

Hubs of Illicit Trade:

Financing Greater Corruption and Cross-Border Crime, Fueling Insecurity, and Endangering Public Health and Safety during the Pandemic

The Terrorism, Transnational Crime, and Corruption Center (TraCCC), and the Anti-Illicit Trade Institute (AITI), today launches a strategic evidence-based research project to inform communities on the inter-connected harms and multiple and compounding threats associated with key hubs of illicit trade. The HIT Project will also include a white paper on suggested policy responses and a series of webinars consequential findings of our research.

Booming Illicit Markets and Laundering of Dirty Money

Corruption and illicit trade are the lifeblood of today's bad actors, enabling kleptocrats to loot their countries, criminal organizations to co-opt states and export violence, and insurgents and terrorist groups to finance their attacks against our societies. They converge with other illicit activities to undermine democracy, corrode the rule of law, and fuel impunity. The world of illicit trade is highly varied, including 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.

According to the UN, dirty money laundered annually from such criminal activities constitutes up to 5 percent of global gross domestic product, or about \$4.5 trillion in 2021. Although the commodities may differ, their traffickers and enablers often work together and are networked at different points along their supply chains. This convergence can be seen most clearly in a limited number of hubs of illicit trade that specialize in illegal manufacturing, diversion, and/or cross-border smuggling while also serving as logistics and money laundering centers.

For this project, we are analyzing four well known hubs of illicit trade: Dubai, Tri-border Area, Central America, and Ukraine/Eastern Europe. The research for this project is under the editorial control of TraCCC and AITI with funding provided by the British American Tobacco Company (BAT). **For more information on these illicit hubs, check out our fact sheet.**

The Hubs of Illicit Trade (HIT) Project objectives:

- Improve our understanding of the workings and impacts of hubs of illicit trade and illicit supply chains in each hub through evidence-based research and build a comprehensive picture of these hubs and their impacts.
- Educate communities and mobilize stakeholders toward collective action to counter illicit trade and related corruption and money-laundering.
- Recommend actions to strengthen governance, legal process, government action and cross-border law enforcement cooperation to investigate and disrupt the convergence of crimes at hubs of illicit trade, financial safe havens, and the corruptive influence of bad actors and threat networks.
- **Inform the business community of the financial and reputational risks of working in illicit trade hubs. These risks are financial, health, and reputational. The activities in these hubs may place their customer at risk as they receive inferior products, finance corruption and global instability.**