

Terrorism, Transnational Crime and Corruption Center (TraCCC)

FACT SHEET: HUBS OF ILLICIT TRADE

DUBAI

Dubai is a global hub for illicit trade, money laundering, and sanctions evasion. The global nature of illicit trade in this hub can be best described by saying that “all roads [or smuggling routes] lead to Dubai.” According to the 2021 Global Organized Crime Index, Dubai is a hotbed of human trafficking and smuggling, arms trafficking, environmental crimes, natural resource crimes, and drug trade. In 2019, the World Customs Organization ranked the United Arab Emirates 3rd on the number of seizures involving arms trafficking. The 2021 U.S. State Department Trafficking in Persons Report placed it among Tier 2 countries due to deficiencies in anti-trafficking regulations. Dubai is an attractive hub for criminal actors and smugglers from all over the world. It has highly developed transport infrastructure and over 30 Free Trade Zones characterized by weak customs control. Due to anti-money laundering deficiencies, in 2022, the Financial Action Task Force placed Dubai on the grey list for increased monitoring. Dubai is also an attractive place for laundering criminal proceeds through real estate. According to the 2020 Dubai Property Leaks database, many conflict-affected and sanctioned countries have large real estate holdings in Dubai.



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**HUMAN
TRAFFICKING PLACEMENT
TIER 2**

GUATEMALA

Organized crime and gangs in Guatemala are involved in drug trade, human trafficking, kidnapping, extortion, money laundering, arms smuggling, adoption rings, and environmental crimes. In 2021, Guatemala was ranked 23rd in the world on criminality in the Global Organized Crime Index. Guatemala’s criminality has a major impact on the United States because of cocaine trade, migration, and human trafficking. The U.S. State Department placed Guatemala among Tier 2 countries due to weak anti-trafficking regulations and enforcement. Guatemala is responsible for 90% of cocaine coming to the United States. Illicit trade in cigarettes represents another significant source of income for organized crime in Guatemala. The latest data shows that 31.3% of cigarettes in Guatemala are illicit. According to Transparency International, Guatemala is among the top 30 most corrupt countries in the world. Criminal organizations have control of many government agencies and officials at the country level. A growing nexus of organized crime and the three branches of government poses a significant security threat for the country and the entire region. Criminal organizations are immune from prosecution due to corruption of law enforcement and the judiciary. Since the 2019 closure of the International Commission against Impunity in Guatemala (CICIG), many prosecutions have stalled. Furthermore, in 2021, the Constitutional Court overturned a law that attempted to hold corrupt officials accountable.



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**HUMAN
TRAFFICKING PLACEMENT
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TRI-BORDER AREA

The 'Tri-Border' area (TBA), commonly referred to as the triple frontier, is the border region encompassing areas from the three countries of Argentina, Brazil, and Paraguay. The region is often cited for its links with a wide range of activities related to money laundering. But activities in this region range from legal business practices, illicit tax, and commercial practices to an ample illegal market in counterfeits, embezzlement and smuggled goods, and a flourishing trade in weapons and drugs. The TBA has repeatedly been identified by the U.S. Department of State Department as an area of concern for human trafficking. There is also evidence of the presence of terrorist financing – including financing and money laundering activities linked to the virulent, transnational group, Hezbollah. Taken together, these criminal activities represent interlinked undertakings that generate a vast stream of interconnected illicit financial flows. A highly evolved and entrenched network of corruption facilitates these activities. The porosity of the borders aggravates the region's vulnerability in relation to cross-border crimes and when combined with the high volume of people, goods and services that routinely circulate in this territory mark it out not only as a long-established hub of illicit trade but also one that is not going away any time soon.



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PARAGUAY 16/193
ARGENTINA 125/193



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RANK**
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PARAGUAY 70/84
ARGENTINA 38/84



**CORRUPTION
PERCEPTION INDEX
RANK**
BRAZIL 96/180
PARAGUAY 128/180
ARGENTINA 96/180



**HUMAN
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TIER**
BRAZIL 2
PARAGUAY 2
ARGENTINA 1

UKRAINE

Ukraine has long been a convenient hub for illegal trade because it borders on several European Union (EU) countries and the Transnistrian region of Moldova. In the prewar period, the main illicit trade sectors in Ukraine were drug trafficking, counterfeit pharmaceuticals, illicit cigarettes and alcohol, human trafficking, illegal raiding, and illegal timber export. Wars always give criminals new opportunities for enrichment through illegal trade. The Russian invasion in February 2022 has had a major impact on market structures and trade patterns, in part by cutting off many of Ukraine's traditional legal trade routes. Since the Russian invasion, production inside Ukraine has plummeted, while prices and demand in neighboring countries have skyrocketed because of refugee flows, with the fuel and lubricants markets especially strongly affected. Ukraine's Western borders with EU countries are more tightly controlled than its Eastern borders with Belarus and Russia, resulting in current shifts in illicit trade patterns. The Russian military have looted grain, agricultural products, and other goods from Ukraine and sent them to Russia or sold them to other countries. Human trafficking is a major concern because the war has led to a massive displacement of Ukrainians. More than 14 million people have fled their homes since Russia's invasion, according to UN data.



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