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OPINION

Why We Must Confront the Growing Threat to National Security Posed by Illicit Economies and Cesspools of Corruption and Organized Crime

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Illicit economies are not harmless and can have tremendous human, economic, societal and security costs and consequences.

Illicit economies come with vulnerabilities to peace and security — including corruption, violence, chaos, organized crime, terrorist financing and instability. Illicit economies are the lifeblood of today's bad actors, enabling kleptocrats to loot their countries, criminal organizations to co-opt states and export violence and terrorist groups to finance their attacks against our societies.

Illicit economies are pervasive threats that undermine democracy, corrode the rule of law, fuel impunity, imperil effective implementation of national sustainability and economic development strategies, contribute to human rights abuses and enflame violent conflicts.

Across today's global threat environment, criminals and bad actors exploit natural disasters, human misery and market shocks for illicit enrichment.

The lucrative criminal activities enabling and fueling the [multitrillion-dollar](#) illicit economies include the smuggling and trafficking of narcotics, opioids, weapons, humans, counterfeit and pirated goods; illegal tobacco and alcohol products; illegally harvested timber, wildlife and fish; pillaged oil, diamonds, gold, natural resources and precious minerals; and other contraband commodities. Such contraband and illicit goods are sold on our main streets, on social media, in online marketplaces and on the dark web every minute of every day. The United Nations has estimated that the [dirty money](#) laundered annually from such criminal activities constitutes up to 5 percent of global gross domestic product, or \$4 trillion.

The [International Coalition Against Illicit Economies](#) recognizes that illicit economies and crime convergence are threat multipliers that ripple across borders and imperil supply chain security, market integrity, democratic freedoms and institutions and systems of open, free and just societies.

In Mexico and Central America, for example, organized crime infiltrated the government at every level, and has diversified into other sectors such as agriculture, mining and transportation. Criminals also control strategic and critical infrastructure such as the country's major ports. In recent years, the Jalisco New Generation Cartel has [killed](#) judges, police officers, politicians and thousands of civilians. Gangs like MS-13 and the Mexican cartels also remain a significant threat across the United States.

The significant market penetration of the Latin cartels has resulted in illicit economies that have corrupted and destabilized Mexico's justice system and rule of law, and threaten regional stability. Their reach is now global, expanding to other regions of the world like [Africa](#), [Europe](#), and the [Asia-Pacific](#).

China's [involvement](#) in the expansion of illicit economies — including the booming trade in fraudulent consumer goods, money laundering/trade-based money laundering and the corruptive and malign influence of the Chinese Communist Party — continues to harm American national interests, our economy and competitiveness and the health and safety of our citizens.

In Africa, authoritarian governments, ungoverned spaces and conflicts have created the perfect storm for criminals and terrorist groups to [expand](#) their illicit trafficking and smuggling operations. The lucrative business of illicit trade has also been militarized in some areas, [bribing](#) complicit government officials to shield illicit enterprises from scrutiny and coercing soldiers to protect the illicit markets.

In other parts of the world – from Southeast Asia to the Caucasus – ruthless corrupt leaders and malign actors are similarly [engaging](#) in criminality and undermining global security, financing criminalized markets and creating illicit economies.

According to [Euromonitor](#), while COVID-19 has brought economic malaise to most sectors, the illicit economy continues to accelerate, especially across the digital world. E-commerce platforms and online marketplaces are generating tremendous prosperity for scammers, fraudsters, counterfeiters and other predatory criminals that are raking in tens of billions of dollars selling fake pharmaceuticals and vaccines, personal protective equipment, counterfeit apparel and footwear, copyrighted electronics knock-offs and other illicit goods. Recent Organisation for Economic Co-operation and Development [estimates](#) put sales of fake goods and pirated products globally at \$464 billion per year, with the International Trademark Association [projecting](#) that such illicit trade could reach up to \$2.3 trillion by 2022.

These illicit economies divert revenue from legitimate market drivers such as businesses and governments and impair the ability of communities to make the investments necessary to stimulate economic growth, especially during these hard

economic times. Revenue that could be used to build roads to facilitate commerce, hospitals to fight pandemic outbreaks and diseases, homes to raise and protect families or schools to educate children and future leaders, is instead lost to criminals' greed crimes.

But this goes beyond just economic harm. Illicit economies incur a significant negative social cost, and in some cases, help to foment market instability, enslave our human capital, pillage our natural world and endanger national efforts to [implement](#) sustainable development goals.

Given the scale, Congress and the Biden administration need to elevate the fight against illicit economies by empowering our law enforcement agencies with new legal authorities and the necessary resources to disrupt illicit markets and anonymized criminal communications, prosecute illicit actors and threat networks, combat corruption and money-laundering safe havens and elevate the issue as a national security and foreign policy priority.

We also need more holistic whole-of-society approaches in order to strengthen the political will in risky markets, confiscate criminally derived proceeds, promote information sharing, coordinate actionable intelligence across borders and develop more innovative and smarter global supply chain solutions to combat illicit pathways.

The international community must harness greater attention, partnerships and collective action to tackle these inter-connected threats that impact us all. There are no global problems that can be solved by any one partner working alone. That's why ICAIE is proud to support the [United to Safeguard America from Illegal Trade](#) public education initiative, and other public and private sector partnerships, working to protect American security and prosperity from black markets and the filthy lucre of criminals.

By working together, we can unite against the corruptive influence of today's bad actors and threats networks that are sabotaging legitimate commerce and the legal economy by draining the swamp of criminality and cesspools of illicit activity, and to ensure justice, safer communities and sustainable peace.

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