organized crime is a group of three or more persons that was not randomly formed, existing for a period of time, acting in concert with the aim of committing at least one crime punishable by at least four years' incarceration in order to obtain, directly or indirectly, a financial or other material benefit. In its 32nd article, the Convention calls for the creation of a "Conference to the Parties of the Convention", leading to the Conference to the Parties of UNTOC's formation. This conference deals with organized crime and any related crimes that these groups may commit, leading them to be the foremost UN authority on such crimes as smuggling, human trafficking, and arms trafficking. Some of the UNTOC's achievements have been the drafting of and assistance in implementing additional conventions like the Protocol Against the Smuggling of Migrants by Land and Sea and the Protocol against the Illicit Manufacturing of and Trafficking in Firearms. The UNTOC has also made strides in implementing Working Groups to deal with issues in the world, like the Working Group on Trafficking in Persons and the Working Group on the Smuggling of Migrants. The UNTOC works closely with the UN Office on Drugs and Crime (the UNODC) to implement its regulations and assist its member countries in doing the same.

The parties to the UNTOC meet multiple times a year on topics like firearms and the smuggling of migrants.

Topic A: Money Laundering

Background:

According to the UNODC, money laundering is the process of hiding the origin of illegal obtained money in order to use it legally. Many different groups may partake in money laundering, whether it is government officials trying to steal money, terror groups trying to use the money from their illegal activities, or companies trying to avoid taxes. All of these types of money laundering, however, contribute to the global total of about 800 billion to 2 trillion USD of money laundered every year, equivalent to a country like Spain's entire GDP. Money laundering is harmful because of its ability to disguise the true nature or the scale of crimes. Its ability to steal funds out of governments is also incredibly harmful, as laundered money cannot be taxed, diminishing an important revenue stream for governments. Money laundering also undermines the confidence in local banks and local government, which can be disastrous in countries with low levels of development. Seeing as loans and government assistance are very important to people in these countries, stopping money laundering is very important so that poorer people can trust their governments and their banks enough to take advantage of the options offered to them by these institutions. Although money laundering can be accomplished in many different ways, there are always three main steps: firstly, the groups move money from association with the crime, secondly, they go through many transactions, in order to hide that the money was ever laundered, and thirdly, the money will then be used. These steps are referred to as placement, layering, and integration, respectively. Some methods that money is laundered with is through exchanging large amounts of currency into another countries' currency, through working with securities brokers, who use large amounts of money to buy stock, blending illegal currency with legitimately obtained money, and buying assets, like land, businesses, and luxury goods (cars, watches and art are some examples) with illegal cash. All of these methods use the large amounts of money exchanging hands to disguise the illegal money; they then turn the item that was purchased into usable, clean money (using the new currency or selling the stock/luxury item). Because money laundering has so many alternative methods and different paths that can be taken, solutions for the issue must be wide-reaching and comprehensive, to give countries the best shot at stopping it in its tracks. Some organized crime groups that regularly involve themselves with money laundering include the street gangs common in the US, the drug cartels in Latin America, mafias like La Cosa Nostra, the Sicilian Mafia, and the Yakuza, and Islamic extremist groups like Hezbollah, Al Qaeda, ISIL/ISIS, and Boko Haram. These groups are incredibly large and have very diverse revenue streams; however, they all utilize money laundering in order to ensure that they can use the money they have received from their illegal activities to fund their actions. Oftentimes, though, these groups will act in drugs, which are a very lucrative source of income; the illegal drug trade made up almost a full percentage point of global trade in 2003. This allows these groups to exert a large influence upon countries that they are based in. For example, an estimated one million people were killed in organized crime-related killings from 2000 to 2017, or up to 19% of all homicides recorded globally in the

same time period. These groups also serve to disrupt governments in the countries they take residence in, due to their large influences because of all the money they are able to launder, breeding instability. Because money laundering directly funds the actions of these groups, it is an incredibly destructive practice that must be stopped. Keep in mind that the UNTOC deals primarily with stopping organized crime. Therefore, solutions should address predominantly the money laundering that is enacted by organized crime groups throughout the world. Although money laundering from other perpetrators is a significant problem, unfortunately, it is outside the scope of this committee, and cannot be the primary focus of solutions.

United Nations Involvement:

The United Nations has a lot of experience in attempting to stop money laundering, and has created multiple committees with the express purpose of putting a stop to money laundering. Generally, money laundering is covered under the UNODC; specifically, the UNODC's Law Enforcement, Organized Crime, and Anti-Money-Laundering Unit works to minimize money laundering through the enforcement of laws. The UNTOC also deals with similar issues, being a mainly organized crime-gearred committee. However, the UNTOC mainly deals with more policy (law-based) solutions to the issue, whereas UNODC offices like the Anti-Money-Laundering Unit work mainly to actually put in personnel on the ground and advise countries in their responses to money laundering. Additionally, the United Nations Security Council is closely involved with money laundering as well. This is because the SC often has to deal with terrorist groups, and money laundering is a significant source of income for these groups. The Security Council resolution most closely related to this issue is Resolution 1373. In it, many different ways of dealing with the growth of terrorist groups are detailed. In particular, in sub-operative 1d, the resolution mandates that all countries criminalize money laundering for the purpose of assisting terrorist groups, making it the foremost legal instrument the UN has ever drafted to combat money laundering. Outside of the UNODC, two groups that are very closely partnered with the UN in combating money laundering are the Financial Action Task Force (FATF) and the Organisation for Economic Co-operation and Development (OECD). Both of these groups aim to promote financial health of countries around the world; because money laundering undermines the quality of banks in the country, both the FATF and the OECD have made stopping money laundering a major part of their goals. The FATF, for example, has created a 40 part list of actions to take to counter money laundering that the UNODC and FATF work together to bring to countries. The OECD has also made a similar list: they have created a Money Laundering Awareness Handbook, in order to help countries and their officials be more aware of possible money laundering happening in their country. Additionally, many loan programs work to combat money laundering, as to avoid accidentally funding illicit or dangerous actions. One such group is the International Monetary Fund. This loan group works to minimize the actions of money laundering in the countries that they provide monetary loans to, in order to minimize the possible impacts of money laundering that ends up giving proceeds to terror groups. This is achieved through a dedicated fund that works to provide extra support to anti money laundering efforts in countries that have donated these funds. The International Monetary Fund also works to, more generally, provide support and administrative guidance to countries attempting to stop the growth or spread of money laundering and terrorist financing within their borders. This is seen in the over 70 consultations that have been performed by them, as well as their frequent

Financial Sector Assessment Programs, which analyze the health of the entire financial ecosystem of a country and provide recommendations to strengthen the financial sector of the country.

Case Study: Nicaragua

With Nicaragua being designated a graylisted country by the Financial Action Task Force in their current list of countries that have high amounts of money laundering, Nicaragua is an interesting case study in how corruption and money laundering of organized crime feed off of each other. Nicaragua is a hotspot for cartel activity, having coastal access that simplifies the process of exporting narcotics out of the country. This has led to Nicaraguan drug cartels being able to exert a very strong influence on the country, destabilizing it as cartel-related crimes have shot to an all-time high, with cities like Bluefields, on the Nicaraguan coast, having 80% unemployment rates and being completely supported by the drug trade. This issue is compounded by a weak government, which is unable to deal with the money laundering that these groups employ. As the cartels launder more and more money and build more and more influence and crime, the government is stretched thinner and thinner trying to deal with all of the issues, leading to a self-perpetuating cycle. However, Nicaragua has made strides in their attempts to minimize the amount of money laundering, and, by extension, the amount of influence that cartels have on their population. Despite Nicaragua's current greylisting, it is working closely with the FATF in order to bolster its defenses against money laundering through the FATF's Jurisdictions under Increased Monitoring program, which provides support to countries that are struggling with money laundering. Additionally, Nicaragua is a member of the Financial Action Task Force of Latin America (GAFILAT) and has been commended for its actions against money laundering by GAFILAT in the past. Although the current situation within Nicaragua is grim, it has begun the slow process of reducing money laundering and freeing the country from the grip of organized crime.

Bloc Positions:

Western: Western countries contain many of the banks into which money is laundered, with significant amounts of money laundering occurring in many of the major EU countries (France and Germany), as well as many of the smaller countries in Europe (Liechtenstein and Luxembourg). Organized crime is also not uncommon in Western Bloc countries, with groups like the Mafia taking advantage of laundering. However, many countries in the region have taken actions to strengthen themselves against money laundering, with entities like the United States Department of Treasury helping the world by identifying areas where money is frequently laundered through their National Money Laundering Risk Assessment. Additionally, many Western Bloc countries have a vested interest in stopping terrorism throughout the world. As such, Western Bloc countries should focus on stopping money laundering at home, but also use their abundant resources to assist countries that struggle with monetary security.

Latin America and Caribbean: Latin American countries are very heavily affected by groups that take advantage of money laundering; namely, Mexico's drug cartels and the many

narcoterrorist groups in South American countries. Additionally, many Caribbean countries are easy targets for money laundering, with countries like St. Lucia, the Bahamas, and the Cayman Islands, among other Caribbean countries, being named areas where money laundering occurs in the narcotics trade in a 2017 United States report. In order to protect both themselves and other countries, Latin American and Caribbean countries need stronger money laundering regulations. Although the expansion of the aforementioned GAFILAT in 2014 and the year-to-year reported decreases in money laundering according to the GAFILAT are a good start, these countries are still looking for more security.

African: African countries are also heavily affected by groups that take advantage of money laundering. From Boko Haram in the west, to Al-Qaeda in the north, many African countries would greatly benefit from increased money laundering protections in order to protect themselves from the threat of terrorism. Additionally, many countries in Africa suffer from a lack of money laundering protections: Nigeria and Angola, for example, are known to have significant amounts of money laundering, similar to many Caribbean countries. African countries, therefore, are in the same boat as countries in Latin America/ the Caribbean, and have a vested interest in stopping the terrorist groups that plague African countries through stopping their cash flows, much like both the Latin America/Caribbean and Western blocs. Despite this, there are many promising developments in this region as well, with groups like the African Union implementing the beginnings of anti-terrorism frameworks.

Asian-Pacific: The Asian-Pacific bloc can be further divided into 2 main regions: the Middle East and Western Asia and the rest of Asia and the Pacific. The former is much more affected by the terrorism portion of money laundering, with groups like Al-Qaeda, the Taliban, and Hezbollah profiting greatly off of the illegal drug trade and using money laundering to access the funds they make off of trafficking drugs. The latter is more known as containing many areas where money is laundered, with many islands, like Macau, the Philippines, and Taiwan being considered areas where lots of money laundering occurs. Despite this, both sides of the bloc want to stop money laundering: the Middle East and Western Asia because of the aforementioned terror groups, and the rest of Asia in order to increase their financial stability. One problem that is faced mainly in the Asian-Pacific bloc is the issue of balancing being open to development and being secure in banks. This is because the conditions that lead to heavy development (open banks, with easy transfer of money) also lead to easy money laundering. Although this is an issue in all blocs, it is incredibly pertinent to Asian-Pacific bloc countries due to the fact that so many of them rely on outside investment, often to a much greater degree than other countries. Proposing solutions to this issue, however, allows for Asian-Pacific countries to continue to enjoy the foreign development that has made many of them more prosperous, while also opening a door for other countries (both within and outside the Asian-Pacific bloc) to encourage foreign investment without promoting money laundering within their country.

Basic Solutions:

Solutions for this topic should focus primarily on stopping organized crime groups from laundering money. Although corporate and government money laundering is an issue, as

mentioned in the Background section, the UNTOC cannot deal with those areas of money laundering as its main focus. Rather, solutions should focus on either stopping the groups that take advantage of money laundering, as to reduce the actual amount of money being laundered, through stricter protections on money in order to stop laundering, or through stopping the groups that launder money at the source, instead of stopping just their money laundering. Solutions should be novel and specific. Firstly, an example of a solution that protects money more strictly is strengthening banks' security against laundering. This solution and similar solutions should include concrete steps, like the actual organizations that would perform the inspections or an actual set of laws where inspections have been utilized. An example of a step that could be concretely taken, for example, is the implementation of machine learning for the analysis of bank transactions, as the machine learning algorithm can more easily identify the patterns of money laundering than any person looking at bank statements. The solution already has been used to great success with the US's Financial Crimes Enforcement Network. Solutions aiming to deal with protecting banks and related areas where money laundering occurs, like real estate or the stock market, should make sure to avoid too much overstep. As alluded to within the bloc position of Asian-Pacific countries, there is a very fine line between protecting industries from money laundering and crippling companies' financial freedom. Unfortunately, because industry is very important to many countries around the world, we must make sure that any restrictions proposed do not unduly stress the economies that they are put into. An example of a solution that would work to minimize the impact of organized crime groups' ability to commit the crimes that lead to money laundering would be higher security of areas where such crimes occur. Remember, solutions that are presented in this committee should be detailed. Stronger security can be achieved through intercountry collaborations as those employed by Angola and Cabo Verde in 2016. Both countries were looking to strengthen their port security; as such, Cabo Verde employed its superior maritime security group to train Angolan security forces, and both countries agreed to combine their maritime forces to apprehend smugglers. This solution helps stop the smuggling of drugs that plagues many coastal African states by strengthening law enforcement to stop them, which then stops money laundering by preventing drug selling groups from even getting the money. This leaves them with nothing left to start the cycle of placement, layering, and integration. This category of solution is the most simple; despite this, many avenues of the cash flow of laundering remain undiscovered and unprotected. Therefore, solutions that help protect potentially undiscovered cash flows that lead to money laundering would be appreciated. Another area of solutions that could potentially be explored is solutions that take the fight directly to the groups that commit money laundering. Although these solutions usually are very difficult to implement, getting rid of the groups that perpetrate money laundering as a whole would reduce the amount of money laundering that occurs. The issue with this is that solutions that simply get rid of the groups are very hard to find, as if the solution to the group could be found within a single operative on a resolution, the group wouldn't be around today. However, don't feel discouraged when finding solutions to end the groups that commit money laundering. One avenue that has worked in the past is discouraging individuals from joining organized crime groups. For example, in Mexico in the 1990s, advertisement campaigns targeting cartels and identifying joining cartels as bad decisions managed to reduce the amount of youth joining cartels by around 12%. Solutions like these, which reduce the influence of groups that partake in money laundering by identifying the most at-risk populations and dissuading them from joining organized crime, have been seen to be the most effective.

However, novel, fresh solutions will allow for the committee to have a better chance of dealing with the issue, and countries attending should definitely branch out with their solutions. Solutions should avoid being country specific; seeing as this committee has a very wide range of countries that it has jurisdiction over, delegates should try to make sure their solutions can be applicable to all countries that are party to the committee.

Questions to Consider:

1. What steps has your country taken to combat organized crime (terror groups, mafia-like groups, etc.)?
2. How much is your country affected by the money that organized crime can get from money laundering?
3. Is your country considered a major target of money laundering? If so, why?
4. If your country is well-regarded in regards to money laundering, how did they achieve that?
5. What are some deficits that countries have when it comes to detecting money laundering?
6. How can you prevent organized crime from getting the money that they launder at all? Is it possible?
7. How can countries balance being open to development and stopping money laundering?

Sources:

1. "Angola and Cabo Verde Cooperate on Maritime and Port Security." *Macauhub*, 8 Aug. 2016, macauhub.com.mo/2016/08/08/angola-and-cabo-verde-cooperate-on-maritime-and-port-security/.
2. "Caribbean News, Latin America News." *Caribbean and Latin America Daily News*, 23 Mar. 2017, www.newsamericasnow.com/these-21-caribbean-nations-have-been-named-major-money-laundering-countries/.
3. Exeter. "Methods and Stages in Money Laundering." people.exeter.ac.uk/watupman/undergrad/ron/methods%20and%20stages.htm.
4. Financial Action Task Force. "About." *FATF-GAFI.ORG - Financial Action Task Force (FATF)*, www.fatf-gafi.org/about/.
5. ---. "Money Laundering." *FATF-GAFI.ORG - Financial Action Task Force (FATF)*, www.fatf-gafi.org/faq/moneylaundering/.
6. ---. "Pages." *FATF-GAFI.ORG - Financial Action Task Force (FATF)*, www.fatf-gafi.org/pages/financialactiontaskforceofsouthamericaagainstmoneylaunderinggafisud.html.
7. Organisation for Economic Co-operation and Development. "OECD Launches New Handbook to Strengthen Tax Administrations' Capacity to Support the Fight Against Money Laundering and Terrorist Financing." *OECD.org - OECD*,

- www.oecd.org/tax/oecd-launches-new-handbook-to-strengthen-tax-administrations-capacity-to-support-the-fight-against-money-laundering-and-terrorist-financing.htm.
8. Pienta, Loredana. "Researchers simulate mafia and terrorism recruitment." *Science X Network :: Phys.org, Medical Xpress, Tech Xplore*, 25 July 2019, sciencex.com/wire-news/325476267/researchers-simulate-mafia-and-terrorist-recruitment.html.
 9. Stephens, Garrett. "How Machine Learning Algorithms Are Used in Anti Money Laundering (AML)." *Medium*, 6 July 2017, medium.com/@garstep/open-source-notes-machine-learning-applied-to-anti-money-laundering-aml-e83b88ba03b9.
 10. U.S. Department of State. "Major Money Laundering Countries." *U.S. Department of State*, 2009-2017. state.gov/j/inl/rls/nrcrpt/2014/vol2/222471.htm.
 11. United Nations Office on Drugs and Crime. "Conference of the Parties to UNTOC." *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/organized-crime/intro/conference-of-the-parties.html.
 12. ---. "Money-Laundering Cycle." *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/money-laundering/laundrycycle.html.
 13. ---. "Money-Laundering and Globalization." *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/money-laundering/globalization.html.
 14. ---. "UNODC and Money-Laundering/Countering the Financing of Terrorism." *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/money-laundering/index.html.
 15. ---. "United Nations Convention Against Transnational Organized Crime and the Protocols Thereto." *United Nations Office on Drugs and Crime*, 2004, www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOC_ebook-e.pdf.
 16. ---. "Ninth Session of the Conference of the Parties to the United Nations Convention Against Transnational Organized Crime." *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/treaties/CTOC/CTOC-COP-session9.html.
 17. Veritaszim. "United Nations Convention Against Transnational Organized Crime (Palermo Convention)." *Veritaszim*, www.veritaszim.net/node/839.

Topic B: Counterfeit Product Trafficking

Background:

Counterfeit products are any products that misrepresent themselves as a different, often higher quality product. This misrepresentation can take many different forms, whether counterfeits pretend to be name branded products, a different type of product, or pretend to be an altogether different product. For example, counterfeit luxury goods, like shoes or jewelry, can end up costing buyers much more than they are actually worth, as an example of fake name branded items. Counterfeit electronic components are common examples of different types of products, usually having misleading names and being misrepresented as better, higher quality components than they actually are. Finally, counterfeiting in the form of completely different products is seen most often in the case of 3D printing counterfeits, where a product is promised, but comes entirely made of plastic and non-functional. Counterfeit goods are very hard to track down, if they are not caught during transit. This is because many customers believe that counterfeit goods are legitimate ways to buy expensive products they wouldn't be able to afford otherwise, which leads to very low rates of reporting. Another form of counterfeiting that is very disastrous is the practice of forging: when documents are forged, the original documents and any important information included with them become useless, which is also very hazardous. Additionally, in the case of forged work identification, if an individual gets a forged visa that they do not realize is forged, they run the risk of being deported, which could cause great financial harm to them if they made a great gamble to come to a different country to work. Special attention should be paid to counterfeit pharmaceuticals. They are in very high circulation, with an estimated 30% of pharmaceuticals being sold in least developed countries being counterfeit, according to the WHO, and an estimated revenue of \$600 billion, according to the United States' FBI. Medicine is one of the most dangerous things to be counterfeited, with counterfeit pharmaceuticals having impurities, incorrect dosages, dangerous alternative active ingredients and possible allergens that could cause serious harm to anyone who takes the drugs. These counterfeit drugs are not regulated, leading to many unforeseen consequences that legitimately created and sold pharmaceuticals do not have. Additionally, the majority of these counterfeit drugs go to least developed countries, due to their need for cheaper products. This exacerbates the issues that LDCs face in access to healthcare, as even if someone in one of these countries is one of the 50% of people who can even access a hospital, they may get unlucky and get a counterfeit medicine that at best is less effective and at worst can kill them. Counterfeit products come under the jurisdiction of the UNTOC when they are trafficked by organized crime groups. These groups come in many shapes and sizes, but the most important and most dangerous groups are those with the influence and capital to grow their counterfeiting operations. This is because of the relatively common link between counterfeiters and other organized crime groups, meaning that the larger a counterfeiting operation gets, the most likely they either support other crimes or will soon diversify into committing alternative crimes. This has been

seen in the unfortunate experiences of Dora Akunyili, a professor who speaks out against counterfeiting in Nigeria. She has been subject to harassment and shots on her vehicles by organized crime groups, who wish to silence her. Counterfeiters, whether in goods or in documents, greatly undermine governments by commonly employing bribes and taking advantage of weak governments, making them look much worse. This also affects the routes in which counterfeiters route their products: port securities look much worse, reducing the amount of traffic going through those ports and harming their economies. The issues and consequences of counterfeit goods trafficking are wide-ranging, and not as harmless as the average consumer may think.

United Nations Involvement:

The United Nations has worked in the past to stop the trade of counterfeit goods, and multiple UN bodies work to minimize counterfeit trafficking. The UNODC has done much work to minimize the growth of counterfeits, passing resolution 20/6, which deals with counterfeit goods, and also explicitly recognizes the UNTOC as a body that helps enforce regulations against organized crime-adjacent crimes, which counterfeiting is. The UNODC has also created resources that help teach individuals about counterfeiting and its negative consequences; namely, its Guide to Combat Crime related to Falsified Medical Products helps combat the counterfeit pharmaceutical market by helping educate governments as well as any other interested parties about the nature of the crime. Additionally, the UNODC and the UNTOC, as alluded to in resolution 20/6, have created a collaborative initiative to educate people about the risks of counterfeit goods, which includes multiple pamphlets and multiple websites. Finally, in the UNTOC itself, the Open-ended Intergovernmental Expert Group of the Conference of the Parties works to help governments implement many different defenses against organized crime; this Group has worked in 2019 and 2020 to strengthen countries' defenses against counterfeits. The World Health Organization has also worked to combat the counterfeit medicines market, with their task force, the International Medical Products Anti-Counterfeiting Task Force. This task force is multilateral, covering legislation, action on the ground, and raising awareness. In its four years of operation between 2006 to 2010, the task force would make great strides in ensuring quality access to medicines. Many NGOs who focus on reducing organized crimes have also done work to minimize counterfeiting. One such NGO is the OECD, which tracks counterfeiting numbers through its yearly Magnitude of Counterfeiting and Piracy of Tangible Products, which gets yearly updates and is a very useful resource for monitoring the growth of counterfeiting and looking at the effectiveness of anti-counterfeiting programs. Another NGO that works to combat counterfeiting is the International Anti-Counterfeiting Coalition. This coalition is a collaboration between more than 250 companies to assist countries in making sure that their products are not counterfeited. It is based out of Washington, DC, in the United States, and has implemented filtering devices such as RogueBlock. Additionally, many NGOs work to educate about and reduce the impact of counterfeit medicine. Two NGOs who do so are the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and the Institute of Research Against Counterfeit Medicines (IRACM). These NGOs partnered in 2013 to bring their

anti-counterfeit medicine campaign, “Fight the Fakes”, which aims to reduce the distribution and creation of counterfeit medicine.

Case Study: Nigerian Counterfeiting

Nigeria is one of the poorest countries in the world, with its Human Development Index rating sitting at 158 out of 189 countries and territories examined in the Human Development Index. This leads to ubiquitous counterfeit purchases, whether it is clothing, electronics, or medicine, due to their much cheaper costs. However, Nigeria is also hurt greatly by the presence of counterfeit goods; the trade in counterfeit drugs, counterfeit consumer goods, and the trade of counterfeit passports all hurt it. Firstly, Nigeria greatly struggles with the counterfeit medicines that find their way into the country. Africa seizes 42% of reported counterfeit drugs, and because regulation is weak so not all drugs are seized, the actual percentage of drugs in Africa that are counterfeit is estimated to be 70%. Nigeria is no different, with medicine being purchasable in roadside markets. Nigerians are repeatedly hurt by counterfeit drugs, with an estimated 30,000 children dying every year due to substandard antimalarial drugs. Nigeria is heavily affected by the counterfeiting in consumer goods, too. Despite large amounts of foreign investment in the country from countries such as China, Nigeria has not been a particularly attractive region to foreign investors elsewhere. One reason for this, as proposed by Nnenna Ugo Awa, of Nigeria’s Customs service, is the “high influx of counterfeited products into the market as one probable cause for the low [amount of foreign investment].” As such, without counterfeits in their market, Nigerians would have more foreign investment, leading to more jobs and better qualities of life. Finally, the trade of counterfeit documents indirectly hurts Nigeria greatly. One major purveyor of counterfeit documents is the International State of the Levant (ISIL). ISIL regularly trades in counterfeit passports, with thousands of blank Syrian passports being seized frequently. These passports allow for ISIL to move unnoticed through countries to conduct other crimes. ISIL is also active in Nigeria, with close ties to a very prominent terror group in Nigeria, Boko Haram. Boko Haram gets logistical and material support from ISIL, meaning that Nigerians are hurt because of ISIL’s ability to forge passports and commit crimes unnoticed. Despite the grim situation in Nigeria, Nigerian authorities have taken strides to combat counterfeiting within their country. This is seen in Nigerian customs authorities beginning a push towards a formal system to punish counterfeiting, and the passage of many laws designed to deal with counterfeiting, such as their Merchandise Marks Act and their Customs Management Act. Though authorities still have a long way to go, the increasing seriousness with which Nigeria is targeting counterfeiting is a very good sign.

Bloc Positions:

Western: Like with many other issues, for counterfeit products and trafficking, the Western Bloc has made the biggest strides in greater securities for counterfeit goods and in cracking down on counterfeit trafficking. Although countries in this region are heavily affected by the losses

that occur when counterfeits are purchased over legitimate goods, due to their large amounts of production, the vast majority of counterfeiting occurs in other blocs. Western countries have made many advancements in stopping counterfeiting, however, with such agreements as the Anti-Counterfeiting Trade Agreement, an agreement between primarily Western bloc countries to work together to stop counterfeiting, being seen here. Western countries are primarily concerned with counterfeiting of consumer goods, rather than pharmaceuticals or documents, again due to their high levels of development and production; seeing as over 50% of the money lost to counterfeiting comes from Western bloc countries, they have a vested interest in stopping overseas counterfeiting.

Latin America and Caribbean: Latin American and Caribbean countries may seem to be some of the countries least affected by the issue of counterfeit goods trafficking, due to the fact they do not produce very many goods. This results in these countries not losing a lot of money from counterfeits being produced. However, Latin America has some of the worst organized crime activity, in the form of cartels; as such, Latin American countries wish to stop the export of highly profitable counterfeits for these groups, with areas like Paraguay's Ciudad del Este, Brazil's Foz de Iguazu, and Argentina's Triple Frontier being hotspots for the import and export of counterfeit goods. Additionally, because of the poor healthcare that most of Latin America receives, they are also at high risk of counterfeit medicines. Latin America is estimated to be the second largest market for counterfeit drugs, second only to Africa, and this worrying statistic means that Latin American countries are most focused on the trafficking of counterfeit medicines instead of consumer goods.

African: African countries are some of the countries hit worst by the presence of counterfeit goods. Not only do they contain many organized crime groups (Boko Haram, Al Qaeda), but they also are the largest market for counterfeit medicine, hurting their population even more. African countries also contribute to the global counterfeit trade, as Morocco and Egypt contribute about 1% of global counterfeit goods, a significant proportion considering that every other country in the top 10 countries that produce counterfeit goods is from the Asian-Pacific bloc. Despite this, the vast majority of African countries are negatively affected by counterfeit goods due to the aforementioned organized crime groups. African countries will have a greater focus on counterfeit medicines, just like countries in the Latin American bloc.

Asian-Pacific: As alluded to in the African bloc position, Asian-Pacific countries contribute over 90% of all counterfeit goods to the global market. Additionally, they have relatively robust systems of healthcare, meaning that counterfeit medicines are not a big concern of many Asian bloc countries. This has created a fairly unfortunate attitude within many Asian bloc countries: they may pledge themselves to reducing the amount of counterfeit goods, but benefit too greatly from the trade to truly do something about it. Countries in this bloc also have unfortunate attitudes in their general populations: many are staunchly against the removal of counterfeiting operations, as they are considered imperialist meddling from outside countries. Despite this, many Asian bloc countries have also made strides in reducing the amount of counterfeit goods that go into and out of their countries. For example, Japan is a member of the aforementioned Anti-Counterfeiting Trade Agreement. Finally, Asian bloc countries are positioned against counterfeiting documents, even if they do not support the reduction of counterfeit consumer

goods, and they also wish to reduce counterfeit medicines within their own countries, despite their comparatively low rates.

Basic Solutions:

Solutions can be grouped into two basic groups: those that deal with the production of counterfeits, whether goods, medicine, or documents, and those that aim to track and intercept counterfeit goods while they are in transit to their destination. Solutions for either one of these categories should be detailed and feasible; oftentimes, solutions that cannot be implemented or would be impossible to implement, like, for example, checking every single bottle of pills to see if they are counterfeit or not, will still be proposed. A more achievable solution that achieves the same goal as the “non-feasible” solution is the usage of mobile authentication services. Already used in the US and similarly developed countries, users can text a number the serial number of their medicine to verify if it is legitimate medicine. By moving this service onto a website or mobile app, roughly 80% of people in least developed countries with access to a device that can connect to the internet would have an option to verify that their medicine is legitimate, preventing counterfeiters from getting away with their counterfeit pharmaceuticals. If any counterfeits were identified, they would be reported to the government of the country, which could then investigate. The solution just presented mainly deals with the tracking of counterfeits. A solution that would work to minimize the amount of counterfeit goods that are produced are much stricter punishments for those caught counterfeiting goods. This is a major issue in countries where many counterfeit goods are produced: for example, in Nigeria, counterfeiters who are caught counterfeiting are given charges up to only around 50 USD. This amount is so low that counterfeiters simply pay the fines and just continue producing their counterfeit goods, costing the governments more time in actually issuing the fines than the counterfeiters have to pay. A simple increase in the punishments that counterfeiters face would tremendously discourage counterfeiters from trying again once they are caught. Governments have the ability to punish large corporations for crimes like pollution; if they treated counterfeiters like the large companies that they often act as, counterfeiters would think twice about faking goods. Oftentimes, when working on topics with vastly different bloc positions like this one, countries will try to force other countries that have different policy to agree and/or join them. Avoiding this is the most effective way to ensure that all countries can contribute and help devise solutions to this very complicated issue. For example, if countries from blocs with vastly differing positions, like the Western bloc and the Asian bloc, work to come up with solutions that benefit both countries without harming either of them (through, possibly, helping curb document counterfeiting) a major issue is solved. However, countries should avoid going off policy. For example, Asian bloc countries trying to limit counterfeit goods production is an unusual action for most countries in the bloc, especially those in Southeast and Southwest Asia. Solutions must fit policy, and countries should prioritize solutions that aim to solve issues that are most pertinent to their own country.

Questions to Consider:

1. What aspect(s) of counterfeit products trafficking affects your country the most? (the lost money, low quality medicines, increasing power of organized crime, etc.)
2. How has your country taken steps to reduce the amount of counterfeiting that happens within its borders? Have they been effective?
3. How has your country worked to reduce counterfeiting in overseas countries? What was the response overseas?
4. What steps can be taken to limit the influence of counterfeit producing groups?
5. In what ways can the international community improve the security of areas counterfeits are commonly taken through?
6. How can countries that traditionally condone or turn a blind eye to counterfeit production or counterfeit trafficking be convinced to reduce counterfeiting?
7. How can we ensure that counterfeit medicines are identified and removed from pharmaceutical supply chains before they can cause harm?
8. How can efforts to filter out counterfeit medicines be balanced with the need for affordable, often mistakenly considered counterfeit generic drugs?

Sources:

1. "5 Tips on How to Identify Fake Drugs." *Pharmapproach.com*, 7 Apr. 2020, www.pharmapproach.com/how-to-identify-fake-drugs/#2_Mobile_Authentication_Service_using_Short_Message_Service_SMS.
2. Associated Press. "Counterfeit Goods Cost the U.S. \$600 Billion a Year." *Inc.com*, 27 Feb. 2017, www.inc.com/associated-press/counterfeiters-cost-600-billion-a-year.html.
3. Bo-shakira, Harris. "Organized Crime." *United Nations Office on Drugs and Crime*, www.unodc.org/ropan/en/organized-crime.html.
4. European Commission. "Press Corner." *European Commission - European Commission*, ec.europa.eu/commission/presscorner/detail/en/IP_10_1504.
5. Fromiti. "Organized Crime Module 3 Key Issues: Counterfeit Products Trafficking." *United Nations Office on Drugs and Crime*, www.unodc.org/e4j/en/organized-crime/module-3/key-issues/counterfeit-products-trafficking.html.
6. Homeland Security. "Combating Trafficking in Counterfeit and Pirated Goods." *Homeland Security*, www.dhs.gov/sites/default/files/publications/20_0124_pley_counterfeit-pirated-goods-report_01.pdf.
7. IRACM. "Organized Crime in the Network of Drug Falsification." *IRACM | Institut De Recherche Anti-Contrefaçon De Médicaments*, www.iracm.com/en/thematic-observatory/organized-crime/.
8. ---. "The Partners Involved in the Fight Against Medicine Counterfeiting." *IRACM | Institut De Recherche Anti-Contrefaçon De Médicaments*, 8 Mar. 2020, www.iracm.com/en/the-institute/partners/.

9. OECD. "Global Trade in Fake Goods Worth Nearly Half a Trillion Dollars a Year - OECD & EUIPO - OECD." *OECD.org* - *OECD*, www.oecd.org/industry/global-trade-in-fake-goods-worth-nearly-half-a-trillion-dollars-a-year.htm.
10. ---. "MAGNITUDE OF COUNTERFEITING AND PIRACY OF TANGIBLE PRODUCTS: AN UPDATE." *OECD.org* - *OECD*, www.oecd.org/industry/ind/44088872.pdf.
11. Savio, Maria, and Diana Miller. "Combatting Counterfeiting and Piracy in Latin America." *Law.com*, 28 Apr. 2008, www.law.com/almID/900005561599/?slreturn=20200720051424.
12. Town, Kevin. "Counterfeit Goods: a Bargain or a Costly Mistake?" *United Nations Office on Drugs and Crime*, www.unodc.org/toc/en/crimes/counterfeit-goods.html.
13. UNODC. "Criminals Rake in \$250 Billion Per Year in Counterfeit Goods That Pose Health and Security Risks." *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/frontpage/2012/July/criminals-rake-in-250-billion-per-year-in-counterfeit-goods-that-pose-health-security-risks-to-unsuspecting-public.html.
14. ---. "Open Ended Intergovernmental Expert Group Established by Res 9_1 Session2." *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/treaties/CTOC/open-ended-intergovernmental-expert-group-established-by-res-9_1-session2.html.
15. ---. "Resolution 20/6." *United Nations Office on Drugs and Crime*, www.unodc.org/documents/organized-crime/FM/Resolution_20_EN.pdf.
16. ---. "The Illicit Trafficking of Counterfeit Goods and Transnational Organized Crime." *United Nations Office on Drugs and Crime*, www.unodc.org/documents/counterfeit/FocusSheet/Counterfeit_focussheet_EN_HIRE.pdf.
17. ---. "UNODC Launches Guide to Combat Crime Related to Falsified Medical Products." *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/frontpage/2019/May/unodc-launches-a-guide-to-combat-falsified-medical-product-related-crime.html.
18. UNTOC. "Open Ended Intergovernmental Expert Group Established by Res 9_1 Session2." *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/treaties/CTOC/open-ended-intergovernmental-expert-group-established-by-res-9_1-session2.html.
19. World Health Organization. "World Bank and WHO: Half the World Lacks Access to Essential Health Services, 100 Million Still Pushed into Extreme Poverty Because of Health Expenses." *WHO | World Health Organization*, 13 Dec. 2017, www.who.int/news-room/detail/13-12-2017-world-bank-and-who-half-the-world-lacks-access-to-essential-health-services-100-million-still-pushed-into-extreme-poverty-because-of-health-expenses.