

Illicit Trade Report

2016



WORLD CUSTOMS ORGANIZATION

CONTENTS

P. 2		FOREWORD
P. 4		INTRODUCTION
P. 6	Section 1.	CULTURAL HERITAGE
P.32	Section 2.	DRUGS
P. 106	Section 3.	ENVIRONMENT
P. 138	Section 4.	IPR, HEALTH AND SAFETY
P. 174	Section 5.	REVENUE
P. 218	Section 6.	SECURITY
P. 246		ABBREVIATIONS

FOREWORD

2016 was marked by the international Customs community as the year of Digital Customs, whereby the administrations were encouraged to actively showcase and promote the use of Information and Communication Technologies (ICT) to collect and safeguard duties, control the flow of goods, people, conveyances, and money, and to secure cross-border trade.

Over the past few years, the WCO Illicit Trade Report has become a landmark publication in the trade and law enforcement communities and beyond. However, in our continuous strive for excellence, we always look for new ways to improve the results. This publication is no exception.

The structure of the 2016 Illicit Trade Report remains similar to its previous editions. The analytical component of the Report was made possible due to the contributions of seizure data through the WCO Customs Enforcement Network (CEN) by 135 Customs administrations around the globe. However, in order to bring a fresh view enhanced with the latest data visualization technologies, the WCO partnered with the Center for Advanced Defense Studies (C4ADS), a nonprofit organization dedicated to providing data-driven analysis and evidence-based reporting. C4ADS analysts worked with the WCO team to represent the data in a new way. In addition to the strong data visualization component that was made possible due to this partnership, another feature of this edition is a masterful blend between Customs seizures data and open source information, which allowed not only to enrich data and reinforce trends and patterns identified during the analysis, but also illustrate them with concrete case studies and Member highlights.

This 2016 edition contains the following Sections: Cultural Heritage; Drugs; Environment; IPR, Health and Safety; Revenue and Security. The Report also provides a brief overview of the international enforcement programmes, projects and operations led or coordinated by the WCO in 2016 alongside its international partners and Member administrations.

Using this opportunity, I would like to express particular gratitude to all WCO Member Customs administrations that continue to contribute seizure data to the WCO CEN database. While this process is meticulous and lengthy, the benefits of sharing this important information certainly outweigh the costs. Consistent, timely and accurate information sharing and analysis of trends and patterns constitute one of the major pinnacles of any successful policy and its further implementation.

I hope this edition of the Report will be useful not only for the law enforcement community, but will serve as a reference to policy makers, academia and all those interested in illicit trade and efforts made by the global Customs community to make our communities safe and secure.

In an effort to use a data-driven approach for the development of better policies, tools and instruments, the WCO is committed to continue with investing in the innovative practices and analytical products reflecting the situation in its Member countries. As for the results of these practices, I will leave it to you, our readers, to evaluate.



Kunio Mikuriya

Kunio MIKURIYA
Secretary General
World Customs Organization



INTRODUCTION

GENERAL OVERVIEW

Every year, the World Customs Organization (WCO) aims to contribute to the study of the phenomenon of illicit trade through robust and in-depth data analysis based on the voluntary submissions of seizure data and case studies by its Member Customs administrations around the globe.

The purpose of the Illicit Trade Report is first and foremost to provide a better understanding of current cross-border criminal activities by quantifying and mapping the situation on the illicit markets and by providing an overview of Customs enforcement efforts aimed at suppressing such activities.

With this Report, the WCO wishes to raise awareness of these critical areas of Customs enforcement and also contribute to the information available on illicit trade, allowing policy-makers to get a grasp of the global situation, and enabling Customs administrations around the globe to enhance their response to these threats accordingly.

The Report is composed of six sections that relate to the following key areas of risk in the context of Customs enforcement:

- Illicit trafficking of stolen or looted cultural objects that include both archaeological objects and works of art;
- Drug trafficking, including cultivation, manufacture, distribution and sale of substances subject to drug prohibition laws;
- Environmental risks relating to trafficking of endangered spe-

cies, hazardous and toxic waste, ozone-depleting substances, and trading of indigenous or protected timber, etc. Cross-border trafficking in these areas threatens ecological balance and sustainable development;

- IPR and health and safety risks relating to trade in counterfeit or fake goods, particularly products which pose a serious threat to health and safety, such as pharmaceuticals (including veterinary medicines), foodstuffs, toys and sub-standard items (such as electrical components and spare parts);
- Revenue risks, including leakage, through the smuggling of highly taxed goods such as tobacco, alcohol and motor spirits, plus commercial fraud activities such as under-valuation, misuse of origin and preferential duties, misclassification and drawback fraud;
- Security risks, including terrorism, proliferation of weapons of mass destruction, trafficking of small arms and explosives, and diversion of dual-use goods.

DATABASE AND METHODOLOGY

The analysis contained in this Report is based on the collection of data from the WCO Customs Enforcement Network (CEN) — a database of worldwide Customs seizures and offences. WCO Members and the Regional Intelligence Liaison Offices (RILOs) enter and validate the data input into the CEN and used for this Report. Seizures include those reported by Customs, joint Customs and Police units and other law enforcement agencies with power over Customs duties. The data contained in the CEN is continuously updated and reviewed, making it a 'living' database.

The CEN is a vital resource, allowing all WCO Members to access a critical mass of information for analysis of illicit trafficking in the various areas of Customs' competence. This is crucial in terms of developing a fuller understanding of the connections between different forms of trafficking on a regional or global level, and defining strategies and mechanisms that render enforcement actions by Customs authorities more effective.

Intelligence exchange among all stakeholders is a fundamental part of the active collaboration to combat illicit trade. With this in mind, the WCO established a network of RILOs in six WCO regions, as an

added layer of information exchange to complement the existing channels. The RILOs contribute actively to the CEN database in terms of data validation and quality control, on the basis of which they develop regional intelligence products. With its additional active involvement in operational activities, the RILO network remains a steadfast WCO strategic intelligence capability in meeting the global Customs goal of identifying, disrupting and dismantling transnational criminal organizations.

C4ADS

innovation for peace

C4ADS is a nonprofit organization dedicated to providing data-driven analysis and evidence-based reporting on global conflict and transnational illicit networks.

We use cutting-edge technologies to manage, integrate, and analyze disparate data from diverse languages, regions, and sources, incorporating our own field research from conflict zones and fragile states. We seek to engage with local and international audiences to produce compelling and actionable analysis, and in doing so, fill a critical gap left by traditional public sector and profit-driven institutions.

C4ADS is proud to partner with the World Customs Organization to co-author the 2016 Illicit Trade Report in support of our mission to help bridge the data gap among global law enforcement authorities and the private sector.

C4ADS Contributors: Patrick Baine and Devin Thorne.



A

SECTION 1.

CULTURAL HERITAGE

INTRODUCTION

Illicit trafficking of cultural objects has featured prominently on the global political agenda for the last few years. In order to highlight the role of Customs in preventing such trafficking, as well as describe the tools and instruments available and the measures needed to fight effectively against this scourge, the Directors General of the 180 WCO Member Customs administrations unanimously adopted the WCO Council Resolution on the Role of Customs in Preventing Illicit Trafficking of Cultural Objects¹ at the WCO Council Sessions in July 2016.

The WCO Resolution recognizes possible linkages between illicit trafficking of cultural objects, and money laundering, terrorism and other criminal activities, moving this type of crime higher up the political agenda. It also underlines that international borders still offer the best opportunity to intercept stolen and looted cultural artefacts, thus reinforcing the vital role of Customs in this domain.

The Resolution advocates the wider use of export certificates for cultural objects, based on the UNESCO-WCO Model Export Certificate. It encourages the use of CEN and its seizure database in order to be able to conduct more in-depth regional and global analyses. Acknowledging the variety of stakeholders involved in the prevention of illicit trafficking of cultural objects, the Resolution endorses national, regional and global cooperation with other law enforcement agencies, academia, non-governmental organizations and any other relevant stakeholders. ARCHEO is specifically mentioned as one of the communication platforms that could be used effectively to share intelligence and information in real time.

A: Pendant of the Tolima culture, Colombia, seized by ICE HSI in cooperation with CBP. Courtesy: US CBP and US ICE (HSI)

¹ WCO (2016), *Resolution of the Customs Co-Operation Council on the Role of Customs in Preventing Illicit Trafficking of Cultural Objects*, Brussels, available at http://www.wcoomd.org/-/media/wco/public/global/pdf/about-us/legal-instruments/resolutions/resolution_cultural-objects.pdf?la=en, accessed on 25 July 2017.

On 24 March 2017, the United Nations Security Council (UNSC) unanimously adopted United Nations Security Council Resolution 2347/2017² on the protection of cultural heritage in the event of armed conflicts. This Resolution has been described as 'historic' by UN Security Council Member States. Having witnessed the unprecedented level of looting and destruction of cultural property, and particularly in light of the shocking events in Syria, Iraq, Mali and other countries, the global community expressed its commitment, through this Security Council Resolution, to work together to prevent these heinous acts.

The WCO's instruments and tools, such as the Harmonized Commodity Description and Coding System and the WCO ARCHEO platform, as well as the importance of the Customs contribution to addressing this issue, have been highlighted in the text of UNSC Resolution 2347. The role of the WCO alongside other international organizations, such as UNESCO, the UN Office on Drugs and Crime (UNODC) and INTERPOL, is underlined in the context of developing cooperation and activities to support the Member States in the implementation of this binding legal instrument. The Resolution expresses strong concern regarding links between trafficking of cultural objects and the activities of terrorists and organized criminal groups. In some cases, these criminal activities go beyond the trafficking of cultural goods to include illegal revenues and illicit financial flows, as well as money laundering, bribery and corruption.

From 2015 to 2017, the WCO has undertaken a number of activities designed to raise awareness of the role of Customs in the prevention of illicit trafficking of cultural objects. These activities include speaking engagements at the World Economic Forum in Davos in January 2016, UNESCO States Parties meetings and capacity building workshops, INTERPOL and Europol specialized meetings, and lectures at academic institutions. The WCO also provided operational support to Operation Pandora, which was led by the Cypriot and Spanish Police in close cooperation with Europol, support also being provided by UNESCO and INTERPOL. The Operation was conducted at the end of 2016 and resulted in the seizure of 3,561 works of art and cultural goods, almost half of which were archaeological objects, as well as in 75 arrests and 92 new investigations³.

The WCO also maintains the ARCHEO platform, a specialized communication tool that brings together representatives of different law enforcement agencies, relevant Ministries and experts. Its primary purpose is to maximize efficient and effective enforcement

in this area. Currently, ARCHEO includes more than 140 vetted contacts from 53 countries, international organizations and academia. In order to implement UNSC Resolutions 2199 and 2347, there have been specific efforts to promote and enhance the use of ARCHEO in the Middle East and North Africa (MENA) region.

In terms of data submitted to the WCO through its CEN system, in 2016, 13 countries submitted data on 138 individual cases concerning the smuggling of cultural objects, as part of which Customs authorities made 146 seizures. Participating Customs administrations around the world confiscated over 8,000 artefacts. Alleged smugglers continued to move a variety of culturally significant items, including coins, jewels, artwork, sculptures and books, by vehicle, mail, air, ship and other means. However, according to the reported data from 2015 and 2016, the overall trend in the illicit trafficking of cultural objects is downward.

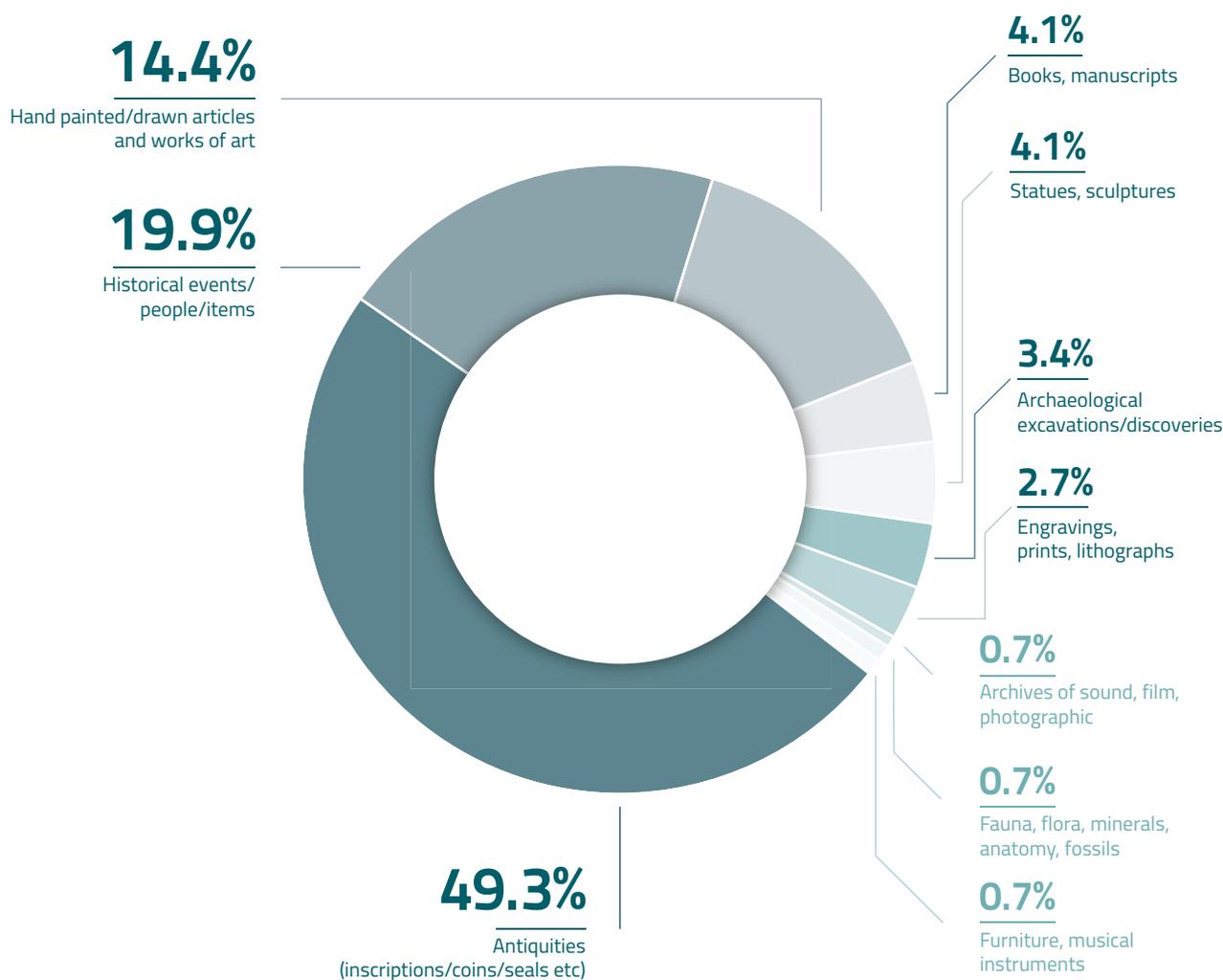
However, several patterns to emerge from the available data suggest that the trade is in a state of flux, rather than absolute decline. Trafficking of smaller antiquities may be on the rise, compared to activity in 2015, while cases involving smuggled paintings and drawings are possibly decreasing. The number of trafficked artefacts in some other categories, however, is still increasing, as larger quantities of contraband are moved in fewer shipments. These trends emerge largely from seizure data submitted by countries in the Middle East and by the Russian Federation. Countries in Eastern and Central Europe and Russia reported the majority of case data in 2015 and 2016, and would consequently appear to be hubs of intraregional and international trade.

It should be noted that the trend analysis is subject to the following two caveats: firstly, cases related to cultural objects represent a relatively small subset of the numerous trafficking cases reported to the WCO in 2016, when only 138 cases involving cultural objects were recorded by participating Customs administrations. The small sample limits the validity of generalizations drawn from apparent trends, and observations should not be construed as representing a comprehensive picture of the global trade in antiquities. Secondly, trends between 2015 and 2016 may potentially be distorted by increasing efficiency among Customs authorities. As Customs officers become increasingly proficient in seizing both large and small shipments of cultural objects, the data can suggest that illicit trade is on the rise when, in reality, levels of trafficking may be holding constant or even decreasing.

² United Nations Security Council Resolution 2347 (2017), S/RES/2347 (2017), available at [https://undocs.org/en/S/RES/2347\(2017\)](https://undocs.org/en/S/RES/2347(2017)), accessed on 25 July 2017.

³ Europol (2017), *3561 artefacts seized in Operation Pandora*, Press Release, 23 January, available at <https://www.europol.europa.eu/newsroom/news/3561-artefacts-seized-in-operation-pandora>, accessed on 22 July 2017.

FIGURE 1: NUMBER OF SEIZURES BY CATEGORY, 2016



The Section on trafficking of cultural objects is structured in the five following Parts:

1. Examines overall trends in the illicit trade in cultural goods, including the type and volume of artefacts seized by reporting countries.
2. Describes the particulars of cases by geographic region and reporting country.
3. Focuses on the methods used by smugglers, and by the Customs officers who enforce trade controls.
4. Aggregates all of the data from individual cases to illustrate global trafficking flows.
5. Provides an update on current and planned activities in this area of enforcement.

1. TRENDS IN SEIZURES OF CULTURAL OBJECTS BY CATEGORY AND ITEM

Figure 1 breaks down the illicit trade in cultural goods by artefact category. Of all 146 seizures reported to the WCO in 2016, 69.2% involved smaller antiquities, most frequently coins and historical items, including arms and armour. This was followed, at 21.2%, by seizures of artwork – painted/drawn articles and works of art, statues and sculptures, engravings, prints and lithographs; with hand-painted and drawn articles, statues and engravings being seized in 14.4%, 4.1% and 2.7% of seizures respectively. The remainder of the seizures comprised books and manuscripts, archaeological findings, plant life, audiovisual archives, instruments and furniture.

FIGURE 2: NUMBER OF SEIZURES BY CATEGORY, 2015-2016

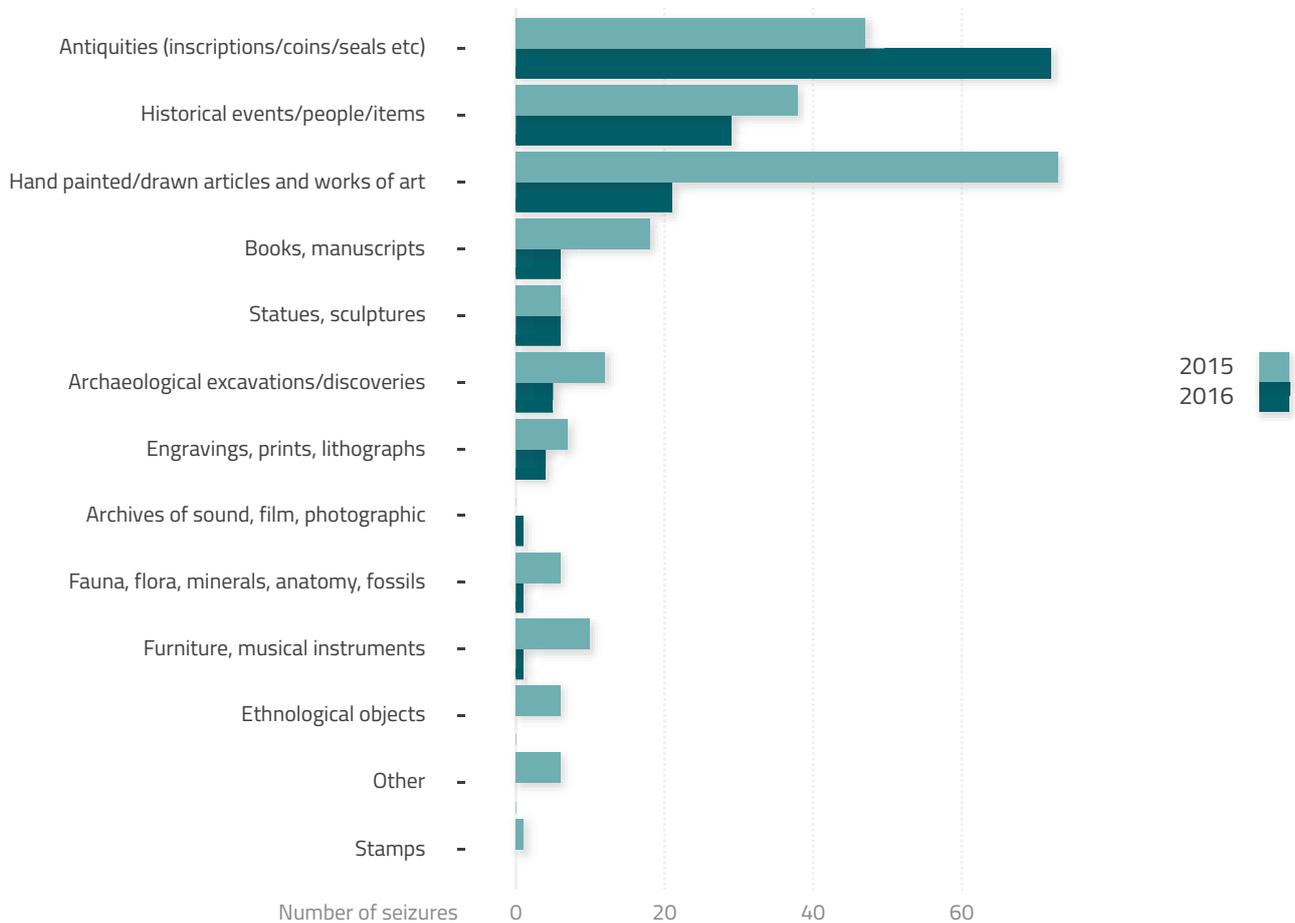


Figure 2 compares the number of seizures by artefact category in 2015 and 2016. Significantly more seizures were made in 2016 compared to the previous year. Antiquities used to be the second most frequently seized item after paintings, but the number of antiquities seizures in 2016 was over three times higher than seizures of hand-painted and drawn artworks. Figure 5 suggests this shift was primarily the result of a number of large-scale seizures made in the Middle East.

Antiquities was the only category to see such an increase. The number of seizures decreased in all but one of the other categories, suggesting an overall decline in illicit trade. The one exception was statuary, where the level in 2015 remained constant. However, even statues and sculptures saw a slight fall: while the number of

seizures remained steady, Figure 3 indicates that the quantity of statues seized in 2016 was slightly less than in the previous year. In some categories, including ethnological objects and stamps, reporting countries made no seizures in 2016.

Figure 3 shows the quantity of artefacts confiscated in 2015 and 2016 by category. Countries reporting to the WCO seized over 8,343 items of cultural and historical significance in 2016, with most of these pieces being smaller antiquities such as coins, seals, and jewels. When considered alongside Figure 2, Figure 3 reveals that antiquities traffickers often moved items in bulk through reporting countries in 2016; 6,670 items were confiscated in only 72 antiquities seizures, averaging just under 100 artefacts per seized shipment.

FIGURE 3: QUANTITY OF OBJECTS BY CATEGORY, 2015-2016

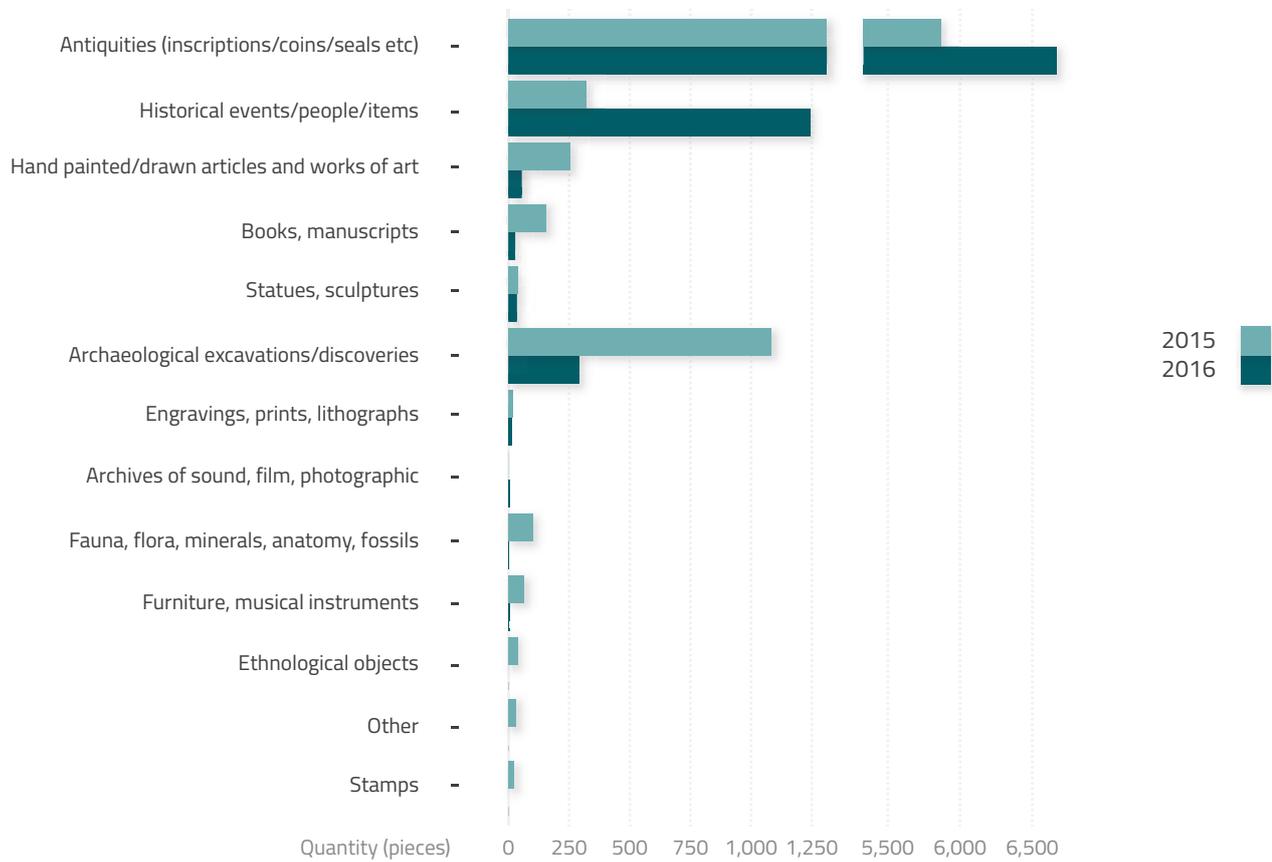


Figure 3 further suggests that smugglers who were uncovered in reporting countries may have begun applying this modus operandi to other, larger, historical artefacts, including arms and armour. Figure 2 shows that, while the number of seizures involving “Historical items” decreased between 2015 and 2016, the total number of trafficked pieces grew significantly. In 2016, 1,243 “Historical items” were confiscated in the context of only 21 seizures; this averages 59 items per seizure, compared to approximately nine per seizure in 2015. Figure 5 shows that this shift is primarily seen in seizure data from the Russian Federation.

Case study 1. Disruption of the network of antiquities smugglers in India

In October 2016, the Directorate of Revenue Intelligence (DRI) – India’s Customs enforcement agency – seized 61 antiquities at a residence in Chennai, India. As reported to the WCO by the DRI, these antiquities were believed to be intended for export. This seizure was, in fact, part of a larger disruption operation conducted by the Indian authorities.

The investigation began in May 2016, when the Idol Wing CID within the Tamil Nadu Police’s Economic Offences Wing (EOW) received a tip about stolen antique idols. Based on this tip, police arrested three men in Chennai who were part of the

Dheenadhayalan smuggling network. Dheenadhayalan is an infamous Indian smuggler who specializes in the export of stolen Indian idols and had evaded capture since 2005. Dheenadhayalan was also previously linked to the well-known antiquities smuggler Subhash Kapoor, who was arrested in 2012. The arrests in May were accompanied by the seizure of approximately 200 ancient idols, paintings, and various other antiquities.

Dheenadhayalan turned himself in a few days later. After intensive questioning, the DRI seized 96 antiquities in June 2016, and 200 in July 2016. Further tip-offs led to the DRI's seizing another stash of antiquities, and arresting three more individuals, including Dheenadhayalan's grandson.

The disruption of this network revealed a number of tactics used by the antiquities smugglers. Idols were often stolen from old, run-down temples with minimum security. Idols of value were identified beforehand and specifically targeted. Smugglers then employed burglars to steal the idols and transport them back to Chennai, after which Dheenadhayalan's art gallery acquired them. Counterfeits were then produced, and a mix of real and fake antiques were shipped to Mumbai. From there, the pieces went to international markets. The network partnered with a forger in New Delhi to produce fake Archaeological Survey of India (ASI) certificates for the antiquities, and mislabelled artefacts as "handicraft objects".

Antiquities illicitly shipped by the Dheenadhayalan network have been found in many countries, including the United States, the United Kingdom, Australia, China, and a number of European countries. While valuation appears to be ongoing, some of the antiquities seized during the above investigation have been estimated to be worth at least 780,000 USD individually, if not more. A number of the seized stone sculptures may be worth several million dollars.



SOURCES

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- Hindustan Times (2016), *All you need to know about the idol smuggling racket worth crores*, available at <http://www.hindustantimes.com/india-news/all-you-need-to-know-about-the-idol-smuggling-racket-worth-crores/story-DI1mBB7SwpVxN9hMu49fJl.html>, accessed on 3 August 2017.

2. TRENDS IN SEIZURES OF CULTURAL OBJECTS BY REGION

FIGURE 4: HEAT MAP OF CASES BY COUNTRY, 2016

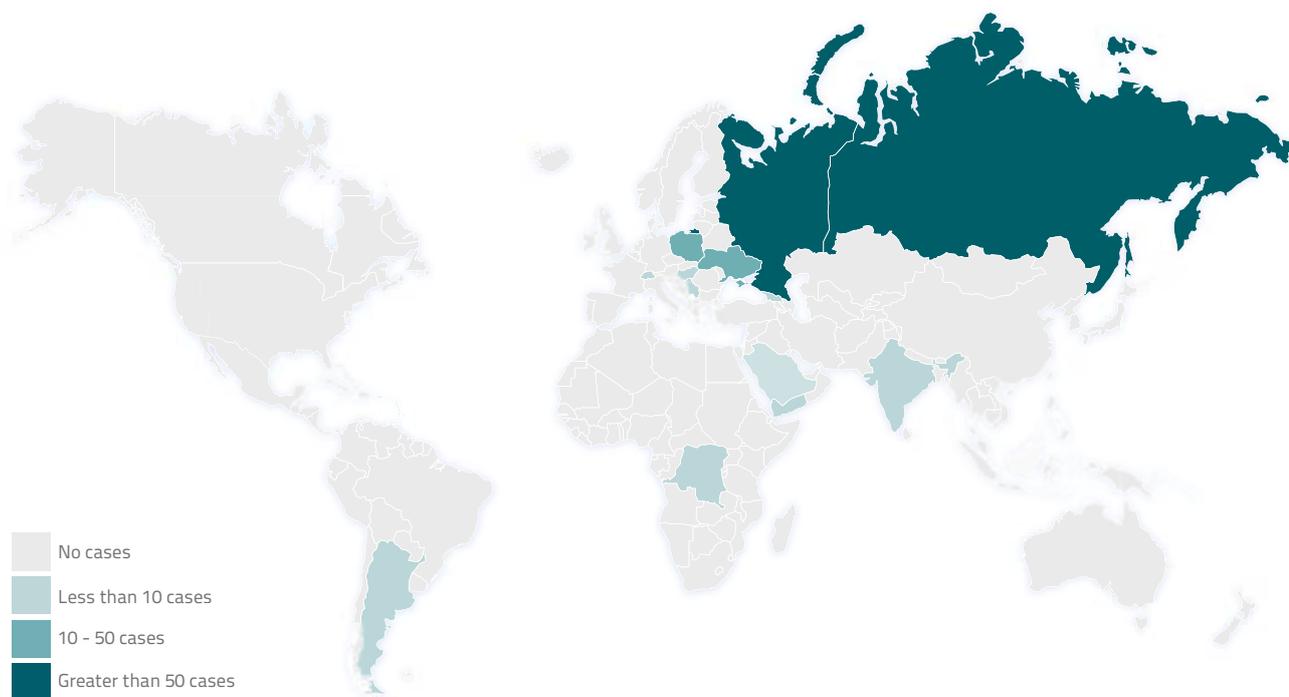


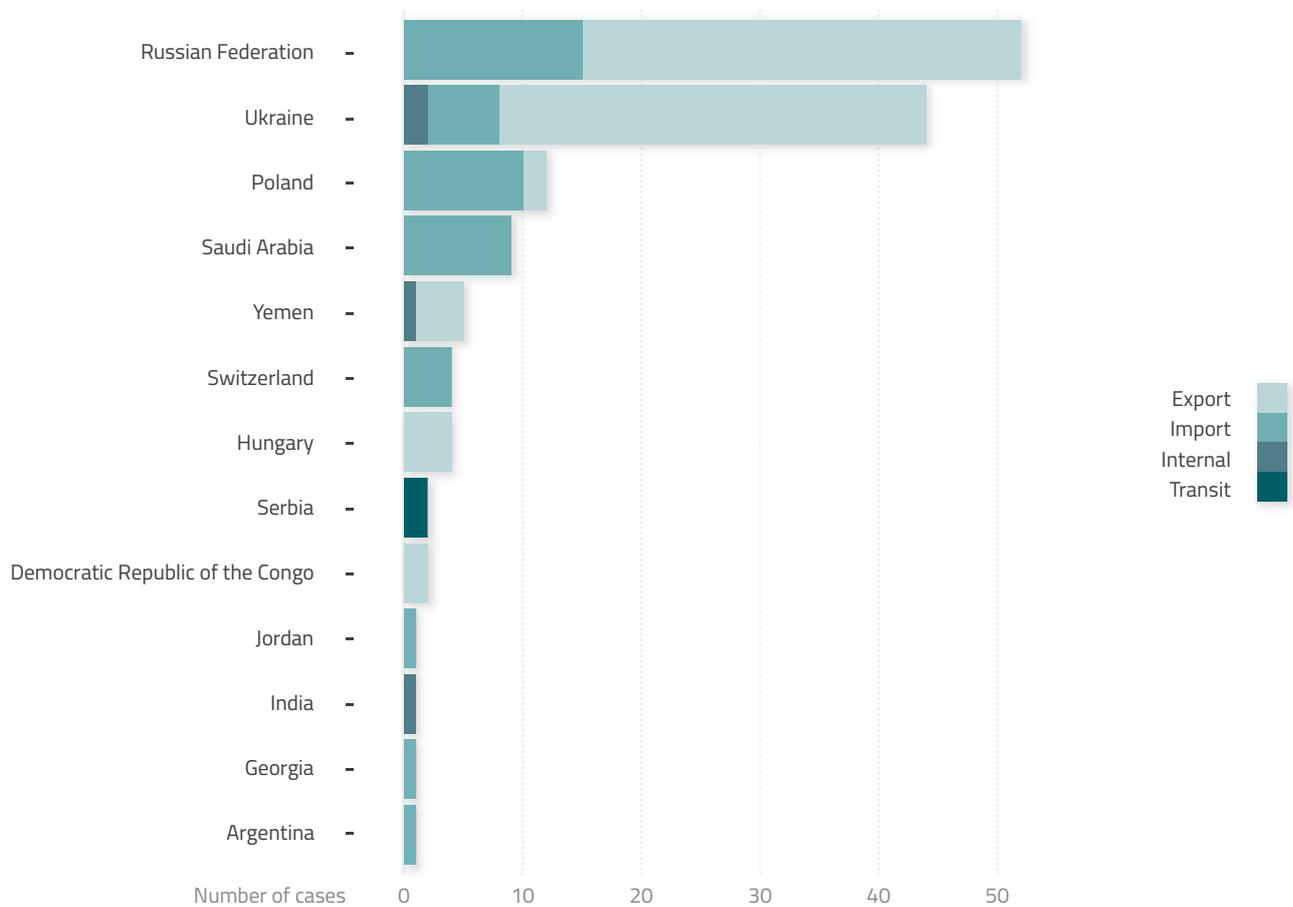
Figure 4 illustrates the number of cultural heritage cases reported by each participating country to the WCO in 2016. Each of the countries in colour reported at least one case in 2016; the darker the shade, the more cases the country reported. As in previous years, Russia, Ukraine and Poland recorded the largest numbers of cases of smuggling of cultural objects. Poland and Ukraine reported 12 and 44 cases, respectively; the Russian Federation handled 52 cases. Poland also made the single largest seizure in 2016 – 3,150 collector coins from the former Soviet Union.

Of the remaining countries, none made in excess of 10 seizures, possibly reflecting the falling trend in this illicit trade suggested by Figure 2. However, this conclusion is difficult to assess because non-response (i.e. non-reporting) rates for most of the world are high. Four countries recorded between four and ten seizures:

Yemen, Switzerland, Hungary and Saudi Arabia.

Figure 5 shows the number of cases reported to the WCO by the 13 participating countries that submitted case data, and indicates the direction – export, import, internal, and transit – in which seized shipments were travelling when confiscated. Due to the stricter legislative framework on export controls, Russia and Ukraine recorded significantly more cases at export than import. Specifically, out of 52 cases reported by Russia, 37 involved exports. However, as Figure 11 and Figure 13 indicate, not all artefacts travel far abroad, with much of the trade remaining local. It is therefore not uncommon for objects also to be confiscated upon import into European neighbours. Poland, for example, reported 13 cases, 84.6% of which were imports.

FIGURE 5: NUMBER OF CASES BY CUSTOMS PROCEDURE, 2016



Using available seizure records from 2016, Figure 5 also suggests that the Middle East encountered a mix of domestic trafficking and illicit import and export activity. Saudi Arabia reported nine cases, all of which were imports. Yemen, however, predominantly reported export cases, as well as a small number of cases involving the illicit transport of cultural objects internally. Likewise, reports from participating Western European countries indicated a mix of activity. Switzerland and Hungary reported an equal number of cases, but whereas Switzerland’s cases all involved imports, Hungary only submitted data on export cases.

Figure 6 illustrates the number of seizures and the quantity of seized cultural objects by reporting country and category. The graph compares changes in the data between 2015 and 2016 among all countries that reported four or more cases across both

years. Figure 6 reinforces the trend seen previously – namely, of increased illicit trade in antiquities. It is important to bear in mind that the antiquities category in this analysis includes coins that are often smuggled in large quantities. A boom in large-scale antiquities seizures made in Saudi Arabia and Poland has also significantly contributed to this observation.

Like Saudi Arabia, Poland reported a dramatically higher quantity of seizures in this category in 2016: 3,174 objects (as opposed to only 597 antiquities in the previous year). Of these, 3,150 objects were collector coins recovered in one seizure conducted during a routine control in Dorohusk, Poland. Even if one disregards this seizure, Polish Customs still reported the confiscation of considerably more objects in 2016 than in 2015. At the same time, the quantity of antiquities seized in Russia and Ukraine declined.

Member highlight: Saudi Arabia implementing the WCO Council Resolution on the Role of Customs in Preventing Illicit Trafficking of Cultural Objects

The Kingdom of Saudi Arabia has long given special attention to preserving the cultural heritage of different civilizations. Consequently, the Government of Saudi Arabia has instructed Saudi Customs to strengthen enforcement efforts and tighten border surveillance to fight against the illicit trafficking of cultural objects. The Kingdom has also actively supported the WCO Council Resolution on the Role of Customs in Preventing Illicit Trafficking of Cultural Objects, adopted in July 2016. Saudi Customs believes that the global Customs community must focus on cooperation for the purposes of preserving cultural heritage, supporting the resolutions and recommendations of international organizations that assist in combating illicit imports/exports and illicit trade in cultural goods. Saudi Customs has therefore issued warnings regarding the theft and looting of cultural artefacts from museums and other institutions.

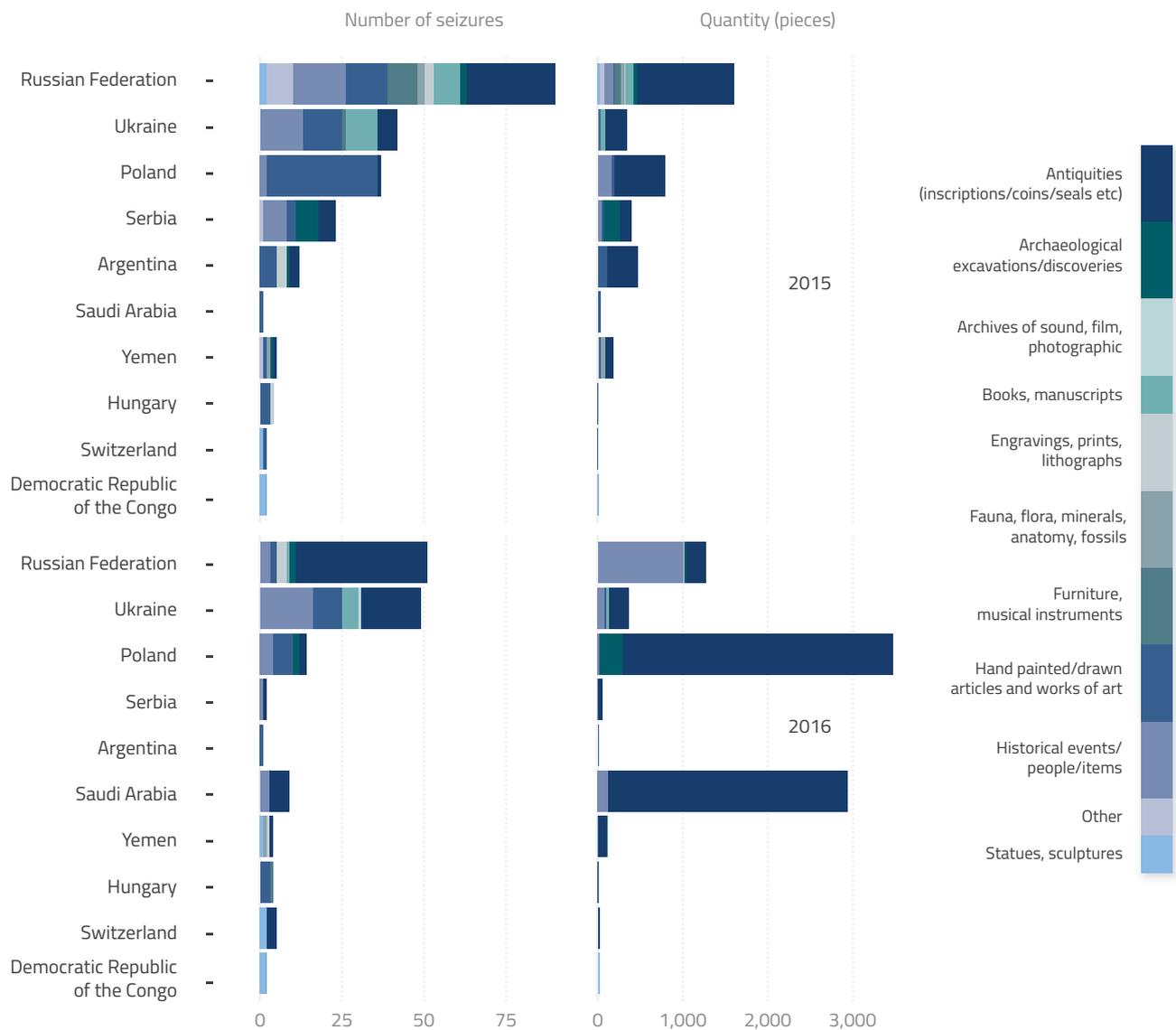
As a result of implementing the WCO Resolution and of the warnings issued, Saudi Customs seized 2,763 pieces of ancient coins which dated back to the Pharaonic age and which were concealed in secret compartments in an SUV arriving from Egypt. The seized objects were delivered, for examination purposes, to the Saudi Commission for Tourism and National Heritage. The latter declared them fake, and the objects were confiscated.

Source: Saudi Customs



C, D, E: Seizure of antique coins by Saudi Customs. Courtesy: Saudi Customs.

FIGURE 6: NUMBER OF SEIZURES AND QUANTITY OF SEIZED OBJECTS BY COUNTRY AND CATEGORY, 2015-2016



Interestingly, Russia reported a slight increase in the number of antiquities seizures, but each involved a significantly lower quantity: 27 seizures in 2015 recovered 1,138 objects in the antiquities category; however, in 2016, 40 seizures led to the confiscation of only 233 objects.

in 2016, the number of seizures falling to just 21. The number of seizures involving “Archaeological excavations/discoveries” and the quantity of seized artefacts in this category also declined, from 11 seizures and 253 objects in 2015, to four seizures and 292 objects in 2016.

Sculptures and statues were predominantly seized in Switzerland, Saudi Arabia, Yemen and the Democratic Republic of the Congo. Painted and drawn artworks were the most frequently seized artefacts in 2015, having been confiscated in 73 seizures across all reporting countries; an apparent decline in this trade is seen

Case study 2. Trafficking flows in Yemen

Yemen is a source of antiquities dating back centuries to ancient civilizations. The chaos of the ongoing civil war has been accompanied by an increase in the smuggling of these antiquities out of the country.



The United Nations consequently designated Sana'a and Shibam as endangered World Heritage Sites in 2015. Despite all the difficulties encountered by Yemeni Customs in their daily efforts to protect such sites, five seizures of antiquities were reported by the Yemeni Customs authorities to the WCO in 2016. These seizures resulted in the retention of over 110 individual cultural objects, including statues, coins, and calligraphy pieces.

All five of these seizures were made in Sana'a. One was made inland, in the vehicle of an individual, and the remaining four were made at Sana'a International Airport. The objects were discovered in personal baggage as the smugglers attempted to export them from Yemen to international markets.

Data reported to the WCO shows these antiquities moving from Yemen to East Africa and Jordan. Additional case studies corroborate that these antiquities typically move out of Yemen into secondary markets in Africa and the Middle East, before finally being exported to markets in Europe and the United States.

By way of example, in 2016, authorities in Switzerland reported finding a trove of antiquities in 2013. The recovered artefacts included five pieces from Yemen, which had transited through Qatar before arriving in Switzerland in 2009 and 2010. The items were stored at Geneva Freeport and discovered as part of a routine Customs inspection.

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FIGURE 7: NUMBER OF CASES BY REPORTING COUNTRY, 2015-2016

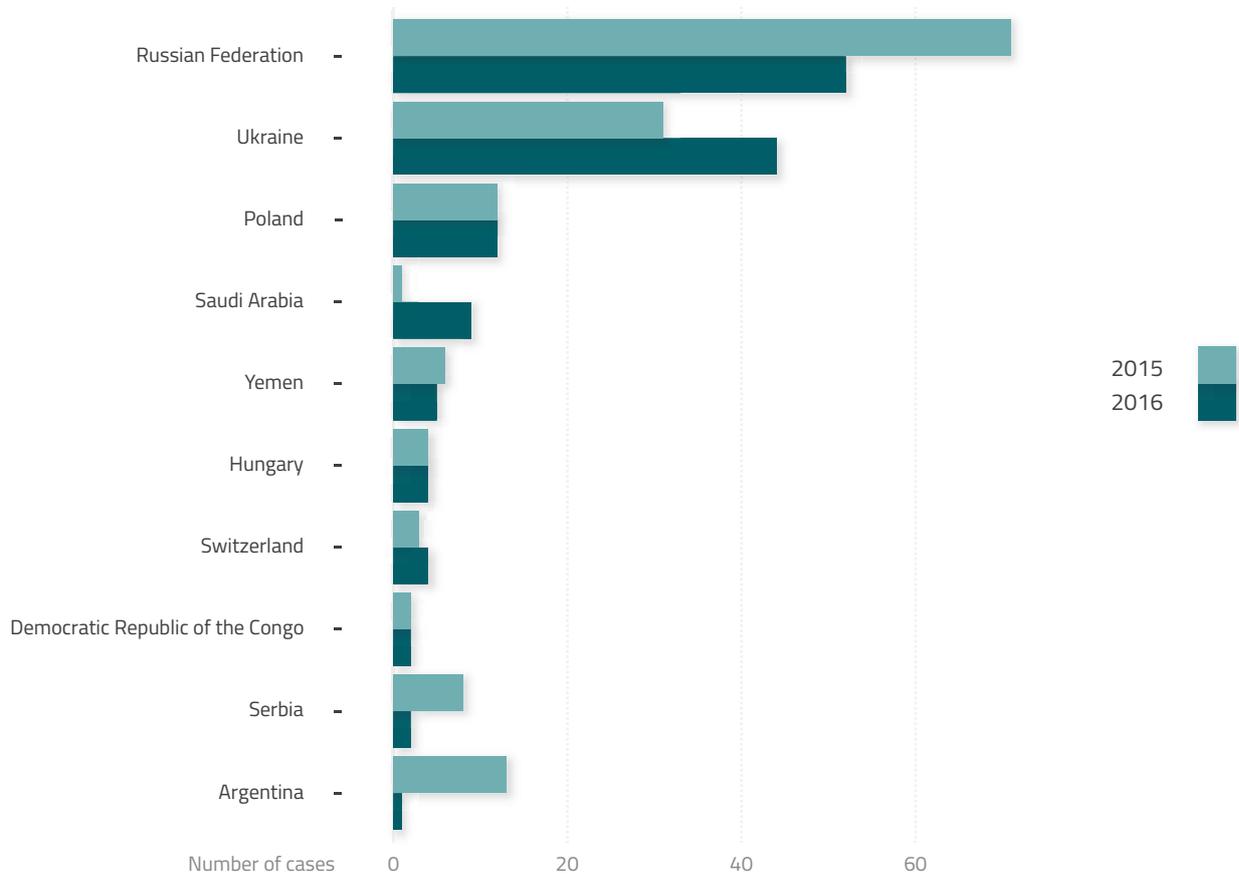


Figure 7 explores the year-over-year change in the number of reported cases for countries which reported nine or more cases in either 2015 or 2016. Almost all countries reported fewer cases in 2016 than in the previous year. The exceptions were Ukraine and Saudi Arabia, which saw significant increases between 2015 and 2016, from 31 to 44 cases, and from one case to nine cases, respectively. Poland, whose reporting levels remained constant, is a third exception. The possible fall-off in trade is suggested most strongly

by the Russian Federation, the country with the highest number of reported cases in 2016. It is notable that Russian Customs reported significantly fewer cases than in the previous year, while maintaining high reporting levels: 71 cases in 2015, as opposed to 52 cases in 2016. The drop in illicit trade is also suggested by fewer reported cases in both Argentina and Serbia.

Member highlight: Successful cooperation between Customs and antiquities experts in Egypt

Egypt is well known not only for its rich cultural heritage, but also for its zealous efforts to protect it and prevent smuggling. During the last thirty years, the Egyptian authorities have dedicated considerable effort to examining, inspecting and confiscating cultural objects, as well as prosecuting traffickers. The foundation for cooperation between the Ministry of Antiquities and Customs was laid back 1983, when the Central Administration for Archaeological Units at Egyptian Ports was created by Law N° 117 on the Protection of Antiquities. The Central Administration started to deploy Archaeological Units at ports of entry in 1986, when the first Archaeological Unit was established at Cairo International Airport. The success of this cooperation led to the opening of the second Unit at Luxor International Airport and at Rafah land port. Currently, there are 40 Archaeological Units operating on a 24/7 basis. They work with Customs and Police officers, and are located at every Egyptian border crossing point, including seaports, airports and land borders. The main role of the Central Administration for Archaeological Units is to prevent smuggling of Egyptian cultural heritage out of Egypt, as well as to prevent the illegal import, export and transfer of ownership of cultural property under the UNESCO 1970 Convention, ratified by Egypt in 1972.

In 2014, a cooperation agreement between the Ministry of Antiquities and Ministry of Culture was concluded, with a view to applying Law N° 8 on the Protection of Manuscripts by the Archaeological Units. This Law relates to old books, first and rare editions, archives, important documents and recordings.

The Ministry of Antiquities also collaborates with the Ministry of the Environment and the Ministry of Petroleum and Mineral Resources in order to protect natural heritage. The Units present at Egyptian ports confiscate soil samples, stones, petrified wood and excavation samples which are given in custody to the Geological Museum. This is done in accordance with Law N° 4 for the Protection of the Environment, as amended by Law N° 9 of 2009, and in accordance with Cabinet Decree N° 144 of 1980, as well as with National Security instructions to prohibit and prevent the export of natural and geological heritage.



In general, the Ministry of Antiquities cooperates with numerous governmental authorities whose aim is to protect cultural and world heritage, including: the Ministry of Finance, represented by the Customs Department, the Ministry of the Interior, represented by the General Directorate for Tourism and Antiquities Police, the General Administration for Port Security, Criminal Investigation Departments at all Egyptian ports, Passenger Security Departments at airports, and the National Security Administration. Other governmental authorities include the Ministry of Culture, represented by the Egyptian National Library and Archives and the Fine Arts Sector, the Ministry of Justice, represented by all Investigation Departments, Prosecutions and courts, the Ministry of Foreign Affairs, the Ministry of Transport, represented by land and seaport authorities, the Ministry of Civil Aviation, the Ministry of Defence, represented by the General Secretariat of the Armed Forces, the armed forces, border guards and the Military Museum, the Ministry

H: A frame with a religious manuscript of a Sourah of the Qur'an, seized in 2016 at Damietta seaport prior to leaving for the United States. Courtesy: Egyptian Ministry of Antiquities.

of Communications and Information Technology, represented by the National Postal Authority, the Ministry of Petroleum, Mining and Mineral Resources, represented by the Geological Museum, the Ministry of the Environment, represented by the Egyptian Environmental Affairs Agency (EEAA), the Library of Alexandria, represented by the Calligraphy Centre and the Manuscripts Museum, the Egyptian Scientific Institute (Institut d’Egypte) in Cairo and the Egyptian Geographic Society.

This cooperation produces results. In February 2005, a group of astronomical tools was seized during their entry into Egypt at Cairo International Airport. These artefacts had been subject to previous attempts at illegal export. The tools were shown to nine specialized Committees, all of which confirmed that the objects were extremely rare and of high artistic and historical value. The Committees demanded that the objects be confiscated, handed over to the Supreme Council of Antiquities and displayed in a museum gallery. In summer 2006, one of the employees at an Arab embassy in Cairo was finalizing procedures for exporting four containers to the United Arab Emirates through Ain Al-Sokhna seaport. The criminal investigators at the port were suspicious about the contents of the containers, and after inspection, it turned out that there was a large number of furniture pieces, woodwork, oil paintings, Ottoman ceramics, marble statues and complete architectural elements that had been taken from historical palaces. All the archaeological and historical objects were confiscated and handed over to the Supreme Council of Antiquities.

In 2009, an export company asked to export a large container containing medical supplies to the United Arab Emirates through “Badr AL-Dahabiya” land port. During the inspection of the packages by Customs, a leather bag was found which contained 109 ushabti faience statues. The Archaeological Unit was immediately informed, and with the help of Customs and Police, all the container contents (248 packages) were examined. Twelve of these packages were found to contain 1,321 archaeological objects dating to the Late Period and the Graeco-Roman Period.

In April 2014, a shipping company was finalizing procedures for exporting a container of furniture from Eastern Damietta seaport to Belgium. The container was found to contain a large number of archaeological and art objects, well packed and hidden inside wooden boxes. Forty-two of the objects related to Jewish temples in Egypt and were seized by the Ministry of Antiquities.

Overall, from 2010 to 2015, the Central Administration for Archaeological Units at Egyptian Ports, in cooperation with Customs authorities, seized more than 12,500 objects. In 2016, 102 examinations were conducted, leading to the seizure of 2,324 authentic objects.

Source: Egyptian Ministry of Antiquities



1: A religious manuscript seized at Luxor airport in 2016 upon a smuggling attempt to Germany. Courtesy: Egyptian Ministry of Antiquities.

3. TRENDS IN TRAFFICKING METHODOLOGY

FIGURE 8: QUANTITY OF OBJECTS AND NUMBER OF SEIZURES BY CONVEYANCE TYPE AND DETECTION METHOD, 2016

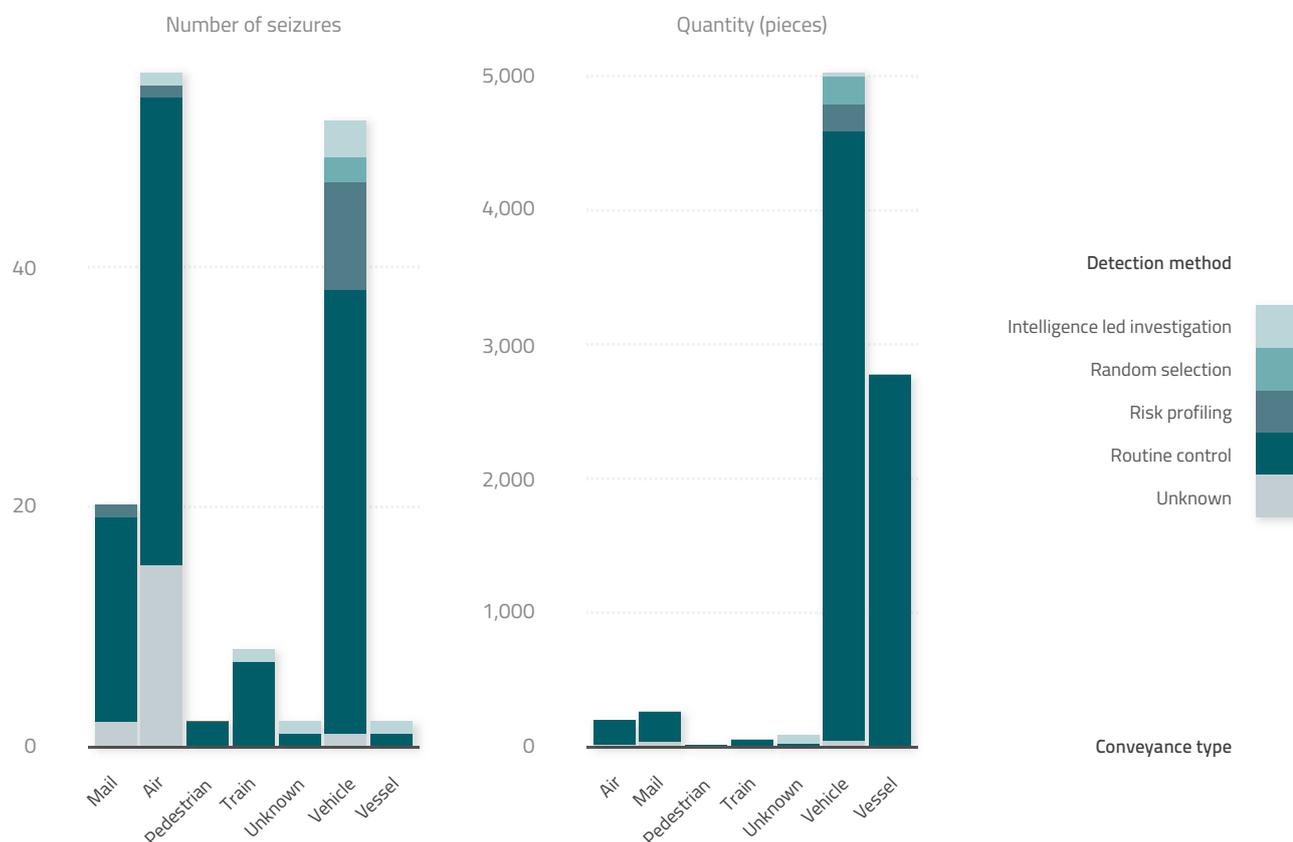


Figure 8 provides four distributions for 2016 seizures: firstly, the frequency of various modes of transport; secondly, the quantity of artefacts, regardless of category and mode of transport; thirdly, the detection method by mode of transport; and fourthly, the detection method in relation to the quantity of artefacts seized. According to the available data, the vast majority of seizures were made from domestic and international mail and from vehicles, including cars and trucks. Transport by air was the third most common method of transporting contraband reported in 2016. Both cases of contraband transported by vessel were reported by Middle Eastern countries.

On the other hand, the second most common mode of transportation, vehicles, was used to convey 5,010 objects – 60% of all objects

seized in 2016. Customs officials also seized numerous artefacts from the two cases involving vessels; however, nearly all of the items were taken from just one of the two shipments.

Excluding seizures in which the method of detection was unknown, the available data indicates that routine controls at Customs checkpoints disrupted the majority of known attempts to traffic cultural objects and led to the confiscation of the greatest quantity of artefacts across all modes of transportation. Risk profiling of packages conveyed by vehicle, mail, and air was the second most successful detection method, leading to more seizures and recovered artefacts than intelligence-led investigations.

Seizures from mail, which was the single most frequently detected method of conveyance reported in 2016, only netted 257 items, suggesting that mail was only used for small shipments. However, apart from coins and small objects (the major consignments sent by mail), there were sometimes bigger seizures. For example, on 17 October 2016, Customs officers in Lviv, Ukraine, found an undeclared icon in a parcel arriving from the United States. An examination revealed that the icon constituted cultural heritage, and it was confiscated since it had been transported as contraband (see Photos J and K).



Case study 3. Smuggling on the Ukrainian-Polish border

In June 2016, Polish Customs authorities seized a stash of antiquities at the Medyka border crossing between Ukraine and Poland. The seized contraband consisted of 93 items in total, including 76 darts, three daggers, and an assortment of coins and ornaments, as reported to the WCO by Polish Customs.

The antiquities were seized from a Ukrainian bus driver as he attempted to smuggle them through the border crossing. The driver had bought the items in Ukraine and intended to sell them in Warsaw. The artefacts, concealed in his personal luggage, were discovered during a routine baggage check. Of the 13 cases reported by Polish Customs authorities in 2016, this was one of two cases that occurred in Medyka. The second was a case involving the seizure of 183 items, also being smuggled by a Ukrainian individual. More broadly, seven of the 13 cases, or 53.8% of the total seizures, were made at land border crossings. Typical smuggling patterns in this region seem to favour either vehicle transport or hand-carrying of antiquities.

The Medyka border crossing, and the Ukraine–Poland border more generally, has acted and continues to act not only as a smuggling route for antiquities, but also for the trafficking of millions of dollars' worth of narcotics and cigarettes. This reinforces the view that smugglers use the same routes and methods for multiple types of contraband, and that increasing enforcement could reduce a wide variety of threats at once.

SOURCES

- WCO data
- Reuters (2014), *Poland seizes \$10 mln worth of heroin smuggled from Ukraine*, available at <http://news.trust.org/item/20140404134150-iuswf>, accessed on 3 August 2017.
- Wiadomosci Celne (2009), *Combatting cigarette smuggling by the Polish Customs Service*, No.9/2009, available at http://mf-arch.mf.gov.pl/documents/764034/1395261/Wiadomosci+Celne+Nr+9_2009, accessed on 3 August 2017.

FIGURE 9: QUANTITY AND TYPE OF SEIZED OBJECTS BY CONCEALMENT METHOD, 2016

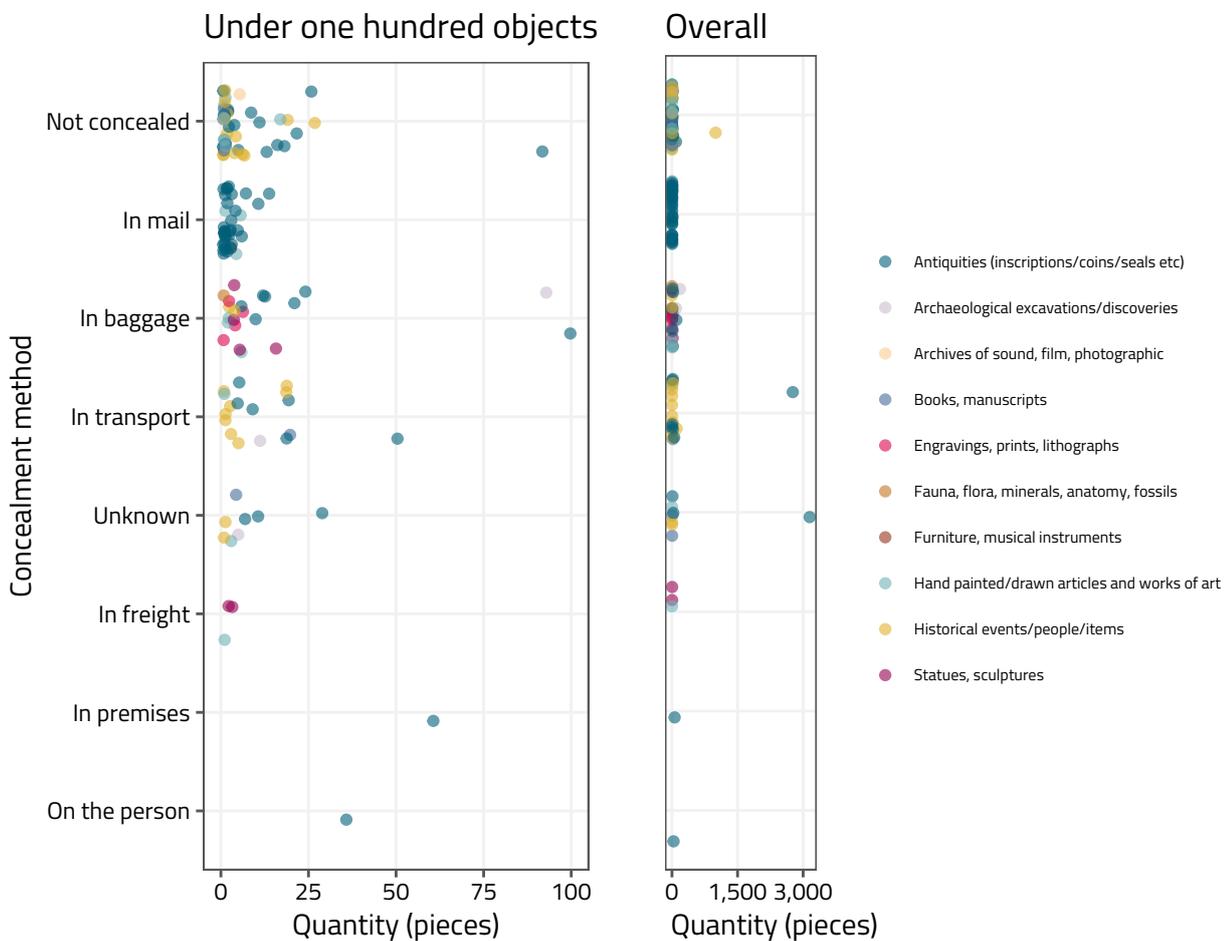


Figure 9 shows the methods that were frequently used to conceal smuggled cultural objects in 2016, as well as the quantity of seized objects by concealment method. The most common concealment methods recorded by Customs authorities in 2016 included “In mail”, “In personal baggage” and, perhaps counter-intuitively, “Not concealed” – i.e. no attempt to hide or disguise the contraband. The majority of artworks seized in 2016 fell into the latter category, while valuable musical instruments were most often seized from personal bags. The largest reported seizure in which the method of concealment is known was of antiquities hidden “In transport” aboard a vessel. The second largest cache of contraband was found hidden in a car or passenger van.

Figure 9 also sheds light on the role of mail as a method of transportation. While Figure 8 indicated that mail was the most frequently detected method of conveyance and probably used to move small quantities of cultural objects, Figure 9 shows that mail was primarily used to transport smaller antiquities, including numerous coins and a lesser quantity of seals and jewels. The sole recorded instance of trafficking of historical audiovisual materials in 2016 also occurred through the mail. In one exceptional case from January 2016, an attempt to smuggle two pieces of silver jewellery with diamonds was prevented at the border crossing point in Horgos, Serbia, during a routine car check. The car was travelling from Budapest, Hungary, to Sarajevo, Bosnia and Herzegovina, and the jewellery was concealed inside a handbag on the back seat of the car (see Photos L and M).



L



M

Member highlight: Attempted smuggling of jewellery and ancient coins through the airports of Central Asia

On 14 March 2016, Customs officers intercepted an illegal export of cultural objects at Dushanbe International Airport: 11 coins, 44 rings, 21 chainlets, eight bracelets and three pendants were seized. The jewellery was destined for illegal export to Turkey and concealed in a box of stationery (see Photos L and M).

On 9 February 2016, Customs officers seized 26 ancient coins at Termez Airport during routine inspections. The coins were being smuggled by an Uzbek national travelling from Termez to Moscow (see Photo N).

Source: Tajik and Uzbek Customs



O



N



P

L, M: Seizure of jewellery by Serbian Customs. Courtesy: Serbian Customs.
N: Seizure of ancient coins by Uzbek Customs. Courtesy: Uzbek Customs.
O, P: Jewellery seized by Tajik Customs. Courtesy: Tajik Customs.

FIGURE 10: QUANTITY AND TYPE OF SEIZED OBJECTS BY DETECTION METHOD, 2016

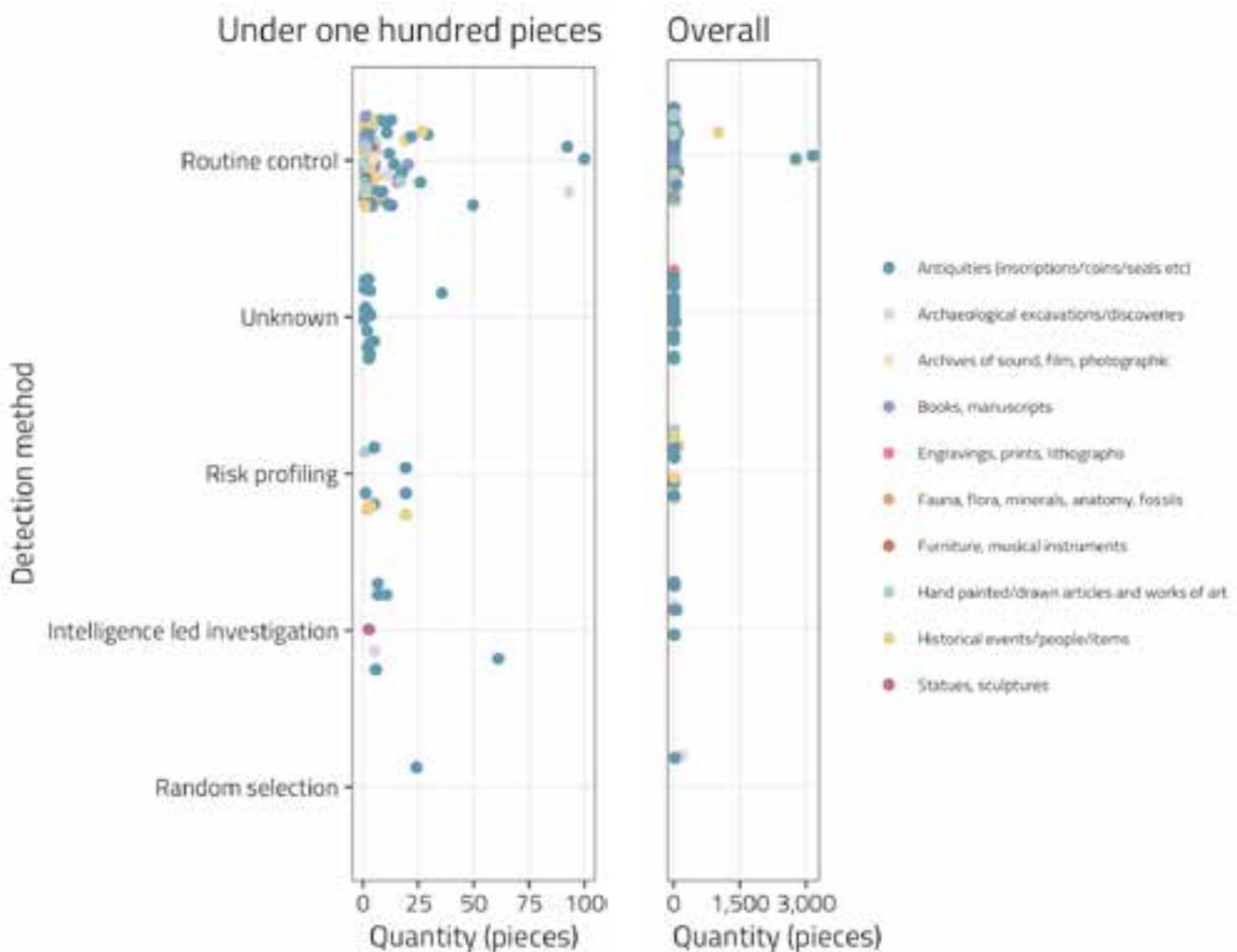


Figure 10 identifies the quantity and type of cultural heritage item seized in relation to the detection method which Customs officials used to make the seizure. Each dot on the graph represents one seizure. The vast majority of artefacts were seized following routine controls, reflecting the same conclusion drawn from Figure 8. Routine controls were particularly important in the seizure of painted and drawn artworks, facilitating the confiscation of 52 such

artefacts. Excluding seizures in which the method of detection was unknown, available data suggests that risk profiling was another useful tool for disrupting this type of trafficking. The quantity of contraband seized through risk profiling was second only to seizures facilitated by routine controls; 200 artefacts were recovered by using risk profiles to scrutinize shipments.

Member highlight: French Customs seizes two major cultural objects from Syria at Roissy Airport

In 2016, French Customs continued taking concrete steps to prevent illicit trade in cultural property. Fifty legal proceedings were initiated, resulting in the seizure of 4,862 cultural objects from various categories: paintings, coins and old books, as well as products from illegal archaeological excavations. At export, Customs declarations related to cultural property must be accompanied by a licence issued by the Ministry of Culture. At import, an item that can be classified as a cultural object is controlled in the same way as any other good: verification of the object, its origin and declared value, or the absence of the Customs declaration in the case of smuggling. The only exceptions are cultural goods from Iraq and Syria where, given the risk of funding going to terrorist organizations that may take advantage of the looting of these conflict zones, two EU Regulations provide for specific trade restrictions. In this regard, French Customs made an

exceptional seizure in 2016 of two marble bas-reliefs dating from the 14th-16th centuries and originating from Syria, which were valued at €300,000. Customs officers from the Targeting Cell at Roissy Airport targeted these goods, declared as "garden ornamental pieces", through the European Import Control System (ICS). The goods were declared as originating from Lebanon and were unusually heavy in weight. Experts from the Louvre Museum confirmed that the bas-reliefs originated from the protected choir of Christian churches located in the Euphrates valley in Syria. A judicial inquiry is under way.

Source: French Customs



Q: One of the two Syrian stellas seized at Roissy Airport. Courtesy: French Customs.

4. TRENDS IN TRAFFICKING ROUTES

FIGURE 11: TRAFFICKING FLOWS BY COUNTRY, 2016

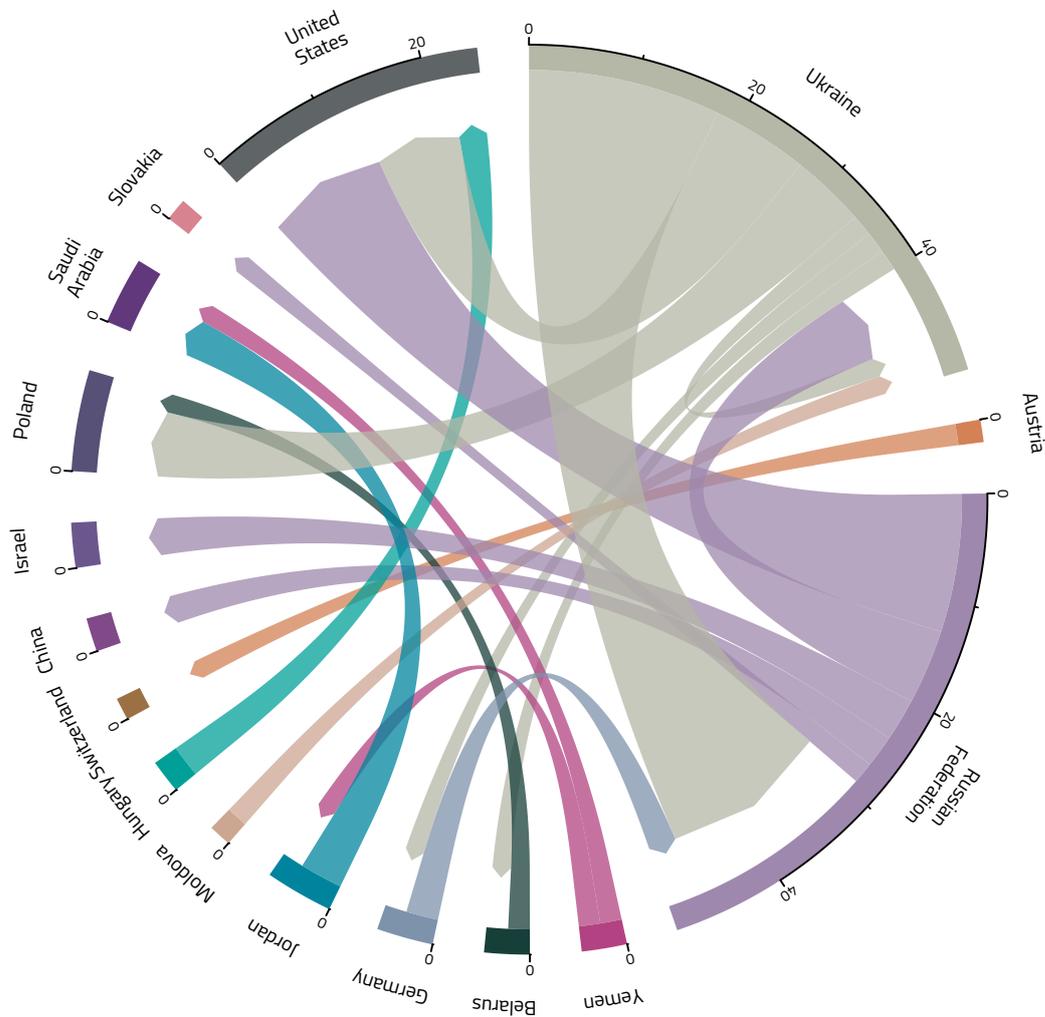


Figure 11 shows trafficking flows from, to, and within countries as identified by the 2016 case data. Each of the routes shown represents a path seen in at least two cases in the available data. Figure 11 therefore does not show all flows between countries in 2016. Confiscated artefacts were largely traded between Western and Central Europe, Russia and the United States, as well as within the Middle East. China, Israel, Poland, Saudi Arabia and Slovakia were identified as destination countries.

Flows into and out of Eastern and Central European⁴ countries were identified in 67 cases, and this was the single most frequently

seen region in the 2016 data. In 67.2% of those cases, seized objects were identified as they left these countries: in 18 cases, all from Ukraine, seized objects were heading towards Russia; in 12 cases, they were heading for the United States; in two cases, they were bound for Germany, and in two cases they were headed for Belarus. In the majority of export cases reported by the Russian Federation, contraband was likewise bound for markets in Ukraine and the United States, although Israel and China were also reported as destination countries in four and three cases, respectively.

⁴ In Figure 11, Eastern and Central European countries include Hungary, Poland, Slovakia, Moldova and Ukraine.

FIGURE 12: HEAT MAP OF TRAFFICKING INSTANCES INVOLVING CULTURAL OBJECTS, 2016

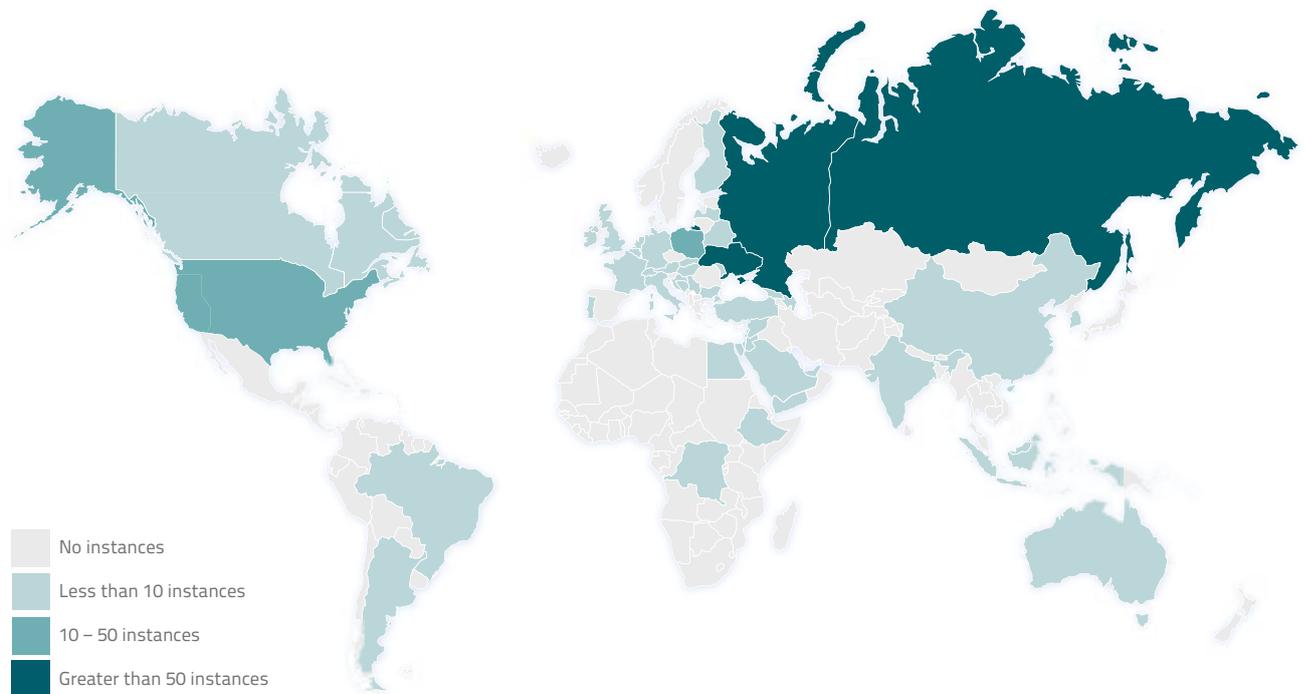


Figure 12 illustrates trafficking routes by country and frequency. Each country indicated was either the point of export, destination or transit for one or more seized shipments in a reported case, regardless of where the seizure took place or which country reported the case. Thus, Figure 12 indicates all known countries through which cultural objects were moved, or were intended to be moved, in 2016.

The data reflects the fact that the majority of cases were submitted by Russia, as well as Ukraine and Poland, and indicates that in 2016 smugglers used, or intended to use, routes originating in, passing through, or terminating in Russia and Ukraine more often than routes involving other countries. Though there is certainly much activity in this region, the data does not necessarily reflect global

illicit trade in cultural objects. Nonetheless, it gives a good indication of trafficking in this part of the world.

Except for one case reported by India, Oceania and Asia did not report a single cultural trafficking case in 2016 – and yet countries in these regions were involved in nine known cases. Similarly, North American countries did not report any cases, but were frequent destinations for illicitly transported artefacts: reporting countries submitted data on 26 cases in which illicit artefacts were destined for the United States.

Member highlight: Illicit flows of pre-Columbian artefacts in the United States

In 2016, U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) made 43 seizures related to cultural property investigations. For example, ICE HSI Special Agents, in cooperation with U.S. Customs and Border Protection, seized an antiquity that was illegally imported to the United States from Costa Rica. The shipment, which was destined for New York, was described as a “laminated metal figure” with Costa Rica listed as the country of origin. A subject matter expert viewed preliminary photographs of the figure and determined it to be in the style of anthropomorphic pendants of the Tolima culture from the Magdalena River Valley, Colombia. The pendant is protected by the bilateral agreement between the Government of the United States and the Government of Colombia concerning the imposition of import restrictions on archaeological materials from Pre-Columbian cultures and certain ecclesiastical material from the colonial period of Colombia.

On 30 December 2015, while performing a pre-arrival manifest review at the FedEx Hub in Memphis, Tennessee, Customs and Border Protection Officers (CBPO) selected a shipment manifested as “ring of stone” for an intensive examination. When the shipment arrived at the examination area, it was found to contain a broken stone artefact that appeared to be pre-Columbian. In April 2016, the shipment was returned to the FedEx location for seizure after the experts confirmed the item to be a Taine Ceremonial Stone Yoke, and pre-Columbian.

On 9 January 2016, CBPO examined another FedEx shipment. The package contained multiple pieces of possible stolen artefacts. The artefacts were examined by experts and determined to be authentic pre-Columbian artefacts, leading to their subsequent seizure.

On 13 June 2016, a passenger was travelling with a vehicle in a ferry vessel to the Port of San Juan, Puerto Rico. As part of a regular inspection, the vehicle was searched by CBPO, who found six artefacts that looked like pre-Columbian items. Upon examination, it was determined by the Puerto Rico Cultural Institute

that two of the items, a clay pot with an anthropomorphic face, and a bone figurine, were authentic archaeological artefacts. The artefacts were subsequently seized.

Source: US CBP and US ICE (HSI)



R: Pendant of the Tolima culture, Colombia, seized by ICE HSI in cooperation with CBP. Courtesy: US CBP and US ICE (HSI).

FIGURE 13: TRAFFICKING FLOWS OF CULTURAL OBJECTS BY LOCATION, 2016

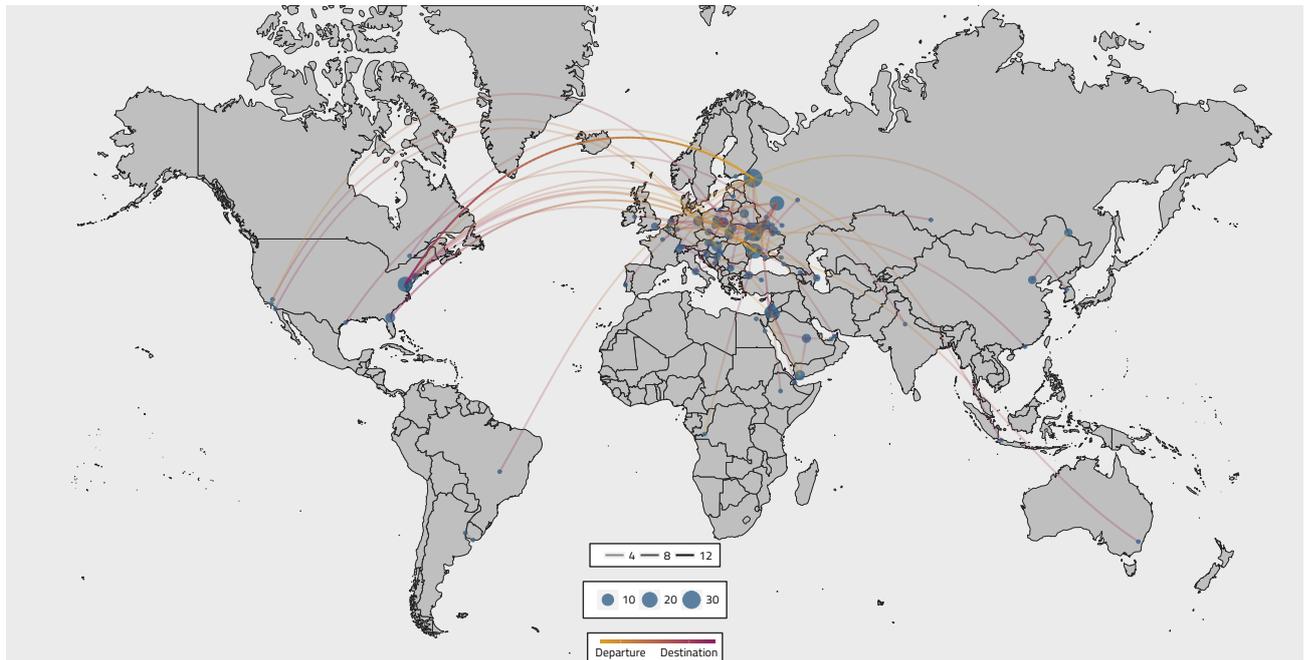


Figure 13 details the illicit flows of cultural objects from their registered countries of export to their actual or intended destinations in 2016. The size of the dots indicates the number of cases that departed from or terminated in a particular city. The capital city is used when a specific location is not found in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall shade of a flow, the more frequently that trafficking route appeared in the 2016 data.

According to the available data, Figure 13 suggests that Eastern Europe and western Russia were primary hubs for the illicit trade in cultural objects in 2016. Numerous flows within and between the countries in these regions created a dense web of activity in which artefacts were both imported and exported. St. Petersburg and Moscow in Russia, and Odessa in Ukraine, were particular foci for this trade. Flows from these regions were further linked to trade across the globe. In particular, outbound artefacts frequently headed for the United States from St. Petersburg. Jacksonville, Florida, was the single most common United States destination among the cases that included specific destinations. The size of the dot over Washington, D.C., reflects all of the cases involving shipments that terminated in unknown U.S. cities.

Flows in the Middle East were largely contained within the region, notwithstanding a small number of cases in which contraband was bound for Southern and Eastern Africa. Several case studies presented in this Section also demonstrate that the geography for cultural objects from the Middle East is much wider and touches upon Western Europe as well. Although the apparent isolation of the Middle East is probably due to low reporting rates among countries that are typically believed to receive cultural objects from this part of the world, the data still indicates that the Middle East is not only the region where many of these objects originate, but also a trafficking hub. Consequently, increasing and improving enforcement measures in the region would be effective in combating illicit trade. It is important to note that WCO data is dependent on what, and how much, information participating countries choose to report, as well as when; it cannot be said, therefore, that these flows represent the entirety of illicit trade. Efforts are therefore under way to systematically collect and analyse data from other regions, particularly Sub-Saharan Africa, Central and Latin America, and Southeast Asia.

5. CURRENT AND PLANNED ACTIVITIES

Having recognized an existing gap in capacity building, the WCO Council Resolution commits the WCO to developing specific training for Customs in this area of enforcement, as well as to deploying it.

At the international level, it has been acknowledged that Customs administrations sometimes lack strategic thinking on their specific role in fragile borderlands, and are not sufficiently aware of or trained to face the specific challenges related to the illicit trafficking of cultural objects. Moreover, three UN Security Council Resolutions (UNSC 2199/2015, 2254/2015 and 2347/2017) specifically address the complex situation in the Middle East and North Africa (MENA) region, as ongoing conflict and instability currently make it the most vulnerable to the looting and destruction of cultural heritage. Additionally, UNSC 2347/2017 paves the way for the enhanced role of Customs in this field. It also highlights the role of the WCO as a major partner for countries in the implementation of the provisions of this binding tool.

WCO action in the MENA region has been prompted by its commitment not only to WCO Members through its own Resolutions, but also to other intergovernmental organizations working in this field, such as UNESCO, INTERPOL, UNIDROIT and UNODC. An initial evaluation of the level of awareness was conducted in the MENA region in 2016 through bilateral and international meetings, and an instrument (ARCHEO) was enhanced, promoted and deployed to encourage information and intelligence sharing. To further respond to Members' needs, the WCO decided to develop a special project for this region, merging the issues of security, development, and protection of cultural heritage to give a more holistic, two-stage approach.

In April 2017, in cooperation with the Embassy of France to Libya and with the support of Tunisian Customs, the WCO organized the first regional MENA workshop on 'The role of Customs in security and development: the function of cultural heritage protection', which was held in Hammamet, Tunisia. More than 40 delegates, including the representatives of the Customs administrations from 11 countries in the region (Algeria, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Qatar, Sudan, Tunisia and Yemen), other international partners (the International Council of Museums (ICOM) and United Nations Security Council Monitoring Team),

national governmental authorities, as well as archaeologists and representatives of museums and non-governmental organizations, participated in the workshop. The objective of the workshop was to analyse the role of Customs in fragile borderlands and how this role could be translated in the fight against illicit trafficking of cultural objects. It also served as an opportunity for senior Customs officers to discuss their national practices and policies regarding security, terrorism and cultural heritage protection, thereby enabling them to envisage their specific role in border security management in areas affected by, or neighbouring, conflicts, and thus to address the smuggling of cultural heritage in particular. It was found that among the 11 Customs administrations present at the workshop, none of them provided specific training to frontline officers on dealing with cultural objects. As a result, officers were not trained to target, identify, recognize or handle these objects. A number of practical issues were also raised during this first workshop. These were summarized in the specific Recommendations adopted at the end of the workshop for the Member administrations. One particular Recommendation concerned the need to deliver a Train-the-Trainer session in the MENA region, addressing the topics outlined in the Recommendations. The WCO undertook to conduct this session in September 2017 in order to equip Customs administrations with basic tools and instruments. The modules developed for this training will also lay the ground for the future global training curriculum, in line with the WCO's commitment in the WCO Council Resolution of 2016.



S



T

S, T: Courtesy: Sri Lanka Customs



SECTION 2.

DRUGS

INTRODUCTION

The illicit drug trade is known to be the major source of profit for organized criminal syndicates. It causes not only health concerns but also security issues, as it is usually associated with other violence-related crimes.

Being at the front line in drugs enforcement, the Customs community constantly faces challenges in detecting and deterring drug trafficking. Traditional drugs including cannabis, cocaine and opiates still dominate the drug market, but trafficking in synthetic drugs and stimulants has been growing alarmingly in recent years.

The more diversified modes of drug trafficking, also including the use of new technologies such as drones, underline the challenges faced by Customs and other enforcement agencies when it comes to countering this scourge. As a result of the popularization of social networks and e-commerce, illicit drug distribution through the internet and postal channels has also become more significant. This could be an indication for the enforcement bodies to be more vigilant in these fields.

In these times of globalization, international cooperation among Customs and other law enforcement agencies has a pivotal role to play, as the drug traffickers, driven by profit, try every means available. The WCO constantly works to enhance international and regional cooperation with Member administrations, and works hand-in-hand with other intergovernmental partner organizations

A: Seizure of 14,984 tablets of MDMA (ecstasy). Courtesy of Chilean Customs

in fighting the illicit drug trade. In 2016, the highlights of this global cooperation included Project AIRCOP, which is a UNODC, INTERPOL and WCO joint Programme on anti-narcotics intelligence exchange which brings together 24 countries in Africa, Latin America and the Caribbean, and Operation WESTERLIES 4 which focused on illicit drug trafficking from African and South American regions to Asia/Pacific.

WCO seizure data on drug trafficking in 2016 includes 40,540 reported cases, across which 43,186 individual seizures of contraband were made. Customs officials from 104 participating countries seized over 1.5 million kg of banned narcotics as they were being transported illicitly between and within countries. Smugglers continued to ship a wide variety of drugs, including psychotropic substances, opiates and cocaine, by vehicle, mail, air, vessel and other means.

Nevertheless, a comparison between the data from 2015 and 2016 reflects an overall decline in the number of drug cases; 11% fewer cases were recorded in 2016, as countries reported 45,549 cases in 2015 and 40,540 in 2016. This reverses a rising trend in the number of seizures reported in the years prior to the start of 2016, and is largely attributable to a fall in the number of seizures of khat and cannabis. However the drug trade continues to thrive, as nearly every country on earth served as an origin point, transit point or destination for at least one shipment of narcotics – or would have done if the smugglers had evaded detection. Further, seizures of psychotropic and new psychoactive substances increased. Not only is the number of seizures increasing for some subcategories, but also the variety of drugs within those subcategories is expanding rapidly.

Readers should note that all trend analysis must be qualified by two considerations. First, the available data is comprised of seizure information that was voluntary submitted by participating countries. This means that the graphs presented in this Section do not reflect larger trends in the global drug trade with any certainty. All apparent changes between 2015 and 2016 are also potentially confounded by increasing efficiency on the part of the Customs authorities. As Customs officials become increasingly proficient in seizing both large and small shipments of narcotics contraband, the data may in some cases indicate a growing trade, when in reality levels of trafficking may be constant or even decreasing.

The layout of this section is as follows:

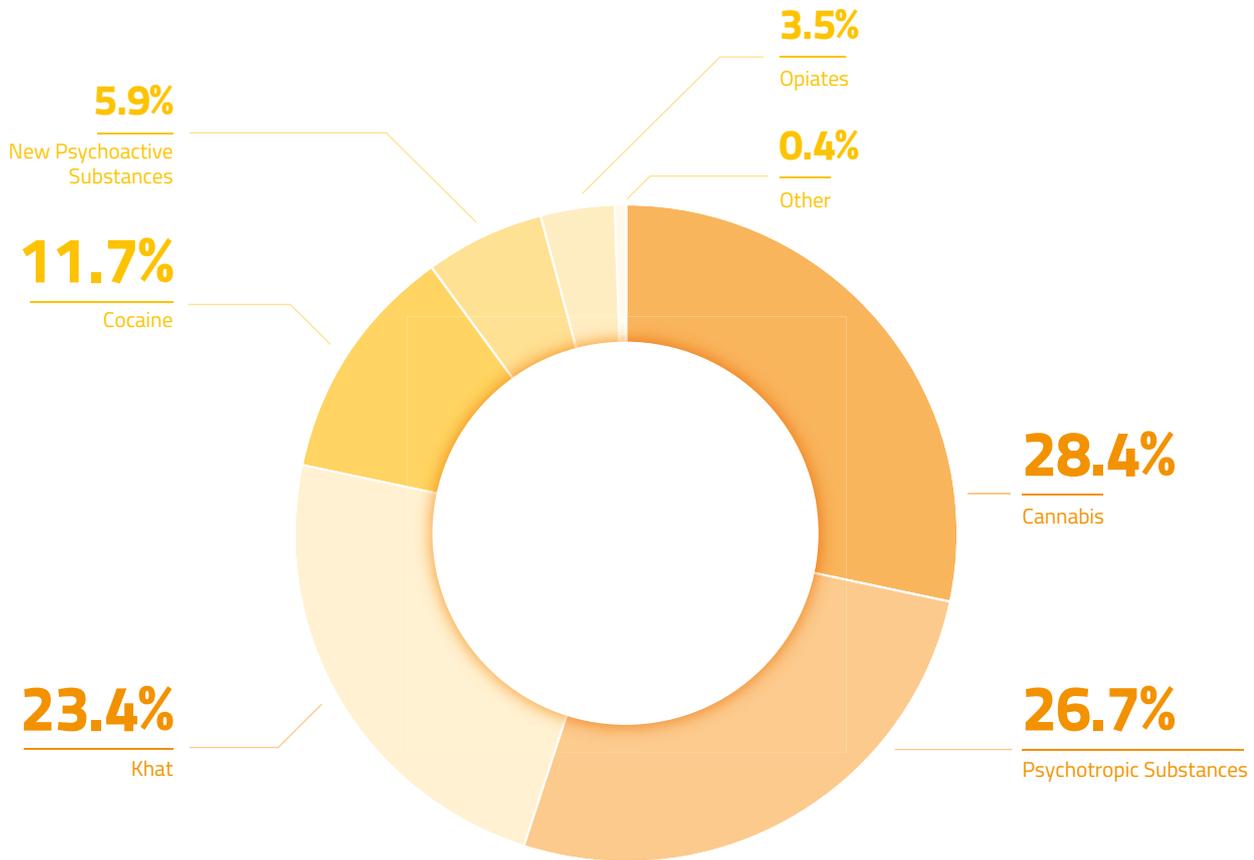
1. Examines the overall narcotics trade.
2. Describes trends and patterns by drug category. Based on the reporting mechanism, all drug seizures are categorized as follows: Cannabis, Cocaine, Khat, New psychoactive substances, Opiates and Psychotropic substances.
3. Updates on the WCO's flagship activities, namely Operation Westerlies 4, Project AIRCOP and the UNODC-WCO Container Control Programme.



B: Seizure of 1350kg of cannabis resin found in the side walls of a tractor truck. Courtesy: Moroccan Customs

1. THE OVERALL NARCOTICS TRADE

FIGURE 1: NUMBER OF SEIZURES BY CATEGORY, 2016



1.1 - Trends in the overall narcotics trade by product

Figure 1 illustrates the contents of all drug seizures in 2016, by category of narcotic. Customs officials from 104 countries carried out 43,186 seizures, the majority of which involved the confiscation of cannabis and psychotropic substances. Together,

these two drug categories accounted for over half of all seizures reported in 2016, representing 28.4% and 26.7%, respectively. Khat was confiscated in 23.4% of seizures, and emerged as the third most frequently seized drug product. The remaining seizures were comprised of, in order of diminishing share, cocaine, new psychoactive substances, opiates and other products.

FIGURE 2: NUMBER OF SEIZURES BY CATEGORY, 2015-2016

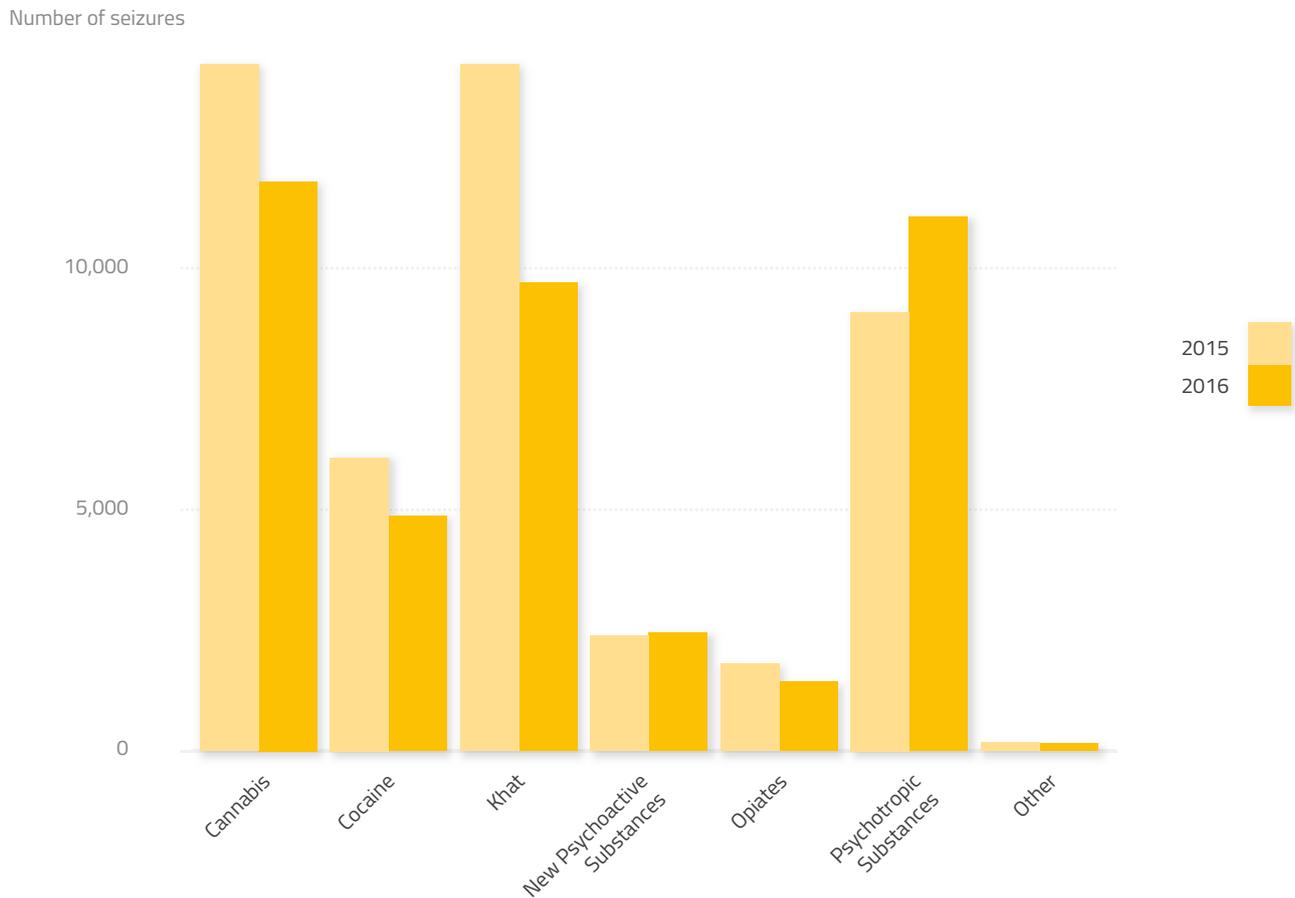


Figure 2 compares the number of seizures in each drug category in 2015 and 2016. Overall, the number of reported drug seizures fell by 13.6% between 2015 and 2016, from 47,992 seizures in 2015 to 43,186 seizures the following year. Declining seizure numbers are seen in all but two drug categories: new psychoactive substances and psychotropic substances. Figure 2 reveals that this 13.6% drop is primarily due to significant decreases in reported seizures of khat (30.6% decrease) and cannabis (12% decrease). The number of cocaine seizures also fell from 6,077 seizures in 2015 to 4,871 seizures in 2016. However, this apparent trend is offset by the data shown in Figure 3: by weight, significantly more cocaine was seized in 2016 than in the previous year.

Conversely, the number of seizures for two categories of drugs rose. While 9,092 seizures of psychotropic substances were made in 2015, 2016 saw a sharp increase in this number, with Customs officials recording 11,541 seizures. Increases in seizures of psychotropic and psychoactive substances are consistent with trends noted in the 2015 and 2014 WCO Illicit Trade Reports, reflecting the rising importance of these drugs in the narcotics industry. Indeed, psychotropic substances overtook khat to become the second most frequently seized product in 2016.

FIGURE 3: QUANTITY OF SEIZED SUBSTANCES BY CATEGORY, 2015-2016

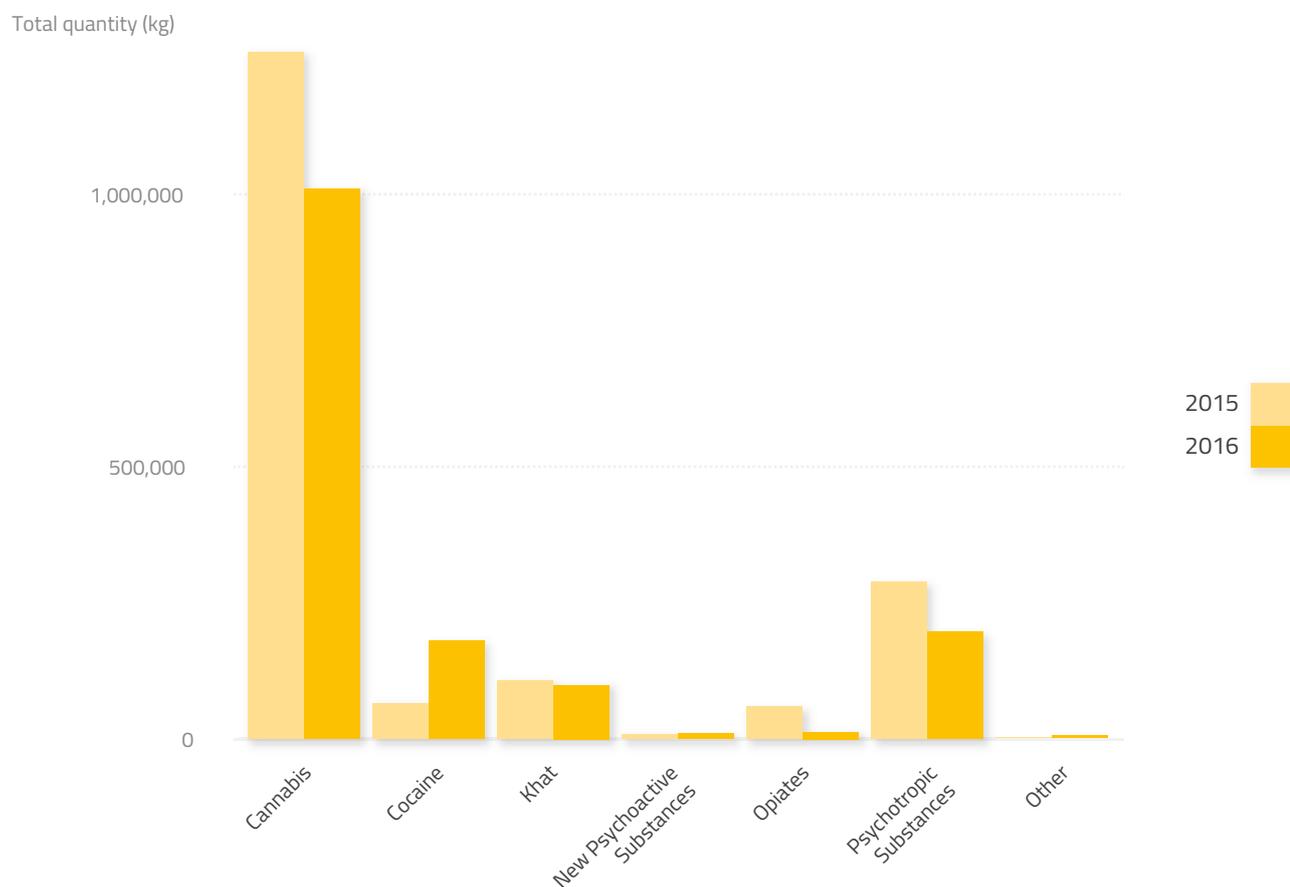


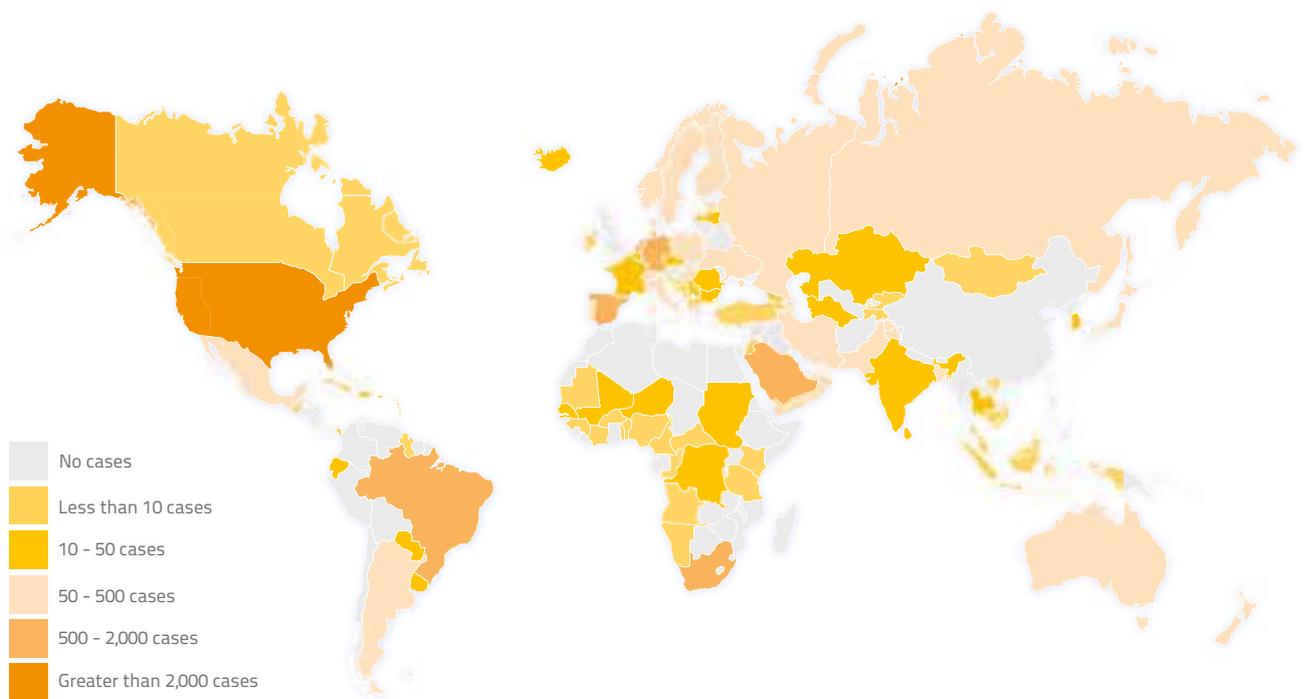
Figure 3 indicates the quantity of drugs, by weight, seized across each category and compares this with data provided by Customs administrations in 2015. The decreasing quantities of seized narcotics reinforce the tentative conclusion drawn from Figure 2, i.e., the overall narcotics trade is in slight decline. The quantity of drugs seized fell in every category, with the exception of cocaine. Even the quantity of psychotropic substances decreased, from 288,211 kg in 2015 to 196,443 kg in 2016. Interestingly, this is in spite of a significant increase in the number of seizures for this category, as shown in Figure 2.

Cannabis, which was the most frequently confiscated narcotic product in 2016 despite notable declines in the number of reported seizures, likewise saw a sharp fall of 19.9% in the quantity of

product seized. In 2015, 1,261,138 kg of cannabis were confiscated, but a year later Customs officials reported seizing only 1,010,264 kg. Similarly, the slight fall in opiates seizures was accompanied by an observable drop in the quantity of opiates seized. However, the data on cocaine runs counter to this trend of decreasing quantities, showing a sharp increase in the total quantity confiscated between 2015 and 2016, from 65,631 to 180,773 kg, i.e., a 175.4% rise.

Additionally, the fact that a lower quantity of psychotropic substances was seized in 2016 than in 2015 despite a larger number of seizures being reported, suggests that smugglers may be moving this category of drugs in smaller quantities. Yet this pattern does not hold true for all categories. The data related to khat seizures suggests an opposite strategy, with the number of

FIGURE 4: HEAT MAP OF REPORTED CASES BY COUNTRY, 2016



seizures falling by 31.8% without a significant change in quantity year-on-year (107,488 and 99,073, respectively). The implication, then, is that khat smugglers are now moving this substance in greater bulk than was the case in 2015.

1.2 - Trends in the overall narcotics trade by region

Figure 4 illustrates the number of narcotics trafficking cases submitted by each reporting country in 2016. The figure provides an insight into the locations of narcotics markets, although it does not distinguish between supply and demand markets. The United States leads the world in reported drug seizures. Having submitted data on 27,052 narcotics cases, the United States was the only participating country to report over 2,000 cases. According

to the available data, drug trafficking hubs are also located in Saudi Arabia, Brazil, Spain, Germany, the Netherlands and South Africa, which respectively reported 857; 557; 838; 1,554; 1,104; and 1,285 cases. The single largest seizure in 2016, by weight, was reported by Mexico: 24,951 kg of cocaine was pulled from a container vessel at the seaport of Progreso.

Among the countries that reported fewer than 500 cases in 2016, Denmark and the United Arab Emirates recorded the largest number of cases, 481 and 407, respectively. Hong Kong, China recorded 191 seizures from 163 cases, although the Special Administrative Region is too small to appear in Figure 4. However, Figure 4 is skewed by reporting gaps present in the WCO's drugs data. Reporting rates are low in much of North and East Africa, as well as in much of the Andean region of Northern South America.

FIGURE 5: NUMBER OF CASES BY REGION AND CUSTOMS PROCEDURE, 2016

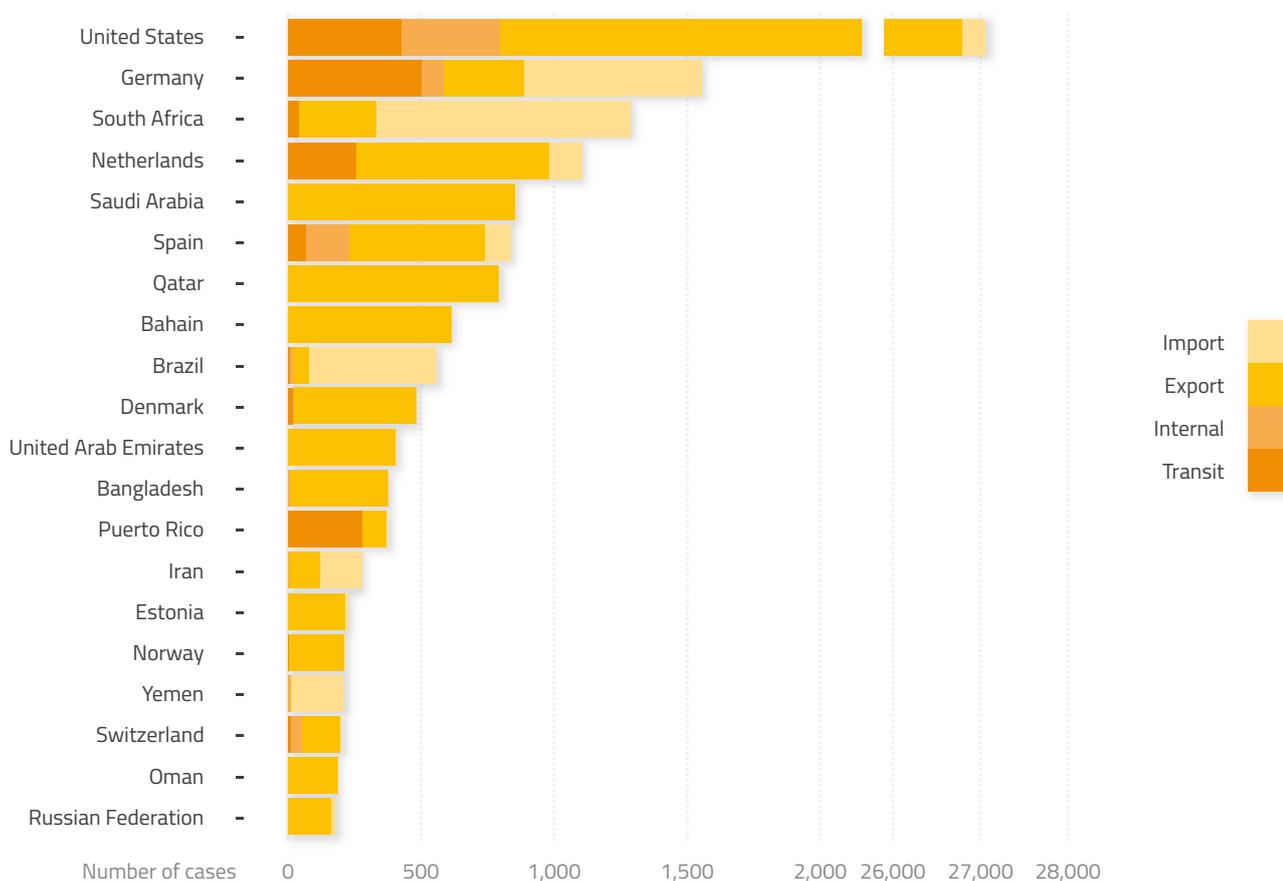


Figure 5 shows the 20 countries with the most drug cases reported to the WCO in 2016, and also indicates the Customs procedure that seized shipments were undergoing when confiscated: export, import, internal or transit. The United States recorded by far the greatest number of drug cases in 2016, with the majority (96.1%) occurring on import.

These data suggest a broader trend: cases involving narcotics tend to be import rather than export oriented. After the United States, the largest numbers of import cases were reported by Middle Eastern countries, with Saudi Arabia reporting 856 cases and Qatar 792 cases. In 2016, 92.3% of the 3,292 cases in the Middle East involved incoming drugs. Participating countries in the Middle East reported only 223 cases involving exports.

Looking at exports, only four countries emerge as overall exporters of drug products: South Africa (74.1%), Brazil (85.6%), Iran (56.0%) and Yemen (93.4%). Customs agencies in South America submitted 792 cases to the WCO in 2016, 580 (73.2%) of which involved exports. In East and Southern Africa, 72.6% of the 1,313 reported cases involved narcotics for export.

Germany appears as the country with the most drug cases in transit, representing 32.1% of cases in the country. Cases of internal movement were most prevalent in European countries, with Switzerland (20.9%), Spain (19.5%) and Germany (5.4%) having the largest shares. The United States had the largest number of internal cases, with 3,670 reported in 2016, although this represents only 1.4% of total cases for the country.

FIGURE 6: NUMBER OF CASES BY COUNTRY, 2015-2016

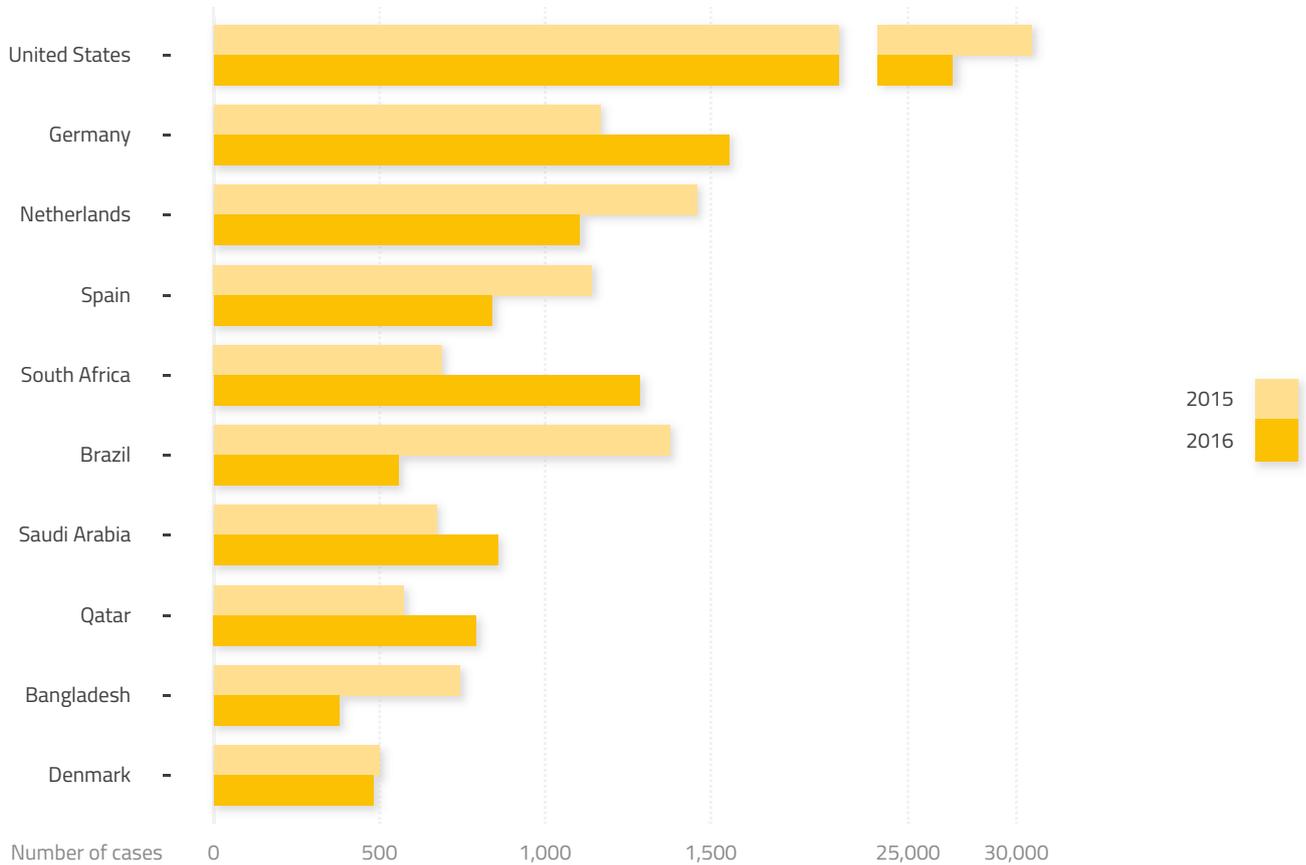


Figure 6 compares the number of cases recorded by the top ten reporting countries across 2015 and 2016. While six of these ten countries reported fewer cases in 2016 than in the previous year, generally fitting in with the downward trend seen elsewhere, four countries experienced increases in the number of drug cases they faced. The number of cases reported from Germany rose 33.28%, from 1,166 cases in 2015 to 1,554 cases in 2016. Strikingly, South Africa's reported number of cases spiked from 689 in 2015 to 1,285 in 2016 – an increase of 86.5% (although this may be due to improving capabilities of South African officials or a strengthened commitment to reporting this year). The countries in the Middle East that submitted the most reports, namely Saudi Arabia and Qatar, likewise recorded a larger number of cases in 2016 than they did in the previous year.



C: Seizure of 327 grammes of MDMA (ecstasy) from a parcel. Courtesy: Kazakhstan Customs

FIGURE 7: PERCENTAGE CHANGE IN THE NUMBER OF CASES FROM 2015 TO 2016, COUNTRIES WITH 200+ TOTAL CASES

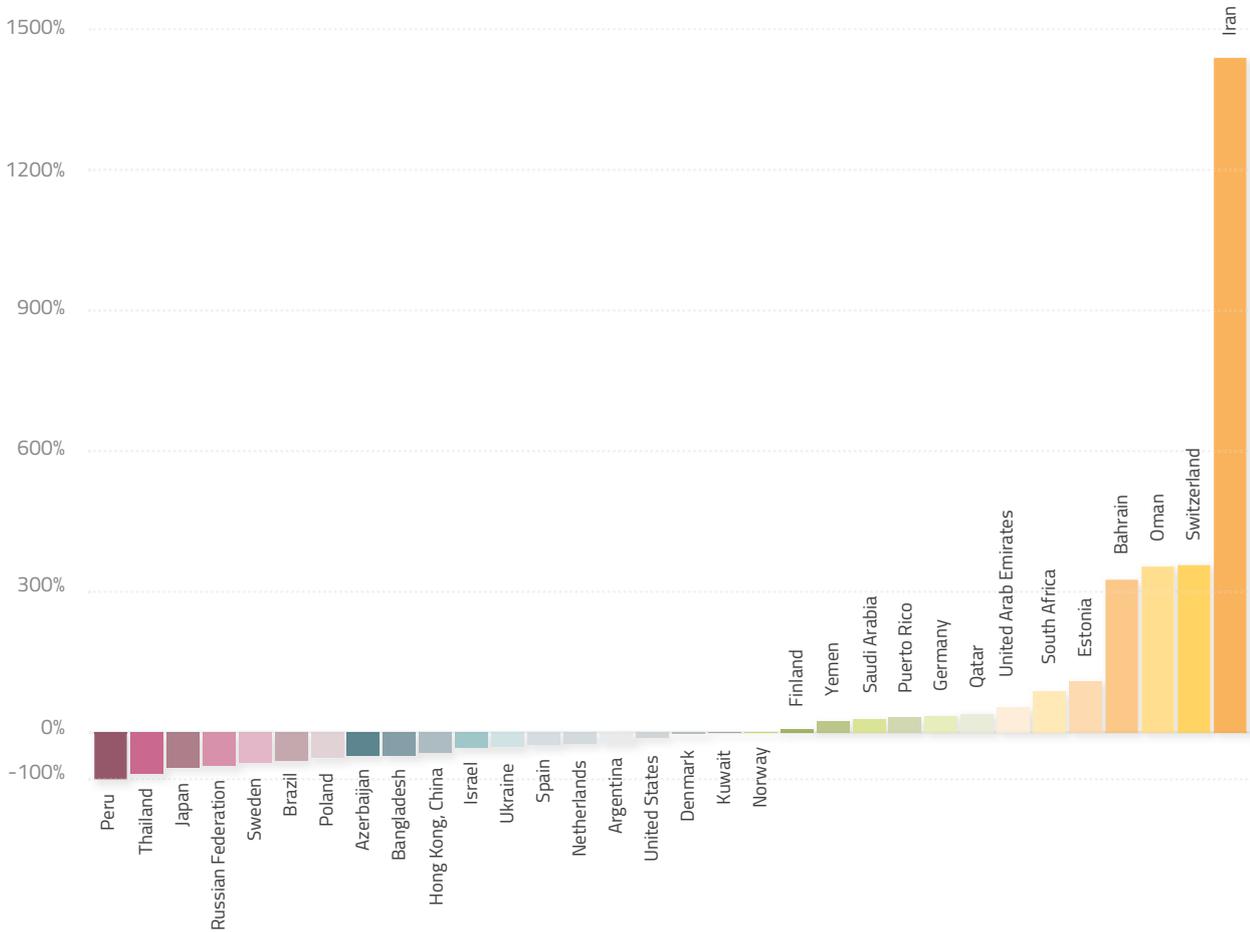


Figure 7 shows the percentage change in the number of reported drug cases in countries that reported 200 or more cases in 2015 and 2016. In interpreting Figure 7, it should be noted that data at the extremes of the graph may not directly indicate trends in drug trafficking. While Peru reported 438 cases in 2015, it did not submit any data in 2016. Iran, at the other end of the spectrum, reported 18 cases in 2015 and 277 in the following year, a 1,438.9% increase. It is worth caveating that the largest changes –Peru, Thailand, Bahrain, Oman, Switzerland and Iran – are probably just indicative of changing reporting levels rather than changes in the global drug trade.

The data predominantly shows a decline in the number of seizures across a range of countries. However, one clear trend

among countries with an increase in reported seizures is the growth of drug cases in Middle Eastern countries. Yemen (22.5%), Saudi Arabia (27.7%), Qatar (38.2%), UAE (52.4%), Bahrain (325.7%), Oman (353.7%) and Iran (1438.9%) all reported increases in drug cases; nevertheless, Kuwait (- 0.7%) and Israel (-32.8%) reported fewer cases.

Figure 8 features a comparison of the number of seizures and the total quantity of drugs seized, separated out across drug type, geographical region and seizure year. Overall, Figure 8 continues to indicate declining numbers of seizures around the globe, with the exception of the Middle East, Eastern and Southern Africa, and South America.

FIGURE 8: NUMBER OF SEIZURES AND QUANTITY BY REGION, 2015-2016

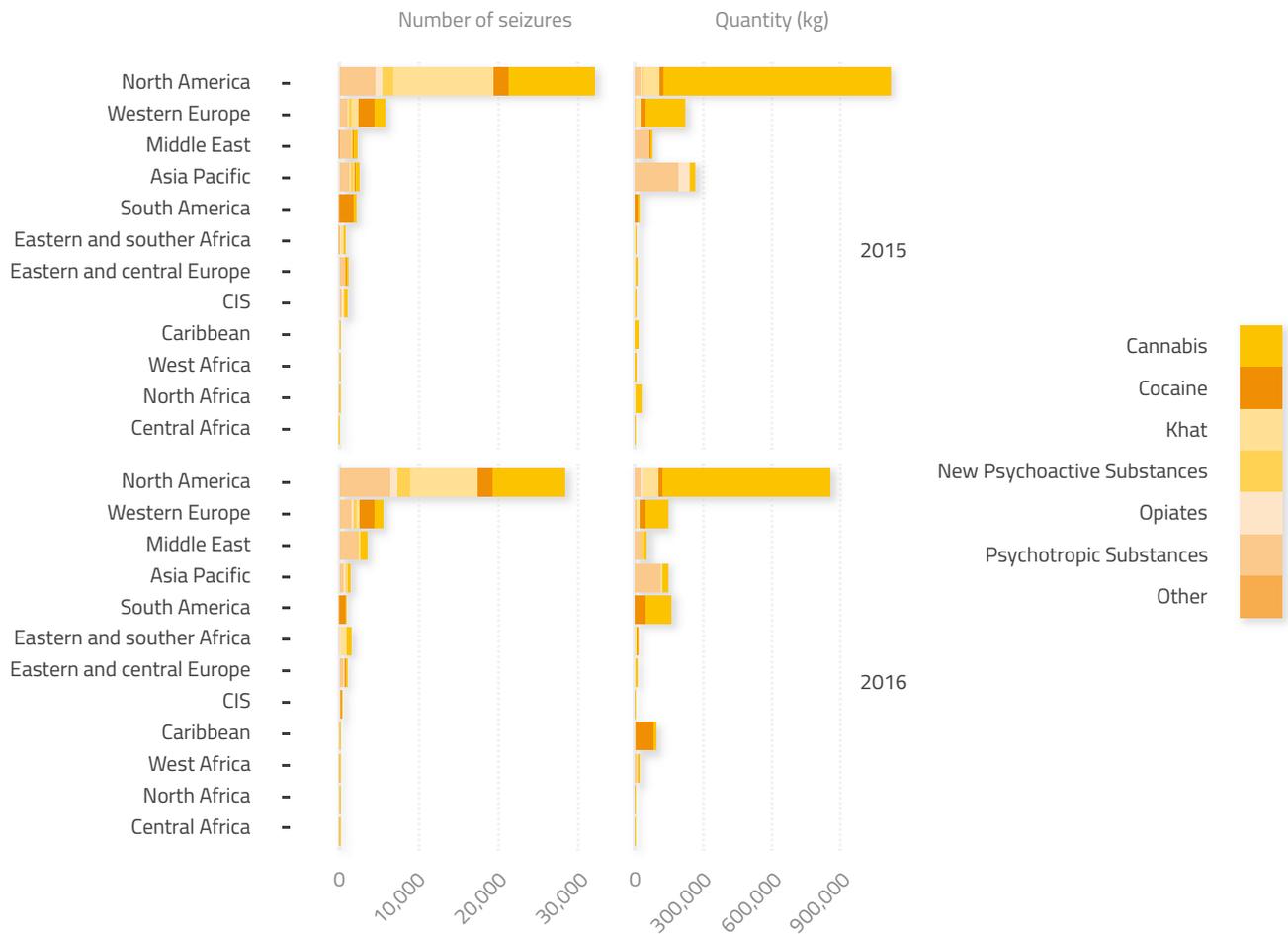
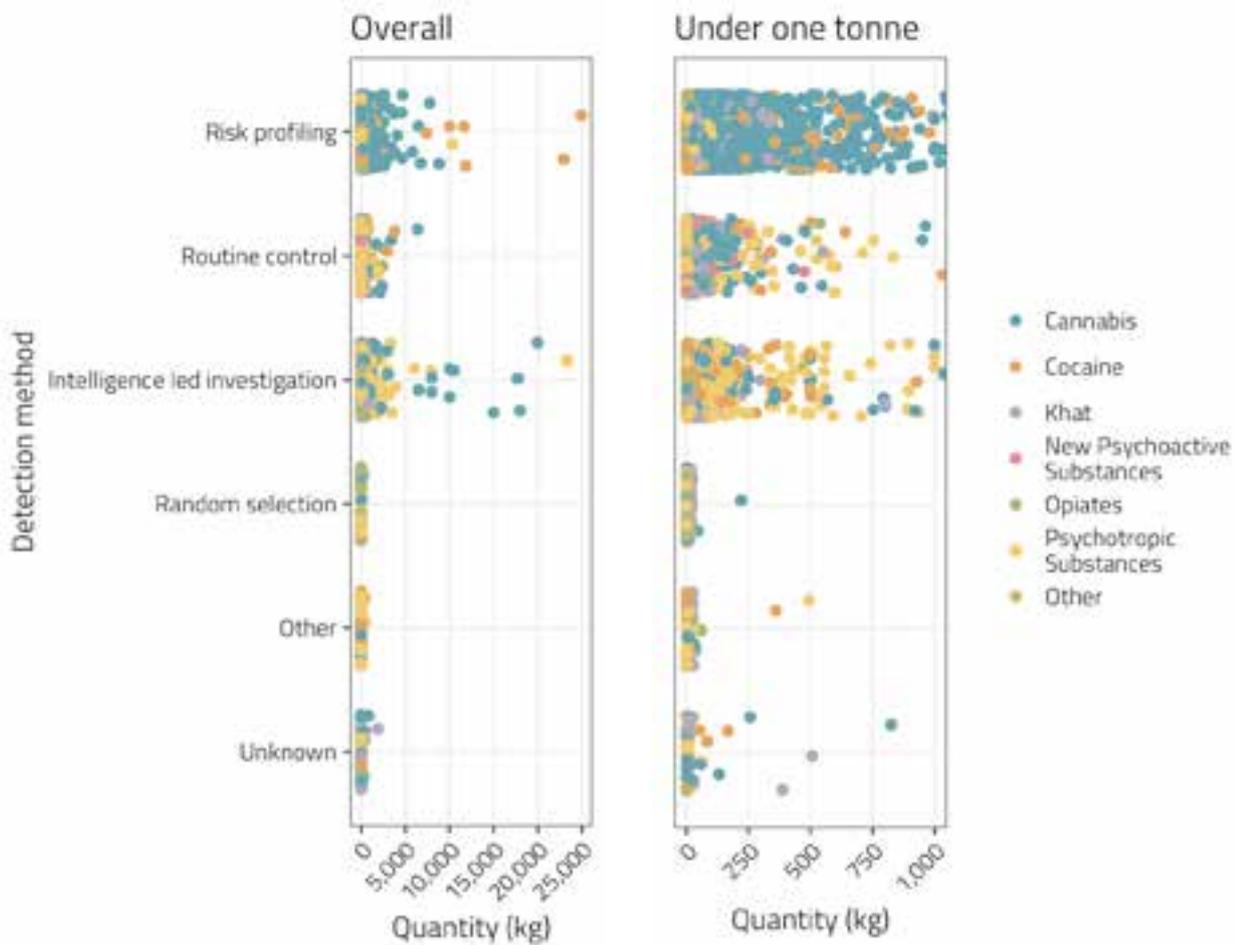


Figure 8 also reinforces North America’s large role in the global drug trade. Every category of narcotic is seen in this region, but cannabis is by far the most prevalent. It is notable that while the quantity of cannabis seized in North America far outweighs the quantity of other substances – in 2016, North American countries seized 858,064 kg of drug products, 85.7% of which was cannabis – in terms of the number of seizures per drug product, cannabis accounts for just over a third (33.7%). A possible explanation for this is that cannabis is moved both more frequently and in larger quantities than other narcotic products. Western Europe and South America also reflect this trend, as cannabis seizures only account for 20.9% and 10.8% of all seizures, respectively, but disproportionately outweigh the quantities seized across other drug categories.

Not all geographical regions are dominated by the cannabis trade, however. In Asia-Pacific, psychotropic substances are more prevalent, being confiscated in greater quantity (111,547.9 kg) than other products. Cannabis makes up 23% of the number of seizures and 15% of the total quantity of drugs seized in the region, while psychotropic substances account for 38.5% of seizures and 77% of the total quantity of drugs seized. Similarly, seized quantities of cocaine in the Caribbean and psychotropic substances in the Middle East outweigh the quantities of other types of narcotics.

FIGURE 9: QUANTITY OF SEIZED DRUGS BY DETECTION METHOD, 2016



1.3 - Trends in narcotics trafficking methodology

Figure 9 identifies the quantity and drug type seized in relation to the detection method used by Customs officials to make the seizure. Each dot on the graph represents one individual seizure. Of the detection methods identified, risk profiling facilitated the interception of the largest quantities of drugs by far. By applying this technique, Customs officials around the world confiscated 1,098,615.9 kg of narcotics. Among this mass of contraband, more cannabis was seized as a result of risk profiling than other categories of drugs. However, of the five largest seizures made through risk profiling, four were of cocaine and one was of psychotropic substances.

Risk profiling is followed by intelligence led investigation as the second most effective method of detection, as measured by the quantity of drugs seized. Although 8,146 seizures were made through routine controls and only 1,198 seizures came as a result of intelligence led investigations, more drugs were seized as a result of the latter: Customs officials acted on intelligence to confiscate 310,038 kg in 2016, compared to just 90,686 kg seized as a result of routine control. Interestingly, while risk profiling (and, to a lesser extent, routine control) led predominantly to cannabis seizures, intelligence led investigations primarily targeted and intercepted psychotropic substances, resulting in 500 seizures.

FIGURE 10: QUANTITY OF SEIZED DRUGS AND NUMBER OF SEIZURES BY CONVEYANCE TYPE AND DETECTION METHOD, 2016

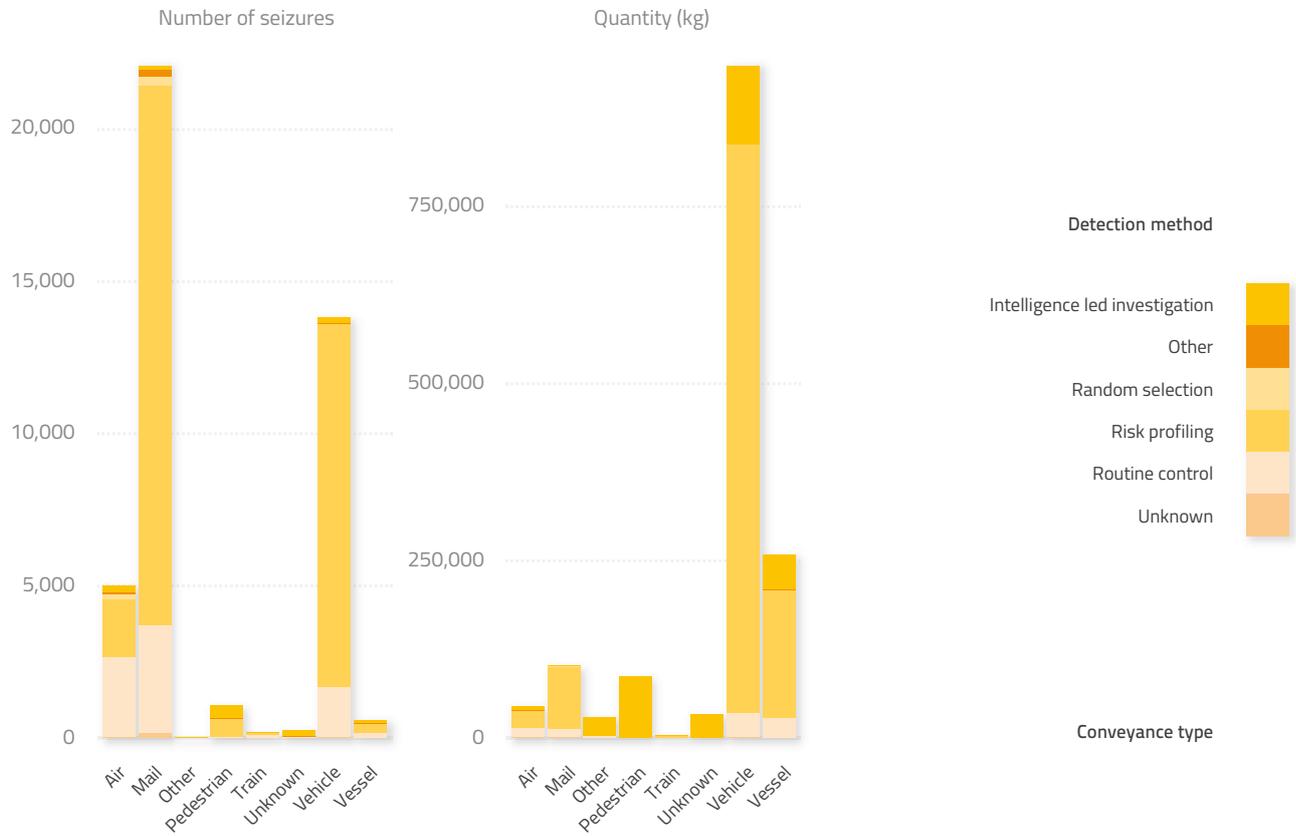


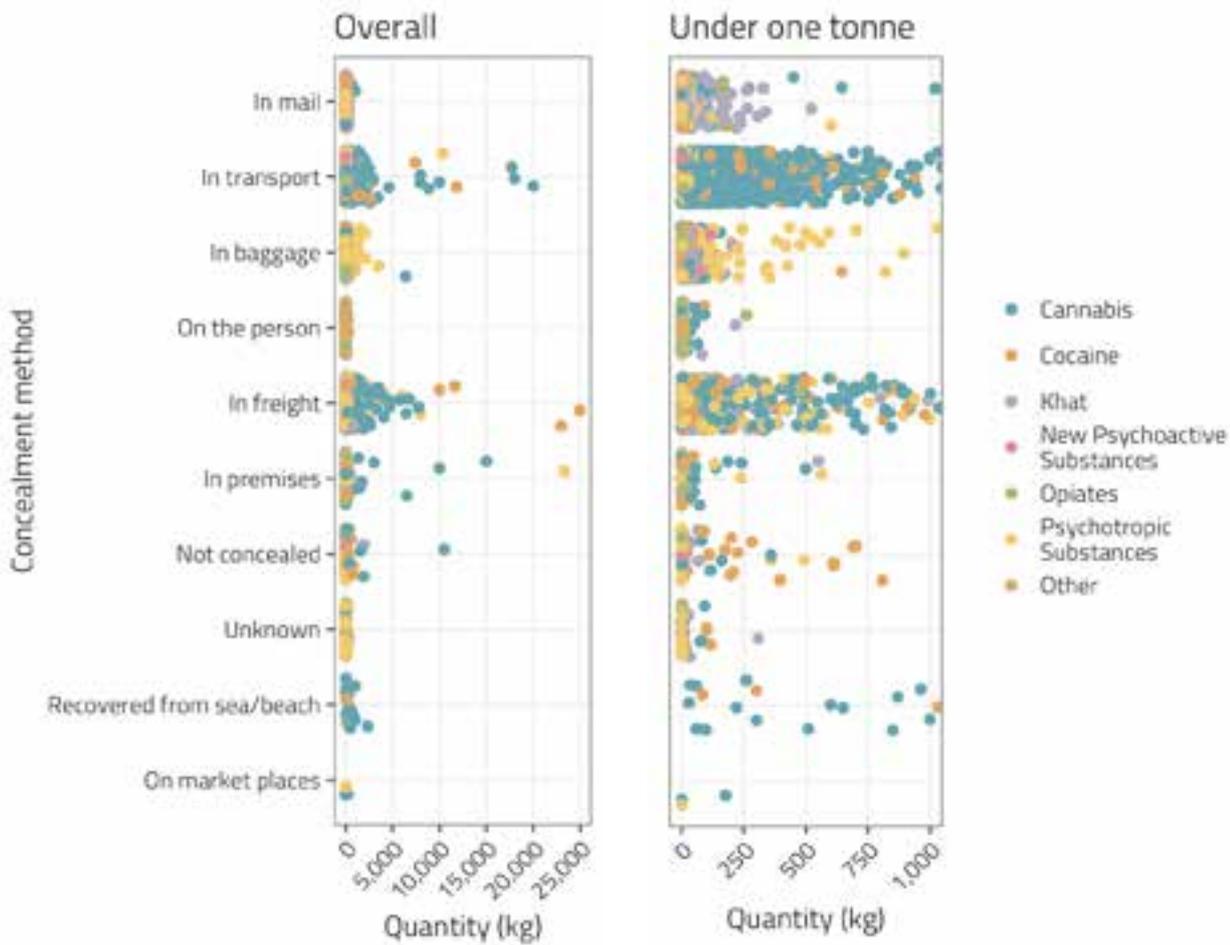
Figure 10 provides four distributions for 2016's drug seizures, namely 1) the frequency of various modes of transport, 2) the quantity of drugs regardless of category and mode of transport, 3) the detection method by mode of transport, and 4) the detection method in relation to the quantity of drugs seized.

Looking at the number of seizures in relation to conveyance type and detection methods, Figure 10 shows the number of seizures made across each mode of transport and detection method, to reveal relationships between how drugs are transported and the detection method used by Customs officials to make seizures. Echoing the conclusions drawn from Figure 9, risk profiling resulted in the greatest number of seizures across all modes of transport: 32,605 seizures made on the basis of risk profiling. The

vast majority of these seizures were conducted as narcotics were being transported via mail and by vehicle, although 56.3% of the 575 seizures involving vessels were also the result of risk profiling. Interestingly, risk profiling led to 564 of 1,073 seizures involving pedestrians.

Routine control yielded the second highest number of seizures when contraband was found in mail or vehicles, but surpassed risk profiling in the number of seizures made when smugglers travelled by air. As smugglers traversed the world's airports, 2,604 seizures were made when Customs officials conducted routine controls. In contrast, risk profiling led to only 1,929 seizures when narcotics were moved by air. Figure 10 indicates that seizures resulting from intelligence led investigation were largely

FIGURE 11: QUANTITY OF SEIZED NARCOTICS BY CONCEALMENT METHOD, 2016



conducted on pedestrians; intelligence led investigation led to 426 seizures involving drugs being transported on foot.

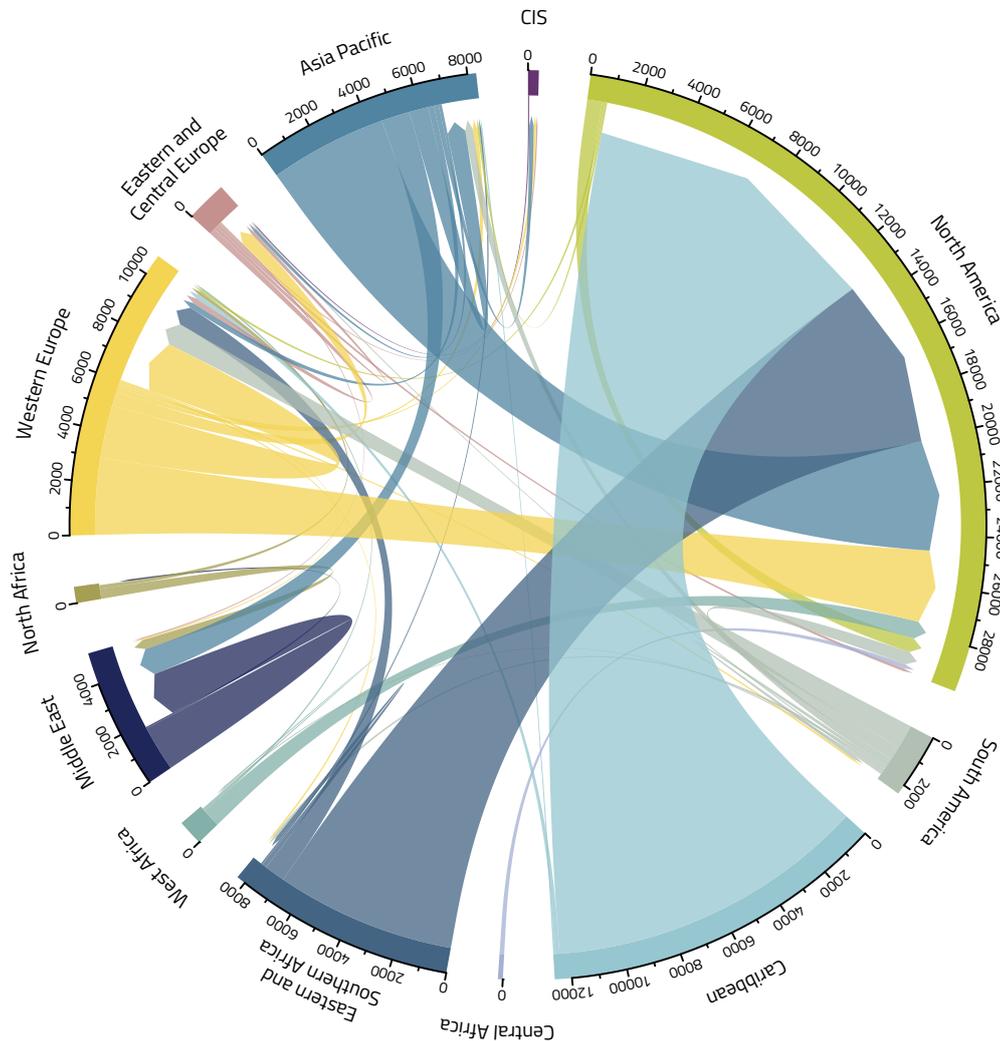
However, when seizure quantities are examined in relation to conveyance type and detection methods, Figure 10 reveals that intelligence led investigations yielded the greatest quantities of narcotics aboard vessels (49,098 kg) and in vehicles (110,488 kg), despite the number of seizures being relatively low (83 and 180, respectively).

Figure 10 also shows that while there were 22,087 seizures of drugs transported by mail – the highest number of seizures by a wide margin – those seizures yielded relatively small quantities of drugs. Customs officials seized only 102,382 kg of narcotics from

mail parcels in 2016, signaling that perhaps traffickers will not risk using mail services to move drugs in bulk. In contrast, the 13,824 drug seizures from vehicles resulted in the confiscation of 948,611 kg of narcotics, which exceeds even the quantity seized aboard vessels (259,089 kg in just 575 seizures).

Figure 11 maps the quantity of narcotics seized in 2016 by category, relative to the concealment methods used by the smugglers. Each dot on the graph represents one seizure. Figure 11 reflects what is seen on Figure 10, i.e., that the quantity of narcotics seized from vehicles far outstrips the quantity seized from other modes of transport. In 2016, 880,157 kg of drug products were seized while concealed in transport (including cars, vans and trucks), in 12,736 seizures. Figure 11 further

FIGURE 12: DRUG TRAFFICKING FLOWS BY REGION, 2016



indicates that cannabis was discovered predominately in vehicular transport in 2016. The size of cannabis seizures from vehicles ranged from less than 1 gramme to as much as 19,992 kg.

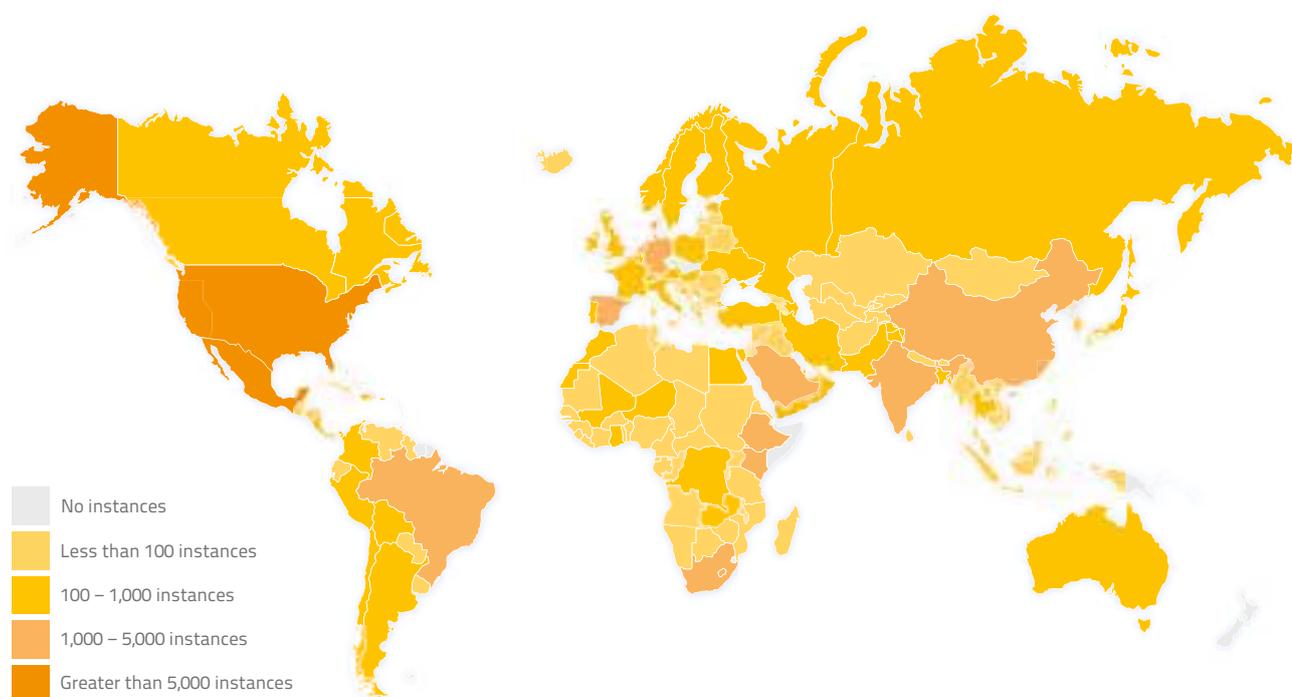
Note that while Figure 10 indicates that narcotics sent via mail were the subject of the greatest number of seizures, Figure 11 reinforces the fact that those seizures typically yielded very small quantities. The fact that seizures of drugs concealed in vehicles and in freight appear, at first glance, to have occurred more frequently is primarily due to the fact that the range of quantities seized from those locations is much wider. As in the case of drugs hidden in vehicles, the size of narcotics seizures in freight containers ranged from 1.3 grammes to 24,951 kg.

Figure 11 also shows that certain drugs lend themselves to certain concealment methods. For instance, a high proportion of psychotropic substances – 34,527.5 kg in total – were concealed in personal baggage, while the majority of the khat seized – 76,744.3 kg, or 77.7% – had been concealed in mail.

1.4 - Trends in drug trafficking routes

Figure 12 illustrates drug trafficking flows from, to and within geographical regions as identified by the aggregate case data for 2016. Once again, North America emerges from the data as the primary destination for smuggled drugs. In 2016, drugs of all categories flowed into this part of the globe from all but three regions: the Commonwealth of Independent States (CIS), North

FIGURE 13: HEAT MAP OF TRAFFICKING INSTANCES, 2016



Africa and the Middle East. The majority of the trade, however, was inbound from the Caribbean, which was the origin of 42.8% of all known drugs cases reported by North American Customs authorities in 2016.

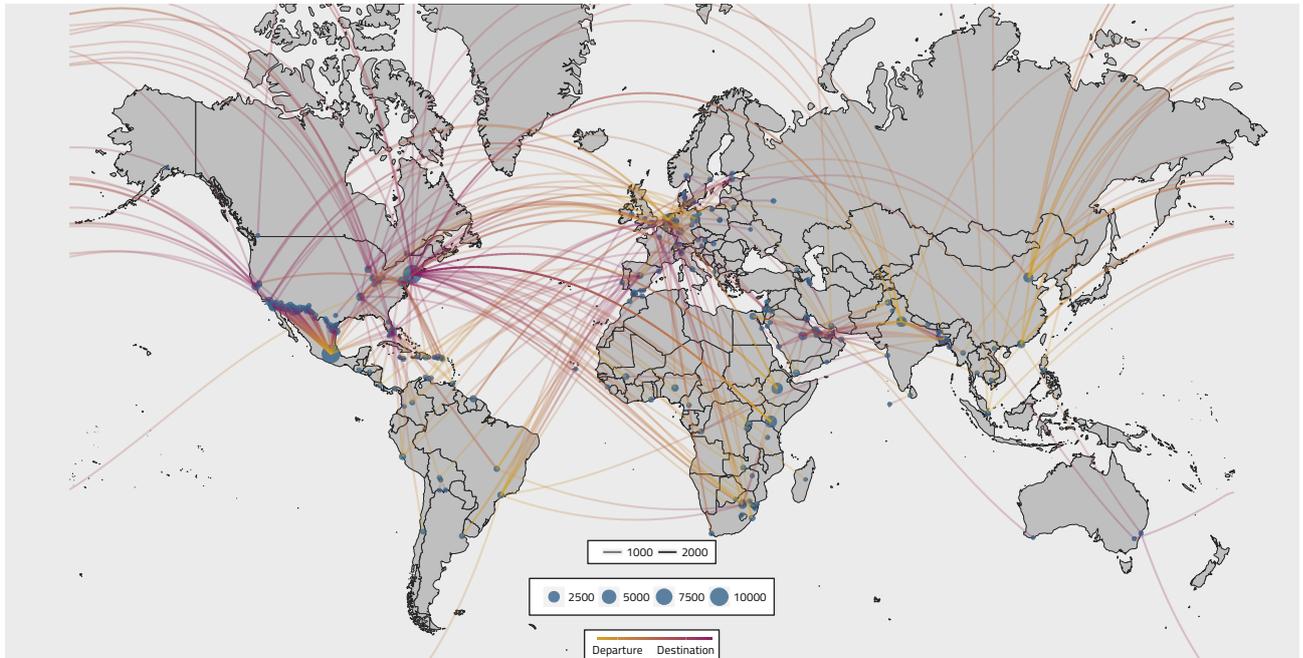
Interestingly, the Caribbean is not shown by the data to be a drugs importer. Indeed, there are no cases in the available data in which drugs were smuggled into this region, though this may be due to the WCO's reliance on the voluntary submission of case data and may not be reflective of the overall drug trade. By contrast, the Middle East is predominately an importer of narcotics. In 2016, there were only 67 reported cases in which drugs left this region, and in each case they were bound for a neighboring region: North Africa. Instead, the Middle East appears to be faced with a thriving intra-

regional drug trade: of 3,343 import cases in the Middle East, 52.6% involved drugs moving between Middle Eastern countries. Another 32.7% of flows into the Middle East originated in Asia-Pacific.

Figure 13 illustrates drug trade routes by country and frequency in 2016. Each country indicated was the origin, the destination or a transit point for one or more seized shipments in a reported case, regardless of where the seizure took place or which country reported the case. Thus, Figure 13 indicates all known countries through which illicit narcotics products were trafficked, or were intended to move, in 2016.

When all the data from drug cases are aggregated, the variance caused by voluntary data submission is mitigated and the true

FIGURE 14: DRUGS TRAFFICKING FLOWS BY LOCATION, 2016



scope of the drug trade is revealed. It is a global issue, touching nearly every country on earth. Indeed, whereas Figure 4 suggests that drug flows did not touch the Andean region in South America because countries in that part of the world did not submit case data, Figure 13 paints a different picture. Peru, for example, did not report a single case in 2016. Yet routes data from other countries include 403 instances in which a seized shipment of drugs originated in Peru.

The United States still emerges as a hub of international drug trafficking and a major destination market for narcotics. In 1,940 instances, the United States served as either the origin of, or a transit point for drug shipments, while in 27,422 instances seized drugs were headed for America. Turning to the rest of the world,

the distribution of seizures looks roughly similar to the distribution covering the trafficking routes, with the exception of countries like Peru in South America, and East Africa. Hong Kong, China accounted for 1,009 instances of drug trafficking, while Macau, China accounted for 5 instances; both Special Administrative Regions of China are too small to appear in Figure 13.

Figure 14 details the illicit flows of narcotics products from their origins to their destinations, as seen in 2016. The size of the dots indicates the number of cases that departed from or terminated in a particular city. A country's capital city is used when the specific location is not reported in the data. The flows connecting the dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the

overall tone of a flow, the more frequently that trafficking route appeared in the 2016 data. These flows do not necessarily indicate completed smuggling attempts. In many cases, contraband was seized at its origin or in transit, but **Figure 14** nevertheless shows the entire intended trade route from origin to destination.

The data show several major transit routes. First, drugs en route from Mexico are often seized along the Southern border of the United States. It is possible that these drugs may, in some cases, have originated from countries further south, transited through Mexico, and been seized once they reached the United States. Similarly, **Figure 14** not only corroborates **Figure 12**'s implication that most of the drugs originating in the Caribbean were destined for the United States, but goes a step further by indicating that the Northeastern United States (including New York City) was the primary recipient. Western Europe, particularly the Northwest region of Germany near the Netherlands and Belgium, serves as a common destination for drugs from countries around the world, and as a departure point for drugs moving into the rest of Western Europe and the United States. Globally, it appears that narcotics flow towards major markets in North America and Europe.

Looking elsewhere, some other interesting flows are seen. Drugs moved between Brazil and South Africa and Ethiopia. **Figure 12** shows that the Middle East received 32.7% of incoming drugs from Asia/Pacific, and **Figure 14** indicates that those flows primarily originated from Pakistan, Northern India and Myanmar. Interestingly, Russia has a relatively low number of reported cases (181 in total), which is reflected in **Figure 14** as few drug flows touched Russia in 2016.

Case study 1. Drug flows in Nogales

Nogales, a North American city divided between the United States and Mexico, was the location of 1,025 drug seizures reported to the WCO by both the US and Mexican Customs authorities in 2016. Over 54% of these seizures contained cannabis, totalling nearly 73 tonnes on both sides of the border. All of these seizures were reported imports into the United States.

Psychotropic substances, most frequently amphetamine and methamphetamine, represented almost 25% of the seizures made surrounding the Nogales border crossing. These seizures resulted in over 2.4 tonnes of amphetamine and methamphetamine, as well as over 7,800 psychotropic pills, including MDMA, tramadol,

Xanax and oxycodone.

The remainder of the seizures made by Customs authorities near the Nogales border crossing contained heroin and cocaine. Just over 10% of seizures contained heroin, totalling over 400 kg, while the remaining 10% of seizures contained cocaine, equaling close to 900 kg.

Based on all reporting by the United States and Mexican Customs authorities at the Nogales border crossing, less than 10% of seizures were made from individuals crossing the border, or in their baggage. Instead, 90% of seizures were made as a result of inspections of vehicles or trucks.

SOURCE

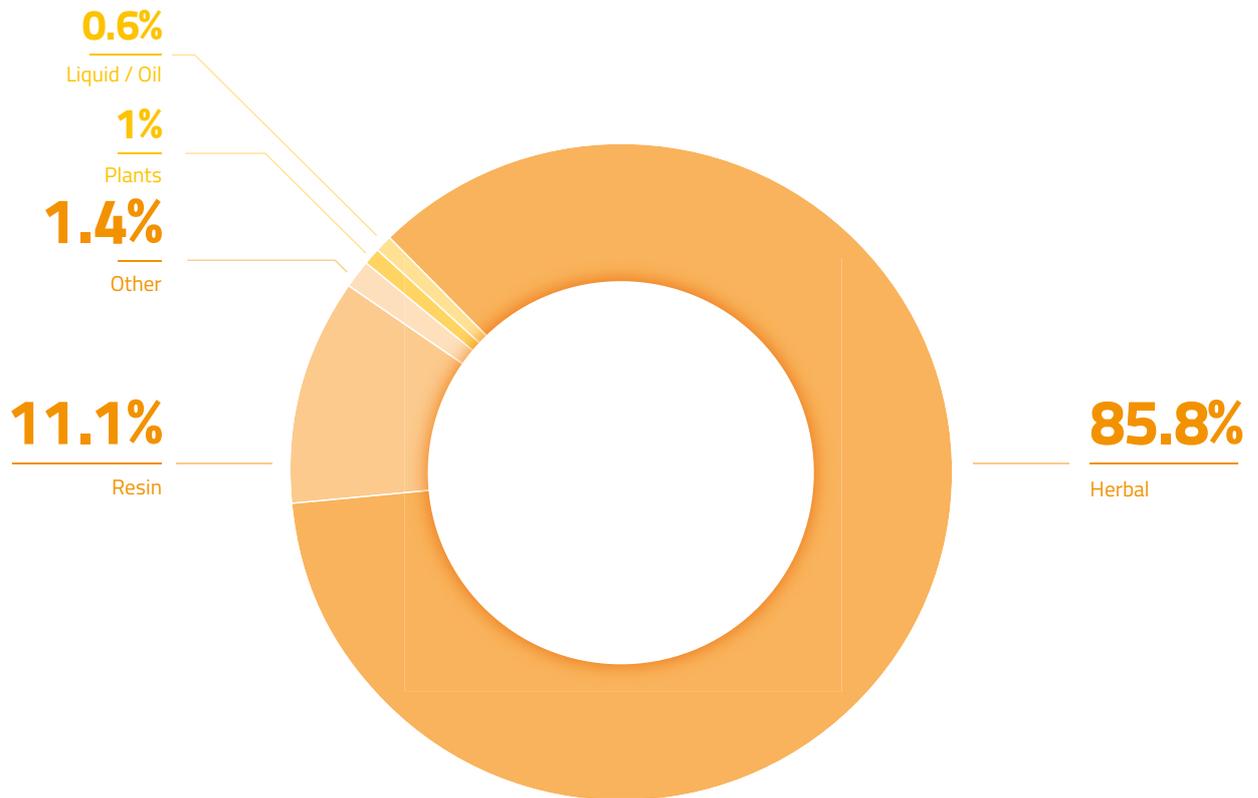
- WCO data



D,E: Seizure of 7.5 kg of opium, 6.4 kg of cannabis resin and 0.11 grammes of heroin. Courtesy: Tajikistan Customs

2. THE DRUGS TRADE BY CATEGORY

FIGURE 15: NUMBER OF CANNABIS SEIZURES BY CATEGORY, 2016



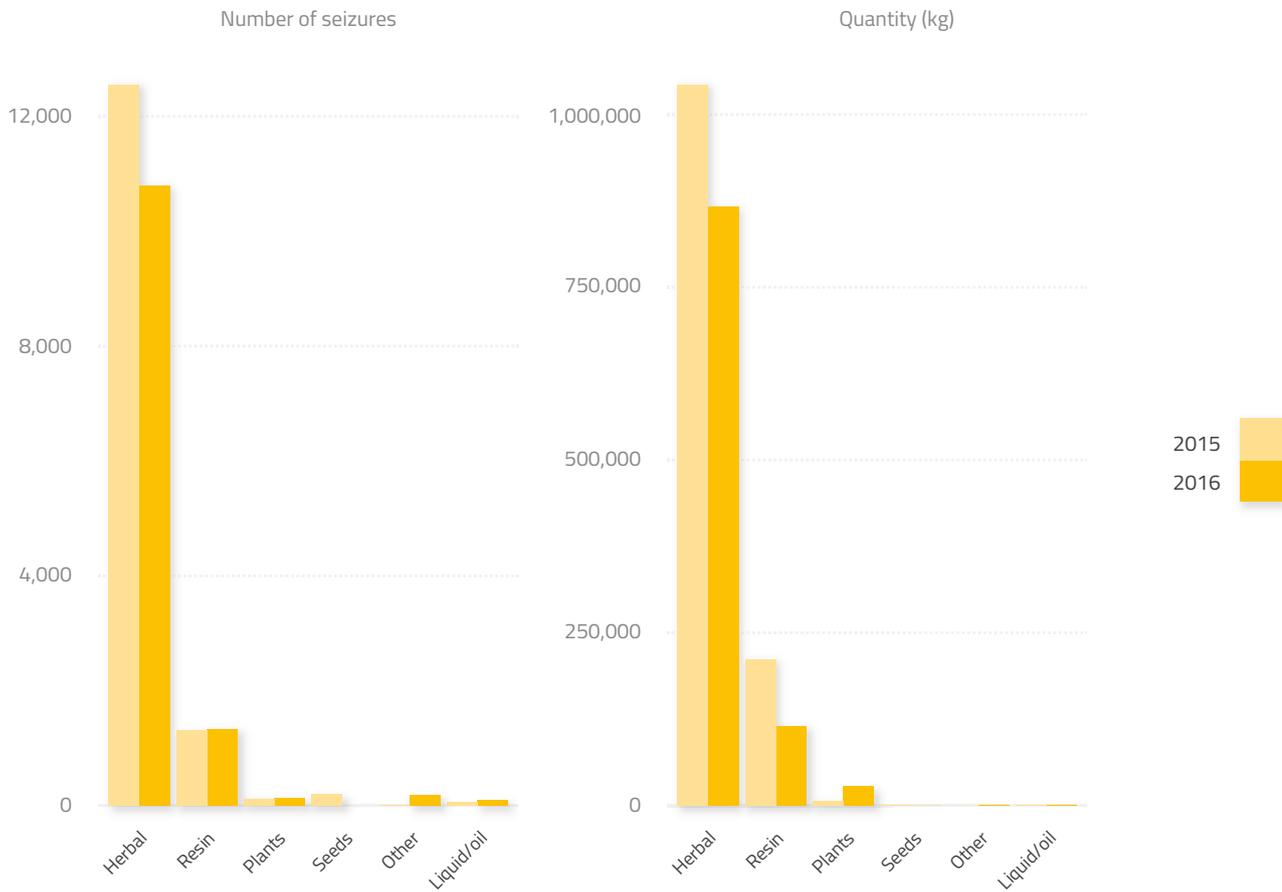
2.1 - Cannabis

Figure 15 breaks down cannabis trade by category. Herbal cannabis accounts for a large majority of all seizures, encompassing 85.8% of the total. Resin seizures come in second at 11.1%. All other substances (plants, liquid/oil, and other) collectively make up only 3% of total cannabis seizures worldwide.

Figure 16 compares the number of cannabis seizures and the amount of cannabis seized by cannabis type in 2015 and 2016. Overall, it shows that both the number of seizures of cannabis and the total amount of cannabis seized by weight decreased from 2015 to 2016. Seizures of herbal cannabis decreased by 14%, and the weight of herbal cannabis seized decreased by 17%.



FIGURE 16: NUMBER OF CANNABIS SEIZURES AND QUANTITY BY CATEGORY, 2015-2016



This shows that the amount of herbal cannabis trafficked per shipment remains relatively consistent year-on-year. It is important to note that while a decrease in seizures could imply a decrease in trafficking, it could also be the result of a decrease in the effectiveness and reporting of Customs officials in various countries.

An examination of resin seizures in 2015 and 2016 also yields interesting results. While the total number of resin seizures remained fairly constant, the total weight of cannabis resin seized fell by 56%, from 211,537.2 kg to 114,219.6 kg. This may suggest that traffickers are moving less resin per seizure in order to try to avoid detection.

Plant trafficking, on the other hand, experienced the opposite effect. While the number of seizures of plant cannabis increased by only seven year-on-year, there was a 22,041 kg increase in the weight of plants seized. Therefore, while a seizure averaged only 54.2 kg of plants in 2015, it averaged 223.4 kg in 2016.

There were no reported seizures of seeds in 2016. Reported seizures of liquid/oil cannabis almost doubled, with only 54 seizures reported in 2015, but 100 reported the following year. This was paralleled by the quadrupling of the total amount seized, by weight, which in fact resulted in an increase of only 0.5 kg of liquid/oil per seizure.

FIGURE 17: NUMBER OF CANNABIS CASES BY COUNTRY, 2015-2016

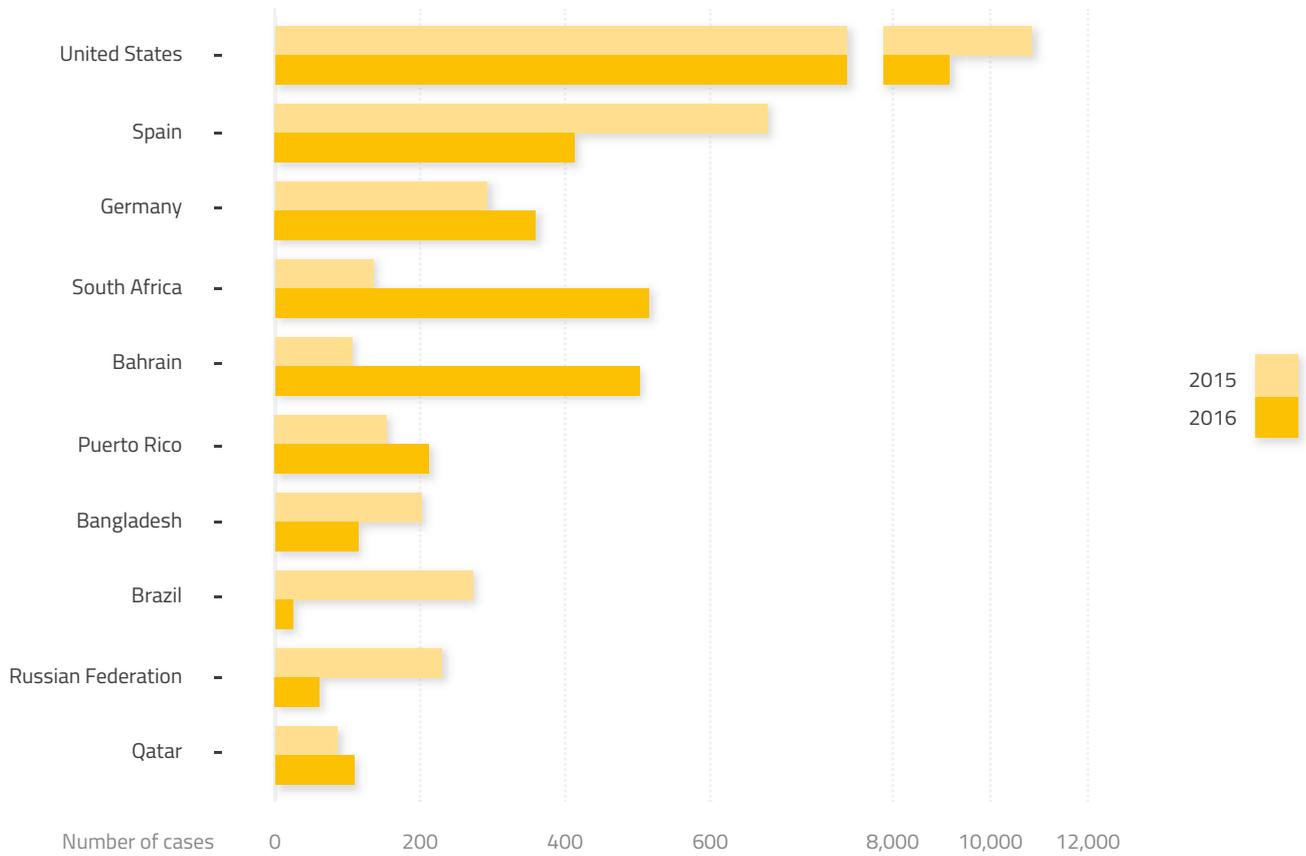


Figure 17 compares the number of cases by country between 2015 and 2016. As shown in Figure 17, cannabis cases fell overall year-on-year, but if the United States is removed from the dataset, the other countries saw an aggregate increase in cases. Excluding the US, there were 155 more cases in 2015 than in 2016 for the top ten countries, representing a 7.2% increase. South Africa and Bahrain both reported significantly higher numbers of cannabis cases in 2016 than in 2015. Specifically, South Africa went from 135 cases in 2015 to 515 in 2016, a 218% increase. Bahrain reported an even higher, 374% increase.

However, if the US is included, for the top ten reporting countries the number of seizures decreased by 1,539 cases from one year to the next. The United States alone reported 1,694 fewer cases in 2016 than in 2015. Brazil and Russia reported a much lower number of cannabis cases in 2016 than in 2015, with cases decreasing by 91.2% and 73.4%, respectively.

FIGURE 18: NUMBER OF CANNABIS SEIZURES BY COUNTRY, MONTH AND TYPE, 2016

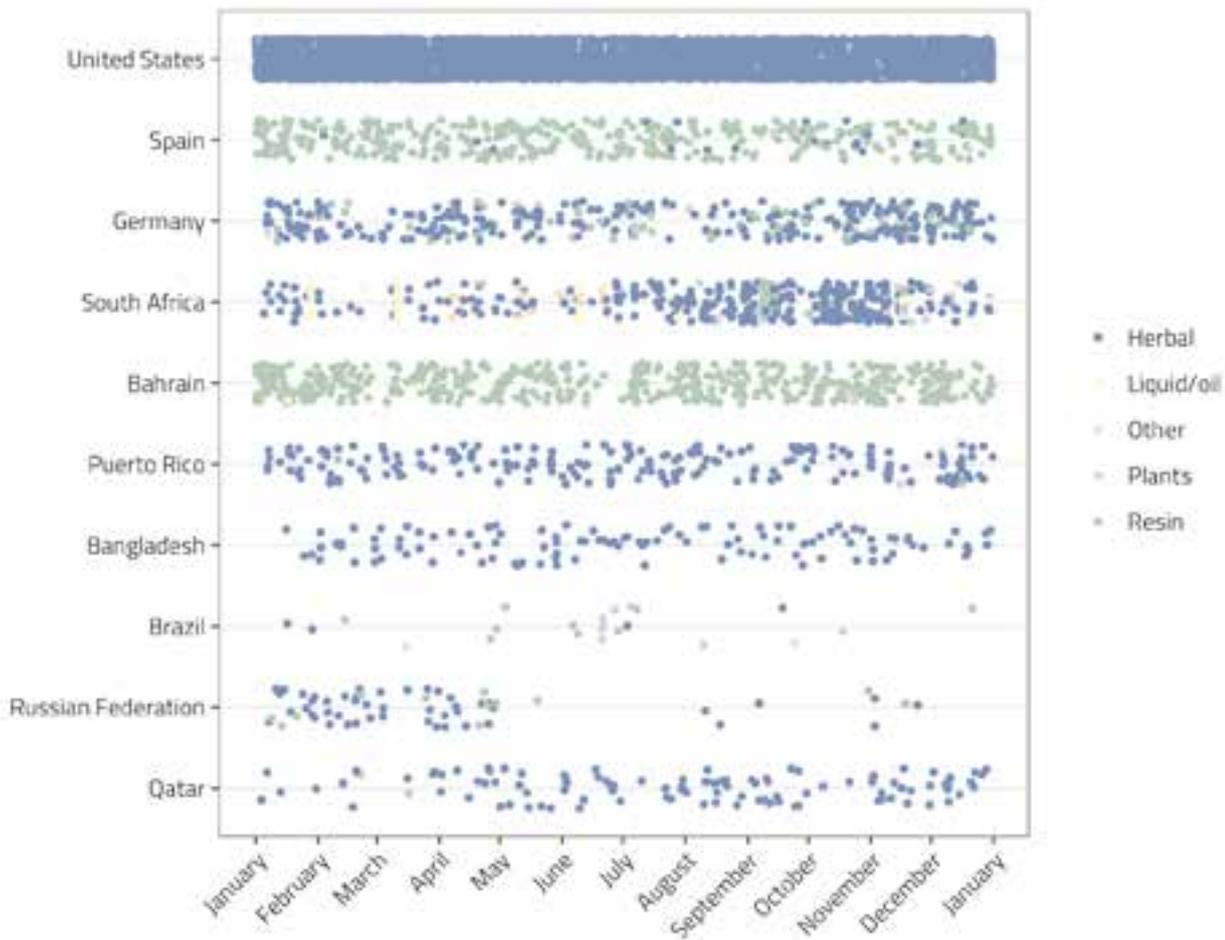


Figure 18 shows the distribution of seizures by country and by type of cannabis. Seizure rates were not necessarily constant over the course of the year. Russia, for instance, reported 52 seizures in January through April, but declared only nine seizures for the rest of the year combined. South Africa saw a decline in seizures in the month of February, reporting only 3 seizures, although it reported a total of 453 seizures in 2016, which, excluding February, averaged 40.9 seizures per month.

Similarly, seizures of certain types of cannabis are concentrated in only a few jurisdictions. For instance, of the 1,037 instances of resin seizures, 83.7% occurred in Spain and Bahrain. Furthermore, those resin seizures accounted for 93% and 98.6% of all seizures in Spain and Bahrain, respectively. While the data does not provide a clear reason for this concentration, it may reflect country-level differences in cannabis consumption methods or detection methods, for example.

FIGURE 19: CANNABIS TYPE AS SHARE OF TOTAL NUMBER OF SEIZURES BY COUNTRY, 2016

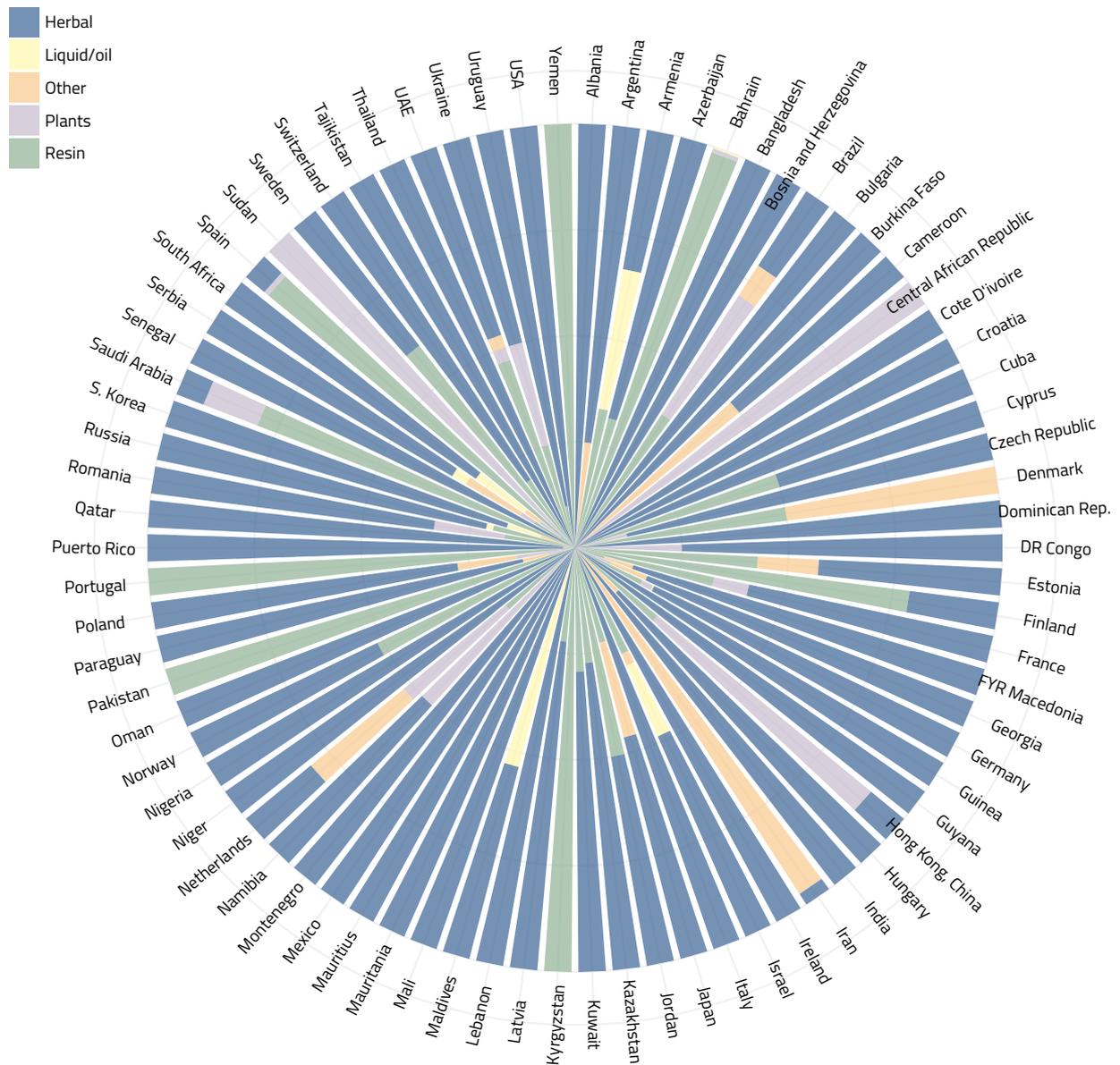


Figure 19 displays the proportion of each type of cannabis seized at country level. Figure 19 helps to clarify the second aspect of Figure 18 by displaying the distribution of cannabis seizures by type within each country.

seizing herbal cannabis, 12.1% resin, and 6% plants. Only a few jurisdictions show a diversified seizure pool. Specifically, the Netherlands reported a total of 71 seizures, 31% of which were plants, 28.2% other, 21.1% resin, and 19.7% herbal.

This chart includes more countries than Figure 18, but reveals similar patterns. 33 out of the 79 countries represented, or 41.8%, reported seizing only one type of cannabis. Of the countries that only reported seizing one type of cannabis, 81.8% reported

FIGURE 20: TOP TEN COUNTRIES BY QUANTITY OF CANNABIS SEIZED, 2016

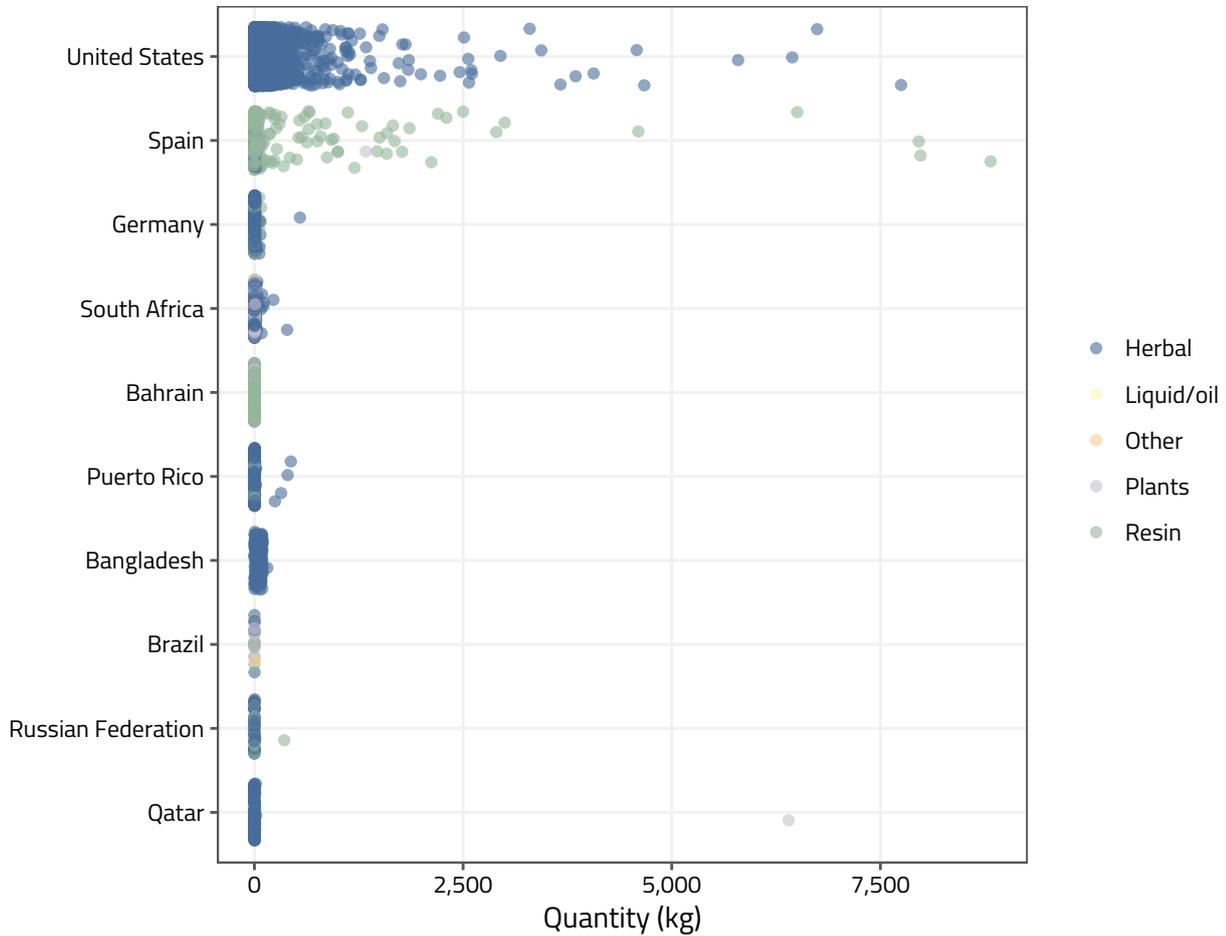


Figure 20 shows the distribution of different types of cannabis by seizure quantity in the top ten reporting countries. Each dot represents a single seizure, and the countries are listed in descending order, with the United States having the most seizures at 9,155, and Qatar the least with 109.

The United States and Spain appear to be the largest seizure points for herbal cannabis and resin, respectively. Out of all the reporting countries for 2016, the United States and Spain accounted for 81.5% of the total number of large-scale seizures (over 500 kg). However, the United States accounted for 73.1% of all cannabis seizures in 2016, while Spain accounted for only 3.3%. Overall, the top ten countries accounted for 91.5% of the total number of seizures and 83.8% of the total quantity seized in 2016.

FIGURE 21: NUMBER OF CANNABIS SEIZURES BY REGION, 2015

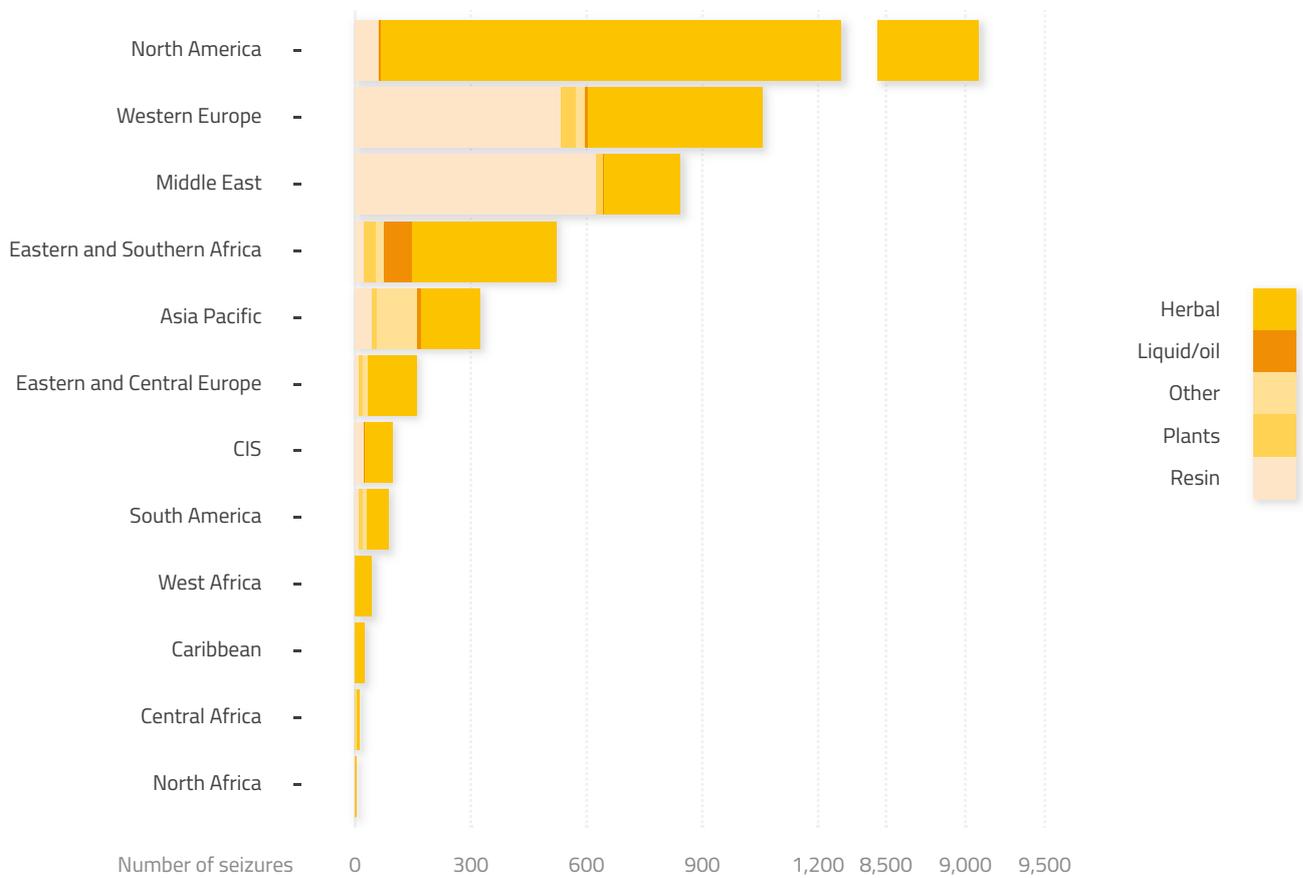


Figure 21 shows the distribution of cannabis seizures by region, categorized by cannabis type. As reflected in Figure 20, North America leads the world's regions in cannabis seizures and also seizes a large majority of the world's herbal cannabis. Western Europe follows, primarily making seizures of herbal and resin cannabis; Western Europe and the Middle East are the only regions to primarily seize resin cannabis. Resin accounts for 50.5% of seizures in Western Europe and 74.1% of seizures in the Middle East.

Outside of North America, Western Europe and the Middle East, herbal cannabis accounted for 67.4% of seizures, reflecting its prevalence in seizure counts worldwide. Of note is the relatively high prevalence of liquid/oil cannabis seized in Eastern and Southern Africa; 72% of all liquid/oil cannabis seizures were reported in Eastern and Southern Africa. Also, there was a high proportion of 'Other' cannabis in Asia/Pacific, which accounted for 69.5% of 'Other' seizures worldwide.

FIGURE 22: CANNABIS TRAFFICKING FLOWS BY LOCATION

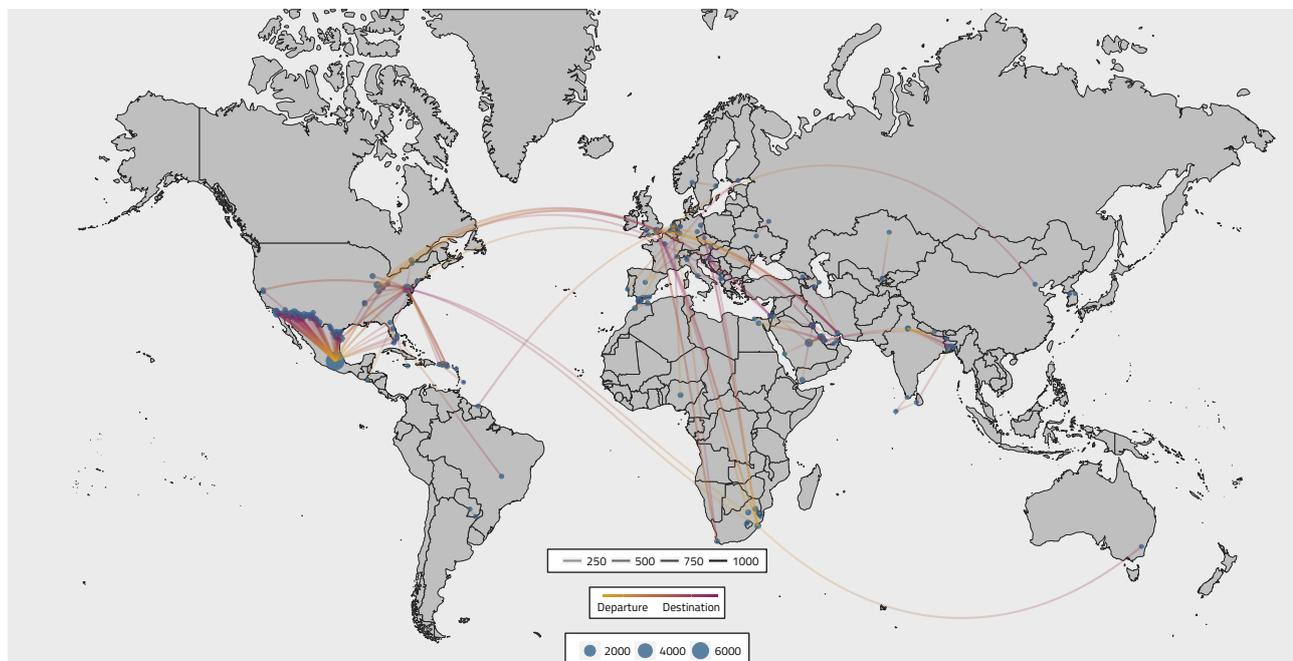


Figure 22 details the illicit flows of cannabis from their origins to their destinations as seen in 2016. Dot size indicates the number of cases that departed from or terminated in a particular city. A country's capital city is used when the specific location is not reported in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall tone of a flow, the more frequently that trafficking route appeared in the 2016 data.

Of the 12,530 cannabis seizures recorded in 2016, 67%, i.e., 8,391 seizures, originated in Mexico. Of those seizures, 99.8% (8,375 seizures) were intended to arrive in the United States, and this accounted for 94.3% of all seizures where the United States was the destination.

South Africa acted as a point of departure in 230 instances. In the majority (66.5%) of those instances, the flow was from South Africa to Great Britain. Also, in 21 of the 104 instances where South Africa was the destination point, Great Britain was the origin. This is the second most common route for cannabis destined for South Africa, with the most common route being from Swaziland, which accounted for 62.5% of such instances.

Besides the obvious prevalence of cannabis movement from Mexico to the United States, the relatively low rate of seizures in other areas of the world makes it difficult to clearly identify trafficking routes. In particular, it is not clear whether cannabis is popular in, or how it might transit through, most of Asia and the Pacific, Western and Eastern Africa, the entirety of South America, and the CIS region. Based on country-level studies, each of these regions should see more cannabis traffic than is being captured by the data.

Case study 2. Cannabis trafficking in Mali

In August 2016, Customs officials in Mali made one of the country's largest cannabis seizures, totalling over 2.1 tonnes of cannabis leaves. The seizure, made from a truck during a routine patrol in the area of Zantiguila, had travelled from Ghana, through Burkina Faso, and was allegedly en route to Senegal and Guinea.

The cannabis had been processed into 1,254 bricks and concealed in the back of a refitted truck. According to Malian Customs officials, the inside of the vehicle did not match the outside appearance, prompting Mali's Mobile Customs Unit to further inspect the truck, resulting in the 2.1 tonne seizure – the largest seizure of its kind ever made by the Malian Customs authorities. The contraband was estimated to be valued at 3.5 billion FCFA, or just over 6 million USD. Four Malian nationals were arrested for their role in transporting the illicit consignment.

In May 2016, Mali's anti-drug squad made a similar seizure, discovering 2.7 tonnes of cannabis in the same area, and uncovering a network of trafficking cannabis throughout the region along a route from Ghana, through Burkina Faso and into Mali, before continuing west to other West African nations. According to Customs officials

involved in making the seizure, this route may be used once or twice a month to transport large quantities of drugs.

According to studies conducted by the United Nations Office of Drugs and Crime, Africa is the largest producer of cannabis after the Americas. Data provided to the WCO by the Malian Customs authorities demonstrates that 54% of all drug seizures made by Malian Customs in 2016 contained cannabis. Additionally, within the RILO West Africa Region, Customs authorities reported to the WCO that almost 58% of all drug seizures made in the region contained cannabis.

SOURCES

- AFP (2016), *Mali seizes \$6 mn of cannabis on new drug route*, *The Daily Mail*, available at <http://www.dailymail.co.uk/wires/afp/article-3745287/Mali-seizes-6-mn-cannabis-new-drug-route.html>, accessed on 1 August 2017.
- NDTV (2016), *Mali Seizes \$6 Million of Cannabis on New Drug Route*, available at <http://www.ndtv.com/world-news/mali-seizes-6-million-of-cannabis-on-new-drug-route-1445325>, accessed on 1 August 2017.
- UNODC (2016), *World Drugs Report 2016*, available at https://www.unodc.org/doc/wdr2016/WDR_2016_Chapter_1_Cannabis.pdf, accessed on 1 August 2017.

Member highlight: Nearly eight tonnes of cannabis (hashish) seized on a leisure vessel

In July 2016, a joint operation by the Operations Unit of Spanish Customs in Cartagena and the Drugs and Organized Crime Unit (UDYCO) of Spain's National Police Force resulted in the seizure of nearly 8 tonnes of cannabis (hashish). Intelligence had indicated the presence of a sailing boat in the northern area of Morocco, loaded with a significant amount of drugs. A 14 m long sloop which could correspond to the boat described was later identified and located by surveillance aircraft in the Alboran Sea, sailing at slow speed and steering an erratic course. This area is frequently used by drug dealers to transport drugs from the Moroccan coast. Shortly after, an inflatable boat with three big outboard engines was located, loaded with a significant amount of bundles similar to those normally used to transport hashish. A

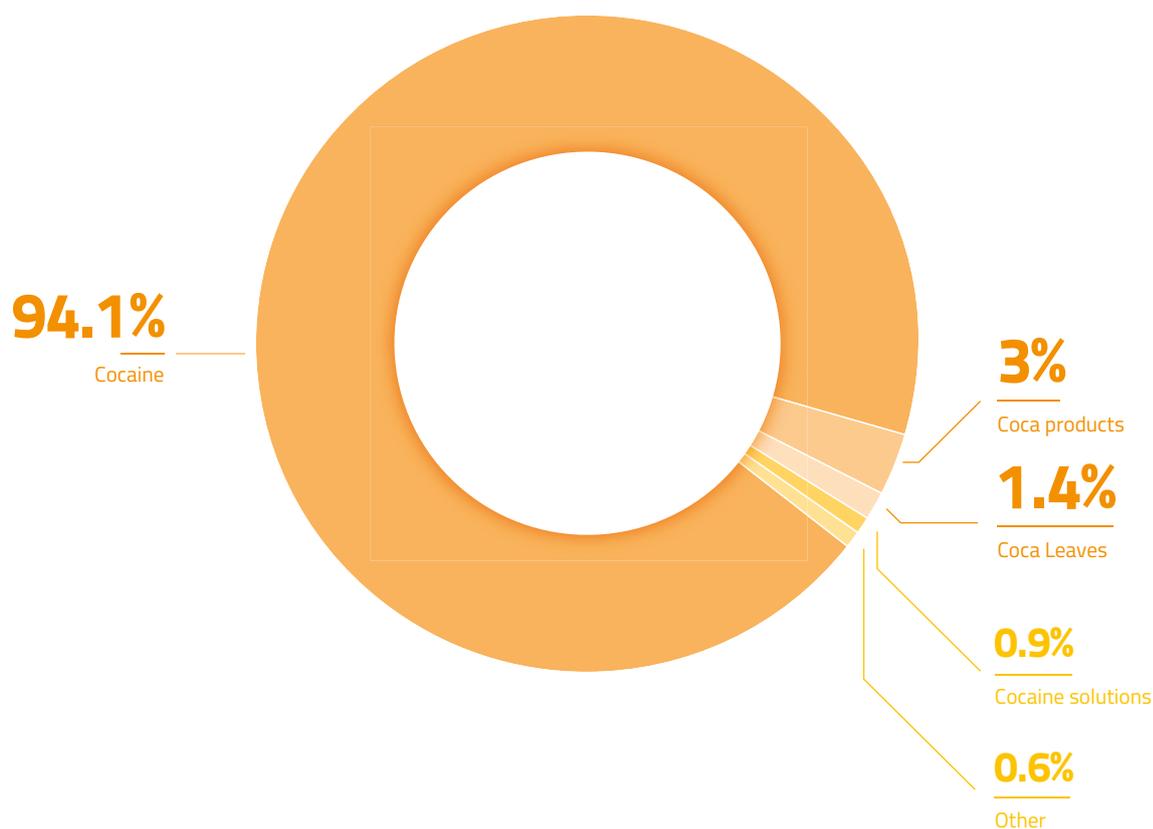
patrol boat was sent to the area for interception. Subsequently, 116 miles south-east of Cartagena, the vessel was intercepted and the seizure of 7,960 kg of hashish was made, with the arrest of four crewmen.

Source: Spanish Customs



F: Nearly eight tonnes of cannabis (hashish) seized by Spanish Customs from a leisure vessel originating in Morocco. Courtesy: Spanish Customs

FIGURE 23: NUMBER OF COCAINE SEIZURES BY CATEGORY, 2016



2.2 - Cocaine

Figure 23 shows the distribution of cocaine types as a percentage of total seizures. Cocaine is by far the most common coca derivative seized, constituting 94.1% of total seizures. Coca products (3%), coca leaves (1.4%) and cocaine solution (0.9%) follow cocaine in seizure density. Finally, a number of 'Other' cocaine products (coca plants, cocaine base, and crack) collectively form only 0.6% of total cocaine seizures.

A number of factors could potentially explain the high proportion of processed cocaine in the reported seizures. First, cocaine is more profitable by the kilogramme than precursor products like leaves, plants or base. Second, because the majority of cocaine

seizures occur at import markets like the United States and Western Europe, rather than at departure or production points like Colombia, this dataset is more likely to capture finished cocaine products imported for consumption. Third, processed cocaine may be easier to identify at Customs points as an illicit substance than its precursor products.

FIGURE 24: NUMBER OF COCAINE SEIZURES AND QUANTITY BY CATEGORY, 2015-2016

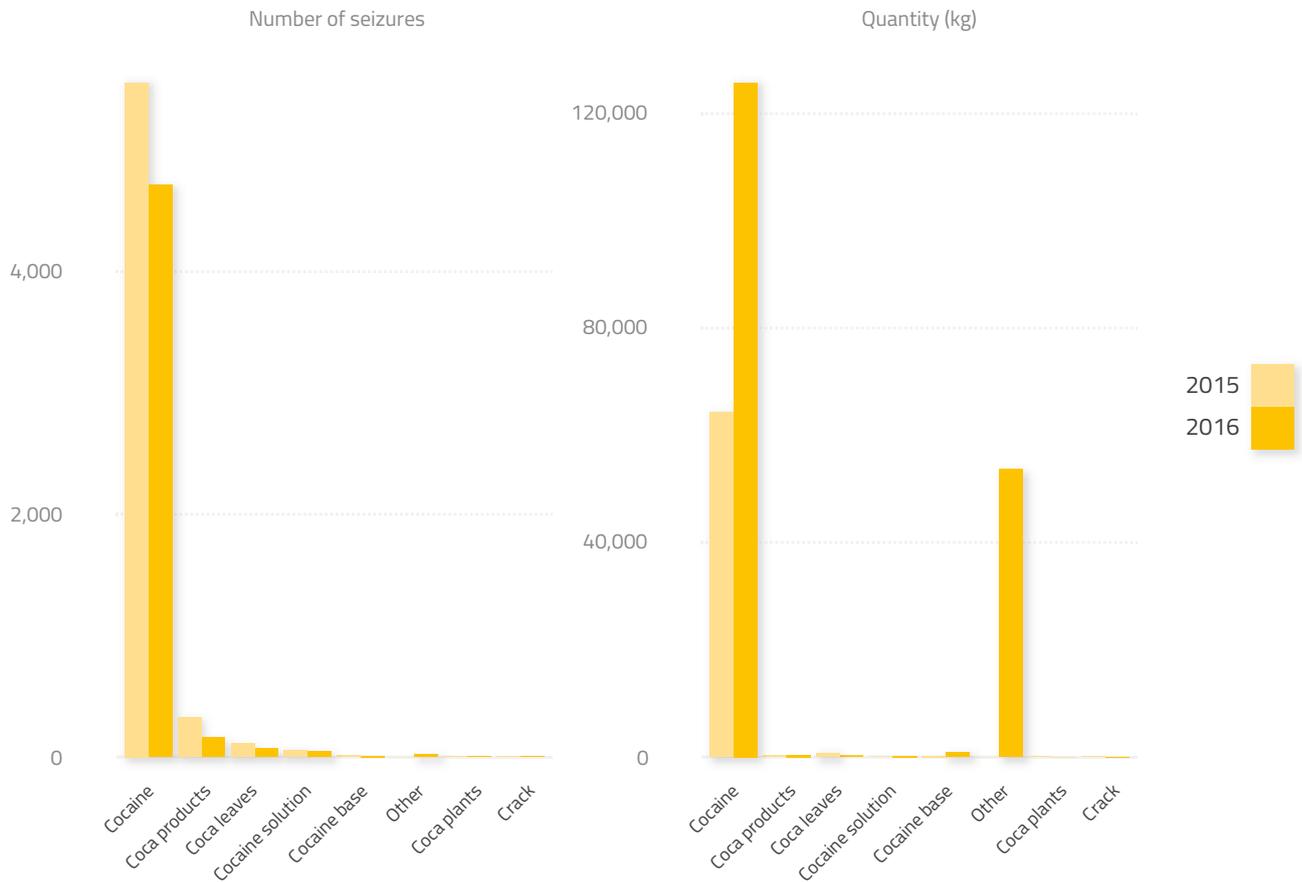


Figure 24 compares cocaine products seized in 2015 and 2016 across product type. Overall, the total number of cocaine seizures fell from 6,077 in 2015 to 5,018 in 2016 – a 17.4% decrease. Despite this decrease, the amount of cocaine seized, by weight, increased by 175.4%. Cocaine and cocaine base products followed this trend of decreased seizures, but increased weight. With the exception of these two categories, as well as ‘Other’, all product types saw a decrease in the number of seizures and a decrease in the amount seized, by weight, from 2015 to 2016. However, given that these products collectively constitute only 5.9% of all seizures, their effect on the seizure total is limited

The two largest non-cocaine seizures in 2016 were classified as ‘Other’, and reportedly weighed 24,951 kg and 22,969 kg, hence the sudden jump in the graph. The weights are possibly skewed, because the two shipments were descriptively classified as “fish meat contaminated with cocaine” and “plastic contaminated with cocaine”, meaning that the authorities possibly weighed the non-drug products when making this weight report. One of these shipments originated in Ecuador and was seized in Mexico, while the other originated in Mexico and its destination was unknown. Taking this into account, and removing these two cases, a recalculation of the percentage change in weight over the two years is more accurately just 102.4%.

FIGURE 25: NUMBER OF COCAINE CASES BY REPORTING COUNTRY, 2015-2016

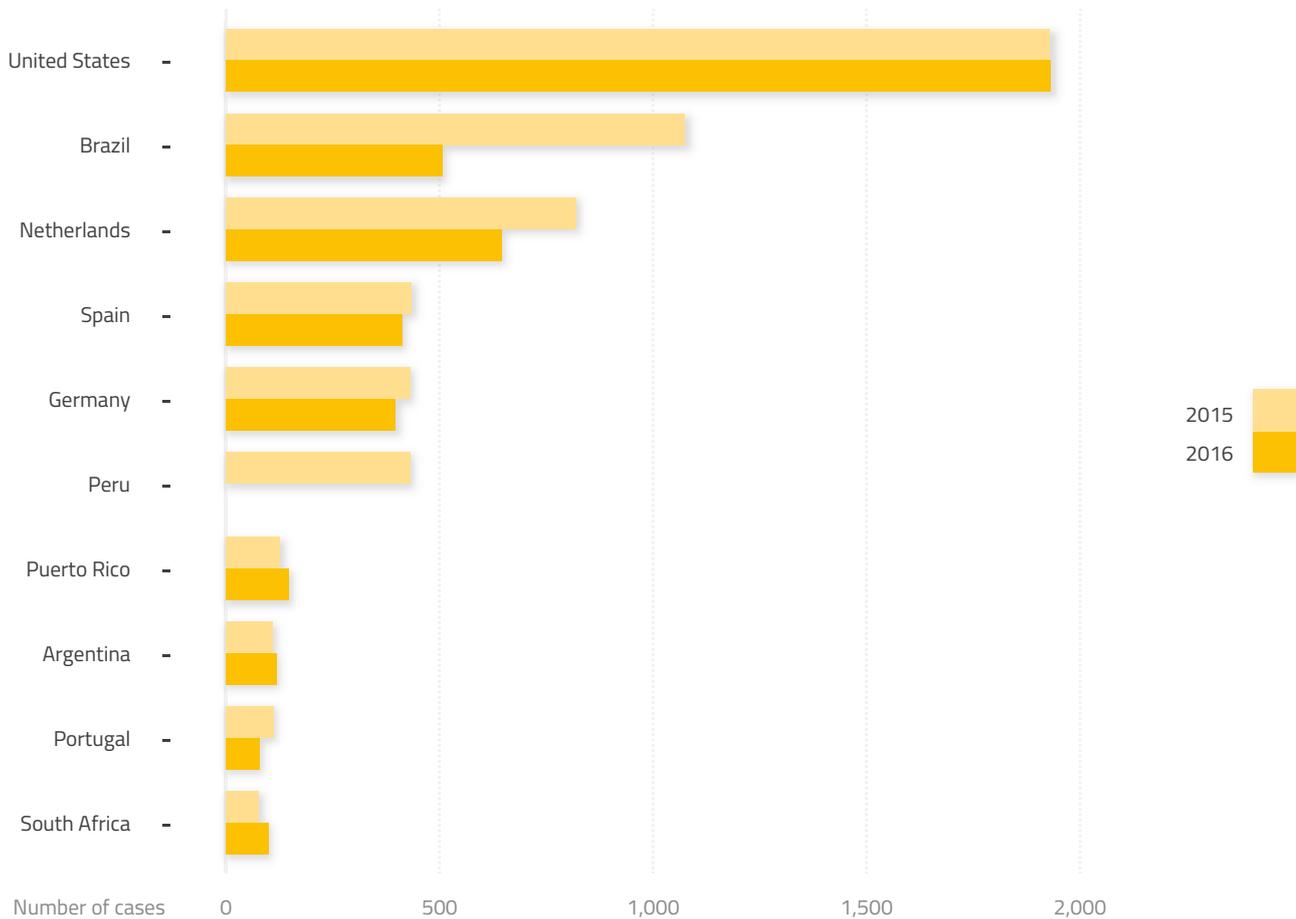


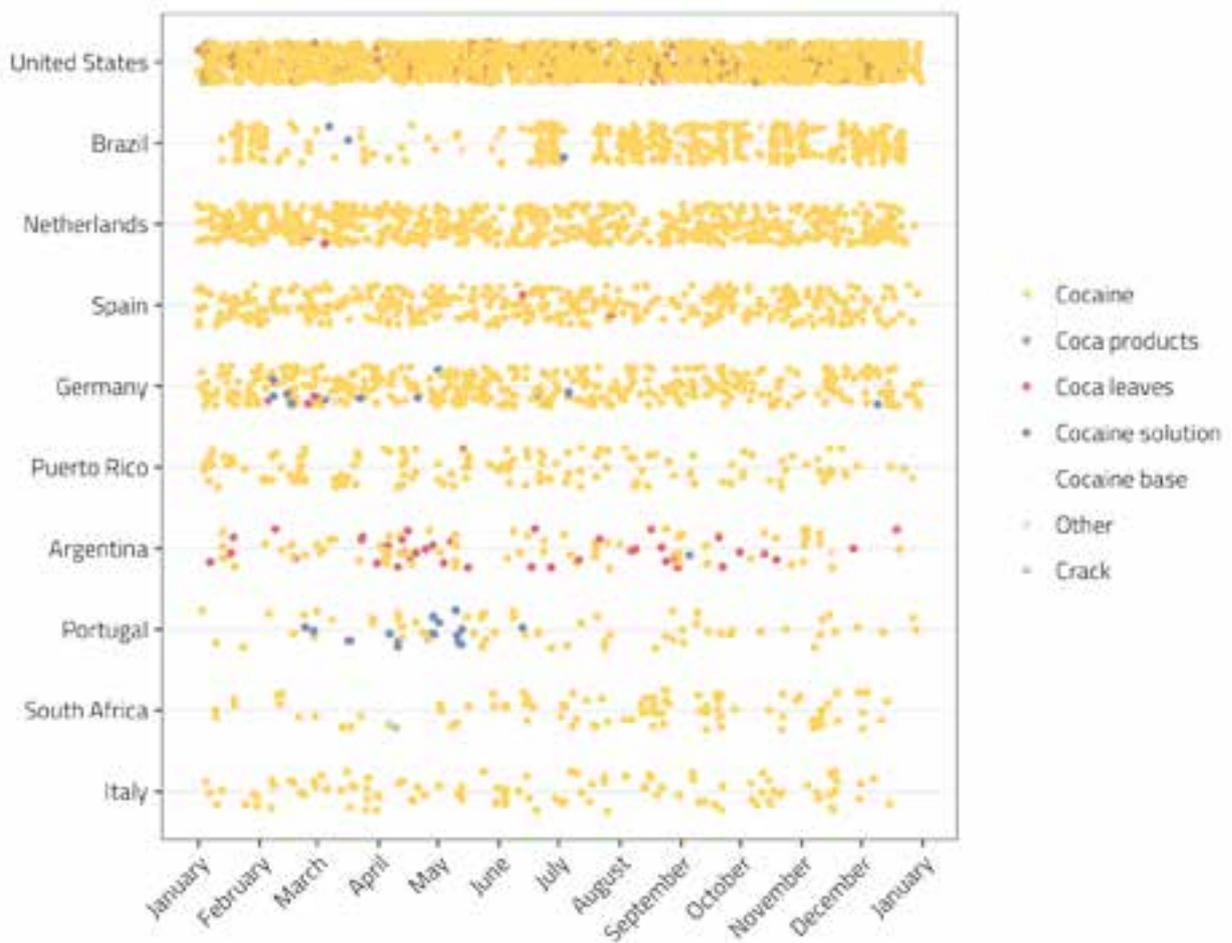
Figure 25 compares cocaine seizures in the ten countries that experienced the most cocaine cases in 2015 and 2016. An examination of the data at country level helps to clarify which regions are driving the year-on-year difference in reported cases.

Significant decreases in reported cocaine cases in Brazil and Peru account for most of the year-on-year drop in cases. Peru did not report any cases in 2016, while Brazil had significantly fewer cases in the months of February-May 2016 than in the rest of the year (see Figure 26). Brazil experienced a 568 case decrease year-on-year, from 1,074 cases in 2015 to 506 in 2016. It is not clear whether these trends reflect a genuine drop in the amount of cocaine trafficked through these countries, or merely a decline in Customs enforcement or reporting to the WCO. The rest of the

countries listed reported relatively consistent numbers of cases in 2015 and 2016. The United States, Puerto Rico, Argentina and South Africa are the only countries that reported an increase in cases from one year to the next; they saw 0.2%, 15%, 9.2% and 31.6% increases, respectively.

Figure 26 maps a timeline of cocaine seizures in the top reporting countries, categorized by cocaine type. These results suggest a number of interesting trends in seizure rates by country. The results indicate that seizure rates were not constant by month. Between February and July, Brazil reported only 113 of its total seizures in 2016 – 22.4% of the total seizure count. Brazil's seizure counts picked up again in August. One possible explanation is that seizure rates are linked to tourism in the country.

FIGURE 26: NUMBER OF COCAINE SEIZURES BY COUNTRY, MONTH AND TYPE, 2016



In addition, seizures of certain types of cocaine products were not evenly distributed across the year, instead forming clusters of seizures. For instance, 23.1% of Portugal's seizures were of cocaine solution, but they all occurred between the end of February and mid-June. During the remainder of the year, Portugal seized only cocaine shipments. Germany reported 20 seizures of non-cocaine substances in 2016, and 13 of those fell in February. Overall, there were 251 non-cocaine seizures in 2016 and they occurred disproportionately from February to May, with 47.8% occurring during those four months.

Argentina reported 40 coca leaf seizures, which is more than any other country and accounted for 58% of all coca leaf seizures. This suggests that the country may act as a place of production for

cocaine plants, with the substance then being processed abroad. By contrast, Russia, which accounted for the second highest amount of coca leaf seizures, does not traditionally have the environment for growing such a product, as evidenced by the fact that 13 of its 14 coca leaf seizures occurred upon import, as shown in [Figure 30](#).

FIGURE 27: COCAINE TYPE AS SHARE OF TOTAL NUMBER OF SEIZURES BY COUNTRY, 2016

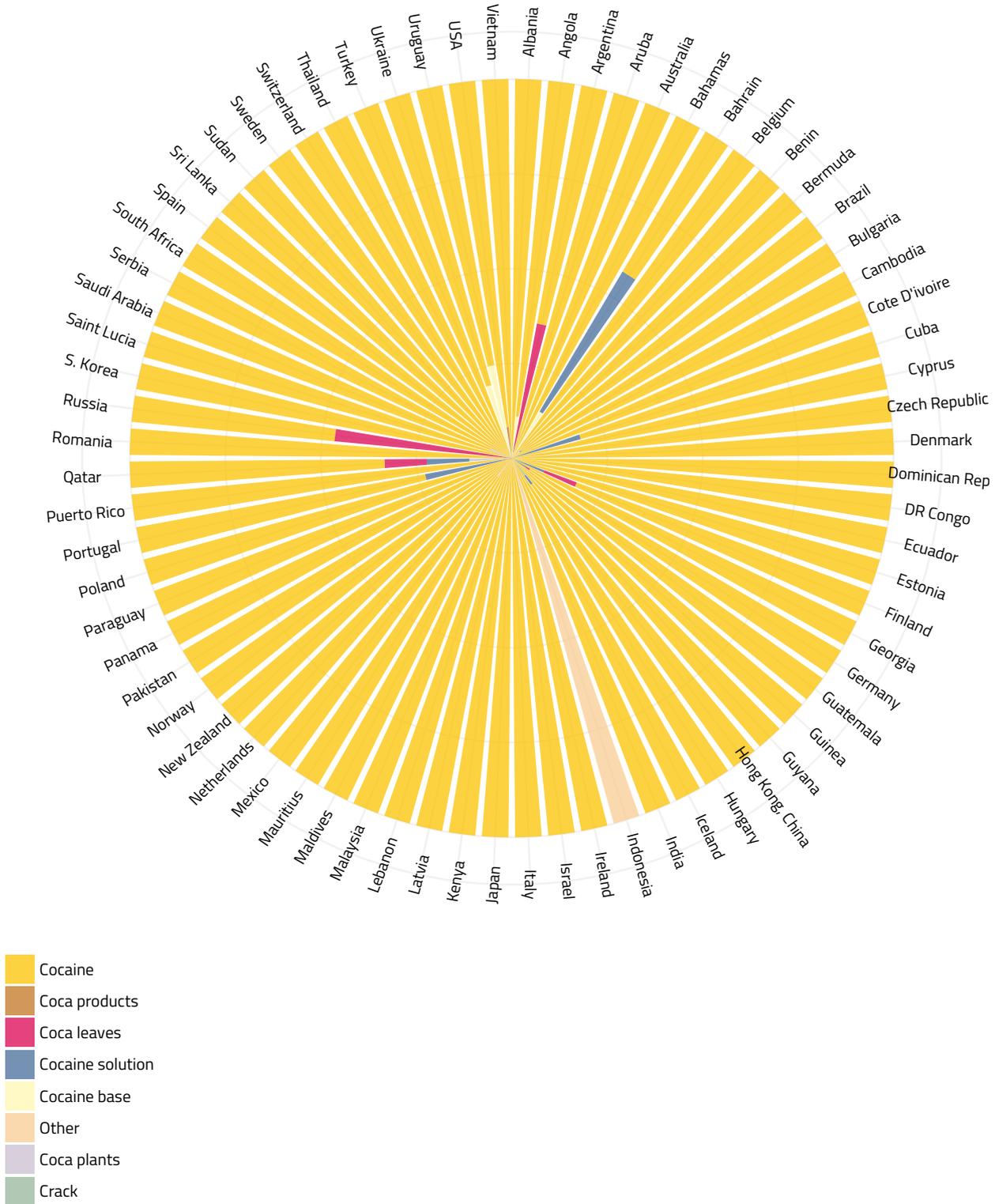


FIGURE 28: TOP TEN COUNTRIES BY QUANTITY OF COCAINE SEIZED, 2016

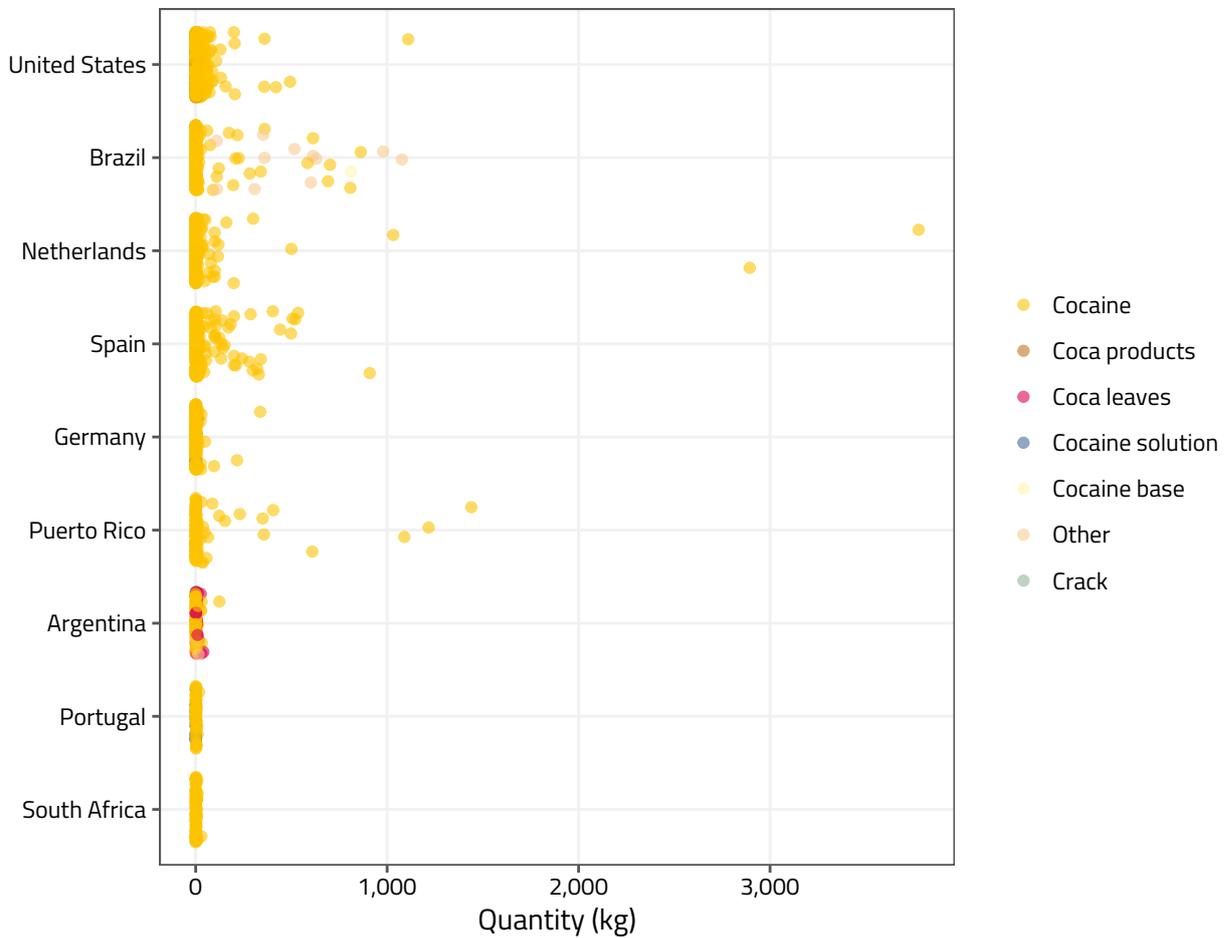
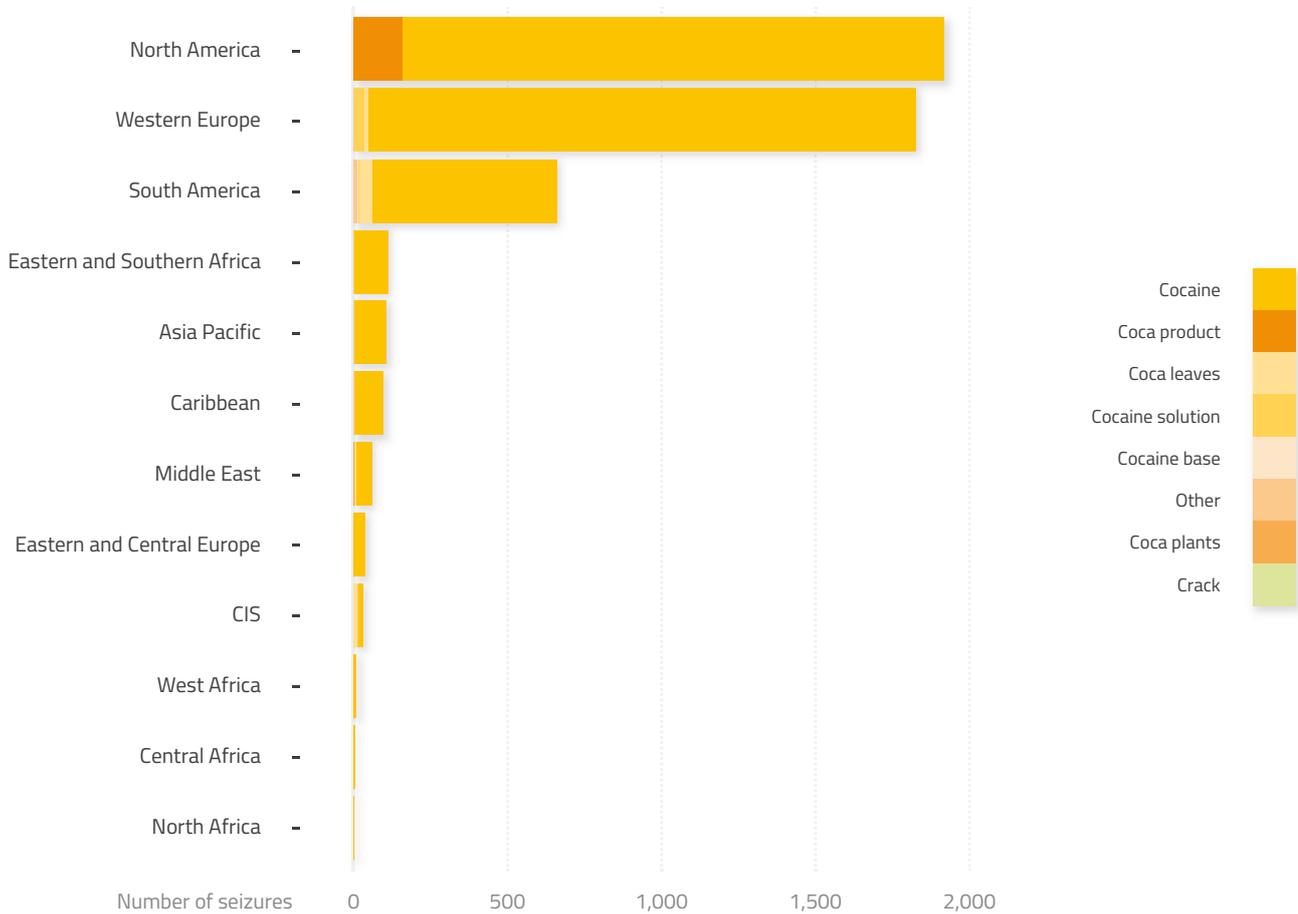


Figure 27 displays the share of total seizures by country and product type. Given that cocaine accounts for nearly 95% of total seizures in this category, the distribution of cocaine type by country shows little overall variance. However, some outliers are visible. Only Saudi Arabia and Qatar recorded seizures of coca plants, which may indicate a regional trend in cocaine consumption or in seizure reporting style. In a similar vein, Indonesia reported only one seizure, which was categorized as 'Other'. Russia reported 30 total seizures, 16 of which were of cocaine, and 14 of coca leaves. Argentina reported a total of 149 cases, 92 of which were categorized as cocaine, 54 as coca leaves, two as 'Other,' and one as cocaine solution.

Figure 28 provides a distribution of cocaine seizures, categorized by weight, in the 10 countries that seized the largest amounts of cocaine. While the United States had the highest number of cocaine seizures, it accounted for only 2.2% of large seizures (greater than 500 kg). On the other hand, Brazil and Spain accounted for 28.3% and 8.7% of large seizures, respectively. Puerto Rico was the sixth most prominent country for cocaine seizures, accounting for 8.7% of large-scale seizures. Although not included in this graph, Ecuador accounted for 21.7% of all large seizures and experienced the largest seizure of cocaine, at 11,850 kg. Puerto Rico and Ecuador's prevalence in large-scale seizures is probably a result of their geographical locations, i.e., being easy transit points for drugs originating in Latin America and moving north. This is represented in Figure 30, where trafficking from Ecuador

FIGURE 29: NUMBER OF COCAINE SEIZURES BY REGION, 2016



was headed to New York, Madrid and Belgium. On the other hand, Puerto Rico's large-scale seizures that were destined for Puerto Rico originated in the Dominican Republic or the Netherlands. Puerto Rico also acted as a transit point between Venezuela and the United States. Interestingly, all of these large-scale seizures were classified as 'cocaine'.

Figure 29 shows the distribution of seizures across geographical region and product type. Unsurprisingly, the most significant regions for cocaine transit are North America, Western Europe and South America. The rest of the world made comparatively

fewer seizures of trafficked cocaine. Western Europe accounted for 72.7% of all seized cocaine solution, but cocaine solution accounted for only 1.8% of seizures in Western Europe. North America accounted for 100% of coca product seizures – a total of 157 seizures in 2016. South America accounted for 58% of all coca leaf seizures, perhaps because its environment is conducive to growing the plant.

FIGURE 30: COCAINE TRAFFICKING FLOWS BY LOCATION

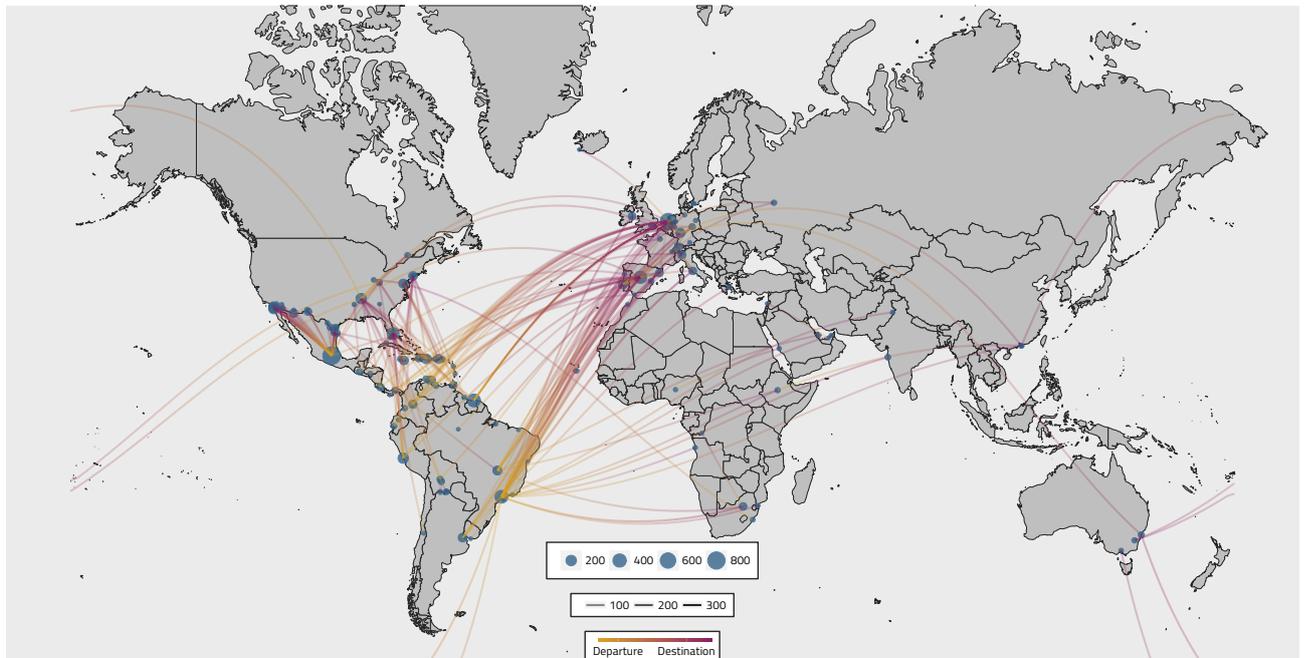


Figure 30 offers a clearer picture of how cocaine moves between these three main regions, but the data reflects an overall movement from South America to North America and Western Europe. This also goes to show that while South America is exporting a large proportion of cocaine, the actual seizures are occurring at destination points such as North America and Western Europe.

Figure 30 details the illicit flows of cocaine from origin to destination, as seen in 2016. Dot size indicates the number of cases that departed from or terminated in a particular city. A country's capital city is used when the specific location is not reported in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they

near the destination. The darker the overall tone of a flow, the more frequently that trafficking route appeared in the 2016 data.

Mexico was the origin point for 52.7% of cocaine trafficking instances where the destination was the United States, and Brazil was the origin point for 11.5% of instances where the cocaine was bound for Spain, the Netherlands and Germany. Suriname was the origin point for 39% of trafficking instances destined for these same three countries. The trafficking route from Suriname to Amsterdam accounted for 349 instances, this being the largest cocaine route revealed based on the reported seizures.

Case study 3. Cocaine trafficking in Ecuador

In December 2016, Ecuadorian Customs officials made their largest cocaine bust of 2016, seizing 11.9 tonnes of cocaine from several containers at the Port of Guayaquil. Customs risk profiling identified four containers bound for export, and two anti-drug dogs identified the narcotics inside 474 sacks of salt, out of a total of 3,200 sacks of salt comprising the consignment. The contraband was seized during an attempt to export it to Belgium, and as valued at 480 million USD.

The company responsible for the export was identified by investigators as a front for illicit trafficking, and was known to conduct shipments in an irregular pattern with no commercial connections to legitimate companies. One individual associated with the company was arrested for their role in facilitating the export.

The Port of Guayaquil is Ecuador's largest seaport, and the second largest seaport on the Pacific coast of South America. According to the United Nations Office of Drugs and Crime, Ecuador is not a major producer of cocaine, but is surrounded by nations where cocaine is commonly produced.

All reported drug seizures made by Customs officials at the Port of Guayaquil in 2016 were of cocaine, totalling over 29 tonnes of cocaine seized in 21 cases involving risk profiling by the Customs authorities. In all, 85% of the cocaine seizures made at the Port of Guayaquil in 2016 were to be exported to Europe, most frequently Belgium and the Netherlands. The remaining 14% of seizures with an identified destination were bound for Honduras and Guatemala.

SOURCES

- Mercedes Cabrera (2016), *Seized drug worth \$480 million*, Ecuador Times, available at <http://www.ecuadortimes.net/seized-drug-worth-480-million/>, accessed on 1 August 2017.
- Mimi Yagoub (2016), *Ecuador Makes Biggest Cocaine Bust of 2016 as Drug Seizures Rise*, Insight Crime, available at <http://www.insightcrime.org/news-briefs/ecuador-makes-biggest-cocaine-bust-of-2016-as-drug-seizures-rise>, accessed on 1 August 2017.
- ECLAC (2014), *Ports Ranking. The Top 20 in Latin America and the Caribbean in 2014*, available at <http://www.cepal.org/en/infografias/ranking-de-puertos-los-top-20-en-america-latina-y-el-caribe-en-2014>, accessed on 1 August 2017.
- UNODC (2010), available at <https://www.unodc.org/documents/data-and-analysis/tocta/4.Cocaine.pdf>, accessed on 1 August 2017.

Member highlights: Cocaine intercepted in international mail

Observation reveals that cocaine intercepts are still typified by very small amounts sent through international mail; however, the average volume of these minor seizures has more than doubled in 2016. In May 2106, the New Zealand Customs administration

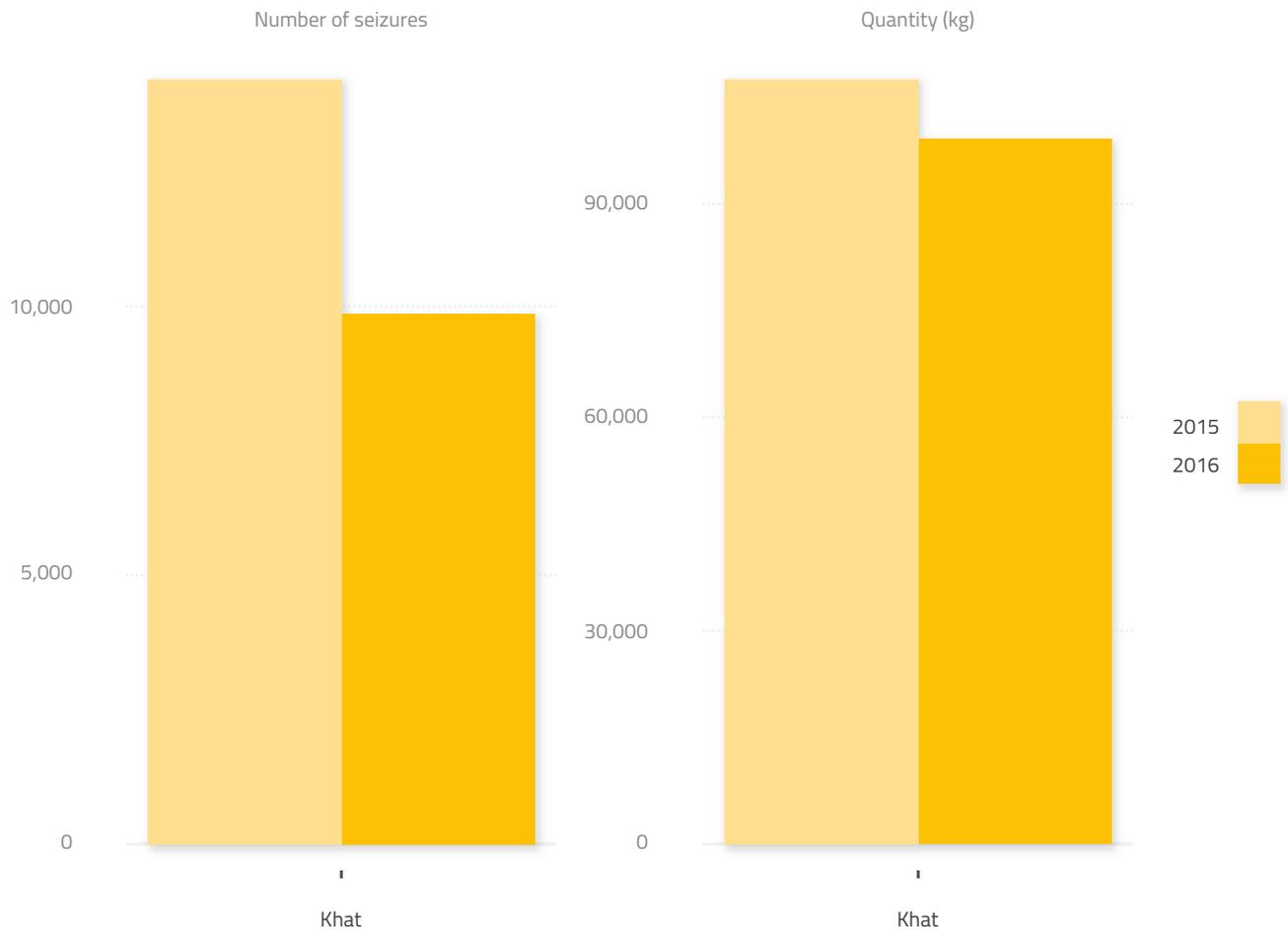


made an exceptionally large seizure in a single case, involving approximately 35 kg of cocaine concealed inside a statue from Mexico in the shape of a horse's head.

Source: New Zealand Customs



FIGURE 31: NUMBER OF KHAT SEIZURES AND QUANTITY, 2015-2016



2.3 - Khat

Figure 31 presents a side-by-side comparison of the total seizure counts and total weights of khat seized in 2015 and 2016. The number of khat seizures fell from 14,226 in 2015 to 9,868 in 2016, a 30.6% decrease. The total weight of khat seized also decreased from 107,448 kg seized in 2015 to 99,073 kg seized in 2016, a decrease of 7.83%. This indicates that the average weight of a khat seizure was higher in 2016 than in 2015, rising from 7.6 kg per seizure in 2015 to 10 kg per seizure in 2016.



I: Seizure of 50 kg of khat. Courtesy: Democratic Republic of the Congo Customs

Member highlight: Cocaine concealed inside machinery seized

In August 2016, based on intelligence provided by the Drugs Law Enforcement Unit of the Police, a joint search was performed in a bonded warehouse in the Seaport of Limassol, on two electric



generators which had arrived from Chile by vessel. After the fuel tanks of the two generators had been opened, a total of 142 cocaine bricks weighing 156 kg were seized.

Source: Cyprus Customs



Case study 4. General analysis of khat seizures in Yemen

In 2016, Yemeni Customs officials made 187 khat seizures from the baggage of passengers departing the country. The seizures, ranging from 0.5 kg to 50 kg, totalled 963 kg. Of these seizures, almost 55% were made from passengers travelling to Jordan, and another 29% were made from passengers travelling to Egypt. India, Sudan and the United States were also common destinations for passengers carrying khat. Although khat is legal in Yemen, it is illegal in many countries connected to Yemen by commercial airlines.

Khat is prevalent in Yemeni society. According to an analysis conducted by the World Health Organization, up to 90% of adult men in Yemen chew khat on a daily basis. Khat is also a profitable crop for the region. Studies by the World Health Organization suggest that up to 60% of land devoted to cash crops in Yemen is used for growing khat.

SOURCES

- WHO (2008), *Khat chewing in Yemen: turning over a new leaf*, available at <http://www.who.int/bulletin/volumes/86/10/08-011008/en/>, accessed on 1 August 2017.



J, K: Seizure of 156 kg of cocaine made by Cyprus Customs inside the fuel tanks of 2 electric generators. Courtesy: Cyprus Customs
L, M: Seizure of 28 kg of khat at Roissy airport. Courtesy: French Customs.

FIGURE 32: NUMBER OF KHAT CASES BY COUNTRIES, 2015-2016

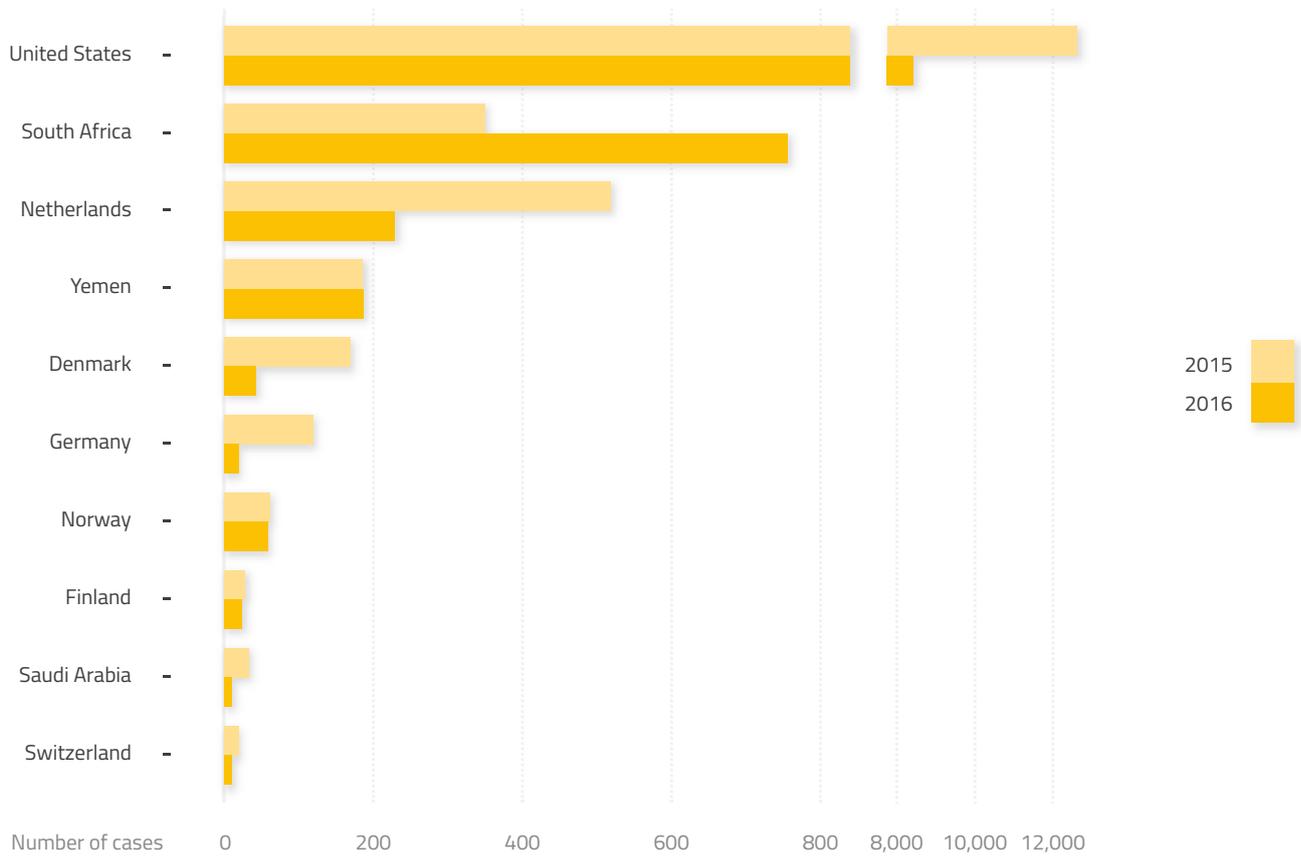


Figure 32 compares the number of cases of khat that occurred in 2015 and 2016 in the top ten countries. Most countries witnessed an overall decrease in the number of cases between 2015 and 2016, with the exception of South Africa and Yemen. In South Africa the number of cases more than doubled – rising from 350 to 756 cases. Yemen, however, experienced only one more case in 2016 than it did in 2015. Decreases in khat cases were particularly pronounced in Germany, the Netherlands, Denmark and Saudi Arabia, where cases decreased by 84%, 55.9%, 75.1% and 69.7%, respectively. The United States saw a decrease of 4,182 cases, from 12,607 cases in 2015 to just 8,425 in 2016. The geographical distribution of the decreases perhaps reflects shifting khat consumption in Western Europe, or simply a change in reporting quality.



FIGURE 33: NUMBER OF KHAT SEIZURES BY COUNTRY AND MONTH, 2016

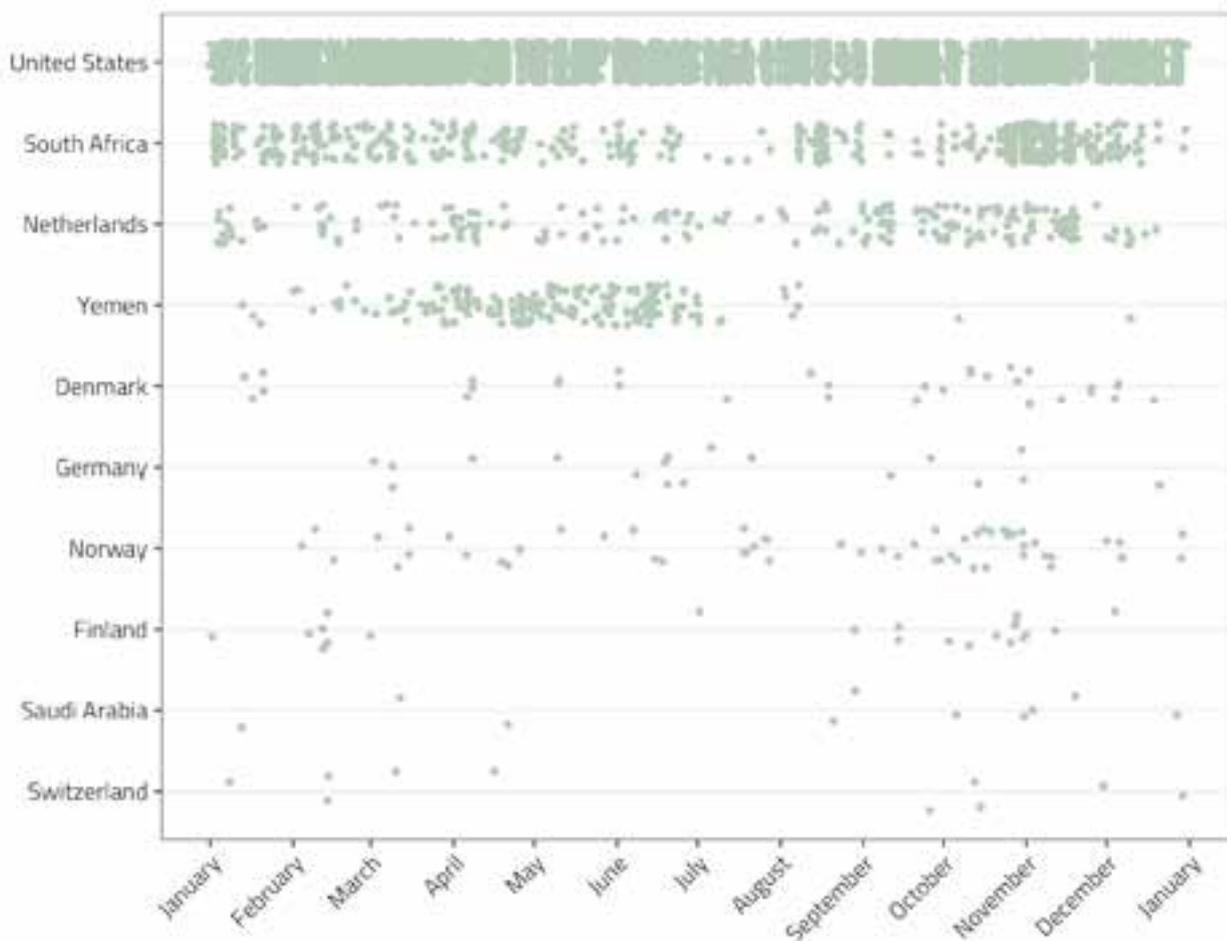


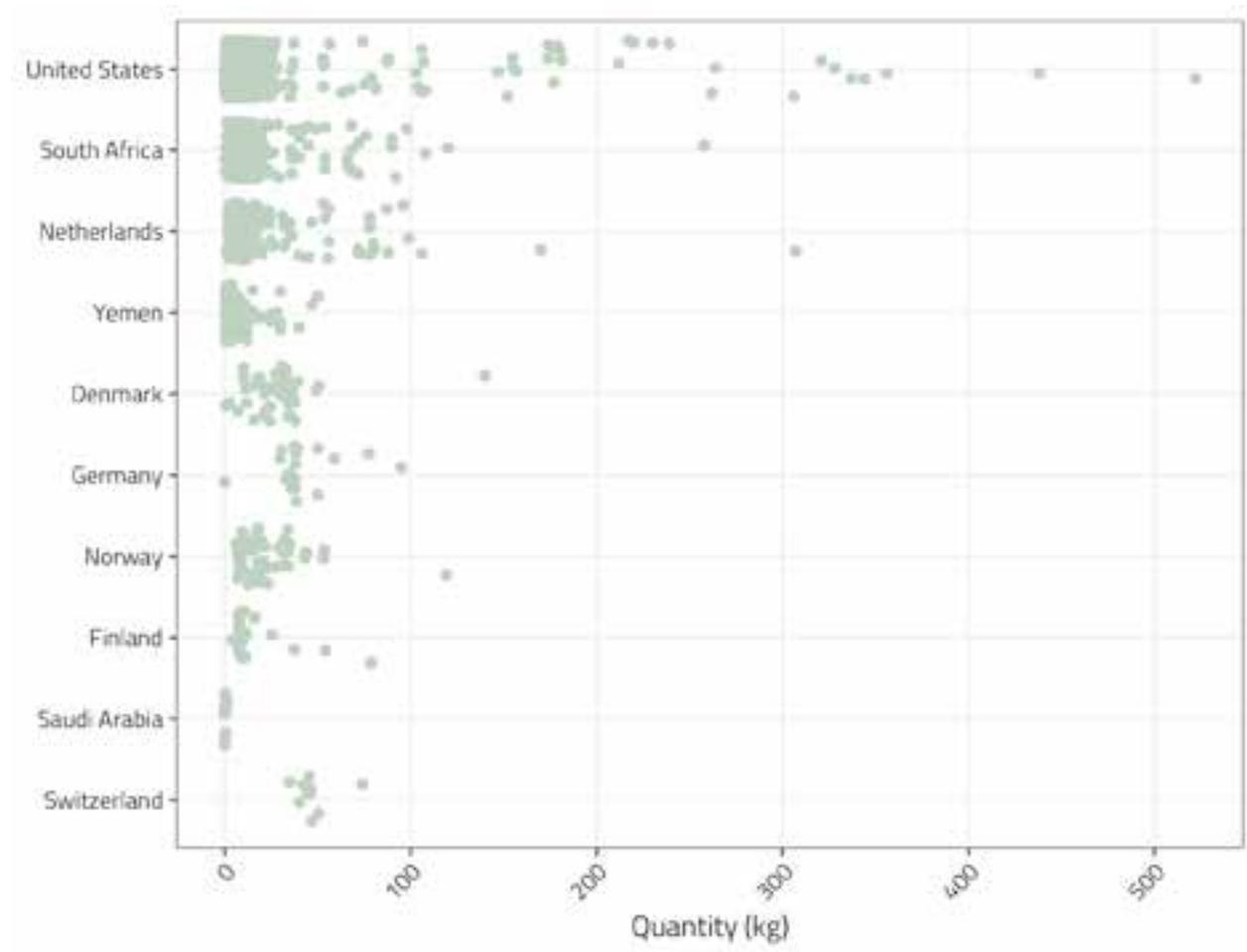
Figure 33 shows the distribution of seizures by month and by country in 2016. Khat seizures, as with cocaine, were unevenly distributed over time in certain countries. Of particular interest is the cluster of khat seizures in Yemen from March to July that accounted for 86% of the country's seizures, after which seizures dropped off almost completely. In contrast, Finland, Saudi Arabia and Switzerland collectively only saw one seizure between May and August. Excluding the United States, the largest number of seizures occurred in the month of November, which accounted for 13.2% of seizures.

Figure 34 displays the weight of seizures in the top ten reporting countries for khat in 2016. Generally speaking, khat seizures tend to yield low seizure weights, especially when compared to cocaine

and cannabis. While the United States did seize a number of large shipments of khat, on average it had the third smallest amount of khat captured per seizure within the top ten countries.

Of particular interest, though, is the fact that very few small seizures were made in Switzerland and Germany. Switzerland's smallest seizure was 35 kg, and the country averaged 47.1 kg per seizure. Germany averaged 42.1 kg per seizure. This is as opposed to the United States and South Africa, which averaged 8.1 kg and 11.4 kg per seizure, respectively. Given that most countries other than Germany and Switzerland predominantly seized small shipments of khat, it is unclear why the distribution of seizure weights would differ so greatly.

FIGURE 34: TOP TEN COUNTRIES BY QUANTITY OF KHAT SEIZED, 2016



Case study 5. Big khat seizures in Vietnam

In June 2016, Vietnamese Customs authorities in Ho Chi Minh City made a seizure of khat leaves totalling over 1.2 tonnes, from two inspections on the same day. The consignment, shipped via airfreight from Ethiopia, was the latest in a series of several khat seizures made in the preceding months in Vietnam by Customs and law enforcement officials.

In 2016, Vietnamese Customs authorities carried out two of the three largest khat seizures reported to the WCO. Vietnamese Customs officials at airports in Vietnam seized almost four tonnes of khat leaves throughout 2016. While the majority of the khat seizures were made upon import from East African countries,

including Ethiopia and Kenya, Vietnamese Customs also seized khat leaves intended for export from Vietnam to the United States in an air freight shipment.

United States Customs authorities reported 26 seizures of khat leaves from mail parcel shipments originating in Vietnam. These seizures, totalling just over 235 kg, each consisted of small quantities weighing between 8 kg and 10 kg each.

SOURCES

- Dam Huy (2016), *1.2 tons of khat seized at Vietnam airport*, Thanhnien News, available at <http://www.thanhniennews.com/society/12-tons-of-khat-seized-at-vietnam-airport-62899.html>, accessed on 1 August 2017.

FIGURE 35: NUMBER OF KHAT SEIZURES BY REGION, 2016

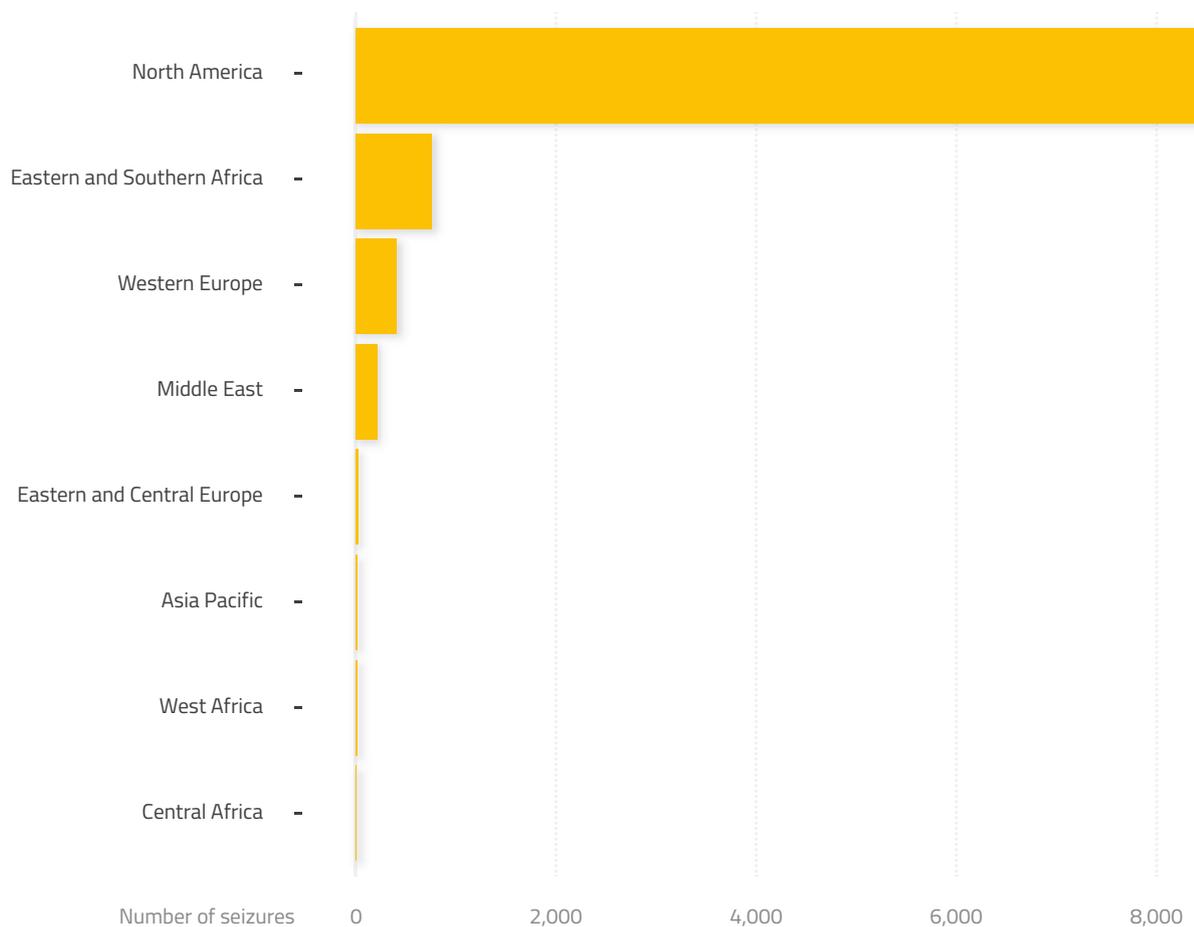
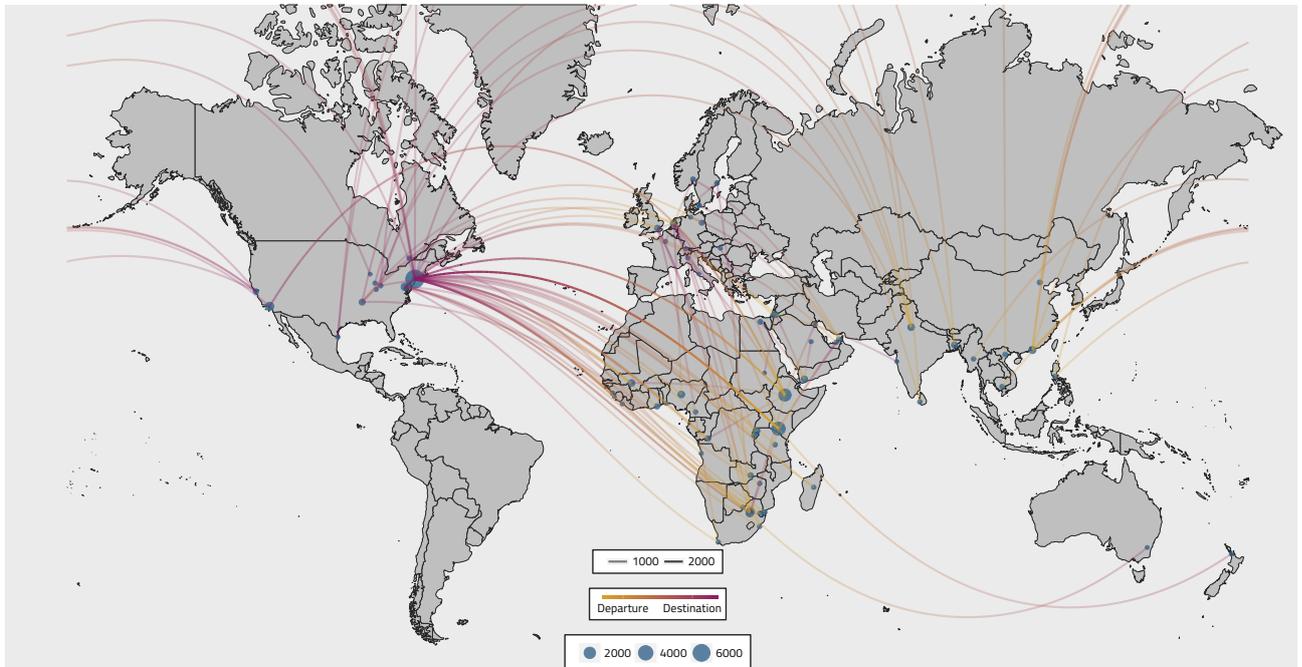


Figure 35 shows the number of seizures that occurred by region in 2016. North America accounted for the vast majority of seizures (85.4%), i.e., 8,425 of the total 9,868 seizures. The next highest seizure count occurred in Eastern and Southern Africa, which experienced 757 seizures, accounting for only 7.7% of all seizures. The top four countries alone accounted for 99.4% of all seizures in 2016.

Figure 36 details the illicit flows of khat from its origins to its destinations as seen in 2016. Dot size indicates the number of cases that departed from or terminated in a particular city. A country's capital city is used when the specific location is not reported in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall tone of a flow, the more frequently that trafficking route appeared in the 2016 data.

FIGURE 36: KHAT FLOWS BY LOCATION

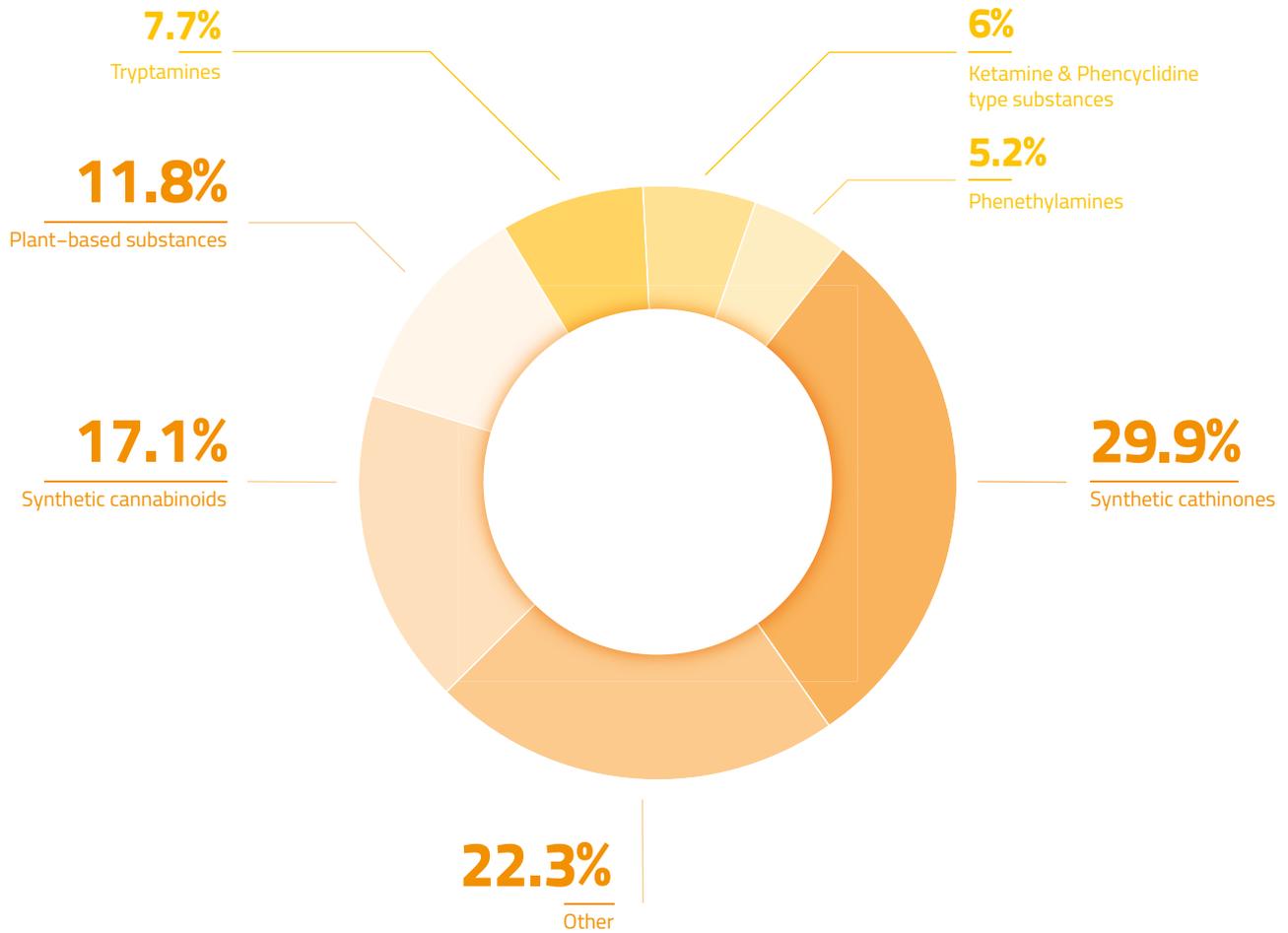


The khat route map shows many distributed khat departure points spread throughout Southern and East Africa, as well as South and Southeast Asia. The majority of khat originates from Kenya and Ethiopia. Kenya was the departure point for 3,088 seizures, or 31.5% of all seizures. Ethiopia was the departure point for 25.4% of all seizures.

It is interesting that khat transit sites seem to wholly exclude Latin America, Eastern Europe and Russia in the dataset. While this may reflect a lack of data rather than a true representation of global trends, it nevertheless provides a sharp contrast to the results for both cannabis and cocaine, in which trafficking routes largely began in Latin America and were headed towards multiple import markets.

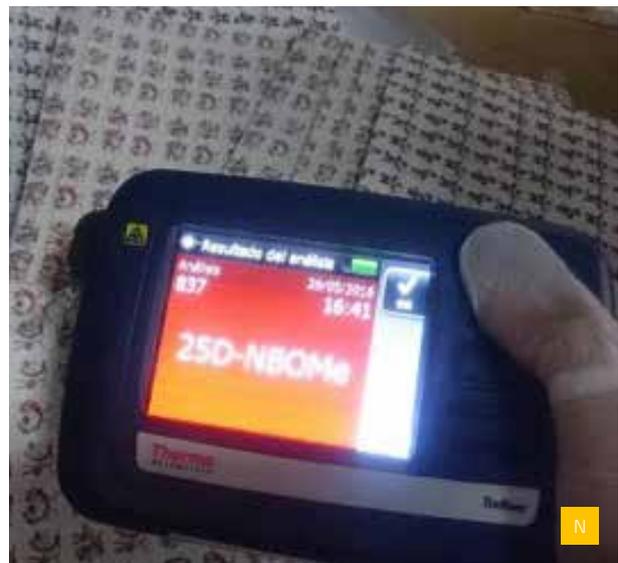
The most frequently used routes to smuggle khat, according to the database, are: Nairobi, Kenya to New York City, United States, with 2,843 instances, Addis Ababa, Ethiopia to New York City, United States, with 1,681 instances, and Addis Ababa to Los Angeles, United States, with 701 instances.

FIGURE 37: NUMBER OF NEW PSYCHOACTIVE SUBSTANCES (NPS) SEIZURES BY CATEGORY



2.4 - New psychoactive substances (NPS)

Figure 37 categorizes psychoactive substances by type. Synthetic cathinones and 'Other substances' accounted for 52.2% of total cases. Tryptamines and plant-based substances accounted for 19.5% of all cases.



N: Seizure of 33,000 pieces of New Psychoactive Substances (25D-NBOMe). Courtesy: Chile Customs

FIGURE 38: NUMBER OF NPS SEIZURES AND QUANTITY BY CATEGORY, 2015-2016

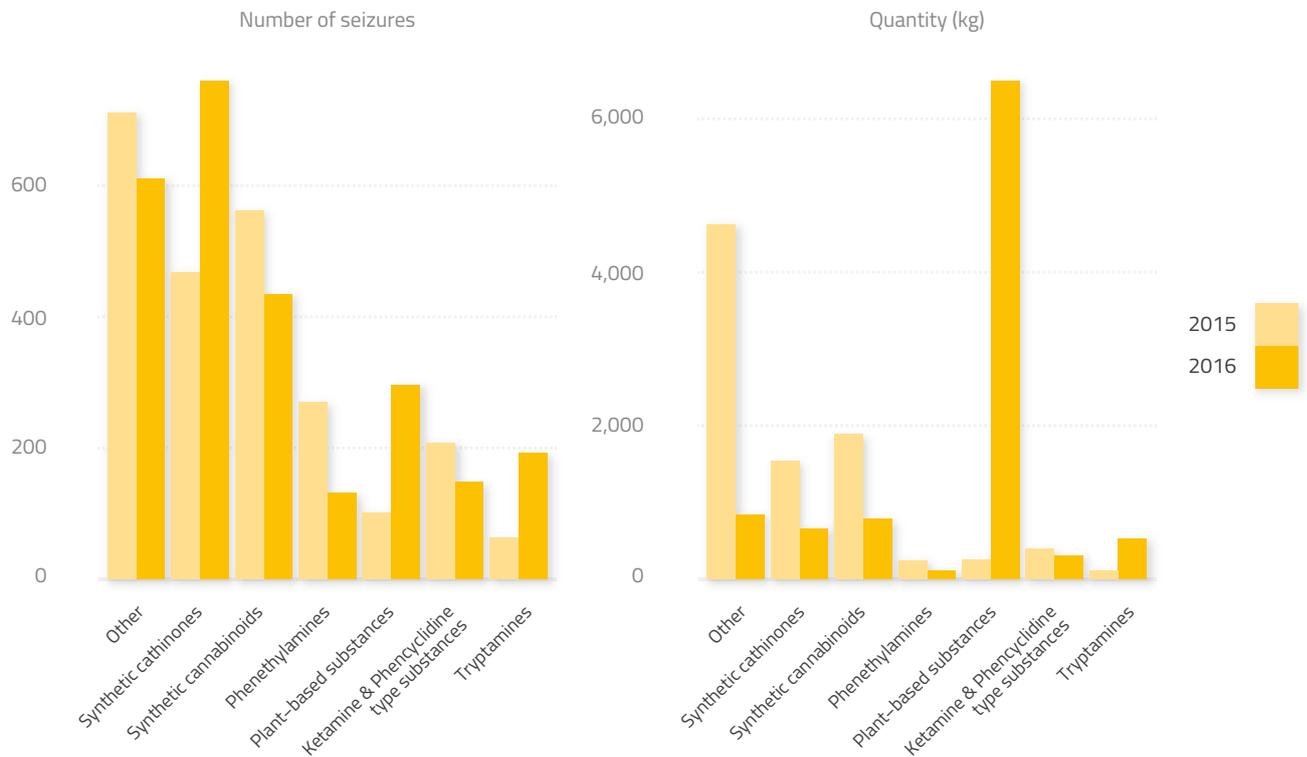


Figure 38 shows the change in seizure count and weight for each type of new psychoactive substance between 2015 and 2016. In 2015 there were 2,382 recorded seizures, and in 2016 there were 2,573, representing an 8% year-on-year increase. Additionally, 9,064.931 kg of new psychoactive substances were reported seized in 2015 and 9,719.995 kg in 2016 – a 7.2% increase year-on-year. Specifically, seizures of phenethylamines, ketamines and phencyclidine-type substances, synthetic cannabinoids and ‘Other’ all declined in 2016, as did their total seizure weight. Interestingly, although the number of seizures of cathinones rose sharply (62.2%) in 2016, the total seizure weight fell by 57.4%.

While plant-based substances only saw a 193.1% increase in the number of seizures in 2016, there was a 2434% increase in the amount seized, by weight. Tryptamines also saw an increase in both the number of seizures (204.8%) and the total seizure weight (408.6%) in 2016. Because enforcement necessarily lags slightly behind consumer adoption of new psychoactive substances, this may reflect a shift in enforcement priorities rather than in consumption patterns.

Member highlights: Seizure of khat in mail

In June 2016, as a result of Customs control performed on a parcel sent from Ethiopia to an Ethiopian citizen with an address in Bucharest, Romania, the Romanian Customs authorities made a seizure of 24.76 kg of khat which had been mailed in three parcels. Mail remains the major mode of transport for khat trafficking.

Source: Romanian Customs



Case study 6. Smuggling of heroin in Bulgaria

In July 2016, Bulgarian Customs authorities at the Lesovo border crossing stopped a truck carrying tomato puree, following a risk profiling assessment. After X-raying the vehicle, the authorities noted that the cans of puree appeared to have variations in weight and density, prompting further inspection; this revealed close to 200 kg of heroin concealed inside 400 cans of tomato puree. The truck had travelled from Tabriz, Iran, through Turkey, and was en route to the Netherlands.

The narcotics, processed in powder form, were estimated to have a street value of 18 billion BGN, or just over 10 million USD. The truck also contained illicit cigarettes, which the authorities believed may have been used in an attempt to distract inspectors from the heroin. The truck driver, of Iranian nationality, was arrested.

All seizures reported to the WCO by Customs authorities at the Lesovo border crossing contained either heroin or MDMA. All heroin seizures reported at the border were made from vehicles travelling from Turkey, while the MDMA seizure was made from a vehicle travelling to Turkey from Bulgaria.

In total, just over 48% of the drug seizures reported by Bulgarian Customs contained heroin. Cannabis, the next most frequent product seized, represented close to 26% of seizures, while cocaine and psychotropic drugs (such as MDMA and amphetamines) accounted for 16% and 10%, respectively.

Of all the drug seizures reported by the Bulgarian authorities in 2016, Bulgaria appeared to be the final destination in just over 22% of cases. Likewise, just over 22% of seizures made were destined for Turkey, while the remaining 54% of seizures were destined for other European countries to the west of Bulgaria.

SOURCES

- WCO data
- BNT (2016), *Record-Breaking Heroin Seizure at Lesovo Border Crossing*, available at <https://www.bnt.bg/en/a/record-breaking-heroin-seizure-at-lesovo-border-crossing>, accessed on 1 August 2017.
- Novinite (2016), *Bulgarian Customs Officials Prevent Smuggling of Record Quantity of Heroin*, available at <http://www.novinite.com/articles/175333>, accessed on 1 August 2017.

FIGURE 39: NUMBER OF NPS CASES BY COUNTRY, 2015-2016

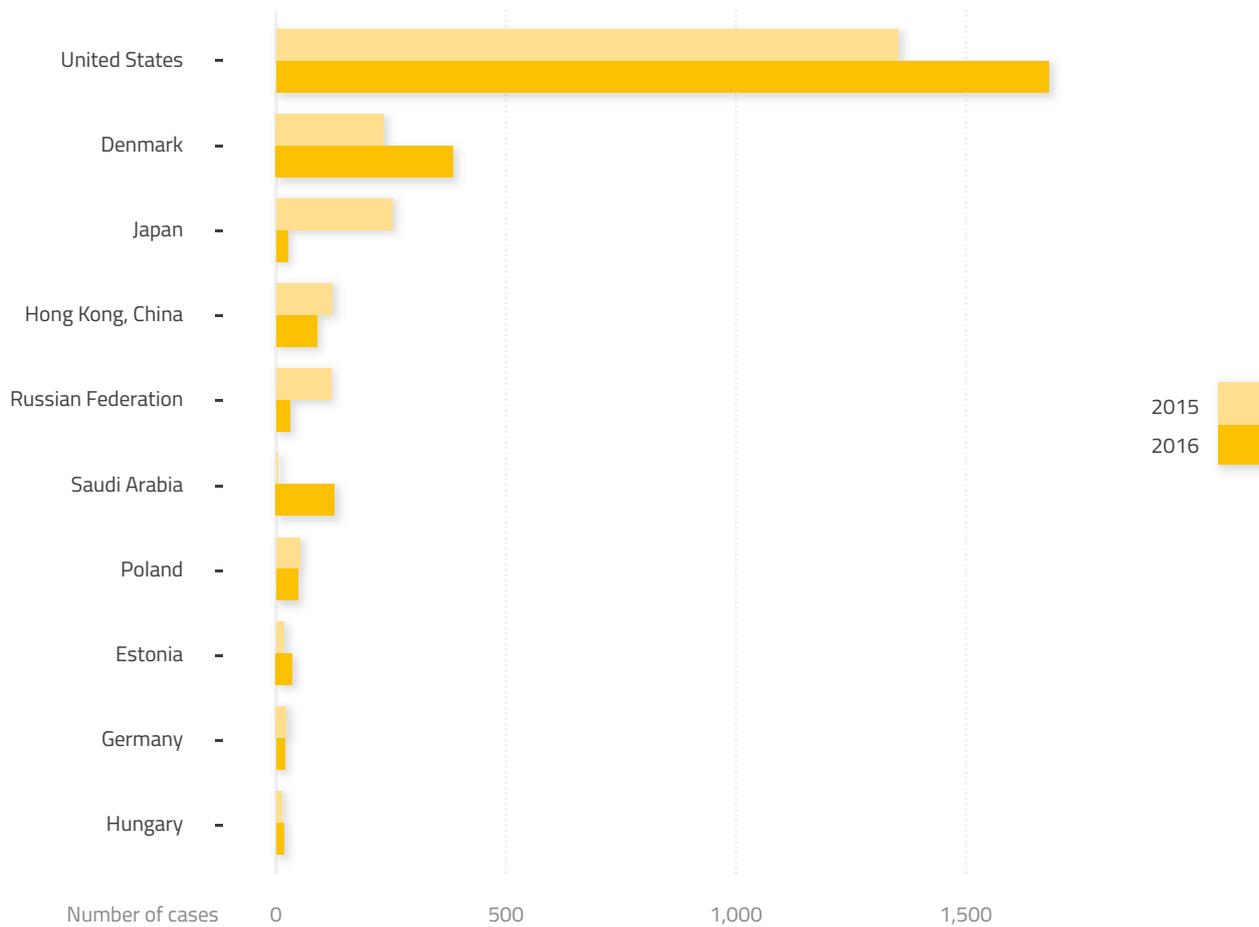


Figure 39 shows the number of cases for the top ten reporting countries for 2015 and 2016. Again, the United States topped the list for reported cases of new psychoactive substances in both years. In fact, it led the second highest reporter by 1,110 cases in 2015 and 1,295 in 2016. This is probably the result of both a large consumer market and a robust enforcement and reporting system. Unlike in the cannabis, cocaine, and khat categories, however, US cases of new psychoactive substances rose between 2015 and 2016. This reflects anecdotal and small-sample survey results that suggest an uptick in new psychoactive substance use in the United States in recent years¹.

Case rates also rose in Denmark, Saudi Arabia, Hungary and Estonia, by 64.5%, 3075%, 23.1% and 118.6% respectively. The remainder of the countries in the top ten had fewer new psychoactive substance cases in 2016 than in 2015.

It is also important to note here that country-level reporting of new psychoactive substance cases outside of the United States and Denmark shows comparatively low case totals (often below 50 cases annually). While these trends probably stem from the difficulty of detecting and enforcing regulations for drugs that are often unfamiliar or are only recent additions to the market, they also render the analysis in this sub-Section more limited.

¹ Salomone, A., Palamar, J., Gerace E., Di Corcia E. and M. Vincenti (2017), 'Hair Testing for Drugs of Abuse and New Psychoactive Substances in a High-Risk Population', *Journal of Analytical Toxicology*, 41(5), pp. 376-381.

FIGURE 40: NPS SEIZURES BY COUNTRY, MONTH AND TYPE, 2016

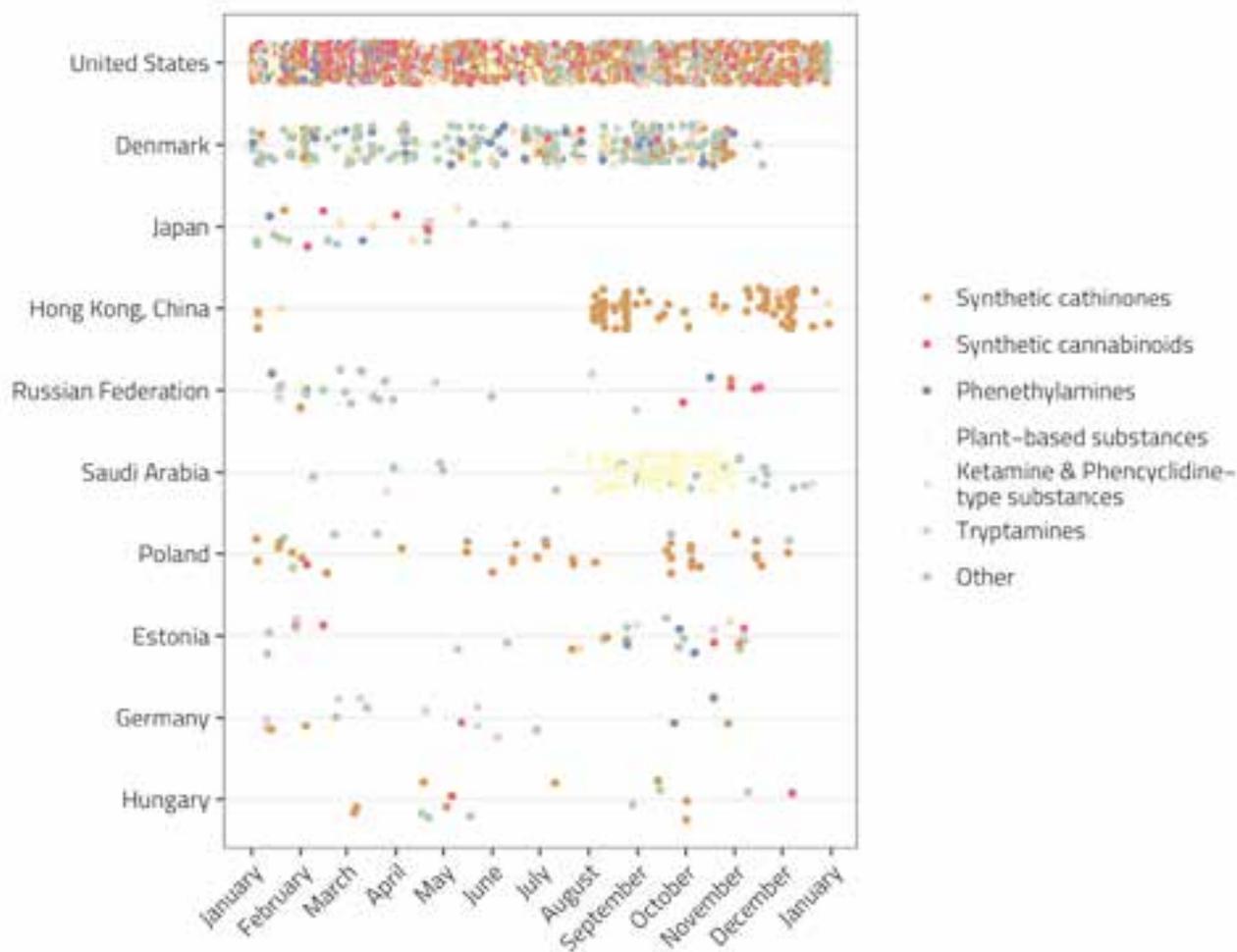


Figure 40 represents the distribution of seizures by month, by country and by product type. The gaps in the country-level seizure data highlight the limitations of this dataset in terms of precisely mapping consumption trends. Denmark, for instance, saw a steep drop-off in reported seizures in November and December, reporting only two cases. After a single seizure in June, Japan's seizures dropped off completely. Conversely, both Hong Kong, China and Saudi Arabia saw a sharp uptick in reported new psychoactive substance seizures between August and December. Excluding the United States, the top ten countries averaged 58 seizures per month, while the United States alone averaged 139 seizures per month. The month with the most seizures in the top ten countries was September, with 287 seizures overall, and 152 seizures when the US is excluded. The month of March saw the

most seizures in the United States with 215 seizures, accounting for 12.9% of all US seizures in 2016.

Given a complex regulatory landscape, with different countries enforcing new psychoactive substance restrictions at different rates, it is not surprising that seizure rates for different types of new psychoactive substances varied widely between countries. This can also be attributed to different laws that determine the legality of different categories of these drugs.

FIGURE 41: NPS CATEGORY AS SHARE OF TOTAL SEIZURES BY COUNTRY, 2016

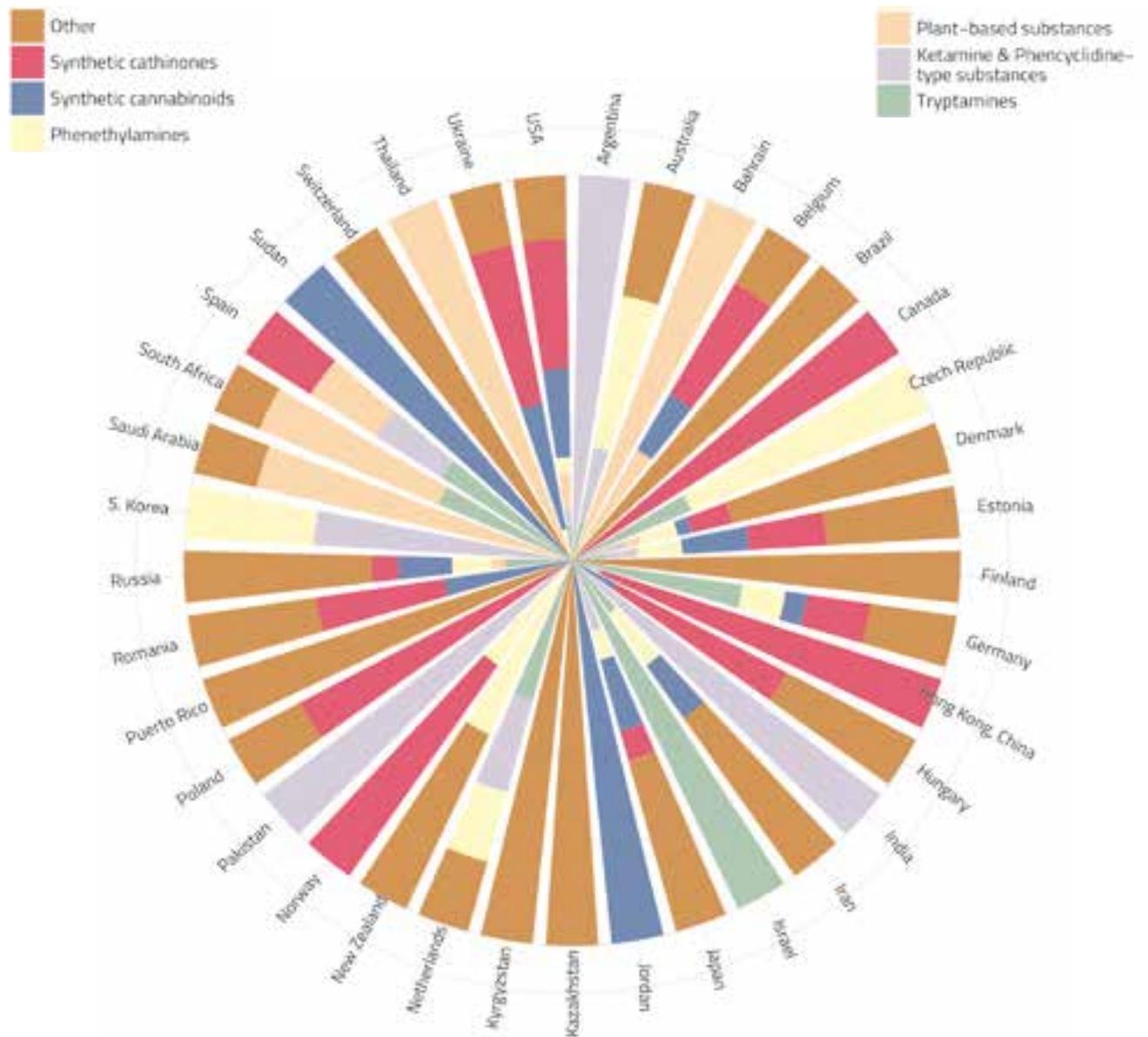


Figure 41 displays a country-by-country breakdown of seizures by product type. Perhaps due to country-level priorities, 15 of the 37 listed countries (40.5%) reported seizures of just one type of new psychoactive substance. It is not clear whether these “single-substance” countries simply have consumer markets that are skewed towards one type of new psychoactive substance, or whether they have an enforcement structure that is better suited to apprehending a single type of new psychoactive substance.

While Figure 37 shows that synthetic cathinones accounted for 29.9% of all NPS seizures, in Denmark and Japan, which were top reporting countries, they only accounted for 10.6% and 7.7% of reports, respectively. This difference can be explained by countries like Hong Kong, China – another top reporting country – counting synthetic cathinones as 92.1% of its seizures.

FIGURE 42: TOP TEN COUNTRIES BY QUANTITY OF NPS SEIZED, 2016

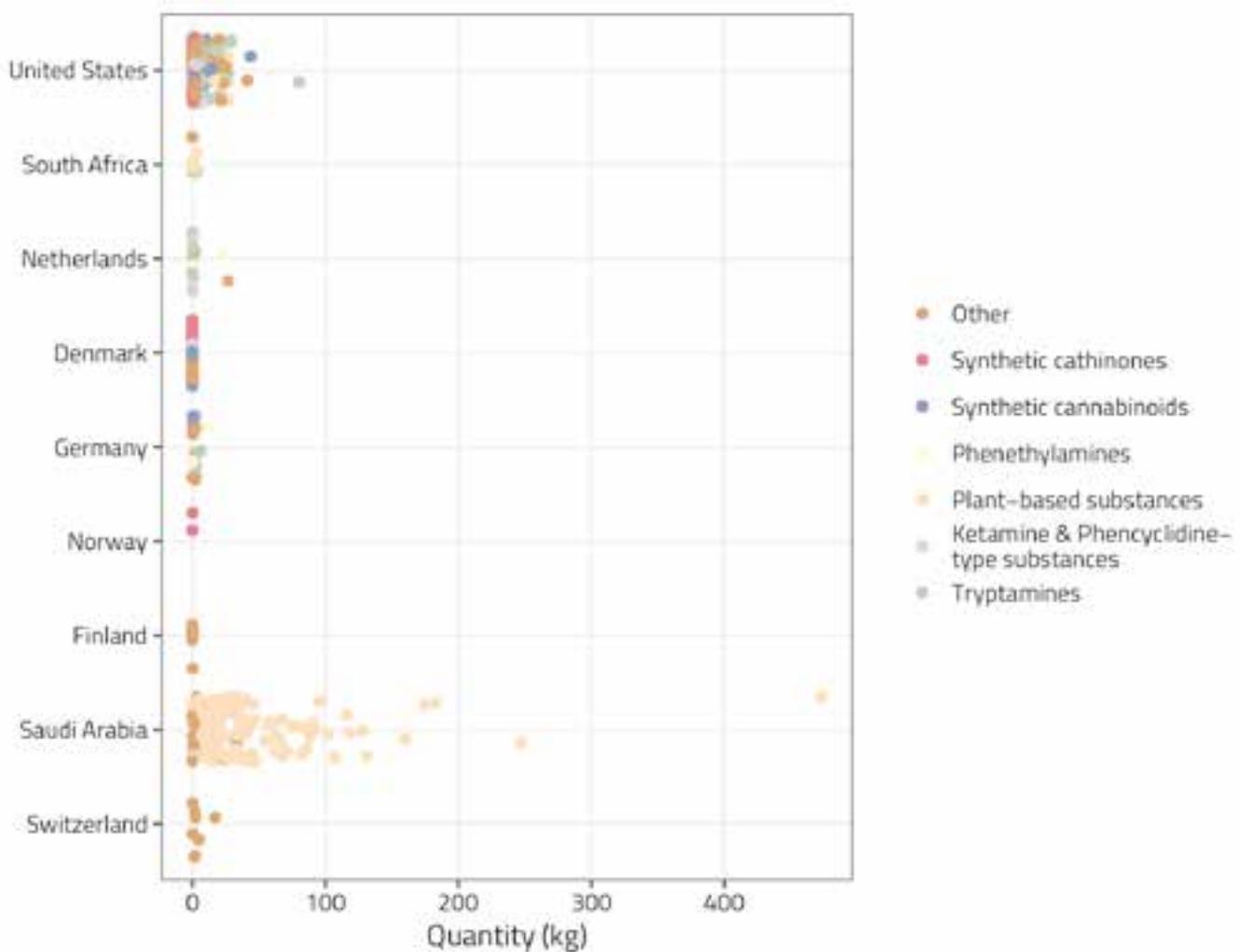


Figure 42 shows the weight distribution of individual seizures, by product type and reporting country. Overall, seizures of new psychoactive substances tended to weigh little – averaging 3.62 kg per seizure within the top ten countries. This is unsurprising, given that effective doses of new psychoactive substances tend to weigh less than is the case with other types of drugs (i.e., cannabis). Saudi Arabia, which reported the highest average seizure weight at 42.18 kg per seizure, also reported 81.9% of its

seizures as being of plant-based substances, which suggests that plant-based substances may weigh more per dose than the other substances in this subcategory. However, the United States experienced 54 more seizures of plant-based substances than did Saudi Arabia, but only averaged 5.22 kg per seizure. The largest individual seizure of plant-based substances was in Saudi Arabia; the weight was 473 kg.

FIGURE 43: NUMBER OF NPS SEIZURES BY REGION, 2016

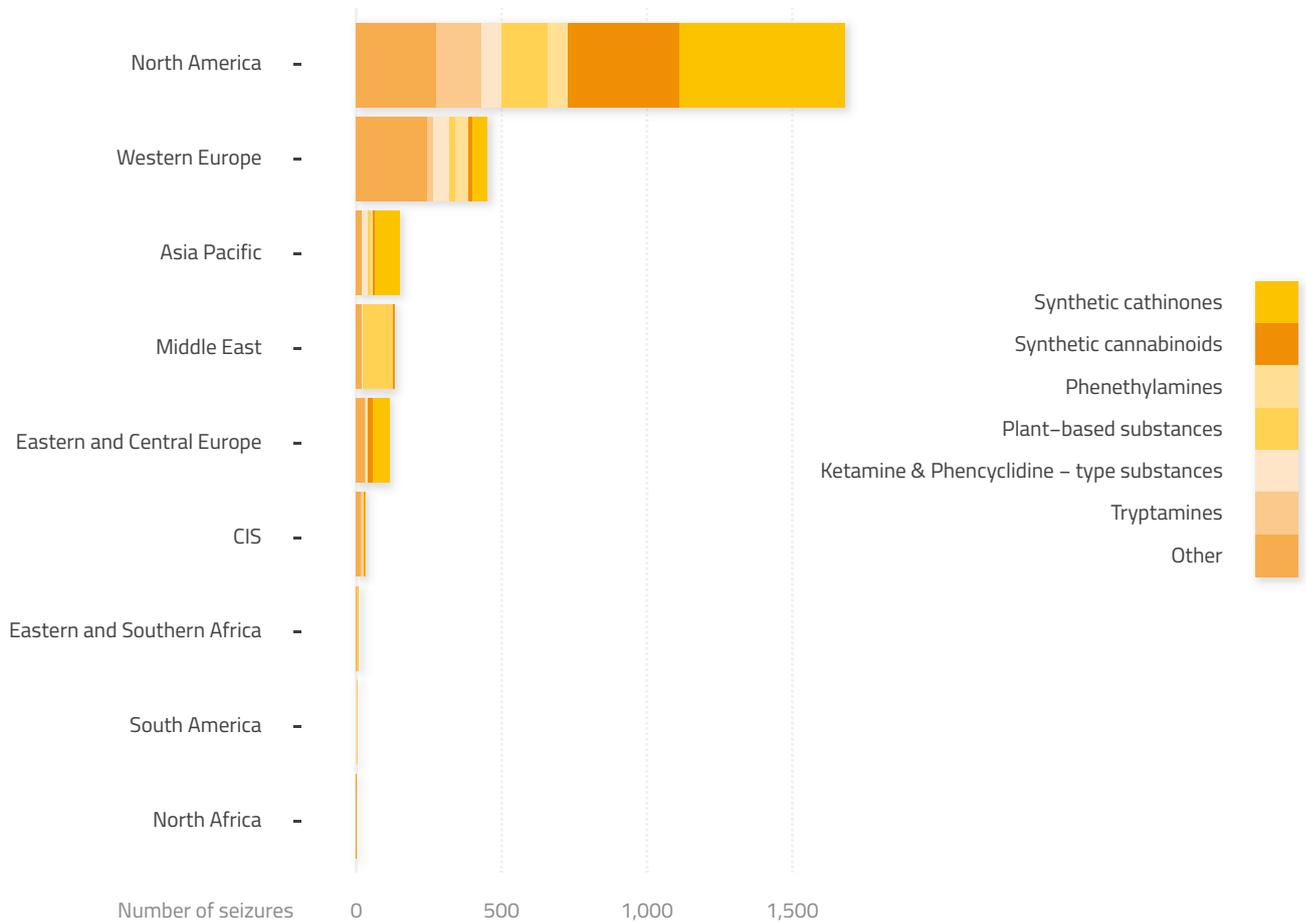


Figure 43 shows the number of seizures, distributed by category and by region. It demonstrates that North America and Western Europe account for a large majority of seizures of new psychoactive substances: North America accounts for 65.4% of all seizures, and Western Europe accounts for 17.5%.

Once the data is aggregated by region, some trends in new psychoactive substance type also emerge. While North America experienced the largest number of synthetic cannabinoid seizures (at 387 seizures in 2016), synthetic cannabinoids accounted for only 23% of North America's seizures. Conversely, North Africa's only new psychoactive substance seizure was of synthetic

cannabinoids. Western Europe reported a majority of 'Other' substances, while plant-based substances accounted for 78.9% of seizures in the Middle East.

The African continent and South America reported very few new psychoactive substance seizures. In 2016, North, Eastern and Southern Africa reported a total of nine new psychoactive substance seizures, and South America reported only two. The reason for this trend is probably that new psychoactive substances are not popular in the regions concerned, or that legality or enforcement quality varies in this subcategory.

FIGURE 44: TRAFFICKING FLOWS OF NPS BY LOCATION

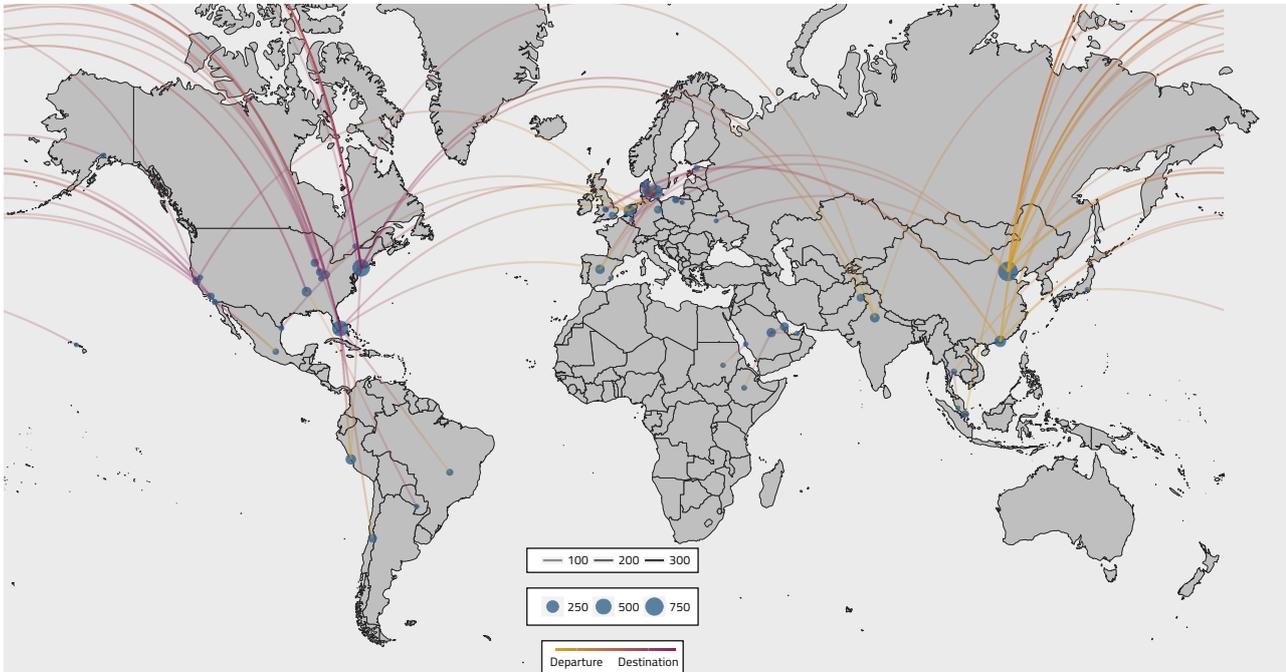
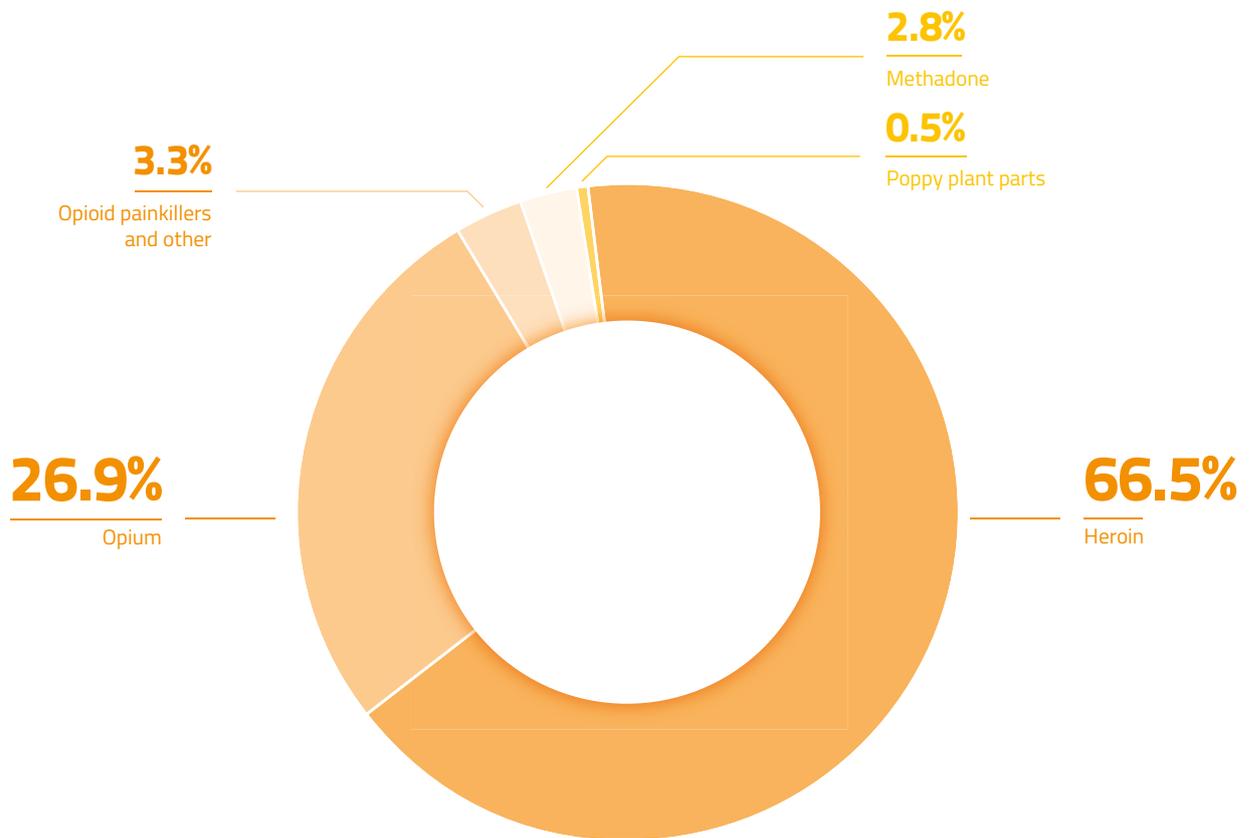


Figure 44 details the illicit flows of types of new psychoactive substances from origin to destination, as seen in 2016. Dot size indicates the number of cases that departed from or terminated in a particular city. A country's capital city is used when the specific location is not reported in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall tone of a flow, the more frequently that trafficking route appeared in the 2016 data.

The routes map identifies several hubs for reported seizures of new psychoactive substances. First, a significant proportion of total reported traffic is destined for the United States, arriving predominantly from China, South Asia, and South America.

China alone accounted for 40% of all departure instances, having been recorded as the country of departure in 1,033 instances. The United States was the destination for 885 of those 1,033 instances, accounting for 86% of the total. New York is the main location in the United States that reported trafficking instances, followed by Miami. Together, these two cities accounted for 60.5% of all US instances. The most frequently used route was Beijing to New York City, with 397 instances of new psychoactive substance trafficking recorded. Of the 290 seizures in South America, 264, or 91%, were instances of departure. Peru, which accounted for 54.8% of instances in South America, had 152 instances where it acted as a departure point and seven instances where it was a transit point, but no instances where it was a destination point. Paraguay had eight instances where it acted as a destination point, which is higher than any other country in South America.

FIGURE 45: NUMBER OF OPIATES SEIZURES BY CATEGORY, 2016



2.5 - Opiates

Figure 45 shows each type of opiate as a share of total seizures. Heroin is the most commonly seized opiate, at 66.5% of total seizures in 2016. It is followed by opium, at 26.9%, and then by both prescription drug categories, at 3.3% (opioid painkillers/other) and 2.8% (methadone), respectively. Poppy plant parts constitute the smallest share of total seizures, at only 0.5%.



P: 305 kg of heroin seized at the port of Dunkirk. Courtesy: French Customs

FIGURE 46: NUMBER OF OPIATES SEIZURES AND QUANTITY BY CATEGORY, 2015-2016

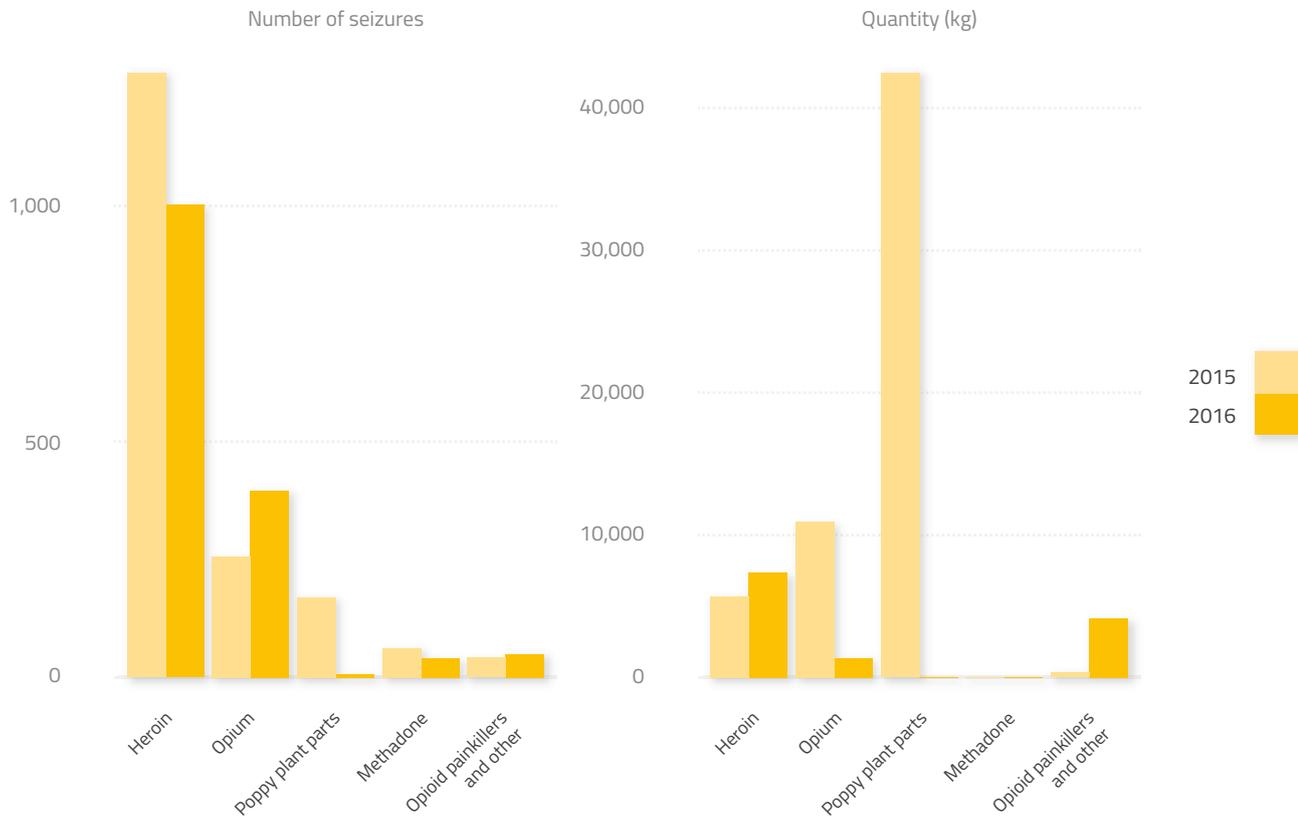


Figure 46 demonstrates the distribution of opiate seizures in 2015 and 2016 by product type. Writ large, heroin was the most commonly seized product, by a large margin, in both 2015 and 2016, followed in both years by opium.

Opiate seizure data shows significant shifts in the distribution of opiate types, by both number of seizures and quantity seized. While the number of heroin seizures decreased by 21.8% in 2016, the total weight of the heroin seized actually increased by 29.5% year-on-year. Conversely, while the number of opium seizures increased by 54.7% in 2016, the total seizure weight fell by almost 90%. Opioid painkillers/other rose to become the second largest category by seizure weight, despite only a modest increase in the seizure count in 2016.

Seizures of poppy plant parts were more prevalent than either methadone or painkiller/other seizures in 2015; this was the largest category of all opiate seizures, by seizure weight. However, this can be attributed to a 34,050 kg seizure of poppy seeds and a 6,500 kg seizure of poppy seeds, both made in Pakistan in 2015. In 2016, poppy plant seizures and seizure weights fell to the smallest share of all opiate seizures. The number of poppy plant seizures decreased 95.9% year-on-year, and the seizure weight dropped by almost 100%.

FIGURE 47: NUMBER OF OPIATES CASES BY COUNTRY, 2015-2016

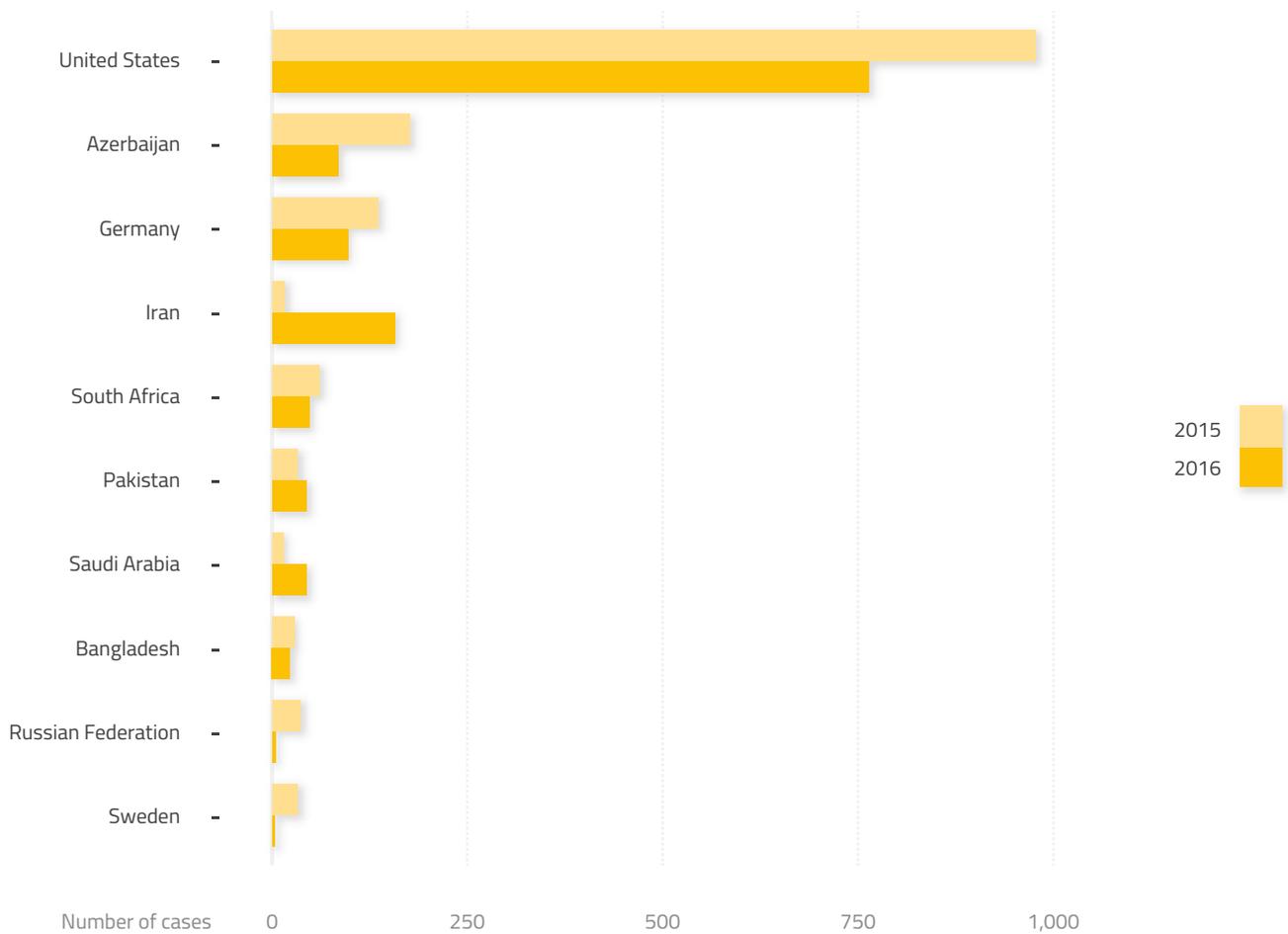


Figure 47 compares opiate cases between 2015 and 2016 at country level. Three of the countries – Iran, Pakistan and Saudi Arabia – saw increases in opiate cases in 2016, with Iran experiencing 881.3% more opiate cases in 2016. Iran and Pakistan are major departure points for opiates (see Figure 52), and the rise in reported cases may reflect increased enforcement efforts to limit opiate trafficking from the supply side. The rest of the countries in the sample reported fewer cases in 2016, contributing to the overall decrease in opiate cases in 2016.



Q: 305 kg of heroin seized at the port of Dunkirk. Courtesy: French Customs

FIGURE 48: NUMBER OF OPIATES SEIZURES BY COUNTRY, MONTH AND CATEGORY, 2016

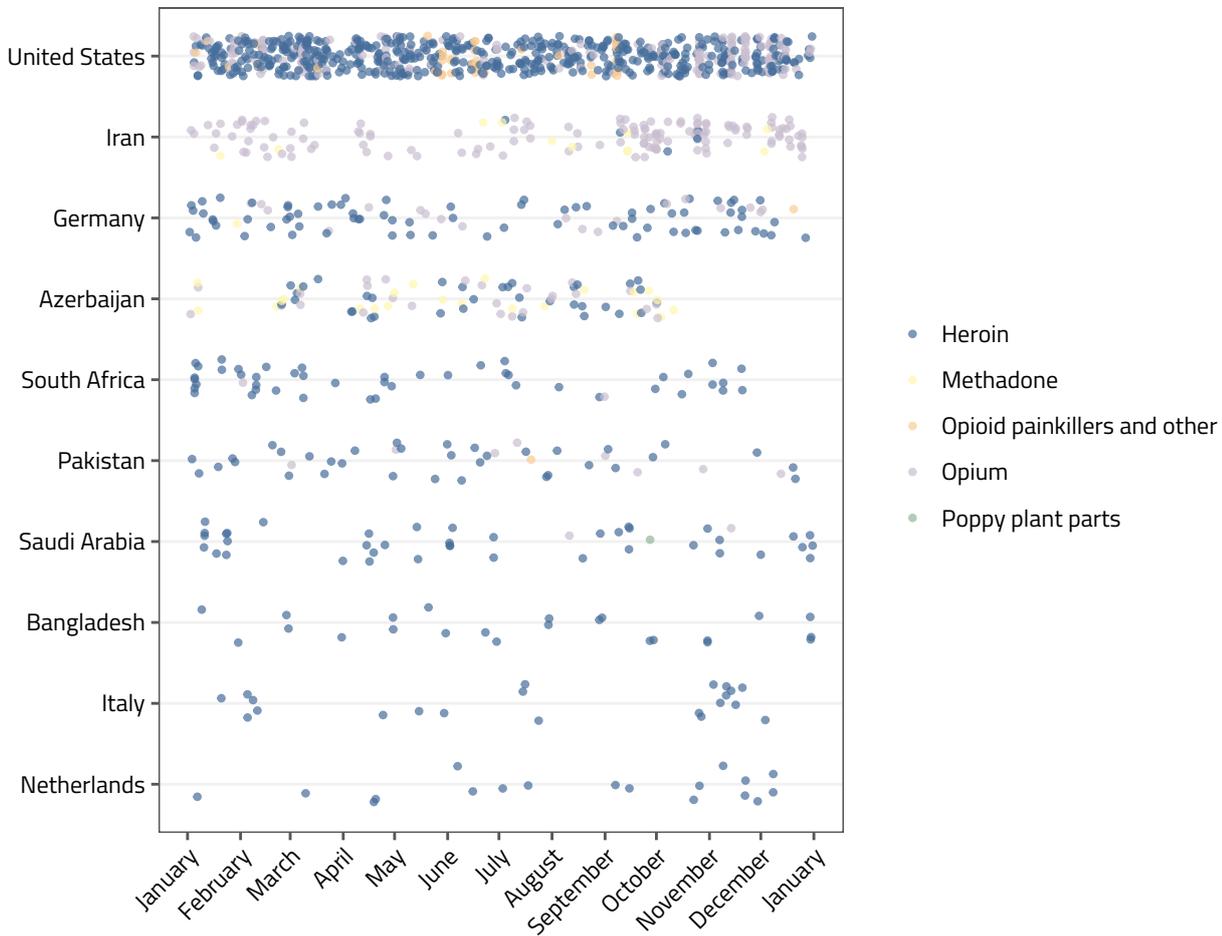


Figure 48 shows a timeline of opiate seizures by the ten highest reporting countries for 2016, separated out by month and product type. Iran had more opium seizures than heroin seizures. The US had a higher proportion of opioid painkiller/other seizures than the other countries in the top ten, perhaps due to improved access to pharmaceutical supplies. Specifically, the United States accounted for 39 of the 41 opioid painkiller/other seizures in this graph.

A number of gaps in seizure reporting also appear in Figure 48. Azerbaijan, for instance, reported no seizures in the months of November and December, despite reporting the second highest number of seizures in total. Similarly, in 2016 Russia and Sweden reported only eight seizures in total.

FIGURE 49: OPIATES CATEGORY AS SHARE OF TOTAL SEIZURES BY COUNTRY, 2016

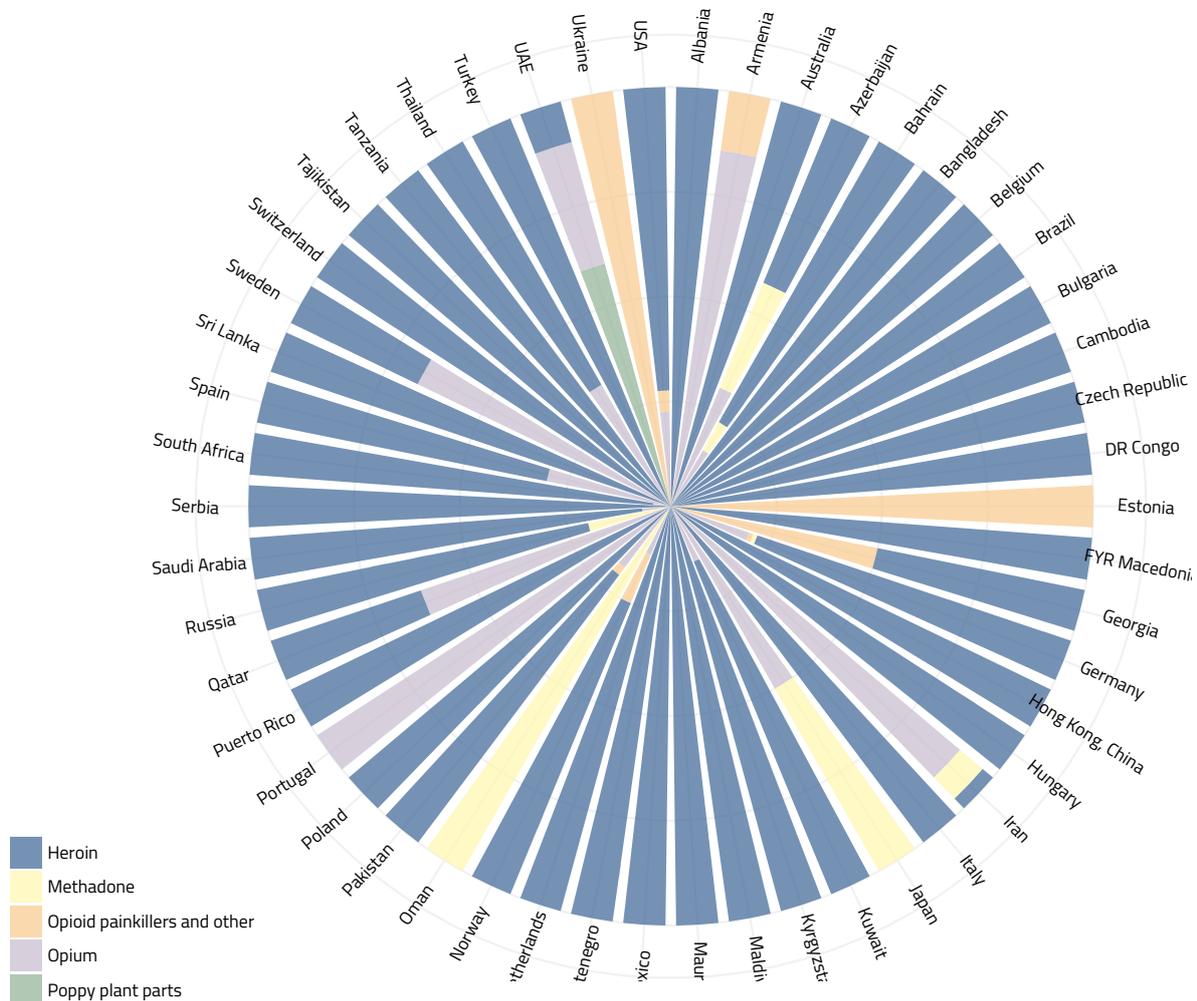


Figure 49 shows the distribution by opiate type across seizures within each country. Most countries reported all, or nearly all of their opiate seizures as heroin. Yet examining the distribution of the smaller opioid categories yields some interesting trends. For instance, Ukraine reported three seizures and Estonia two seizures in 2016, all of which were opioid painkillers. Georgia reported four seizures, two of which also involved opioid painkillers. The high proportion of opioid painkiller seizures in

these regions reflects the possible formation of a drugs hub along Russia’s western border. On the other hand, countries with heavy methadone seizures – Oman and Japan – are more difficult to explain. Finally, countries near opium production points, like the United Arab Emirates, Iran, Qatar and Armenia, unsurprisingly report a higher proportion of less processed opiate products (opium and poppy plant parts).

FIGURE 50: TOP TEN COUNTRIES BY QUANTITY OF OPIATES SEIZED, 2016

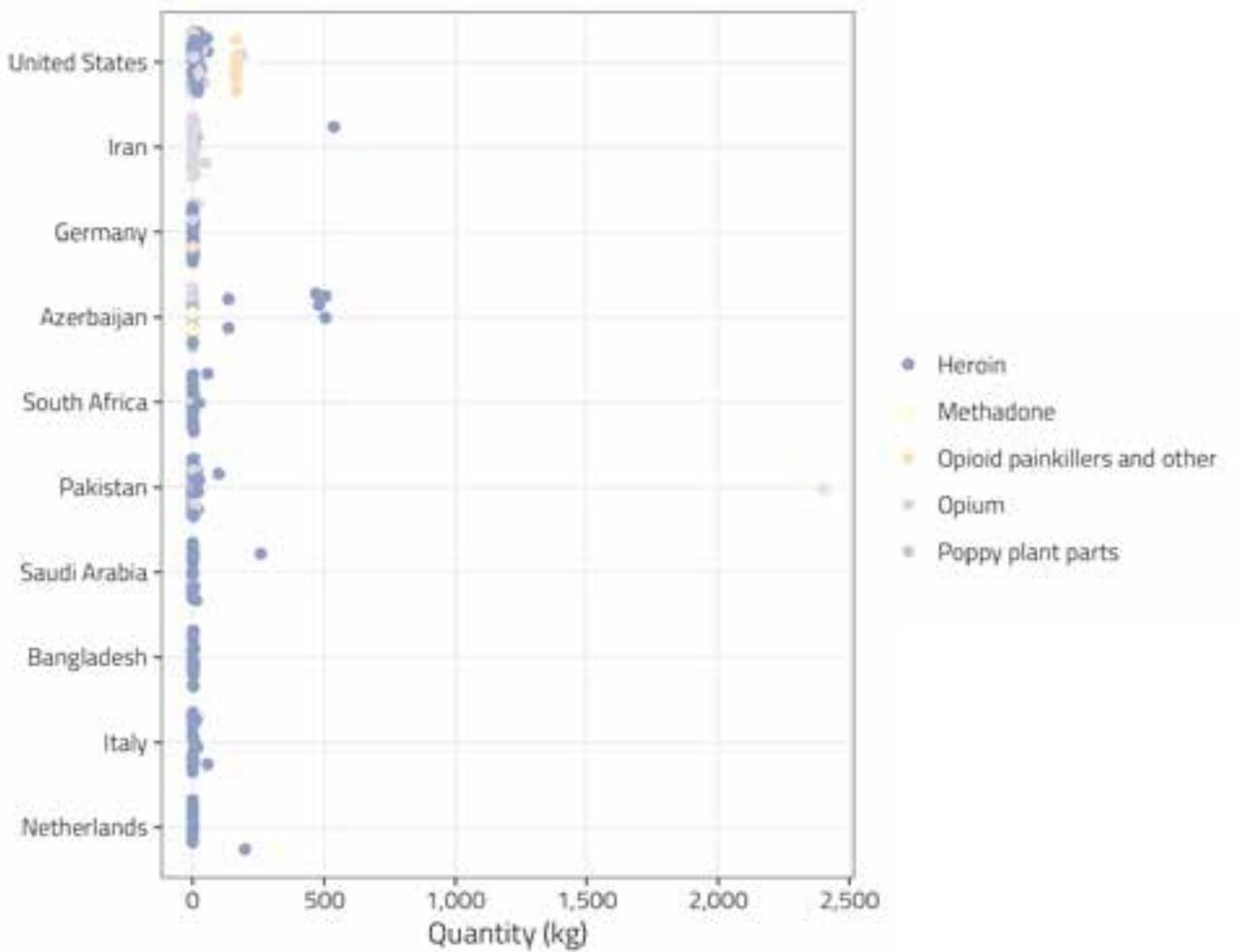


Figure 50 provides a distribution of seizure weights for the ten highest reporting countries for 2016, categorized by opiate type. 98.3% of opiate seizures were less than 100 kg in weight, reflecting the fact that opiates tend to have much smaller effective doses than drugs such as cannabis and cocaine. For instance, an active dose of heroin is roughly five milligrams, while a comparable active dose of cocaine would be closer to 50 milligrams. A number of larger heroin seizures were reported, specifically in Azerbaijan

Additionally, it appears that painkiller/other seizures tend to have higher seizure weights than other forms of opiate seizures, as indicated by a cluster of relatively large painkiller/other seizures in the United States and one especially large seizure in Pakistan. The opioid painkillers/other category averaged 101.1 kg per seizure. Interestingly, opium accounted for 89.8% of seizures in Iran, but only 29.3% of all seizures.

FIGURE 51: NUMBER OF OPIATES SEIZURES BY REGION AND CUSTOMS PROCEDURE, 2016

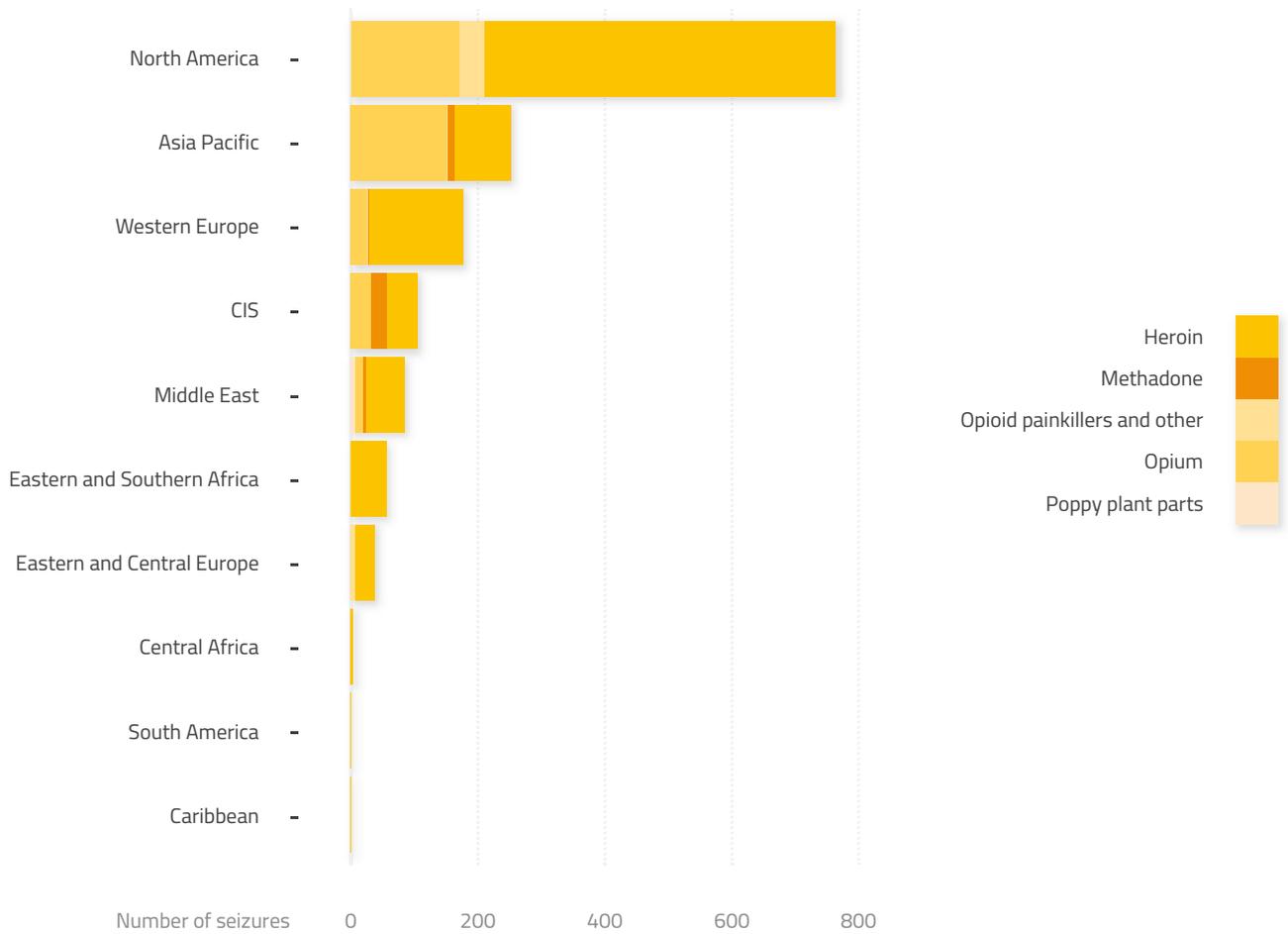


Figure 51 shows the distribution of seizure counts across category and region. North America accounted for the most seizures out of all the regions, totalling 763 incidents. This breaks down as 552 (72.3%) heroin seizures, 172 (22.5%) opium seizures and 39 (5.1%) opioid painkiller seizures.

Methadone accounted for 24 seizures in the CIS, or 22.9%, which is more methadone seizures than any other region. Eastern and Southern Africa almost exclusively reported heroin seizures, which accounted for 96.5% of all their seizures.



R: Nearly 200 kg of heroin seized by Bulgarian Customs, concealed inside cans of tomato puree. Courtesy: Bulgarian Customs

Member highlight: 468 kg of heroin covered by raisins

In March 2016, a cargo truck loaded with raisins arriving from Iran was examined at Khachmaz with the use of X-Ray. As a result, 468 kg of heroin were found in 114 out of the 1800 boxes filled with raisins. A truck driver, an Azerbaijani citizen, was arrested. The truck was following the route Iran – Azerbaijan – Russia – Ukraine.

Source: Azerbaijan Customs



S, T: 468 kg of heroin covered with raisins were seized from a border-crossing truck by Azerbaijan Customs. Courtesy: RILO CIS
U: Seizure of 12kg of heroin from a car. Courtesy: Kyrgyz Customs

FIGURE 52: OPIATES TRAFFICKING FLOWS BY LOCATION

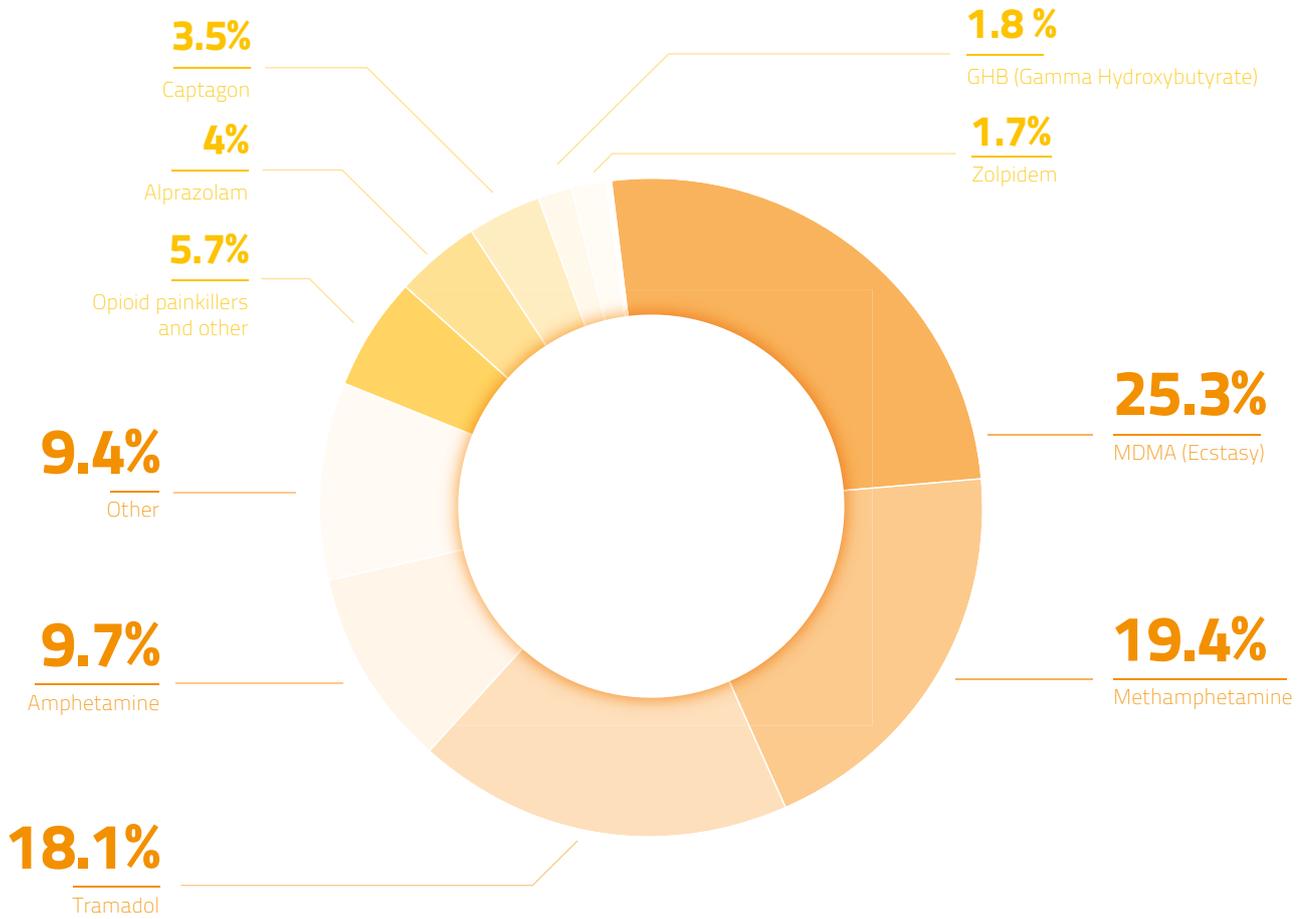


Figure 52 details illicit flows of types of opiates from origin to destination, as seen in 2016. Dot size indicates the number of cases that departed from or terminated in a particular city. A country's capital city is used when the specific location is not reported in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall tone of a flow, the more frequently that trafficking route appeared in the 2016 data. The most common trade between two countries is opiates moving from Mexico to the United States, which accounted for 44.2% of all instances on the map. In 145 (96%) of the 151 instances that involved the United Kingdom, the UK was acting as the place of origin. In all of these instances, the drugs originated in the UK and

were destined for different cities throughout the United States. In the six instances where drugs were destined for the UK, all originated in Pakistan.

The majority (54.8%) of the instances originating in Iran were destined for Azerbaijan. Another 24.2% and 16.9% were destined for Canada and Australia, respectively.

FIGURE 53: NUMBER OF PSYCHOTROPIC SUBSTANCES SEIZURES BY CATEGORY, 2016



2.6 - Psychotropic substances

Figure 53 shows each type of psychotropic substance as a share of total seizures. MDMA, which is also known as ecstasy, was seized most commonly, at 25.3% of total seizures in 2016. Methamphetamine and Tramadol follow, at 19.4% and 18.1% respectively. Tramadol is a narcotic-like pain reliever that is used to treat moderate to severe pain.

Amphetamine, a drug similar to methamphetamine in its chemical structure, used to treat attention-deficit hyperactivity disorder (ADHD) and narcolepsy, accounted for 9.7% of total seizures. The 'Other' category, which includes amfepramone (appetite suppressant), flunitrazepam (intermediate acting sedative) and fenethylline (a type of psychostimulant), accounted for 9.4% of total seizures of psychotropic substances.

FIGURE 54: NUMBER OF PSYCHOTROPIC SUBSTANCES SEIZURES AND QUANTITY BY CATEGORY, 2015-2016

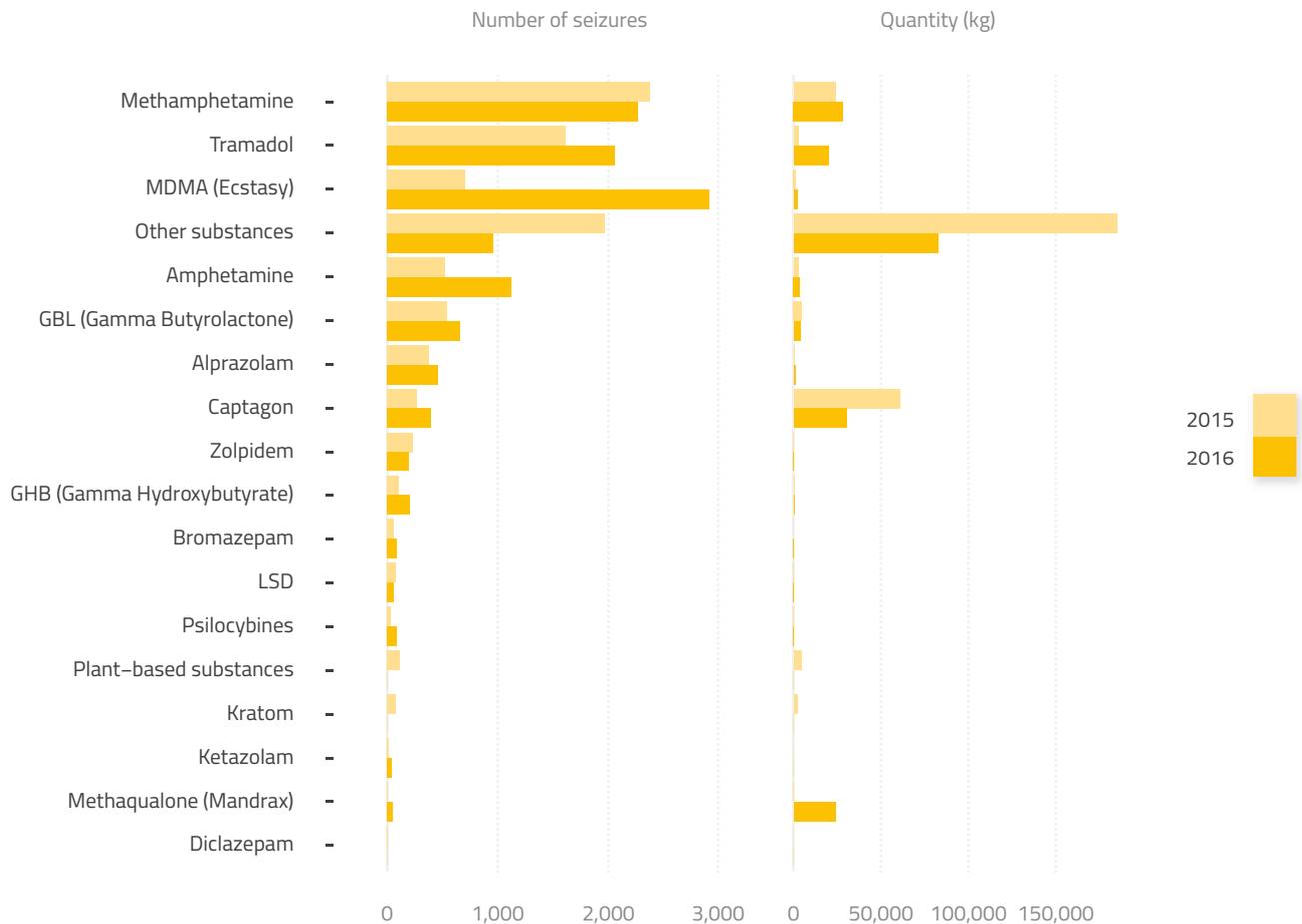


Figure 54 compares the number of psychotropic substance seizures and the quantities of substance seized by product type in 2015 and 2016. There were 20,633 psychotropic substance seizures over the two years. While this category includes a variety of illicit psychotropic substances, certain results stand out. First, seizures of MDMA increased by 312.2% in 2016. Although this did not significantly change the total quantity seized, it is important to note that dosage size for each drug in this subcategory varies widely. As a result, small absolute differences in some seizure weights might signify a deceptively large change in total drug doses seized. Amphetamine seizures also increased by 114.4% from 2015 to 2016, this being accompanied by smaller absolute increases in seizures of ketazolam, psilocybin, tramadol and mandrax.

For the remaining drugs, the number of seizures either stayed relatively static or decreased. In particular, the seizure count for 'Other substances' fell by 55.1%, as did the seizure weight. However, this may be the result of more effective categorization of drugs in this subcategory, rather than a measurable difference in the actual number of drug seizures. This significant variation in the 'Other' category may also explain, in part, the year-on-year increases recorded for other types of drugs.

Finally, Captagon seizures present an interesting case – while the number of Captagon seizures rose slightly, the total weight of seized Captagon fell by 50% between 2015 and 2016. Again, this highlights the poor correlation between the number of seizures and the quantity seized.

FIGURE 55: NUMBER OF PSYCHOTROPIC SUBSTANCES CASES BY COUNTRY AND YEAR

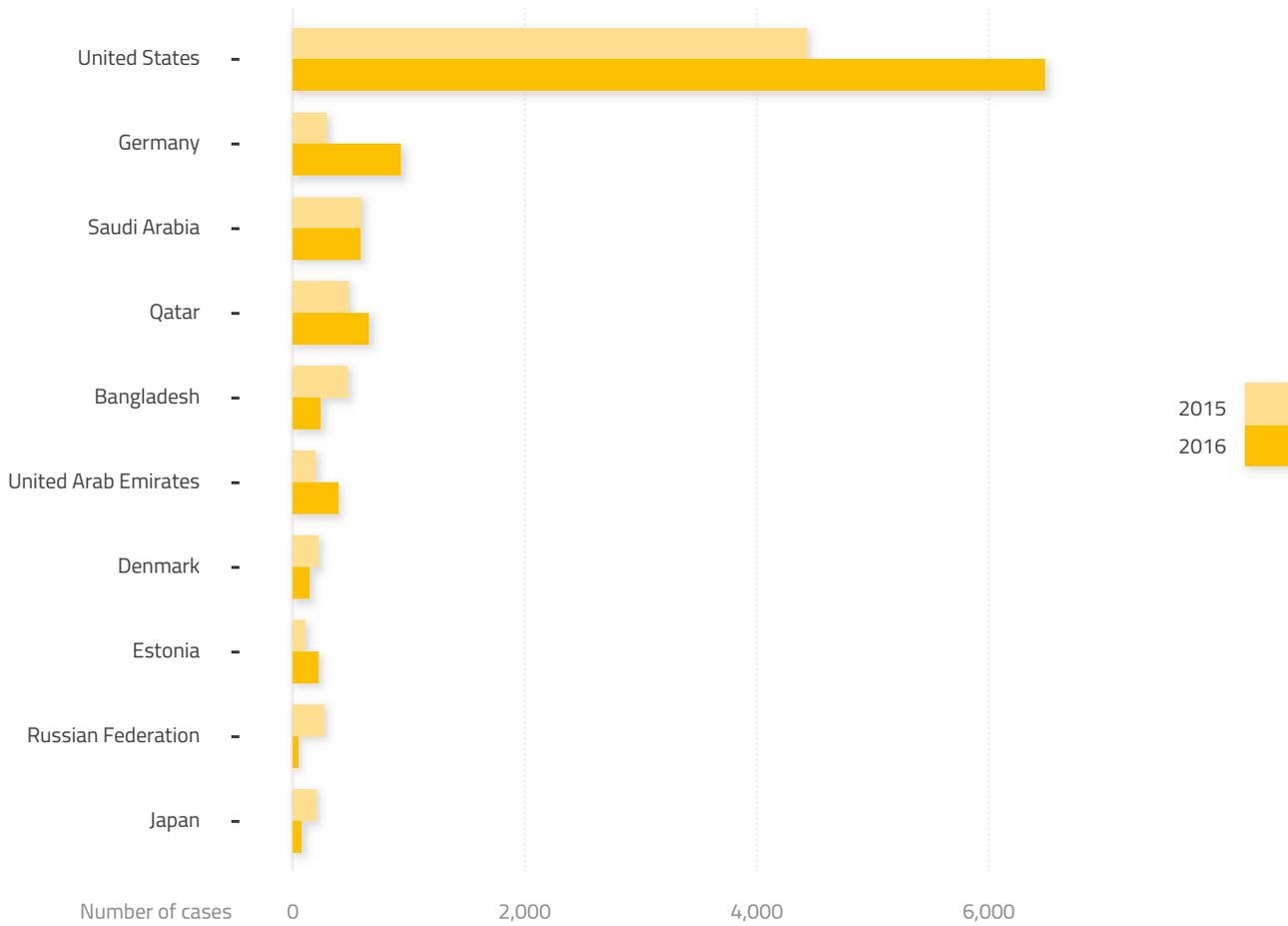


Figure 55 compares the number of psychotropic substance cases in 2015 and 2016, at country level. The United States, the highest reporter of psychotropic substance cases in both 2015 and 2016, saw an increase of 46.4% year-on-year. Germany reported 215.7% more psychotropic substance cases in 2016, despite its relatively small numbers of cases in total. Estonia and the United Arab Emirates follow, with increases of 112.4% and 102.6% respectively.

Countries that saw a decrease in the number of cases include Bangladesh, Denmark, Russia and Japan. Russia and Japan, respectively, reported an 83.4% and a 63.5% decrease in the number of psychotropic substance cases; this reflects broader decreases in their case reporting in most drug categories between 2015 and 2016. The decline in the number of reported cases could suggest changes in consumption and production preferences in these regions, in addition to the possibility of reduced enforcement action by Customs authorities.

FIGURE 56: NUMBER OF PSYCHOTROPIC SUBSTANCES SEIZURES BY COUNTRY, MONTH AND TYPE, 2016

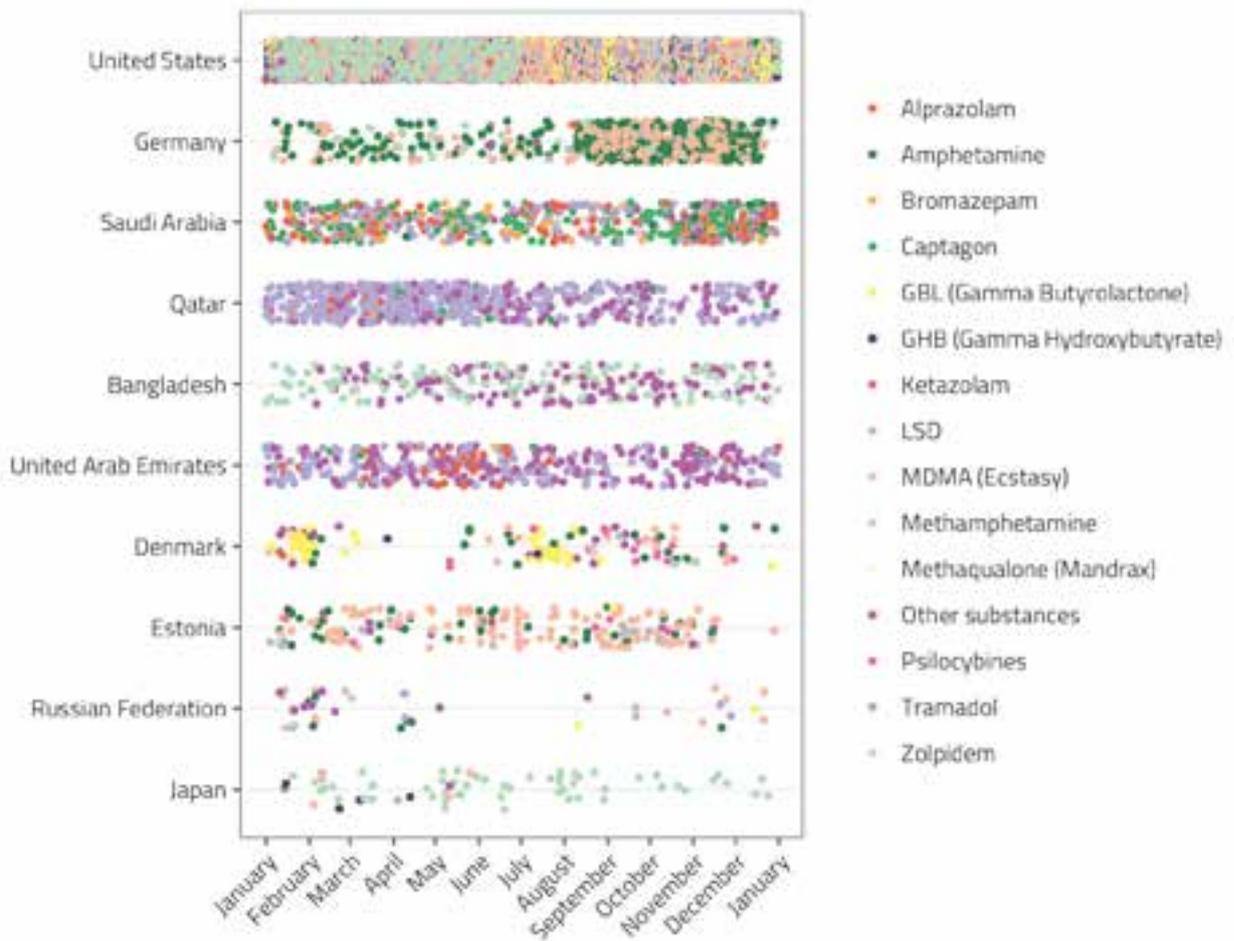


Figure 56 shows a timeline of psychotropic substance seizures in the top ten reporting countries, categorized by substance type. The chart highlights some clusters of drug seizures – Denmark, for example, saw several spates of seizures of GBL shipments in January and July, which accounted for 62.5% of their seizures of GBL. Country-level variations in the type of drug seized are also revealed by Figure 56. While the United States seized by far the most Tramadol and GHB (64.5%), Qatar, the United Arab Emirates and Saudi Arabia also seized the same drugs in significant numbers, recording 450, 171 and 115 cases, respectively.

Some gaps in seizure reporting are apparent. For example, Denmark reported far fewer seizures between February and May than in the rest of the year, and Russia reported only one seizure between May and August.

FIGURE 57: PSYCHOTROPIC SUBSTANCE CATEGORY AS SHARE OF TOTAL SEIZURES BY COUNTRY, 2016

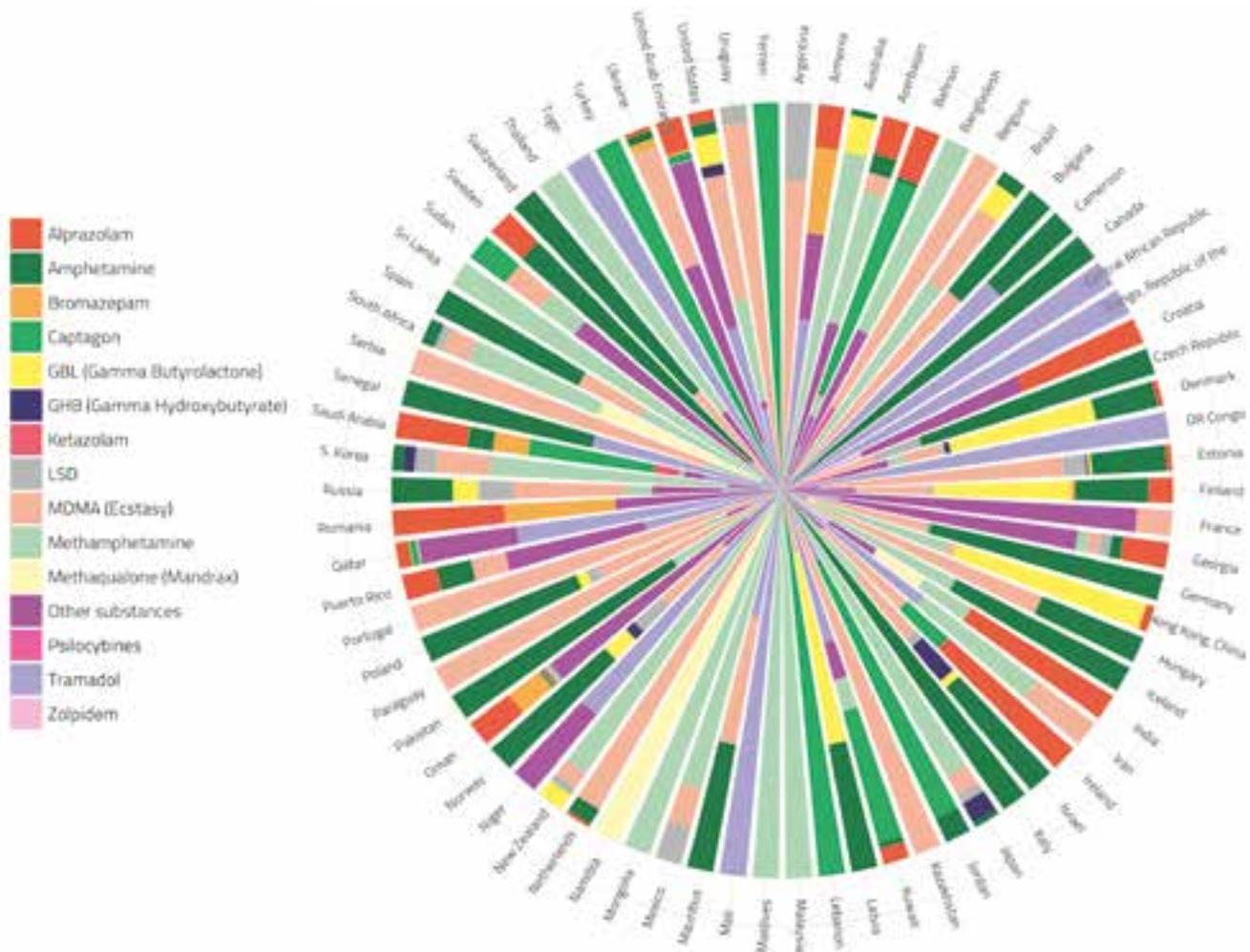


Figure 57 displays the proportion of each type of psychotropic substance seized at country level. As the graph indicates, the trafficking of psychotropic substances does not lean heavily towards one sub-category, as is the case in many of the other drug sections.

As seen in Figure 53, MDMA (ecstasy) accounted for 25.3% of all seizures, which is more than any other subcategory and is the result of 2,863 individual seizures. Methamphetamine was the

second most common, accounting for 19.4% of seizures, followed by tramadol with 2,050 individual seizures, representing 18.1% of all seizures.

Multiple African countries reported Tramadol as accounting for the majority of their seizures: the Central African Republic, Togo, Mali, and the Democratic Republic of the Congo all reported exclusively Tramadol seizures. Additionally, 75% of the seizures in Cameroon and Niger were of Tramadol. This may be representative of consumption trends in these countries, or simply of a weakness in the reporting.

FIGURE 58: TOP TEN COUNTRIES BY QUANTITY OF PSYCHOTROPIC SUBSTANCES SEIZED, 2016

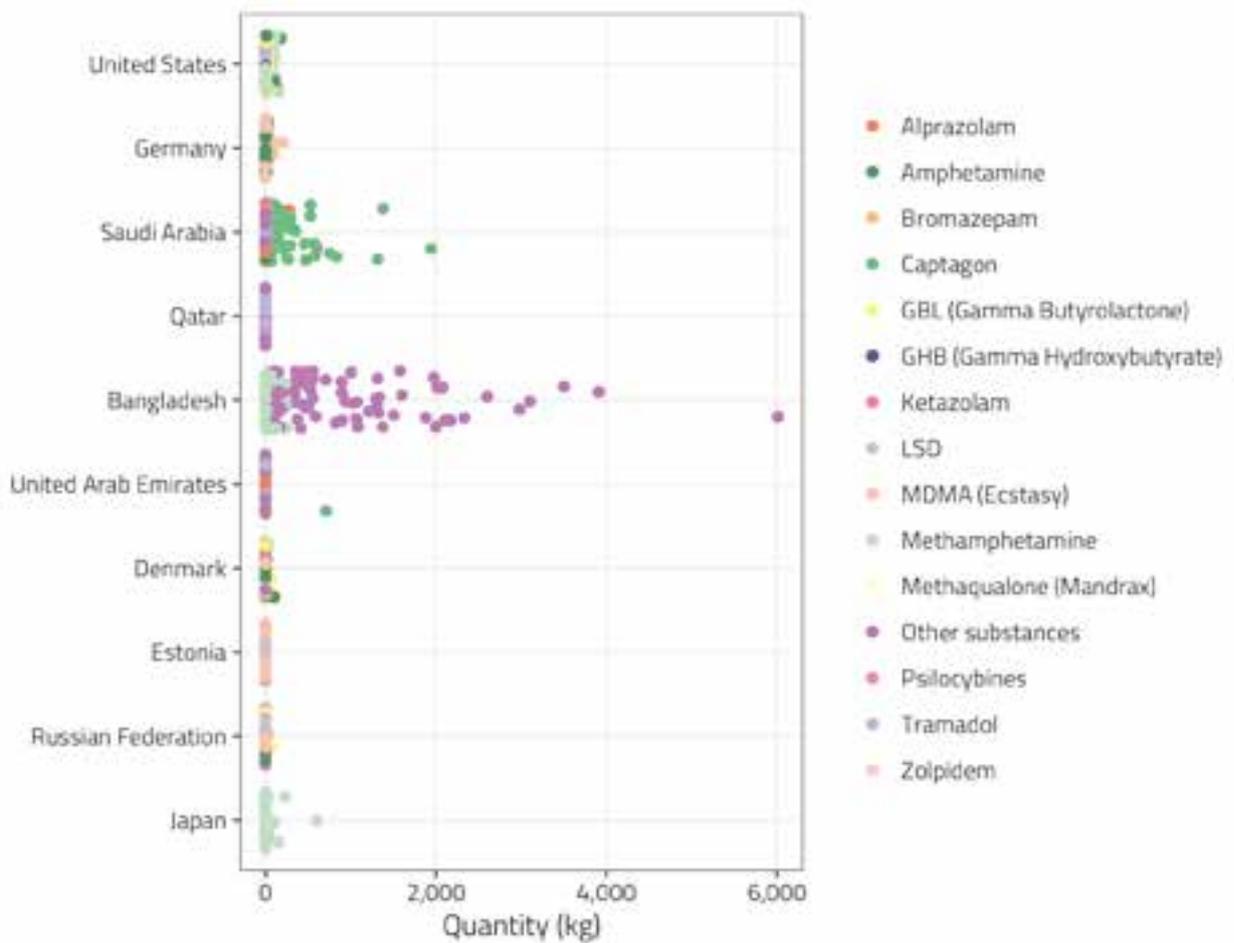


Figure 58 shows the distribution of the quantities seized in the top seizure-reporting countries, categorized by psychotropic substance type. The data shows two clear trends. First, some drugs tended to have larger seizure weights than others: Captagon, for instance, accounted for a large proportion of the high-weight seizures, as did “Other substances.”

Second, the larger seizures were also clustered geographically – every seizure of over 500 kg occurred in Saudi Arabia, Bangladesh or the United Arab Emirates. While most of the top countries reported a mix of different drug types, Japan in particular reported almost exclusively methamphetamine seizures. This may reflect drug habits in the country, or its enforcement priorities.



V: Seizure of Captagon pills by Kuwait Customs. Copyright: Indians In Kuwait (2016), Drugs worth KD 25 million seized at Shuwaikh port, available at <http://www.indiansinkuwait.com/Newsfile/2272016214441235capt.jpg>, accessed on 1 August 2017.

FIGURE 59: NUMBER OF PSYCHOTROPIC SUBSTANCES SEIZURES BY REGION, 2016

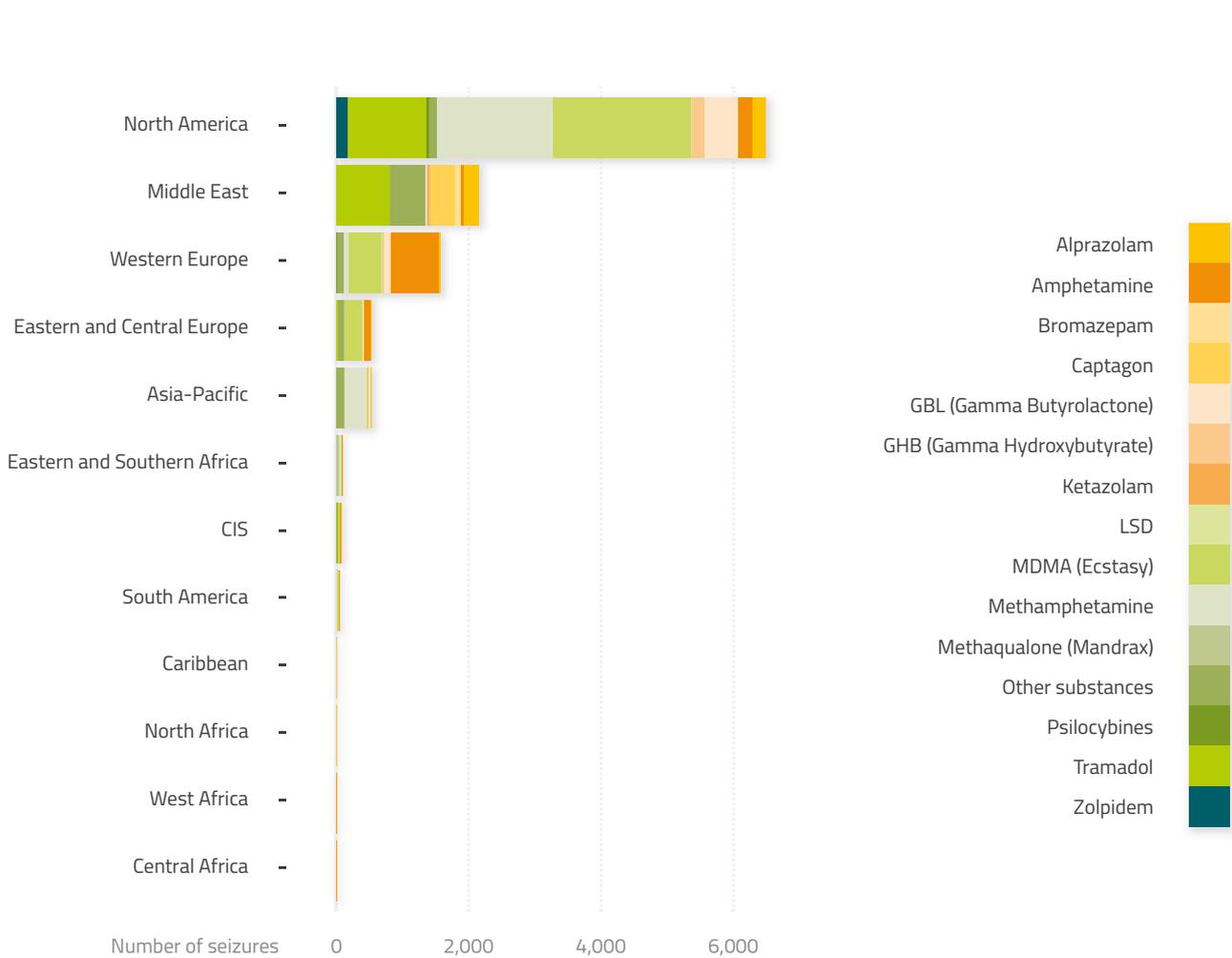


Figure 59 shows the distribution of seizure counts across category and region. Collectively, North America had a relatively high proportion of MDMA seizures: out of the 2,917 MDMA seizures, 2,098 (71.9%) occurred in North America. 498 MDMA seizures, or 17.1%, occurred in Western Europe.

North America also had a larger share of methamphetamine seizures than any other region, followed by Asia-Pacific, with the two regions accounting for 77.1% and 14.9% of methamphetamine seizures, respectively. The Middle East seized more Alprazolam and Captagon than other regions. In fact, the Middle East accounted for 388 of the 391 seizures of Captagon. The majority of the seizures that occurred in the three lowest-reporting regions (North Africa, West Africa, and Central Africa) were of Tramadol. Specifically, Tramadol accounted for 56% of the seizures in those three regions.

FIGURE 60: PSYCHOTROPIC SUBSTANCE TRAFFICKING FLOWS BY LOCATION, 2016

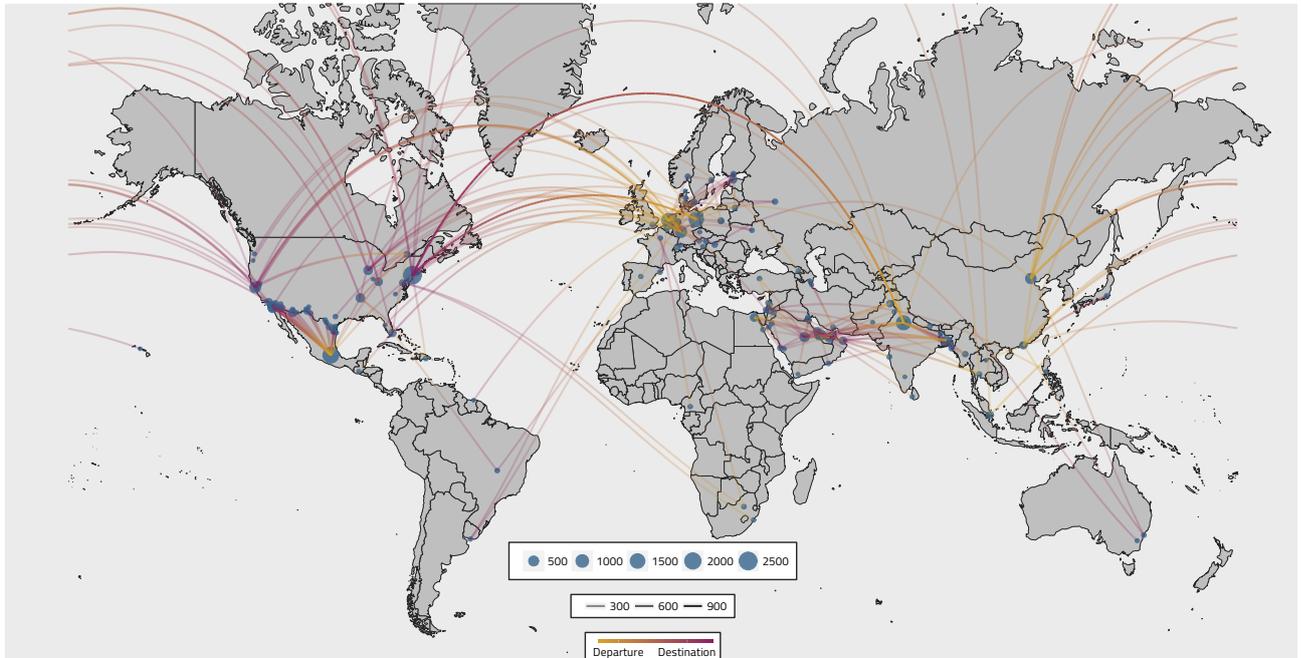


Figure 60 details the illicit flows of psychotropic substances from origin to destination, as seen in 2016. Dot size indicates the number of cases that departed from or terminated in a particular city. A country's capital city is used when the specific location is not reported in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall tone of a flow, the more frequently that trafficking route appeared in the 2016 data.

A common route involves psychotropic substances travelling from an unknown location or locations in India to New York City, United States. That particular pattern accounts for 1,117 instances, which is more than any other individual route. However as the specific city in India is not reported, the relative lack of data associated with

this pattern must be taken into consideration. For example, there were only 1,187 instances of India exporting drugs to the United States, but there were 1,839 instances of psychotropic substance trafficking from Mexico to the United States, accounting for 29.7% of the cases where the United States was the destination.

In 67.1% of the cases involving Saudi Arabia, it was the destination country, with 58.8% of the seized substances originating in countries within the Middle East. The United Arab Emirates was the destination country in 54.4% of instances involving the UAE. In 22.5% of those instances, the seized substances originated within the Middle East.

Member highlight: Extraordinarily large seizure of Mandrax tablets (Methaqualone)

In March 2016, Indian Customs raided premises in Udaipur, Rajasthan, acting on intelligence that a huge quantity of Mandrax tablets had been concealed there by a Mumbai-based criminal mastermind. During the search, Indian Customs officials located a hidden room filled with cartons and seized a huge quantity of Mandrax tablets (Methaqualone) – some 20 million

tablets, weighing about 23.5 tonnes in total and valued at 46 billion Indian Rupees (approx. 0.7 million USD) on the international market. The mastermind of the syndicate was arrested.

Source: Indian Customs



W, X, Y: Indian Customs seized 23.5 tonnes of Mandrax tablets (Methaqualone) concealed in a hidden room at premises in Udaipur, Rajasthan, India. Courtesy: Indian Customs.

Member highlight: Ecstasy seized from false bottom of suitcase

Chilean Customs reported that ecstasy smuggling using the 'suitcase with false bottom' concealment method is still occurring. In this case, a total of 14,984 ecstasy tablets were seized.

Source: Chilean Customs



Case study 7. Captagon seizures in Kuwait

In July 2016, Customs authorities in Kuwait made the largest seizure of Captagon pills reported globally by Customs authorities in that year. Kuwaiti Customs at the Port of Shuwaikh seized approximately 10 million Captagon pills, valued at over 25 million Kuwaiti Dinar or just over 82 million USD.

The contraband, declared as cleaning materials and en route from Turkey, was discovered as a result of a tip-off to Customs. Following a controlled delivery by Customs, a Syrian national was arrested for his role in facilitating the import.

The Customs authorities at the Port of Shuwaikh reported making six Captagon seizures in 2016. Together, these seizures totalled over 23 million pills. It is noteworthy that 20% of all Captagon seizures in Kuwait were made at the Port of Shuwaikh, with the pills originating in Syria.

Looking at all the Captagon seizures made in Kuwait, land transport was the most common conveyance method. 28% of all Captagon seizures in Kuwait were made from vehicles crossing the land border from Safwan, Iraq, while 20% were made from vehicles crossing the land border from Khafji, Saudi Arabia. The remaining Captagon seizures were made at airports, from passengers originating from the United Arab Emirates, Jordan and Lebanon.

According to the United Nations Office of Drugs and Crime, Captagon is a trade name for tablets generally containing fenethylline mixed with caffeine. Captagon seizures have become increasingly frequent throughout the Middle East region since 2014, causing the United Nations Subcommission on Illicit Drug Traffic and Related Matters in the Near and Middle East to reaffirm, in the Abu Dhabi Declaration of November 2015, that the issue of Captagon trafficking warrants priority attention.

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- Indians In Kuwait (2016), *Drugs worth KD 25 million seized at Shuwaikh port*, available at <http://indiansinkuwait.com/ShowArticle.aspx?ID=39468&SECTION=0>, accessed on 1 August 2017.
- UNODC, *Middle East and North Africa*, available at <https://www.unodc.org/unodc/en/drug-trafficking/middle-east-and-north-africa.html>, accessed on 1 August 2017.
- UNODC, *Draft resolution recommended for adoption by the Commission on Narcotic Drugs*, available at https://www.unodc.org/documents/commissions/CND/CND_Sessions/CND_59/50Subcom_AbuDhabi_declaration_eng.pdf, accessed on 1 August 2017.

Z: Courtesy, Chilean Customs

3. OPERATIONS

Operation Westerlies 4

With the fruitful results of the Operation Westerlies series initiated by Japan Customs, Westerlies 4 has evolved into a global operation that combats illicit trafficking in all types of drugs and other contraband around the world, in all transport modes bound for East Asian countries. The WCO carried out the first Operation Westerlies from 16 to 25 November 2012, pooling the efforts of 82 participating Customs administrations, nine RILOs and INTERPOL. Westerlies 2 and 3 were carried out in 2013 and 2015, with the participation of 75 and 105 Customs administrations respectively. As had been concluded in connection with Westerlies 3, Advance Passenger Information (API) and Passenger Name Records (PNR) provide the basic information for profiling suspect air passengers, as well as serving as the tool for participating Customs administrations to communicate and work together. Thus, the use of API/PNR as a risk profiling tool was particularly emphasized this year, in Operation Westerlies 4. This Operation took place from 18 to 27 May 2016 with the participation of 97 Member administrations, nine RILOs, and two other international organizations. The fruitful results of this Operation were reflected in the case database.

Training workshops

Two regional workshops were held in advance of Operation Westerlies 4 – one in Dakar, Senegal from 11 to 15 April 2016, and one in Brasilia, Brazil from 25 to 29 April 2016. The two regional workshops were funded by the Japan Customs Co-operation Fund (CCF) and were attended by representatives from 36 Customs administrations. Experts from French Customs, Japanese Customs, Brazilian Customs and the WCO Secretariat's Drug Enforcement Team delivered training which covered a wide spectrum of topics embracing passenger and cargo risk profiling, controlled delivery, global trend analyses of narcotics trafficking, and practical exercises on the effective use of CENcomm. In particular, during the workshop in Brasilia there was a live demonstration session on API/PRN profiling, which was introduced for the first time in the Operation Westerlies series. The operational know-how acquired by officials attending the workshops was cascaded down to the frontline officers responsible for controls at points of entry and departure.

Coordination of the Operation

An Operational Coordination Unit (OCU) was set up at WCO Headquarters in Brussels. Manning the OCU were experts from the Customs administrations of Argentina, Brazil, Democratic Republic of the Congo, Dominican Republic, Gambia, Japan, RILO Central Africa and RILO West Africa, as well as experts from the WCO Secretariat's Drug Enforcement Team. The OCU fulfilled its role in the areas of:

- facilitating information exchange at inter-regional level via CENcomm,
- disseminating significant alerts or warning messages,
- assuming the central role of coordination between Customs administrations,
- monitoring seizure reports on a daily basis and issuing operational status reports and newsletters.

The WCO CENcomm was used as a secured communication platform and database for seizure/warning messages during the Operation. A total of 209 designated National Contact Points (NCPs) were granted access to CENcomm, and they maintained close collaboration and exchanged intelligence with each other and with the OCU.

As a result of Operation Westerlies 4, participating Members reported a total of 270 cases, including the seizure of 5,015 kg of narcotics (see Table), as well as five firearms and 2,910 rounds of ammunition, bulk cash equivalent to 1.8 million USD, certain CITES items, cigarettes, illicit medicine, etc.

Project AIRCOP: Progress Report

Project AIRCOP was established in 2010, with a view to setting up secure and real-time communication between international airports in Africa, Latin America and the Caribbean. The Project is financed by the European Union and Canada, and managed by the UNODC in partnership with the WCO and INTERPOL. Its objective is to enhance inter-service coordination (through the creation of Joint Airport Interdiction Task Forces (JAITFs) at the national level, and the sharing of actionable information and intelligence between selected airports. CENcomm, the WCO's secure and real-time communication system, and INTERPOL's I-24/7 system which provides access to international databases, have been made available to the Project.

In liaison with the relevant national authorities, from 2011 onwards Project AIRCOP has given rise to the establishment of JAITFs connected to international enforcement-related databases and communication networks, thus facilitating the real-time transmission to other international airports of operational information aimed at intercepting illegal shipments.

The last annual Steering Committee Meeting for the Project, held in October 2016 at WCO Headquarters in Brussels, Belgium, and attended by donors and international organizations responsible for the implementation of the Project, painted a positive picture as regards the strategic objectives, with a success rate of close to 98%. This was coupled with outstanding operational results (which are improving year by year) by the airport units, in terms of significant seizures of prohibited goods. The use of the WCO's CENcomm as a principal tool for sharing operational information, and consultation of INTERPOL's databases, were instrumental in meeting these objectives thanks to the large volume of operational information shared.

As of the end of 2016, 19 JAITFs made up of staff from different national law enforcement structures are operating in airports in the 16 following countries: Argentina, Barbados, Benin, Cameroon (two units), Cape Verde, Côte d'Ivoire, Dominican Republic (two units), Gambia, Ghana, Jamaica (two units), Mali, Niger, Nigeria, Panama, Senegal, Togo. Project implementation is in the final stages in Burkina Faso, Ethiopia, El Salvador, Guinea-Bissau, Kenya and Mozambique, where the new JAITFs are already trained and equipped. The so-called associated countries, for example, Brazil, Colombia, Morocco, Peru and South Africa, welcomed the idea of co-operating with the Project by sharing information and intelligence between airports.

These developments have been complemented by the recent extension of the Project, in 2016, to the North of Africa, Near and Middle East (MENA) region. Six countries in the region (Algeria, Jordan, Lebanon, Morocco, Tunisia and Turkey) have been selected as beneficiaries, with funding from Canada; in the MENA region, the Project will focus more specifically on addressing the foreign terrorist fighter threat. In the broader context of worldwide coverage, Europe – as the primary destination for cocaine – continues to be associated with the Project, through the connection of 15 WCO Member countries in Europe to CENcomm for the sharing of operational information.

The establishment of the JAITFs is based on a balanced mix of the following three elements: "training-equipment-exchange".

Accordingly, some 2426 officials, including 499 female officials (20%), have been trained in 143 capacity building activities (initial training and mentoring) held in the selected airports. Two dog/handler teams have been set up, and ten specialized regional training activities have also been conducted. The JAITFs were involved in ten joint operations and three programmes for the exchange of best practices, thanks to the immersion of officials from one JAITF in the work of the others. The training was dispensed by Customs and Police experts, generously made available to the Project by countries including Belgium, France, Italy, Spain, the United Kingdom, the Netherlands, Switzerland, Brazil and – recently – Senegal, Mali and Niger.

Narcotics	Number of seizures	Quantity (kg)
Amphetamine	1	33.86
Benzodiazepam	3	0.67
Cannabis	37	2,953.45
Cocaine	81	498.26
Heroin	5	8.49
Khat	12	233.72
MDMA (ecstasy)	7	12.12
Methadone	1	0.10
Methamphetamine	19	737.64
Morphine	1*	0.01
New psychoactive substances	5	1.42
Opium	1	0.48
Psy drugs - Others	24	534.79
Total	193	5,015.01

Where equipment is concerned, in addition to the basic equipment supplied when each new airport unit is set up (computers, printers, photocopiers, fax, drug testing kits (for urine), etc.), the units have received a supplement consisting of cameras, weighing scales, radio communication equipment and particle detectors. Financing for the training of two dog/handler teams for the JAITFs from Praia (Cape Verde) and Dakar (Senegal) in Europe was provided along with the acquisition of detector dogs. Similar efforts will continue to be made for other JAITFs.

*The morphine was seized together with other drugs, and therefore was not counted in the total.

In terms of information exchange, all the JAITF officials have been connected to CENcomm, enabling them to share operational information securely as part of a network comprising over 300 officers from various enforcement agencies dealing with airport crime. This figure includes 50 officials (Customs and Police) serving in the airports of the 15 European countries which have been linked to the Project since 2013. Through the use of CENcomm, each quarter the WCO sheds light on information sharing and provides guidance, with tips on new trends observed from seizure analysis. It does this by issuing Newsletters and specific Alerts, which are made available across the network. In parallel, the various databases contained in INTERPOL's I-24/7 software package have enabled the JAITFs to check the criminal background of targeted persons and to keep abreast, by means of Notices and Alerts, of measures taken against suspected criminals.

The overall results achieved between 2011 and early 2017 encompass over 1000 seizures of prohibited goods and over 1000 arrests. The wide range of goods seized is testament to the commitment of all the individuals making up the JAITFs, in which officers from different national law enforcement agencies work side-by-side. This breadth of powers enhances the effectiveness of the teams, extending the scope of their action and intervention. It is also important to stress that air transport, especially involving passengers, is subject to all forms of trafficking with a multitude of prohibited products, forcing JAITF officials to take a broader interest in airport crime. The variety of products seized nonetheless shows that this means of transport is heavily used by criminal organizations.

Cocaine, the 'flagship product' which prompted the launch of Project AIRCOP, remains the key activity of the JAITFs, which seized a total of almost one-and-a-half tonnes of cocaine in over 400 seizures, with more than 300 people intercepted.

The Project AIRCOP JAITFs play an active role in the COCAIR Operations which fall within the operational side of their annual work programme. These JAITFs were credited with the bulk of the seizures during the last Operation.

Despite global efforts to fight drug trafficking, the scale of Europe-bound cocaine trafficking by air from Latin America, the Caribbean and Africa remains substantial.

The air routes and *modi operandi* used by criminal networks are in constant flux. Criminal organizations select the most vulnerable routes and adjust quickly to existing enforcement mechanisms. As a result, security services are facing new challenges and must continually adapt to the rapidly-shifting momentum of drug trafficking by air. The JAITFs also have to address other challenges related to different sorts of crime, such as trafficking in firearms, human beings and endangered wildlife, as well as money laundering (cash couriers) and terrorism.

This is the reason why the main donor for this Project, the European Union, has maintained its support, with additional funding covering the 2017-2018 period to ensure the continuity of the Project, which was due to come to an end in 2016. This is complemented by the contributions of countries such as Norway, the United States and Japan, which have helped finance some activities, as well as Canada which is interested in opening up the Project to the countries of the Middle East.

The continuation of Project AIRCOP will make it possible to maintain this comprehensive and integrated approach, built on co-operation and partnership which are central to success in this domain.

UNODC – WCO Container Control Programme

The UNODC-WCO Container Control Programme (CCP) was established to address the needs of the global enforcement community to monitor the movement of containerized cargo in a more effective and efficient way. With more than 600 million global container movements reported annually, of which an estimated 2% are inspected, the CCP plays an important role in addressing the risks related to the low inspection rates, and facilitating legitimate trade. More than ever, the increase in legitimate containerized maritime trade is threatened by international organized crime gangs operating along legal maritime trade supply chains. Web-based, secure information exchange systems, developed and continuously enhanced by the WCO, have played a crucial role in supporting the global CCP to intercept illicit goods in the trade supply chain and to enhance global cooperation and information exchange.

The Programme launches Port Control Units (PCUs) in selected sea and dry ports, by integrating the representatives of various enforcement agencies in a single working body. To help them identify high-risk containers, the officers receive training in profiling and targeting using modern, risk-based working methodologies. They are also trained in the areas of drugs and precursor chemicals, counterfeit goods, smuggling of strategic goods, nuclear materials, weapons and CITES-related infringements.

The UNODC-WCO Container Control Programme has been expanded to include ten geographical regions in which there are more than 60 fully-operational PCUs in 43 countries. In another 11 countries, the Programme is engaging with the relevant authorities to establish Port Control Units and deliver tailor-made training based on the identification of regional threats and needs.

A new CCP – Air Cargo segment has been launched in Pakistan, Jordan and Afghanistan. Building on the established CCP infrastructure and concept, this new branch of the CCP seeks to install dedicated Air Cargo Control Units. The intention is to set up specialized units of this kind in Bangladesh, Cuba, Indonesia, Georgia, Sri Lanka and Ukraine in the future.

A pivotal component of CCP remains the phased training approach, progressing from basic theoretical and practical modules to advanced specialized training. In 2016, 143 training workshops, study tours and mentorships took place; in total, nearly 1600 officials were trained. Officials are required to serve their respective PCUs for a minimum of three years to ensure continuity and sustainability.

Throughout the reporting period, the international donor community continued to support the CCP with contributions to further enhance the success of the Programme. Forging partnerships with donors is also important at a technical level, as it provides the CCP with additional technical know-how. Several donor countries and WCO Member Customs administrations have provided law enforcement experts as trainers.

2016 was the most successful year to date for the activities of the Container Control Programme. It resulted in seizures of 38,149 kg of cocaine, 2,139 kg of cannabis, 1504 kg of heroin, 10,320 kg of Tramadol and 1,711 kg of ivory. In addition, large quantities of

counterfeit goods (131 containers), medicines, more than 404 million cigarettes, spirits, ozone-depleting substances, weapons, military grade electronic equipment, protected wood, stolen vehicles and a large number of falsely declared goods were detected in 2016. Over the years, due to the expansion of the CCP and the training provided, the quantities of seized commodities have been growing steadily.



SECTION 3.

ENVIRONMENT

INTRODUCTION

Environmental crime refers to illegal activities, either by act or omission, which cause damage to or harm the environment. They typically include the illegal exploitation of the world's wild flora and fauna, and pollution-related crime, which encompasses the trade and disposal of waste and hazardous substances in contravention of international legislation. Waste, chemicals, ozone-depleting substances, illegally caught seafood, timber and other forest products, as well as conflict minerals, such as gold and diamonds, are all frequently trafficked by criminals.

Environmental crime is diverse and has many criminal manifestations. The growth rate of environmental crime is astonishing: it has become the world's fourth largest crime sector in a relatively short time, growing two to three times faster than the global economy. According to INTERPOL and UNEP, natural resources up to the value of USD 258 billion are being stolen annually by criminals – a 26% increase between 2014 and 2016, inevitably depriving countries of future revenue and development opportunities.

Environmental crime is driven by many factors, including a low risk of detection and criminal prosecution, and high financial rewards. It may further be exacerbated by humanity's incessant thirst for natural resources, which far outweighs the supply. For example, it has been estimated that the equivalent of 1.6 earths were already

needed by 2012 to provide the resources humanity consumes annually. Anthropogenic waste, both tangible and intangible, is conveniently discarded in the natural environment.

The top three major environmental crimes are generally regarded as wild animal trafficking, illegal logging, and illegal e-waste disposal.

The WCO seizure data on environmental trafficking in 2016 comprises 2,112 reported cases, which in turn consist of 2,225 individual seizures. Customs officers from participating countries around the world seized over 212,000 pieces and more than 45,000 kg of prohibited flora and fauna transported illicitly between and within countries. According to the available data, nearly every country on earth served – or would have served if smugglers had evaded detection – as a point of origin, transit, or destination for at least one shipment of illicit environmental products.

In general, the illicit trade in environmental products appears to have declined slightly in 2016 compared to the previous year, largely due to fewer seizures of flora, certain species of which are used around the world for medicines and cosmetics. Specifically, there were fewer seizures of Cape aloe – the single most trafficked product in 2016. However, the trade is far from inactive: while most countries reported fewer cases in 2016 than in the previous year, the number of seizures in some countries climbed, especially in the Netherlands and Poland. Furthermore, although many environmental products, including elephant parts and ivory, appear less frequently in the data, certain categories of wildlife, such as reptiles, birds and corals, were confiscated more frequently in 2016. Western Europe appears from the available data to be the primary recipient of products deriving from illicit environmental trade, while the Asia-Pacific region (China in particular) is generally an exporter of illicit environmental products.

All trend analysis must be qualified by two considerations. First, the available data comprises seizure information submitted on a voluntary basis by participating countries. This means that the graphs in this Section do not, with any certainty, reflect larger trends in illicit global environmental trade. In addition, any apparent changes between 2015 and 2016 may potentially be distorted due to growing efficiency among the world's Customs authorities: as Customs officers become increasingly proficient in seizing both large and small shipments of environmental contraband, the data

can suggest that illicit trade is on the rise when, in reality, levels of trafficking may be holding constant or even decreasing.

Of the recorded environmental seizures in 2016, 61.3% related to various species of fauna. The graphs in this Section categorize those species according to their classes: Mammalia, Reptilia, Aves, Anthozoa, Actinopterygii, Gastropoda, and Hirudinoidea. For ease of understanding, a brief overview of the definitions used for these classes is as follows. The first three classes mentioned need no introduction. As to the others, "Anthozoa" refers to marine invertebrates and a variety of coral species that were seized in 2016. "Actinopterygii" refers to ray-finned fishes, including European eels, seahorses, pipefishes and a variety of sturgeon. "Gastropoda", or gastropods, refers exclusively in this Report to seizures of Queen Conchs, a species of edible snail. "Hirudinoidea" refers to leeches – Northern Medicinal Leeches were the only type of leeches seized in 2016. "Other" also appears in the graphs as a class. This category includes a mix of species, with clams, butterflies, sea cucumbers and scorpions among the most commonly seized species in this category. "Other" also includes ozone-depleting substances, such as aerosols, confiscated in four seizures.

This Section is structured as follows:

1. Examines overall trends in illicit environmental trade, including the classes and quantity of products seized in 2016.
2. Describes trends in seizure cases by geographic region and reporting country.
3. Discusses the methods used by smugglers, and by Customs officers who enforce trade and border controls.
4. Aggregates all of the data from individual seizures to illustrate global trade flows.
5. Focuses on case studies on hazardous waste.
6. Provides an update on the WCO Project INAMA.

1. TRENDS IN ILLICIT ENVIRONMENTAL TRADE BY PRODUCT

FIGURE 1: PERCENTAGE OF SEIZURES BY CATEGORY, 2016

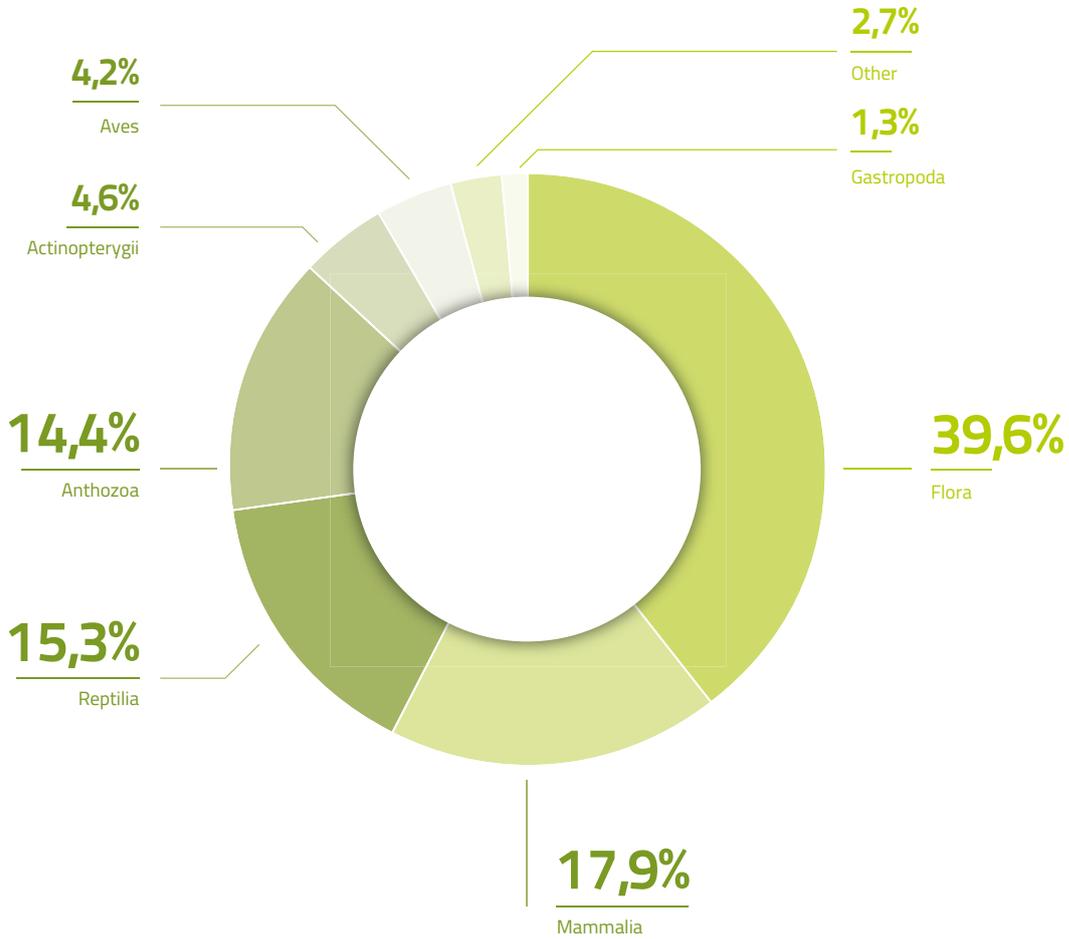


Figure 1 depicts the breakdown of all environmental product seizures reported in 2016. Of the 2,225 individual seizures that were reported by 38 countries, a third (33.2%) were of Mammalia and Reptilia products. Flora, certain species of which are used in medicines and cosmetics, emerges as another prominent target of trafficking, having been confiscated in 39.6% of seizures. The remaining seizures comprise, in order of diminishing share, Anthozoa, Actinopterygii, Aves and Gastropoda. “Other”, which includes Hirudinoidea, Holothuroidea, ozone-depleting substances and other products, comprises 2.7% of the total seizures.

B: Copyright: International Fund for Animal Welfare

FIGURE 2: NUMBER OF SEIZURES BY CATEGORY, 2015-2016

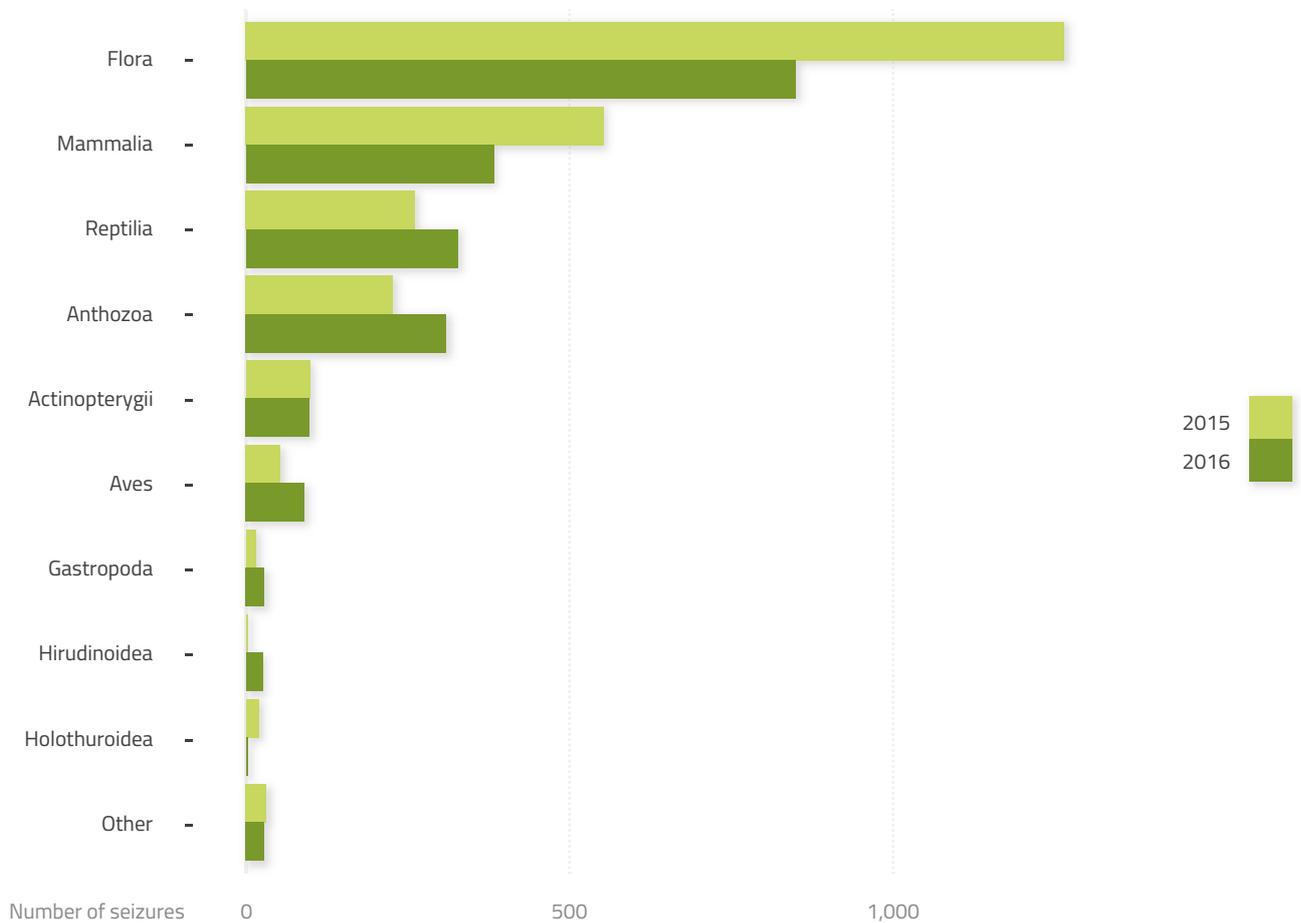
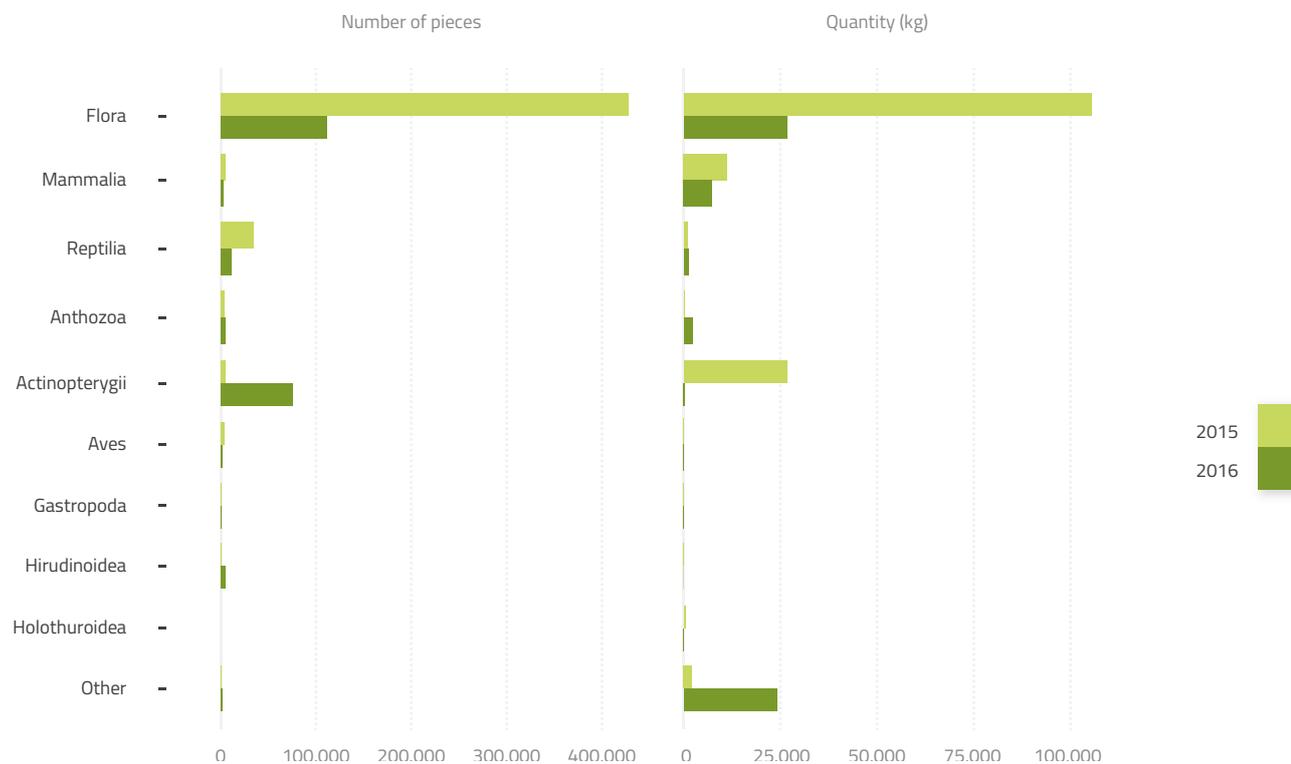


Figure 2 compares the number of seizures per class in 2015 and 2016. Overall, and based only on voluntary seizure data provided by participating countries, illicit environmental trade appears to have experienced a slight downward trend from one year to the other. Participating countries reported 2,493 environmental cases in 2015, comprising 2,628 individual seizures. In 2016, 2,225 individual seizures were made in the context of 2,112 cases. This is largely due to significantly fewer flora seizures and somewhat fewer seizures of mammals and mammal products. Holothuroidea (sea cucumbers) also saw a notable reduction in seizures, with the number falling low enough for them to be shown as “Other” in all the charts in this Section, with the exception of Figures 2 and 3.

However, certain elements of the illicit trade in environmental products may have seen increased activity: reptiles and birds, in particular, were seized more frequently. The number of bird seizures rose by nearly 71.7%, from 53 seizures in 2015 to 91 a year later. Seizures of marine invertebrates (Anthozoa), gastropods, and leeches (Hirudinoidea) were also reported more frequently in 2016 than in the previous year. The number of cases involving ray-finned fishes (Actinopterygii) remained steady.

FIGURE 3: NUMBER OF SEIZURES AND QUANTITY BY CATEGORY, 2015-2016



Member highlight: Seizure of Chinese Laughing Thrushes by the Singapore Immigration and Checkpoints Authority

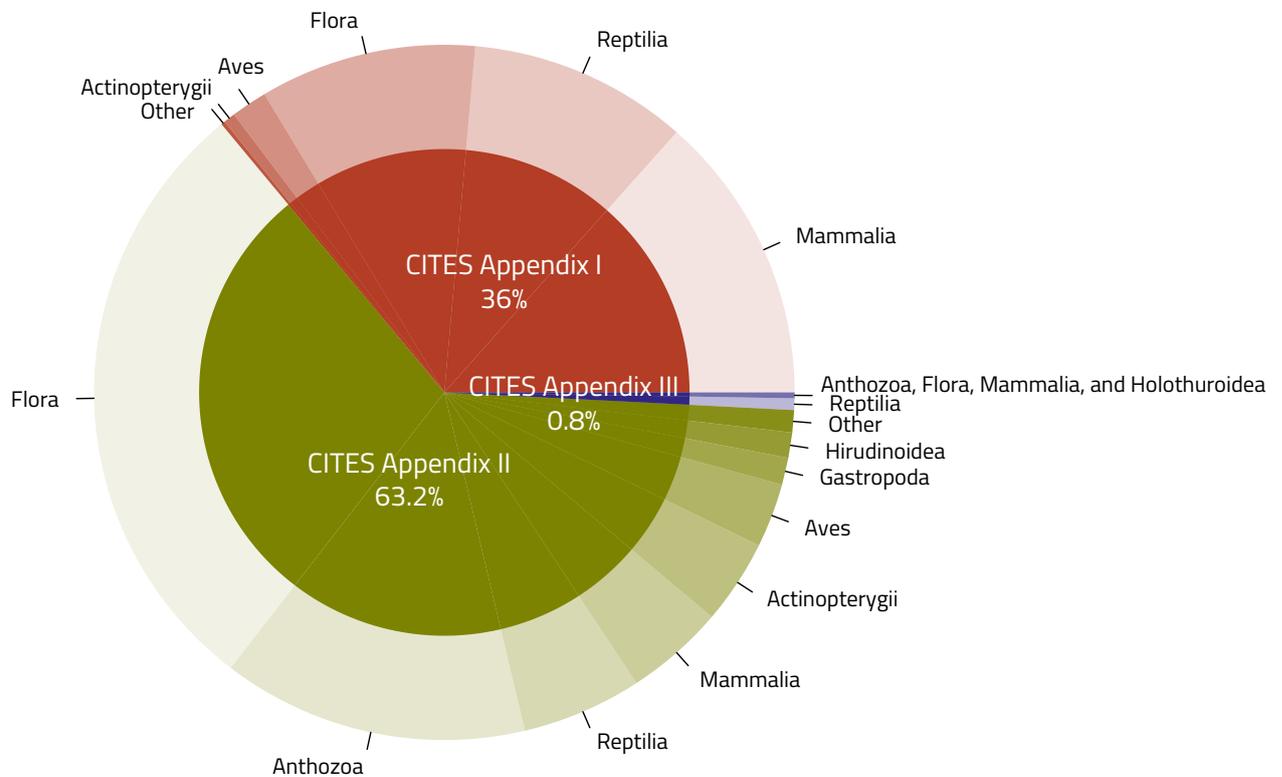
In December 2016, officers from the Singapore Immigration and Checkpoints Authority (ICA) at Changi International Airport conducted a search of the luggage of two Vietnamese travellers arriving from Vietnam. A total of 12 live Chinese Laughing Thrushes (*Canorus garrulax*), a CITES Appendix II bird species, were found concealed in white perforated plastic containers which were covered with personal belongings. Investigations revealed that the birds had been confined for approximately 12 hours in the containers without food and water, resulting in the death of some of the birds. The travellers were arrested and each sentenced to six months' imprisonment for Customs contraventions, as well as offences related to animal cruelty.

Source: Singaporean Customs

Figure 3 compares the quantity, by weight and number of pieces, of illicit environmental products that were seized in 2015 and 2016 respectively. It should be noted that reporting countries often indicate either the number of pieces or the weight of seized products – not both – in their seizure data. Figure 3 should therefore not be interpreted as equating the two measures, and no conclusions can be drawn from one measure of quantity with regard to the other. It should further be noted that seizures of flora, both in terms of number of pieces and of total weight, dwarf otherwise significant amounts of seized fauna.

Figure 3 sheds more light on the apparent downward trend in illicit environmental trade. Figure 2 indicated that the fall in the overall number of environmental product seizures was primarily due to fewer seizures of flora. Figure 3 illustrates that not only did the number of seizures drop, but so did the quantity of flora products in terms of number of pieces and weight. In terms of fauna seizures, more Actinopterygii products were seized than any other class, despite Figure 2 indicating that the number of seizures for this class was relatively low. Case Study 4 suggests

FIGURE 4: CITES APPENDIX SEIZURES SHARE BY CATEGORY, 2016



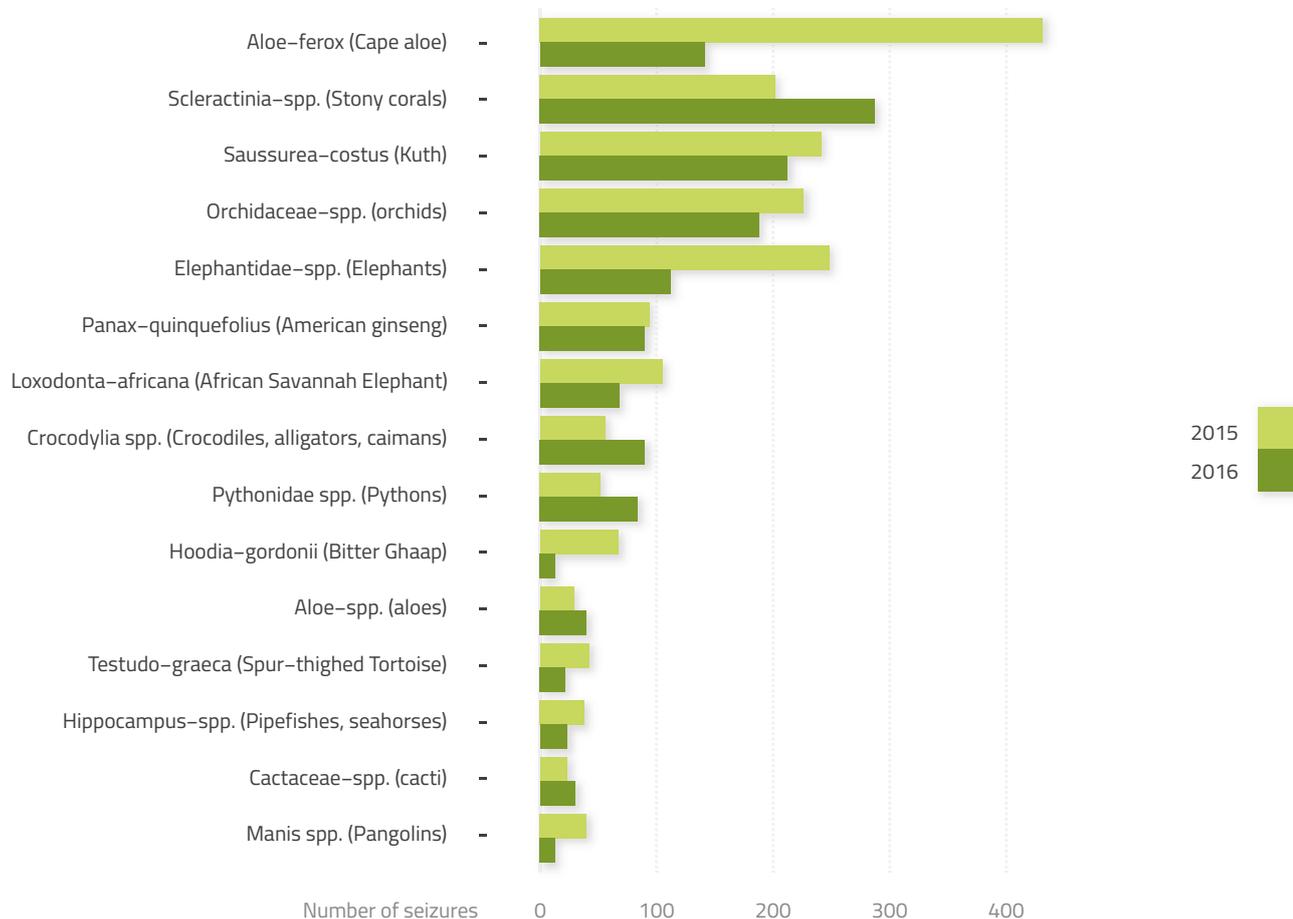
a possible explanation: seahorses, the second most commonly seized species in the Actinopterygii class, are often shipped in bulk. The most commonly seized species in this class, sturgeon (frequently in the form of caviar), is also often moved in large quantities. By contrast, seizures of Mammalia often yield smaller quantities of contraband.

Interestingly, smaller quantities of seized Mammalia products may be indicative of another shift in the illicit wildlife trade. In 2015, Customs authorities reported four Mammalia seizures of 1,000 or more kilogrammes. In 2016, only two such seizures emerged from the data. Trafficking of Reptilia products also shows a similar trend. In 2015, 261 reptile seizures were reported, netting 954.94 kg and 34,095 pieces. Among the 327 reported Reptilia

seizures in 2016, there was a slight increase in the total weight seized, which reached 1,230 kg, but a notable decrease in the quantity of pieces, which dropped to 11,312 pieces. The available data thus suggests that trafficking in flora and fauna is on the decline, and that smugglers are moving contraband in smaller quantities, possibly to avoid detection.

Figure 4 breaks down all the seizures reported in 2016 to show the proportion of confiscated environmental products relative to their CITES classification. The CITES Appendices under which flora and fauna species are classified indicate the level of endangerment and the legal degree of protection afforded under the Convention. Species in CITES Appendix I are the most endangered, followed by CITES Appendix II and CITES Appendix III.

FIGURE 5: NUMBER OF SEIZURES FOR THE MOST FREQUENTLY SEIZED ENVIRONMENTAL PRODUCTS, 2015-2016



The majority of recorded seizures made in 2016 were of CITES II species. However, this was primarily due to the number of CITES Appendix II flora cases, which accounted for 29.8% of all seizures involving CITES-listed species. If this group were disregarded, the data would reflect a more even split between CITES Appendix I and CITES Appendix II, with CITES Appendix I seizures very slightly outnumbering the seizures of species listed in the other two Appendices. CITES Appendix I Mammalia and Reptilia were confiscated considerably more often than their CITES Appendix II counterparts: 299 CITES Appendix I Mammalia seizures and 225 CITES Appendix I Reptilia seizures were made, as opposed to 102 and 123 CITES Appendix II seizures, respectively. Conversely, CITES Appendix II Aves and Actinopterygii appeared more at risk of being trafficked

in comparison to the species of those classes in CITES Appendix I.

Figure 5 examines the 15 most frequently seized environmental products of 2015 and 2016. It further compares the number of seizures for each product from one year to the other. In general, Figure 5 builds on the trends which emerge from previous Figures: illicit environmental trade fell slightly in 2016. The largest decline in seizures was for Cape aloe, a plant species known for its alleged medicinal uses as a laxative and colon cleanser. Seizures of Cape aloe dropped from over 400 in 2015 to less than 150 the following year. There were also fewer seizures of elephant products, including skin, ivory and other parts: the data indicates 112 elephant product seizures in 2016, compared to 248 seizures in 2015.

Only five of the 15 most frequently traded products saw increased rates of confiscation. Seizures of stony corals registered the greatest increase on 2015 – 42.1%. The number of recorded seizures of Crocodylia and Pythonidae also rose, partially explaining the inflated number of Reptilia confiscations seen in Figure 2. Trafficking in Aloes (not including Cape aloe) and Cacti was disrupted more frequently in 2016 than in the previous year.

Notably, pangolin seizures appear to have decreased. Often referred to as the most trafficked species, the low number of these seizures may serve as a warning when attempting to draw conclusions about illicit global environmental trade from the limited data available. WCO data relies on the voluntary submission of seizure information from participating countries, and risks becoming skewed when countries withhold information. The reason for the lower number of pangolin seizures is unclear. There are several possibilities: the trade may have genuinely declined; traffickers may have found more successful smuggling routes; Customs authorities may be withholding their data to facilitate domestic investigations, or they may not be reporting at all.

Case study 1. Trafficking of corals

The most frequently seized contraband reported to WCO in 2016 was not elephant ivory, pangolin or other high-profile species; instead, it was a seabed creature: coral. There were 4,750 pieces and over 2,300 kg of coral, both living and dead, confiscated across 315 seizures. Hard corals were confiscated in 91.1% of those seizures. Also called stony corals, hard corals can refer to a great variety of types and species found in the world's oceans and reefs.

People looking for unique jewellery, curios, and home aquarium decorations drive the illicit harvesting of coral, which is known for its beauty and diversity of form and colour. Local divers retrieve coral from the ocean floor and then sell either directly to tourists or wholesale to companies. The methods used to collect corals and the fish found on reefs, including cyanide fishing, are often harmful to the broader ecosystem.

According to the U.S. Coral Reef Task Force, coral harvesting and reef degradation are vital conservation issues because coral reefs “provide economic and environmental services to millions of people as areas of natural beauty and recreation, sources of food, jobs, chemicals, pharmaceuticals, and shoreline protection.” In 2000, licit

industries were estimated to generate an annual \$375 billion in revenue from products and services that rely on coral reefs.

Germany recorded 72.6% of total coral confiscations for 2016 and 79.7% of stony coral seizures for that year. The country was the WCO's most consistent reporter of environmental seizures in 2016, and it is significant that stony coral was its most frequently seized contraband, constituting almost a third (27.3%) of all German seizures. Nearly a quarter (24.1%) of all stony coral seizures that included origin data was exported from Thailand.

SOURCES

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- The White House (1998), *Executive Order 13089, Coral Reef Protection*, available at http://www.coralreef.gov/about/executive_order13089.pdf, accessed on 1 August 2017.
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C: Customs officers at Roissy Airport seized 26 pieces of elephant tusks weighing 142 kg. The ivory was seized from a passenger travelling from Angola to Vietnam. Courtesy: French Customs.

FIGURE 6: NUMBER OF SEIZURES FOR TOP 10 FLORA PRODUCTS, 2015-2016

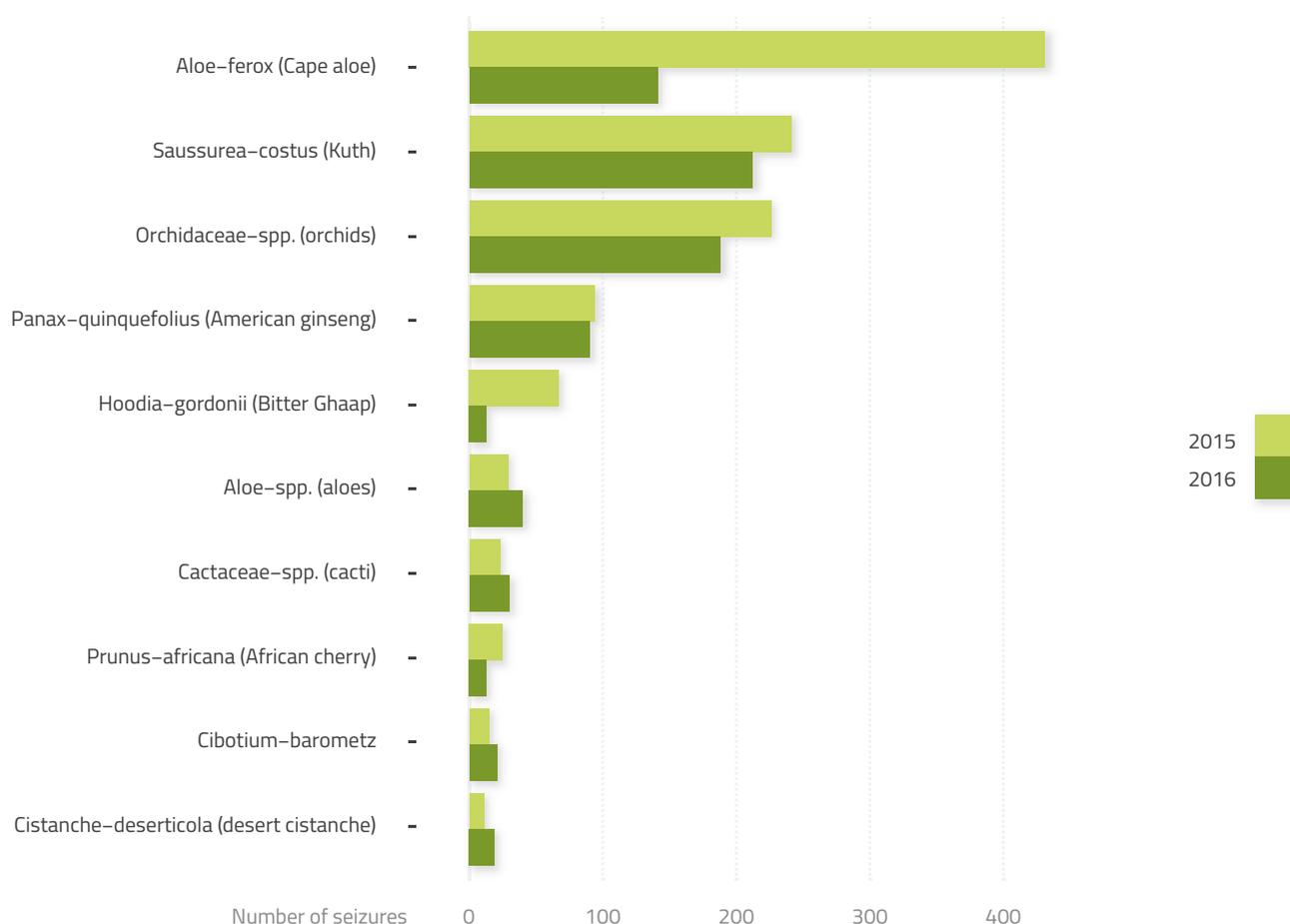


Figure 6 compares the number of seizures for each of the top ten flora products confiscated in 2015 and 2016. As shown in Figures 2 and 3, flora trafficking represented the bulk of illicit environmental trade in 2015 and 2016, regardless of how it was measured – whether by number of seizures, by weight of seized products, or by number of pieces seized. Figure 4 further illustrated that confiscated flora listed in CITES Appendix I and Appendix II accounted for nearly 40% of all confiscated environmental products in 2016. Figure 6 breaks down flora as a class to examine which species are being trafficked most frequently.

Figure 6 goes a step further in explaining the slightly decreased levels of trafficking in environmental products suggested by previous Figures. The data shows that the downward trend is largely attributable to fewer seizures of flora. In turn, fewer flora seizures are due to a significant drop in the number of reported Cape aloe confiscations. In 2016, Customs authorities reported 141 Cape aloe seizures, while in 2015, 431 seizures were recorded. There was also a slight drop in the second and third most frequently seized flora products in 2015, Kuth and Orchids, which fell 12% and 17% respectively. Additionally, Bitter Ghaap, an alleged appetite suppressant, was seized significantly less frequently than in the previous year.

Case study 2. Smuggling of European eels



On the morning of 5 January 2016, Customs officers at Hong Kong International Airport were conducting routine clearance inspections when they discovered over 100 kg of live European eels (*Anguilla anguilla*). Four passengers, three male and one female, were returning from Madrid via Abu Dhabi when they disembarked in Hong Kong. Each passenger was alone, searched separately, and found to be in possession of between 15 and 40 kg of the critically endangered species.

European eels are primarily found in western and northern Europe and northern Africa. Spain, which is home to large eel fisheries, is a common point of departure for smugglers travelling towards Asia. Including the four seizures mentioned, WCO data indicates that there were five cases of *Anguilla* smuggled via commercial air transport, all of which embarked from Madrid. Hong Kong, China is also a frequent destination, and only one alleged smuggler was bound for another location: Shanghai, China, via Paris.

European eels are typically smuggled to Asia in their early stages of development, when they are called glass eels. Once in Asia, the eels are farmed and fattened to be sold as delicacies for wealthy diners. Glass eels can be sold for upwards of \$1,000 per kilogramme. Photographs provided by Hong Kong Customs appear to show that mature eels were seized in January. WCO data estimates the total value of these eels at about \$3,400, or about \$30 a kilogramme.

Although cases involving European eels accounted for only 4.1% of all seizures that Hong Kong authorities reported to the WCO,

the poaching and smuggling of these fish is of significant concern for European groups hoping to save the species from extinction. The chairman of the Sustainable Eel Group, Andrew Kerr, has stated, "All those eels that are being caught and illegally traded should really be used for restocking, and moved all over Europe."

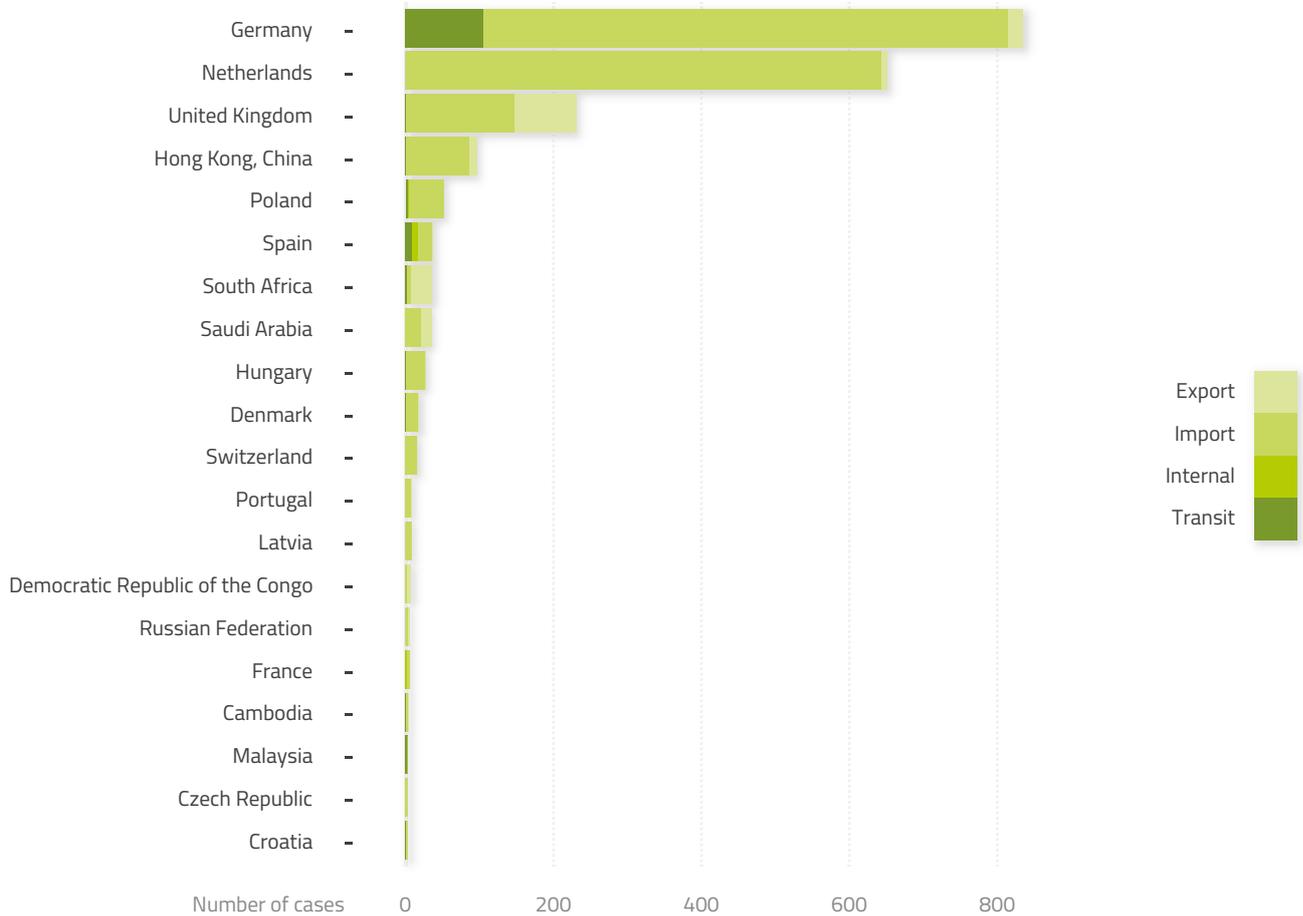
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Figure 8 shows the number of cases recorded by the top 20 reporting countries and indicates the direction in which seized shipments were travelling when confiscated. The data indicates that the majority of countries reported cases involving the seizure of imported environmental products. This reflects a broader trend which emerges from the WCO's data from 2016: an over-reliance on data from destination markets, compared to data from countries in which contraband originates.

As seen in Figure 16, Western European countries appear to be primary hubs of illicit environmental imports: 98.9% of the 651 cases reported by the Netherlands involved imports, with only seven cases leading to the seizure of contraband upon export. Likewise, Denmark, France, Spain and Portugal predominantly

FIGURE 8: NUMBER OF CASES BY CUSTOMS PROCEDURE, 2016



reported cases involving imports. Germany recorded 834 cases, 84.8% of which involved imports. However, cases from Spain and Germany led to the seizure of illicit environmental products in transit more frequently than for any other country among the top 20 reporting countries. This can be explained by examining Customs authorities' powers of seizure at import, export, or in transit.

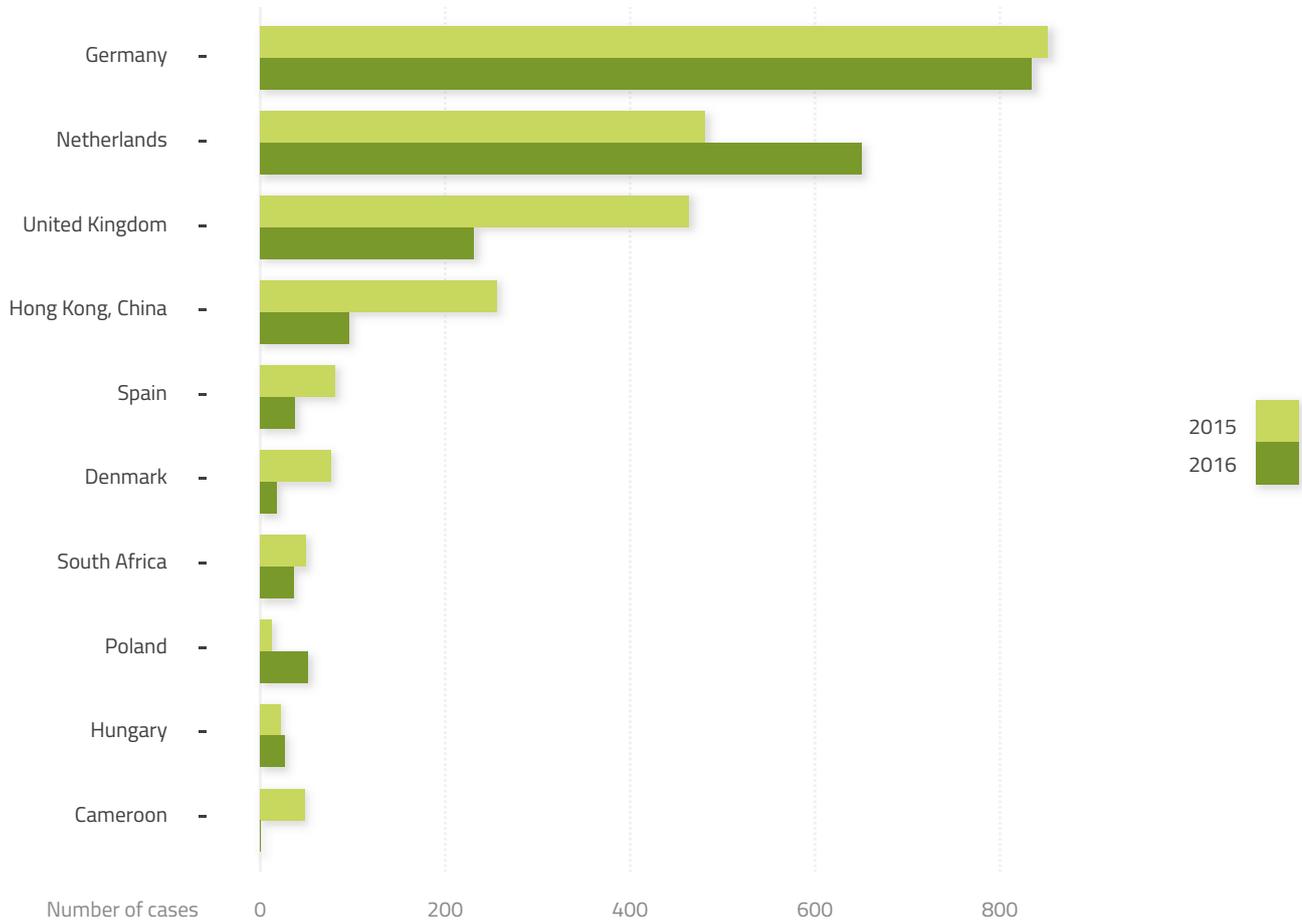
For example, cases from the United Kingdom differed from those of its Western European neighbours. The United Kingdom was the only country in this region that reported a significant number of cases involving seizures of contraband during export. Just over a third (35.9%) of the United Kingdom's 231 cases were made during the export process. By contrast, Germany and the Netherlands reported only 20 and seven export cases, respectively. Figure 11 shows that one of the

United Kingdom's main seized exports in 2016 was ivory.

Reporting countries in Asia, namely, Cambodia, Malaysia and Hong Kong, China also largely notified cases involving imports. The only country to report more export cases than import cases was South Africa: 28 of 36 cases led to seizures of illegal environmental products for export. Tellingly, Figure 11 indicates that ivory was seized in all 28 of those cases.

Figure 9 compares the number of cases among the top ten reporting countries in both 2015 and 2016. The majority of these countries recorded a reduced number of cases. The United Kingdom and Hong Kong, China respectively dealt with 50.2% and 62.5% fewer cases of environmental product trafficking in 2016

FIGURE 9: NUMBER OF CASES BY REPORTING COUNTRY, 2015-2016



compared to the previous year. Cameroon, which submitted data on 48 cases in 2015, made only one known seizure the following year. Germany, WCO's most consistent reporting country in 2016, also saw a slight fall in the number of seizures.

Three countries registered an increase in cases: the Netherlands, Hungary and Poland. The Netherlands and Hungary respectively disrupted 35.3% and 22.7% more smuggling attempts in 2016 than in 2015. Poland recorded 300% more cases. This may indicate that illicit environmental trade is still thriving or, at least, not

decreasing as rapidly as other Figures have suggested. In particular, increasing numbers of cases in the Netherlands, a consistent reporting country in both 2015 and 2016, supports the theory that trafficking cases are genuinely rising in some countries. Despite a slight decline in the number of reported cases, German authorities still reported well over 800 cases, a sign that illicit environmental trade is still very much active in some parts of the world, regardless of fluctuations in seizure counts for specific classes of species.

Member highlight: United Kingdom Border Force National CITES Team – a dedicated anti-wildlife smuggling capacity

The UK Border Force is responsible for ensuring that the legal trade in live specimens and their derivatives across its borders is compliant with both domestic and international legislation. However, the Border Force National CITES Team, based at Heathrow Airport (the CITES Team), is mandated to specifically deal with cases of non-compliance where specimens or derivative are smuggled without the required CITES licences.

The CITES Team consists of eight officers and is a national resource dedicated to fighting the illegal wildlife trade at the United Kingdom border. The CITES Team was set up in 1992 with a complement of three officers in order to address the risk of live specimens being smuggled into the United Kingdom, and its complement now stands at six operational officers with a combined total of almost 100 years' experience in wildlife crime issues, a Head of Unit and a support officer.

The CITES Team subscribes to the principle that successful enforcement in the 21st century requires enforcement agencies to join forces and coordinate activities – i.e. adopting a multi-agency partnership approach to law enforcement.

The CITES priorities for UK enforcement officers are agreed centrally, with input from Government agencies, the Border Force, police, and UK and CITES scientific authorities. These priorities are currently elephant ivory, rhino horn, CITES-listed timber, European eel, medicinal and health products, and illegal trade in raptors and reptiles. The priorities are, however, not set in stone and are reviewed annually, with threat assessments being undertaken in order to confirm current threats, but also to identify new and emerging ones.

At Heathrow, the CITES Team, in conjunction with the airport operator and the Duke of Cambridge's United for Wildlife Initiative (to which the World Customs Organization is also a signatory), has provided officers to engage with the logistics community at national events, delivering seminars and displays for airport employees, highlighting illegal wildlife trade issues and the contribution they can make in conjunction with the Border Force to disrupting illegal trade.



The CITES Team is a long-standing partner of the World Customs Organization in fighting illegal wildlife trade, and assists the WCO with compiling CITES enforcement training material and delivering this training as part of the Container Control Project, as well as with supporting other Programmes, such as the INAMA Project, in introducing assessment tools in Sub-Saharan African countries.

Source: United Kingdom Border Force National CITES Team

FIGURE 10: PERCENTAGE CHANGE IN THE NUMBER OF CASES FROM 2015 TO 2016, COUNTRIES WITH 10+ TOTAL CASES

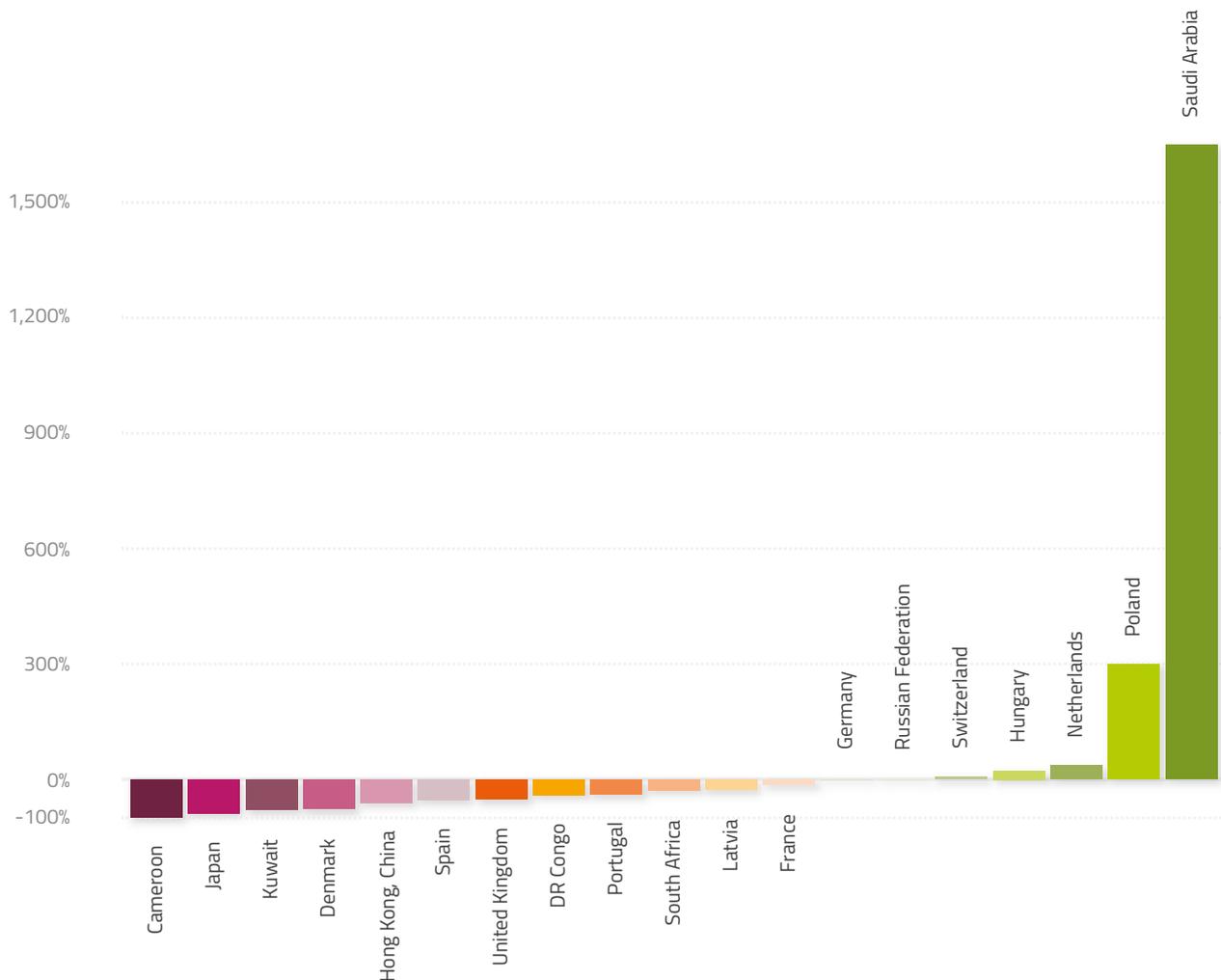


Figure 10 shows the percentage change in the number of cases for countries that recorded ten or more incidents in 2015 or 2016. Figure 10 indicates that, overall, countries are reporting fewer cases to the WCO. The notable exceptions to this trend are Poland and Saudi Arabia, which both reported more cases in 2016 than in the previous year. Poland reported 13 cases in 2015 and 52 in 2016, a 300% increase. Saudi Arabia, which reported only two cases in 2015, submitted data on 35 cases in 2016 – a 1,650% increase. However, this probably only reflects Saudi Arabia’s attempt to

improve its reporting levels, rather than an actual change in illicit environmental trade. As noted in Figure 9, the 35.3% increase in reported cases for the Netherlands is likely to be a more reliable indicator that trafficking is thriving in some regions. Conversely, the 50.2% and 62.5% decrease indicated by data from the United Kingdom and Hong Kong, China respectively, which are both frequent reporting countries, suggests a genuine decline in illicit environmental trade in other parts of the world.

Case study 3. Falcons and Houbara Bustards

WCO data includes 32 cases from Saudi Arabia of disrupted attempts to smuggle a total of 47 live endangered falcons in 2016. An additional four peregrine, saker and lanner falcon, as well as gyrfalcon, cases were reported by four other countries: Germany, Kuwait, Oman and Russia. Among the Saudi Arabian cases, 28 seizures involved overland exports to, or imports from, Qatar.

The localized nature of the trade in falcons reflects its significance in Arab culture. Elite buyers in the Middle East seek these birds of prey for falconry, a sport that has deep roots in Bedouin history, when falcons were used to supplement sparse Bedouin diets. Today, modern practitioners of falconry will pay between \$6,500 and \$66,500 apiece for rare falcons known for their speed and strength.

Peregrine, saker and lanner falcons are frequently imported from North America, Europe and North Africa. Gyrfalcons are native to near-Arctic regions in North America and Europe. Wild falcons caught in the Middle East are even more prized, as it is believed they have migrated long distances and must possess well-honed hunting abilities to have survived the journey.

Modern falconry also threatens another bird species: the Houbara Bustard. Houbara Bustard meat is said to be an aphrodisiac, making the bird popular prey for falconers willing to import it or travel abroad to hunt it. Two seizures involving 41 Houbara Bustards were reported to the WCO in 2016. Houbara Bustard, peregrine falcons and gyrfalcons are listed in CITES Appendix I. Saker and lanner falcons are included in CITES Appendix II.

SOURCES

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Member highlight: Customs Detector Dog Unit and Rhino Horn

The Customs Division of the South African Revenue Service has, via its Detector Dog Unit, enjoyed various successes during 2016 concerning the smuggling of wildlife items, especially rhino horn. Various seizures of rhino horn were made at Oliver Tambo International Airport. The interventions included a seizure of 1.4 kg of rhino horn, originally declared as coffee beans and destined for Laos. In a separate case, rhino horn destined for China was intercepted. Detector dog Maxim reacted positively to the luggage of a passenger. On inspection, two pieces of rhino horn were discovered. The investigation is ongoing. In further seizures, eight pieces of rhino horn weighing 7.03 kg and already in export cargo were identified and seized, as well as 13.20 kg, and 7 kg of rhino horn respectively seized in joint operations.

Source: South African Revenue Service



FIGURE 11: NUMBER OF IVORY CASES BY CUSTOMS PROCEDURE, 2016

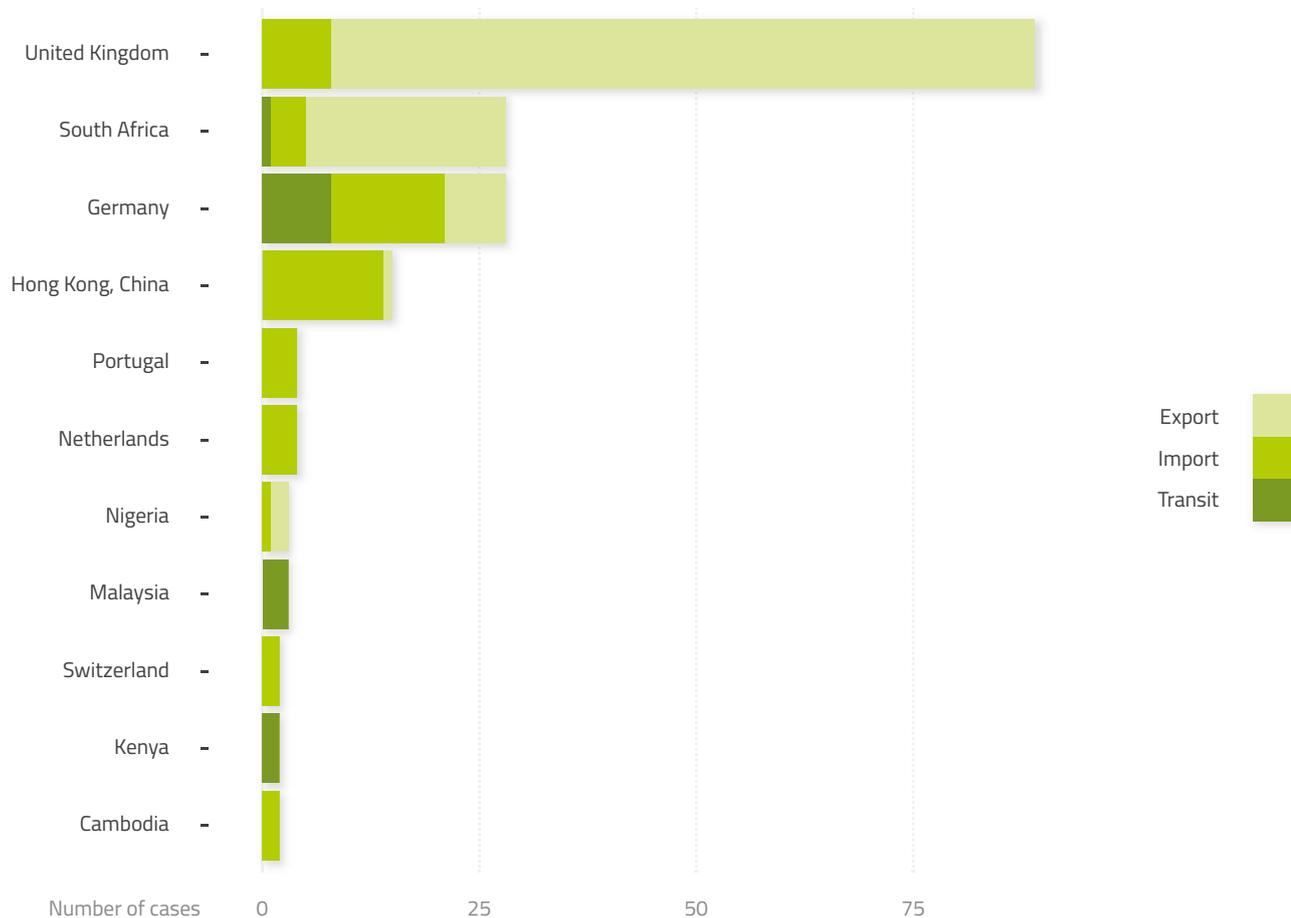


Figure 11 shows the direction of seized ivory shipments for all of the countries that reported at least one ivory case to the WCO in 2016. Interestingly, according to available data, the United Kingdom reported the bulk of the 180 ivory cases for 2016. In 81 of 89 cases, a seizure was made as ivory left the United Kingdom. Thus, the United Kingdom emerges as a major exporter of ivory relative to other countries. It is possible that some of these exports were, in fact, seized in transit but not indicated as such in the data.

Aside from this apparent anomaly, the remaining data endorses more common conceptions of illicit ivory flows. The relationship between the cases from South Africa and Germany particularly illustrates this point. Both countries reported only 28 cases

involving seizures of ivory in 2016, but South Africa is predominantly an exporter, while Germany's cases indicated that it is a transit point and destination for ivory products. Nigeria's data, though limited to only three cases, also suggests it is primarily an exporter.

For Asia also, the limited data reflects the region's status as a demand market. Malaysia's three ivory cases all involved elephant products bound for Vietnam and transiting through Kuala Lumpur. Cambodia's import seizures likewise suggest the movement of ivory into Asia. Finally, 14 of Hong Kong's 15 cases in 2016 involved imports, again reflecting the region's demand for ivory.

FIGURE 12: NUMBER OF FLORA CASES BY CUSTOMS PROCEDURE, 2016

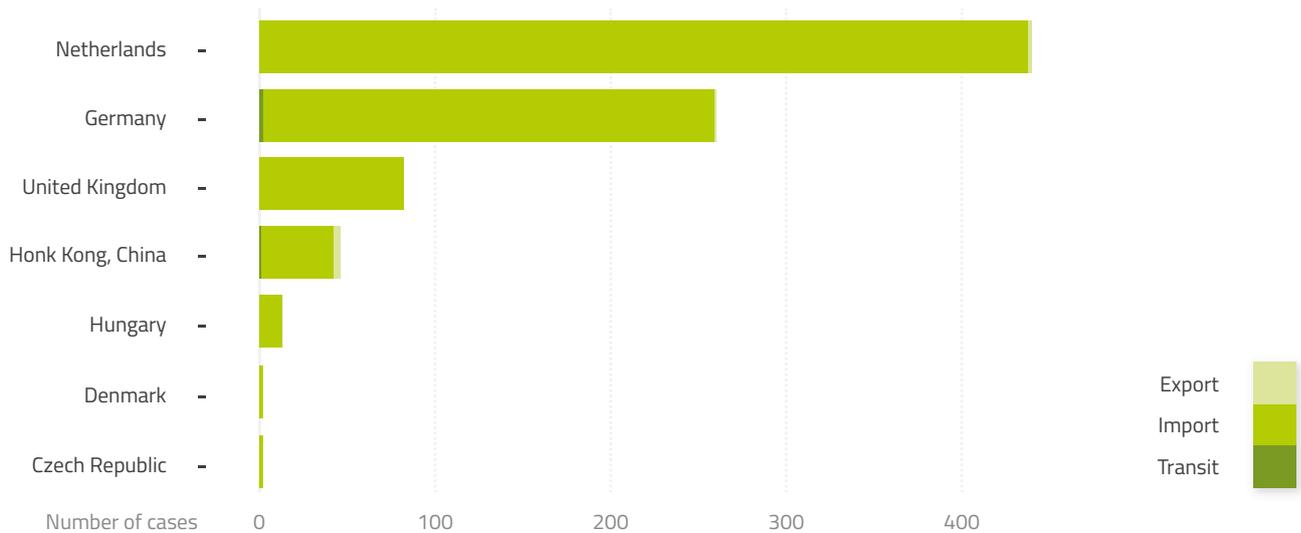


Figure 12 indicates the direction of seized flora shipments for all of the countries that reported at least one flora case to the WCO in 2016. The Netherlands reported by far the greatest number of flora cases in 2016. All but two of the country's total 441 seizures were made as products were brought into the country. Similarly, 98.8% of Germany's reported flora cases involved imports. This is part of a broader pattern seen in Figure 12: the absence of points of origin for trafficking in flora. Import seizures accounted for the overwhelming majority of all 856 reported cases. Only Hong Kong Customs recorded more than two cases of seized exports: four of the 46 cases were made upon the export of illicit goods and one case involved goods in transit.

Figure 12 again is indicative of the risks associated with data sets that rely on voluntary reporting. The data underlying Figure 12 provides no indication of where flora is being trafficked from, and instead only comments on where significant markets are located. The skewed ratio of import-to-export seizures, coupled with the low number of reporting countries, suggests one of two situations: it may be that flora products seized during export are not being reported to the WCO by origin countries; or it may be the case that Customs authorities in origin countries have weak enforcement capacity in monitoring flora trafficking, or do not prioritize efforts to disrupt flora smuggling.

Member highlight: Timber smuggling prevention efforts in India and Hong Kong, China

Recognizing its global responsibility in protecting the environment, Indian Customs enforces various multilateral treaties and conventions, and has been in the forefront of combating infringements that are highly detrimental to the environment and ecology not only of India, but of the entire planet.

During 2016, Indian Customs launched various interventions where Red Sanders was either already shipped, or on the brink of being shipped. These interventions resulted in numerous significant seizures, such as:

- 7.44 tonnes of Red Sanders logs were seized in Bangalore. In a follow-up intervention in Bangalore an additional 0.40 tonnes of Red Sanders were seized.
- A sea freight container was called back from Chennai, which resulted in the seizure of 7.49 tonnes of Red Sanders. The contents had been declared as granite slabs.
- Red Sanders weighing 11.75 tonnes was seized after being incorrectly declared as fresh vegetables.
- Red Sanders weighing 11.13 tonnes, incorrectly declared as automobile parts, was seized.
- 18.93 tonnes of Red Sanders were seized after being incorrectly declared as air compressors and agricultural machinery. This also resulted in the arrest of one person.
- In a separate case, Red Sanders transported in a lorry from Hoskote, near Bengaluru, to Tuticorin, was seized. The seizure yielded 6.9 tonnes of Red Sanders which were hidden beneath



bags containing gloves. The final destination is believed to have been Dubai.

- In Nagpur, a seizure resulted in uncovering 14.05 tonnes of Red Sanders, and in a related intervention, 11 tonnes were seized and three persons were arrested.
- A container was intercepted by Indian Customs, which resulted in the recovery of Red Sanders logs weighing 8.93 tonnes. Two persons were arrested.

Various seizures were made by Hong Kong Customs involving timber. This included Rosewood and Red Sandalwood that originated from the United Arab Emirates, Malaysia and Thailand, and also included Red Sandalwood originating from India, Malaysia and Morocco.

The number of timber smuggling cases recorded increased from 24 in 2015 to 28 in 2016, but the seized amount (i.e. weight) dropped drastically from 1,064,400 kg to 122,100 kg, representing an 88% decrease.

Source: Indian and Hong Kong Customs

TABLE 1: CASE STATISTICS ON TIMBER SMUGGLING DETECTED BY HONG KONG CUSTOMS BETWEEN 2014 AND 2016

Year	Number of cases	Quantity (kg)	Estimated seizure value (USD, million)
2014	59	124,600	3.33
2015	24	1,064,400	9.23
2016	28	122,100	5.51

G: Red Sanders seized by Indian Customs. Courtesy: Indian Customs.

3. TRENDS IN TRAFFICKING METHODOLOGY

FIGURE 13: NUMBER OF SEIZURES BY DETECTION METHOD, 2016

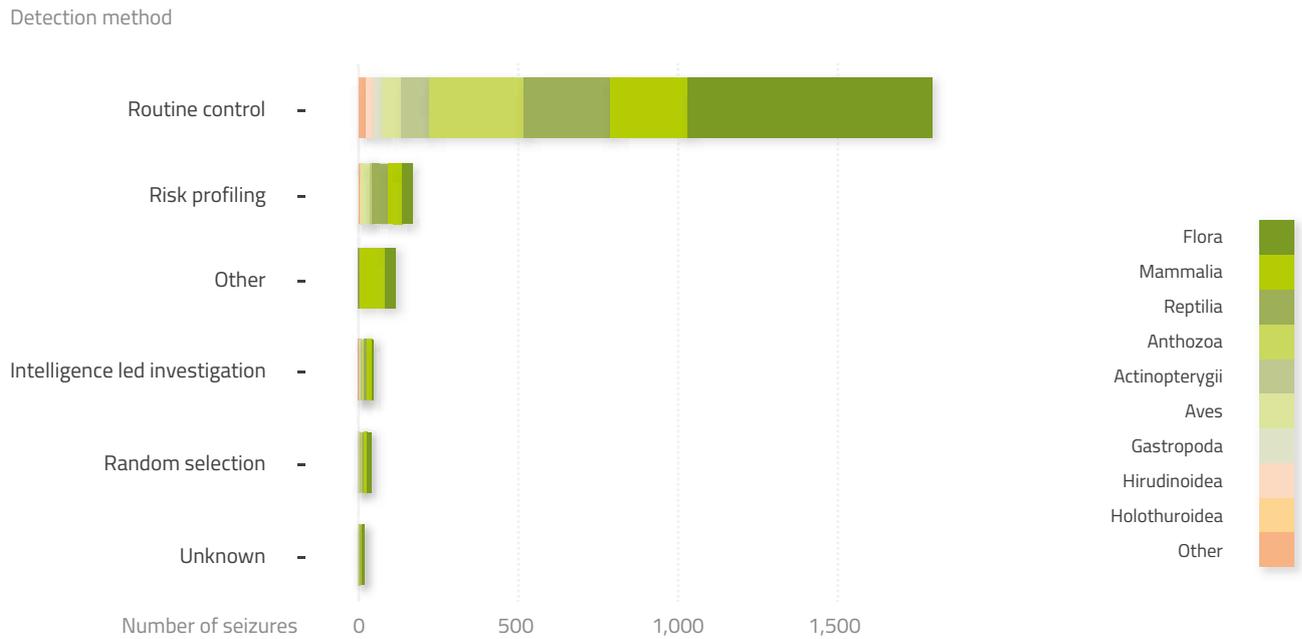


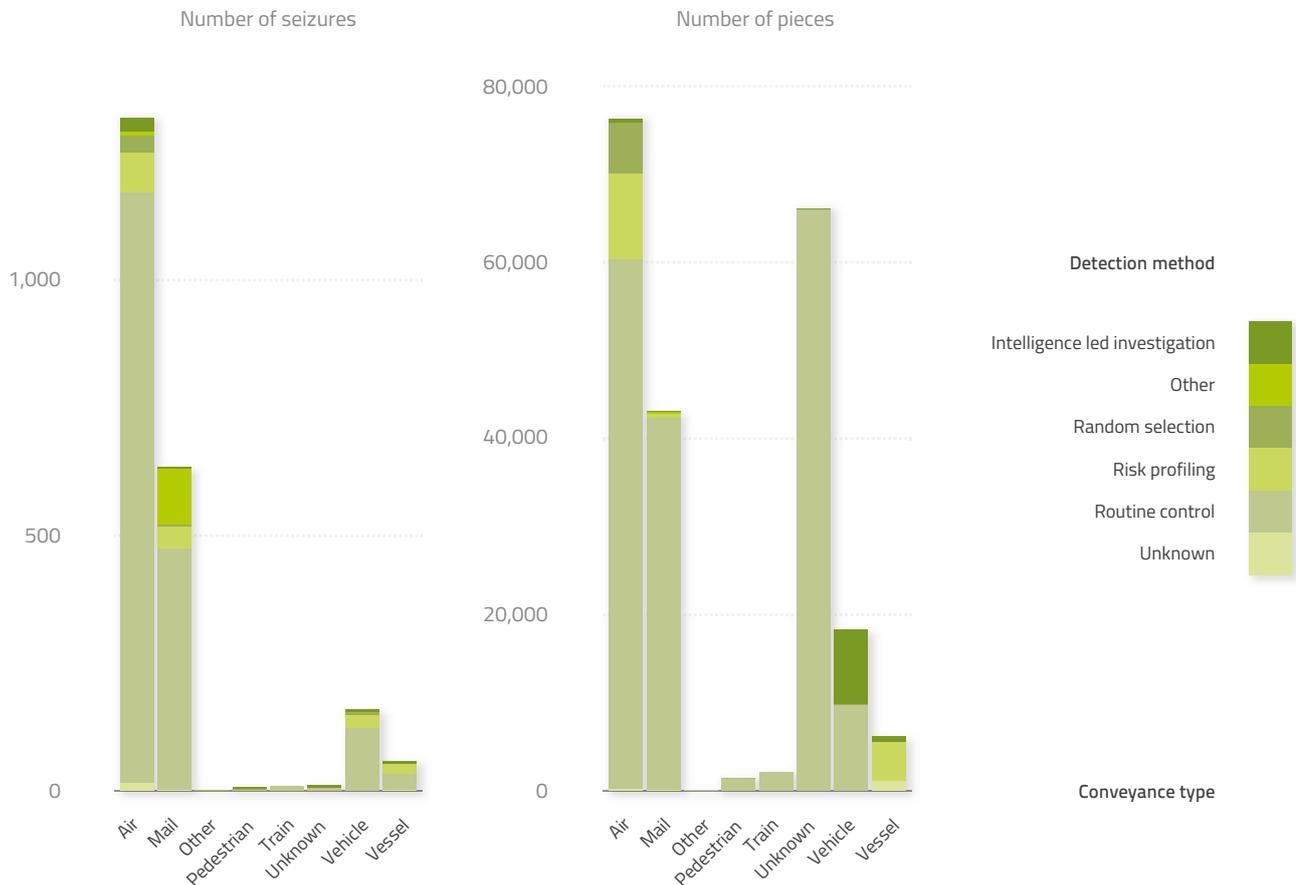
Figure 13 illustrates three sets of relationships: firstly, the number of reported seizures and the method of detection used by Customs officers to make those seizures; secondly, the number of seizures and the class of the product seized; and thirdly, the class of product seized and the method of detection used to make the seizure. Routine controls at border checkpoints around the world were responsible for by far the largest number of seizures in all product classes. In 2016, Customs authorities made 1,793 seizures in the course of their routine inspections, including 242 seizures of Mammalia products, 270 Reptilia seizures, 297 Anthozoa seizures, and 765 Flora seizures.

Alternate methods yielded notable results as well. Customs officers made the fifth largest seizure after applying risk profiling to an incoming shipment. Agents in the United Kingdom seized

9,000 tablets of pharmaceutical products containing Bitter Ghaap at London’s Heathrow Airport. Risk profiling was the second most successful technique among the recorded seizures for which a detection method is available, as it led to 168 seizures. “Other” methods, which include the deployment of detector dogs, special operations, and exercises, were the third most recorded technique. These methods largely resulted in seizures of Mammalia products: 68.9% of 116 cases that applied “Other” methods resulted in the confiscation of these products.

Figure 14 provides four breakdowns for environmental product seizures in 2016: firstly, the frequency of various modes of transport used in recorded smuggling attempts; secondly, the quantity

FIGURE 14: QUANTITY AND NUMBER OF SEIZURES BY CONVEYANCE TYPE AND DETECTION METHOD, 2016



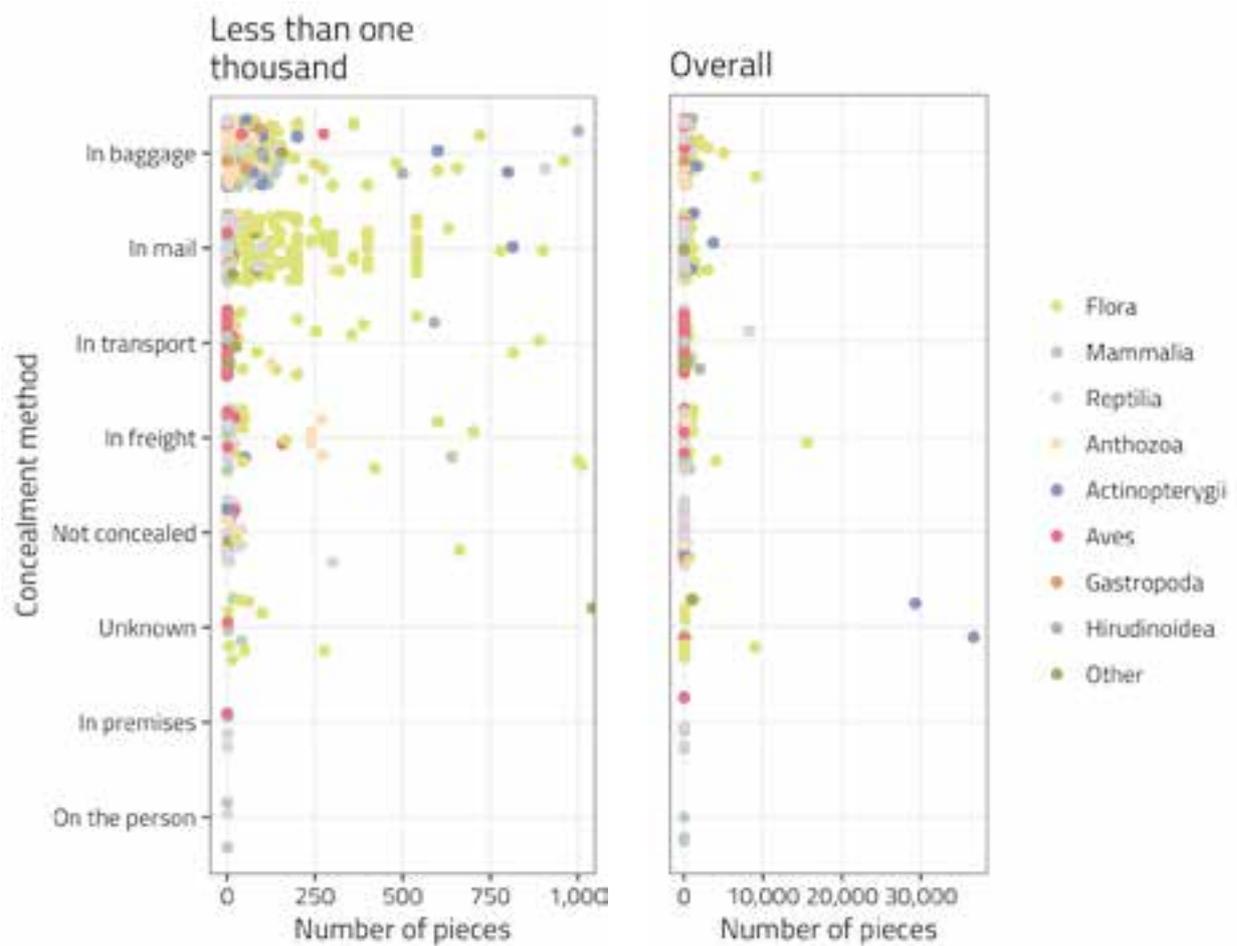
of seized products, regardless of class and mode of transport; thirdly, the detection method by mode of transport; and fourthly, the detection method in relation to the quantity of objects seized. Figure 14 confirms the conclusion drawn from Figure 13 that routine controls are vital in disrupting smuggling attempts. Moreover, this appears largely to be the case, regardless of the mode of transport chosen by smugglers.

Air transport – both commercial and freight – was the most common method used to transport seized contraband in 2016. Air transport was the most frequent conveyance method recorded upon seizure, and seizures from the air sector yielded the largest quantity of environmental products as measured by the number of pieces seized. Figure 13 showed that risk profiling was the

second most effective method of detection in 2016. According to Figure 14, this was predominantly true in cases where contraband was moved by air: in 79 such seizures based on risk profiling, Customs seized nearly 10,000 pieces of environmental products. Risk profiling was also relatively more successful than routine controls in seizures involving the use of vessels to transport contraband: 19 seizures netted 4,312 pieces of environmental products.

However, in seizures from mail shipments, “Other” methods, including detector dogs, special operations, and exercises, led to significantly more – albeit low-quantity – seizures than was the case with risk profiling. The available data covers only 11 seizures for which the conveyance method was not recorded, including the two largest seizures in terms of piece count in 2016: 36,670 and

FIGURE 15: QUANTITY OF SEIZED PIECES BY CONCEALMENT METHOD, 2016



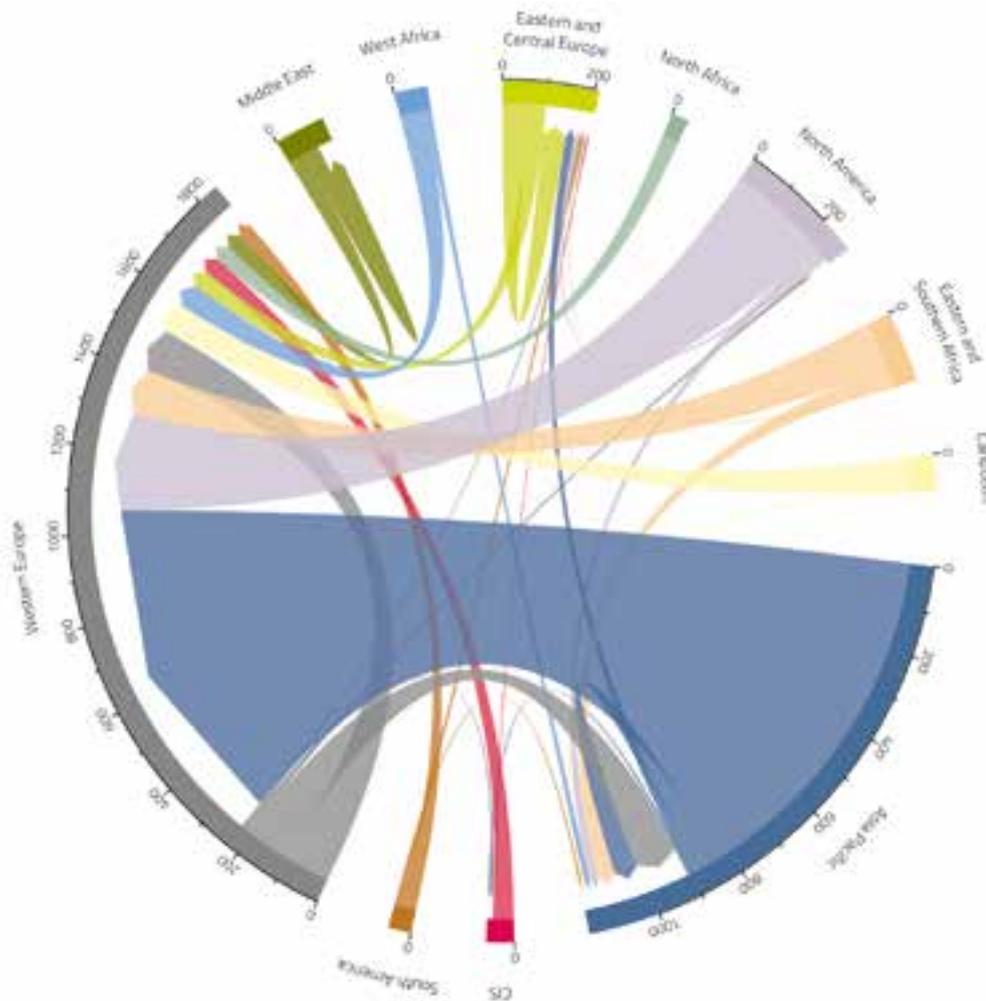
29,305 pieces of Siberian sturgeon caviar confiscated in Estonia. A small number of high-yield seizures made from vehicles, including cars, vans and trucks, also reflect the use of such transportation methods to move contraband in bulk, and the effectiveness of intelligence-based investigation.

Figure 15 identifies common concealment methods in relation to the number of known seizures featuring that method and the amount of contraband seized upon discovery. Each dot on the graph represents one seizure. According to the available data, personal baggage was used to conceal more illicit environmental products in 2016 than any other concealment method. More than 50,554 individual pieces were seized from suitcases, backpacks and other baggage, the vast majority of which were searched as

smugglers passed through airports. Personal baggage was used to smuggle nearly every class of product, with small seizures of Anthozoa being particularly frequent relative to other concealment methods.

Figure 14 suggested that mail was the second most frequent mode of transport in 2016, and Figure 15 reinforces this: 42,353 pieces of environmental contraband were seized after being hidden in parcels of mail. It was often small quantities of contraband – 250 pieces or less – that were confiscated per seizure, but 2016 also saw a string of large mail seizures over 500 pieces.

FIGURE 16: TRAFFICKING FLOWS BY REGION, 2016



Flora products were by far the most common contraband taken from mail, representing 83% of the total pieces seized by mail.

The largest hauls for which the concealment method is known were seized from vehicular transport, personal baggage, and freight shipments. The single largest confiscation for which concealment data was provided was made from an air freight shipment: 15,600 pieces of Flora.

Reptilia species were more often seized in transport relative to other concealment methods. The largest Reptilia seizure was made in transport from a truck at the Russia-Kazakhstan border, which was intercepted moving 8,253 Asiatic softshell turtles. Interestingly, the majority of Aves seizures were made from

vehicles, perhaps owing to the difficulty of keeping birds alive in transit.

Figure 16 illustrates inter-regional flows of environmental product trafficking involving five or more cases. According to available seizure data from 2016, Western European countries are the primary importers of illicit environmental products. Countries in Western Europe were the recorded destination in 1,615 cases, 824 of which originated in the Asia-Pacific region. There were 240 instances involving departures from North America for arrival in Western Europe's markets. Nevertheless, countries in the Asia-Pacific region, despite its being an overall export region, also received a relatively large share of incoming trade, especially from Western Europe. The Asia Pacific region is also the second

most frequent destination for illicit environmental products departing from Eastern and Southern Africa.

Eastern and Central Europe appear to be host markets for illicit environmental products from many regions, but not from the Caribbean and Central America, the Middle East, and North Africa. The majority of Eastern and Central Europe's trade is conducted locally, with 50% of 116 import cases having originated within the region. The Middle East shares this pattern as, according to **Figure 16**, all of its 36 reported import cases were shipped from other Middle Eastern countries. After Western Europe and the Asia-Pacific region, the three most prominent export regions for illicit environmental products are Eastern and Central Europe, Eastern and Southern Africa, and North America. Based on the available data, the latter two export exclusively to Western Europe, Eastern and Central Europe, and the Asia-Pacific region.

However, it is important to bear in mind the patterns seen earlier: WCO data for 2016 relies heavily on reporting from Western European countries, and Germany and the Netherlands in particular. Thus, **Figure 16** probably does not accurately reflect global trade flows, due to under-reporting by countries in some geographic regions.

Case study 4. Smuggling of seahorses

On 28 July and 8 August 2016, two airmail packages were stopped in the Chilly-Mazarin suburb of Paris, France, en route to Vietnam. Together, the shipments contained nearly 2,000 seahorses, dead and dehydrated. Customs officers at Chilly-Mazarin's mail centre made the discovery during routine inspections and noted that both packages were sent from an address in Guinea.

Parisian Customs officials have stated that illicit seahorse shipments frequently transit through France. The first package in this case contained more than 800 Short-snouted Seahorses, a species listed in CITES Appendix II; the second parcel contained over 1,100 seahorses. In 2015, CITES tweeted about the seizure by French customs of almost 19,000 dead seahorses. At the time, the value of that haul was estimated to be over \$225,000. The July and August seizures could be worth as much as \$24,000.

Seahorses find markets in East and Southeast Asia, particularly in Vietnam, China and Japan. Consumers use seahorses in medi-

cal products, soups and aphrodisiacs. In addition to being used in facial cleansers, seahorses allegedly cure kidney and respiratory problems, alleviate joint pain, improve circulation and remedy impotence. Scientific studies have yet to confirm any of these alleged health benefits.

WCO data suggests pipefish are frequently smuggled along with seahorses. Customs authorities reported 40 instances of smuggling involving live, dead, or processed seahorses and pipefish products to the WCO in 2016. In 77.5% of these cases, the products were trafficked by commercial air or mail.

SOURCES

- WCO data
- The National (2016), 'France seizes 2,000 dead seahorses being smuggled to Vietnam', available at <http://www.thenational.ae/world/europe/france-seizes-2000-dead-seahorses-being-smuggled-to-vietnam>, accessed on 1 August 2017.
- BBC (2016), 'France seizes 2,000 dead seahorses on Guinea-Vietnam route', available at <http://www.bbc.com/news/world-europe-37129009>, accessed on 1 August 2017.

Case study 5. Trafficking of elephant ivory

In late December 2016, Cambodian Customs officers in Phnom Penh oversaw one of the country's largest seizures of ivory and other wildlife products. Officers seized 1.3 tonnes of ivory, suspected to be from African Savanna elephants, along with 10 cheetah skulls, 82 kg of cheetah bones, and over 130 kg of pangolin scales. The shipment, which originated in Mozambique, had travelled via Singapore. It was allegedly transiting through Cambodia's Sihanoukville Port before heading to a final destination in China.

The contraband was hidden inside hollowed logs, and Customs officers closely inspected the logs based on intelligence suggesting the company responsible for the shipment was implicated in prior ivory trafficking cases. In October 2016, the same Vietnamese company was the alleged subject of an investigation stemming from the seizure of one tonne of ivory shipped out of Kenya.

China and Southeast Asia are prime destinations for illicit ivory. Ivory is often carved with delicate designs and hidden within

4. TRENDS IN ILLICIT ENVIRONMENTAL PRODUCT TRADE ROUTES

FIGURE 17: HEAT MAP OF TRAFFICKING INSTANCES, 2016



China's licit ivory market. Once on the market, it fetches high prices for sellers and conveys elite status on buyers. However, prices are now in steep decline as China steps up enforcement, but one kilogramme of ivory still commands a price tag of \$730. According to the WCO, the estimated total value of the ivory confiscated in this December 2016 seizure was \$1,000,000.

Customs authorities reported eight instances to the WCO of commercial container vessels being used to smuggle ivory in 2016. Transport by air and mail were more common. Of all elephant product seizures reported to the WCO in 2016, 65.6% of the shipments were bound for either Hong Kong, China, or the Chinese mainland.

SOURCES

- WCO data
- Boston Globe (2016), 'Cambodia seizes ivory, cheetah bones shipped from Mozambique,' available at <https://www.bostonglobe.com/news/world/2016/12/22/cambodia-seizes-ivory-cheetah-bones-shipped-from-mozambique/HPC6doOyPHEAbUGIPercM/story.html>, accessed on 2 August 2017.
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Figure 17 illustrates environmental trade routes by country and frequency in 2016. Each country indicated was a point of origin, destination, or transit for one or more seized shipments in a reported case, regardless of where the seizure took place or which country reported the case. Thus, Figure 17 shows all known countries through which illicit environmental products were moved, or intended to be moved, in 2016.

The data indicates that, for environmental trafficking cases, there were more frequent movements or intended movements from, through or to China, Germany or the Netherlands than all the other countries. While case data from Germany and the Netherlands accord with this observation, China's reports are limited in relation to the actual scope of trafficking instances. Hong Kong, China recorded 96 cases with the WCO in 2016, but China as a whole was involved in 525 trafficking instances, a majority (76.4%) of which were instances involving the departure of a product. Hong Kong accounted for 208 instances, while Macau accounted for three instances; both Special Administrative Regions of China are too small to appear in Figure 17. Similarly, Singapore accounted for 21 instances of environmental trafficking.

Figure 17 thus provides an interesting commentary on reporting levels when compared to Figure 7. Even with limited data, Figure 17 reflects the fact that the illicit trade in environmental products touches on, or has the potential to touch on, almost every country in the world. In the context of Figure 7, there was a noted lack of reported seizures from North and South America, as well as North Africa. However, Figure 17 suggests trafficking does occur in these regions. The United States was involved in 252 cases, being the point of departure for 236 seized shipments, however, in 2016, the U.S. Customs authorities did not report any cases to the WCO. Similarly, although Southeast Asian states submitted very little data, the region was involved in 312 cases.

Member highlights: Central Africa and biodiversity

Pesticides, a generic term that encompasses insecticides, fungicides, herbicides, and parasiticides, are regarded as chemicals used to control organisms that are considered to be harmful.

Central Africa – which, according to the United Nations, includes Angola, Cameroon, Gabon, Equatorial Guinea, Central African Republic, Democratic Republic of Congo, Republic of Congo, Sao Tome and Principe and Chad, as well as Burundi and Rwanda, which are sometimes covered in this definition – has raised concerns regarding the use of pesticides in the region.

After a review of the use and management of pesticides over the last 30 years, researchers have observed a sharp increase in the use of chemical agents to reduce bio-aggressors on crops in Sub-Saharan Africa, where pesticides are used in the production of several food crops and vegetables, and their misuse is believed to threaten the biodiversity of Central Africa.

Despite the various benefits of pesticides, such as the control of weeds and the protection of crops from pests, various health risks are associated with their use, not only for man, but for animals and the greater environment as well. Pesticides are believed to contribute to reproductive problems in certain species of birds, malformations in the foetus, the death of embryos, the occurrence of certain cancers, and to fatal poisoning.

A study conducted by various institutions, including the International Institute of Tropical Agriculture, the Africa Rice Centre and the Faculty of Agricultural Sciences at Abomey-Calavi University, Benin, found that poor management of pesticides often resulted in the contamination of the environment through toxic products which pose serious human health risks, such as mosquito resistance.

As a result, the quantity, quality and traceability of pesticides within the value chain and during import and export are essential in the region, and Customs authorities are geared towards ensuring improved compliance.

Source: RILO West and Central Africa.

FIGURE 18: ILLICIT TRADE FLOWS BY LOCATION, 2016

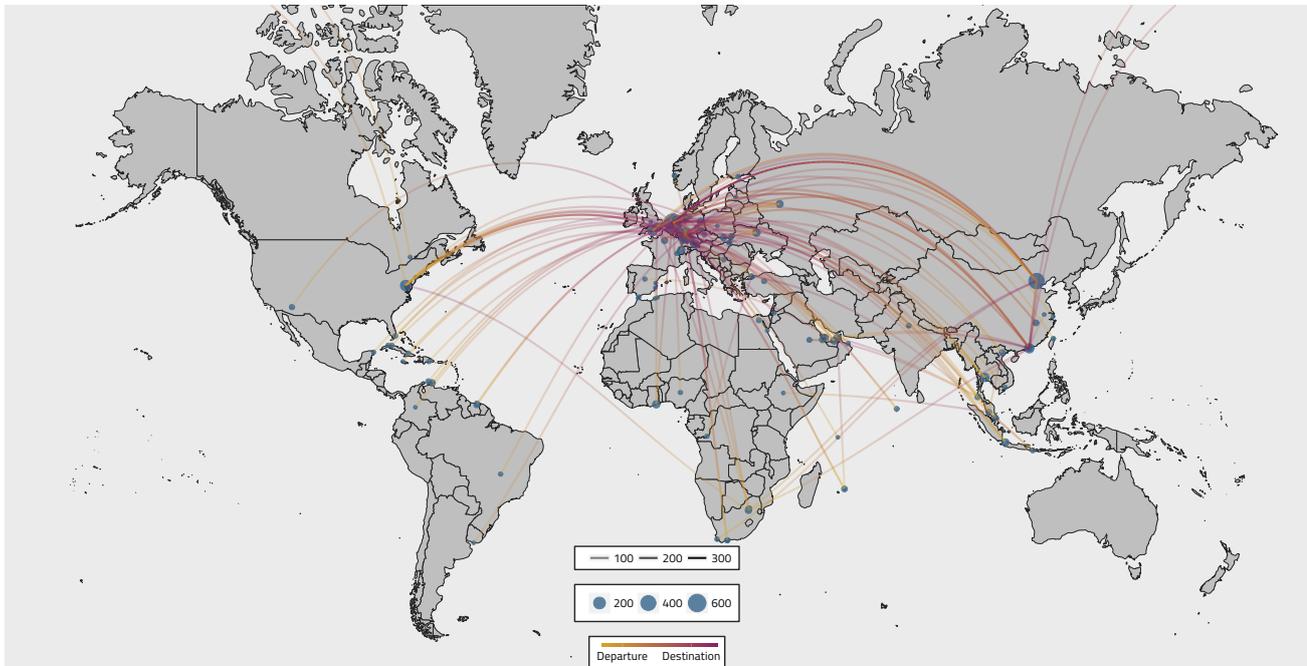


Figure 18 details the illicit flows of environmental products from their point of origin to their destination in 2016. The size of the dots indicates the number of cases that departed from or terminated in a particular city. The capital city is used when a specific location was not found in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall shade, the more frequently that trafficking route appeared in the 2016 data. These flows do not necessarily indicate completed smuggling attempts – in many cases, contraband was seized at its origin or in transit. However, Figure 18 shows the entire intended trade route from origin to destination. The map only displays routes involving three or more instances of illicit trade.

Figure 18 reflects Western Europe's role as a destination for illicit environmental products from around the world. Illicit goods from every populated continent except Australia flowed into European cities, with most shipments destined for Germany, the Netherlands and the United Kingdom. Western European markets in turn exported environmental products, principally to China. In regard to East Asia, China also imported products from South Africa and the Middle East, and exported to the United States and Canada.

Figure 18 highlights a variety of interesting trade routes when looking past the main focal point of activity. Markets in the United States traded with South Africa, with the relationship leaning slightly toward South Africa as the exporter. 2016 saw flows between Turkey and the Democratic Republic of Congo.

Member highlight: Contraband cases of rare species in Belarus and Russia

Various wildlife-related enforcement activities within the region resulted in several successes. The transportation of 40 live reptiles from Poland to Belarus without a declaration or veterinary documents resulted in the seizure of 16 Iguana, 19 Lacerta lepida, and 2 Mesh pythons. The seized live animals were immediately distributed to zoos in Grodno and Minsk, in accordance with the agreement with the Ministry of Nature Protection. Other cases include a seizure of 8,253 Central Asian tortoise (*Testudo horsfieldii*), included under Appendix II of the Cites Convention. The turtles were seized by Customs officers from Orenburg, Russia. They were concealed in 16 bags and in a box.

Officers from Altai Customs, Russia, initiated criminal procedures after 70 heads of pelicans – *Pelecanus crispus*, CITES Appendix I – were seized. The offender arrived in Russia from Kazakhstan by vehicle and concealed the pelican heads in his trunk.

Source: Belorussian and Russian Customs



Actors in Abu Dhabi imported contraband from Spain, and Ethiopia traded environmental products with Malaysia. The most prevalent route shown in Figure 18 is from Beijing to Amsterdam, with 308 instances, which is likely to be a reflection of the number of illicit products arriving in the Netherlands from an unknown city in China. The second most prevalent route shown in Figure 18 is from Washington, D.C. (unknown USA) to Speyer, Germany, with 77 recorded instances.

5. HAZARDOUS WASTE

The assault on the environment is further perpetuated by the continuous production of harmful and waste products, such as

plastics, medical waste, dangerous and toxic pesticides, radioactive waste, and even old cooling appliances that leak ozone-depleting substances (ODS).

Toxic waste causes long-term poisoning of water and soil, which adversely affects people's food sources and eventually their health. Every year more than 400 million tonnes of hazardous waste are generated, a large proportion of which is illegally shipped to, and dumped in, other jurisdictions. The United Nations Environment Programme (UNEP), for example, estimated that between 20 and 50 million tonnes of electrical and electronic equipment waste, also known as e-waste, is generated annually – 70% of which is dumped in developing countries in Africa and Asia.

Member highlights: Seizures of used batteries by Chilean Customs

Chilean Customs reports that there has been an increase in the illicit export of used acid batteries and lead acid batteries in a crude or processed form. These items are regularly declared as “refined lead” or “lead scrap”.

Changes to the export procedure for this type of goods are allowed where lead as a metal may be exported. However, in order to be exported, it must be processed at authorized foundries where the metal’s traceability is required – i.e. it is essential to prove its origin – and, in this regard, Customs have an important role to play.

Source: Chilean Customs



Green Customs Teams in the Dominican Republic

The Green Customs Initiative is an unprecedented partnership of international organizations cooperating to prevent the illegal trade in environmentally sensitive commodities and to facilitate their legal trade. Its objective is to enhance the capacity of Customs and other relevant enforcement personnel to monitor and facilitate legal trade and to detect and prevent illegal trade in these commodities under the relevant conventions and multilateral environmental agreements (MEAs). These include ozone-depleting substances (ODS), toxic chemical products, hazardous wastes, endangered species and living modified organisms. This is achieved through raising awareness of all the relevant international agreements, as well as through providing assistance and tools to the enforcement community. Green Customs is designed to complement and enhance existing Customs training efforts under the relevant agreements.

Dominican Republic Customs has established dedicated Green Customs Teams which are responsible for ensuring compliance with environmental and Customs legislation. Various environmental elements are closely monitored, such as the verification of export permit-assigned quotas (e.g. HCFCs), imports of waste, and ozone-depleting substances.

In order to keep up with the latest policy and procedural developments, continuous training is given throughout the year, taking into account any changes to environmental agreements.

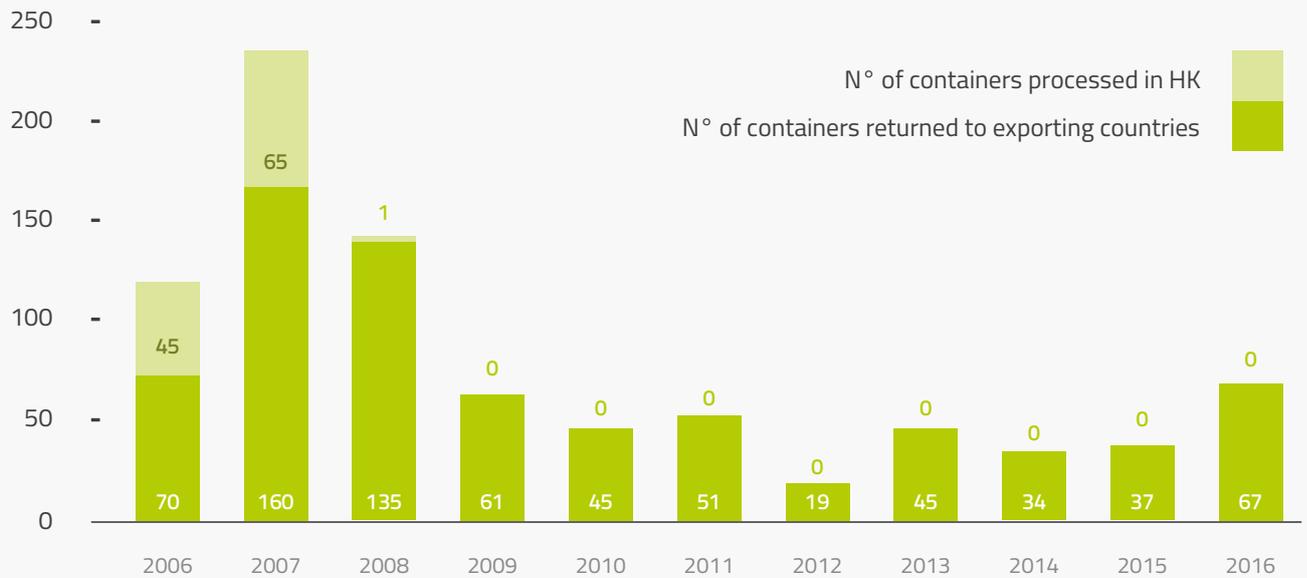


I : Used lead acid batteries, seized in San Antonio. Courtesy: Chilean Customs.

J : "Refined lead" from used lead acid batteries, in ingots, seized in Talcahuano. Courtesy: Chilean Customs.

K : Green Customs at work. Courtesy: Dominican Republic Customs.

CHART 1: NUMBER OF HAZARDOUS WASTE CONTAINERS RETURNED TO THE COUNTRIES OF ORIGIN FROM 2006 TO 2016



At the enforcement level, Customs regularly encounter missing licences and CITES permits, as well as the unauthorized shipment of radioactive sources, and imported electronic waste. Green Customs Teams participate in the destruction of chemical and hazardous waste, thereby avoiding its being sent to municipal landfills where it poses a risk to human health.

Source: Dominican Republic Customs

Hong Kong Customs and hazardous waste

Over the years, Hong Kong Customs has consistently and actively participated in the UNEP/WCO joint initiative, including Project Sky-Hole-Patching, aimed at combating the illegal trade

in ozone-depleting substances (ODS) and hazardous waste. In 2016, a total of 67 containers containing hazardous waste were intercepted and eventually returned to the exporting countries under the Strategic Control Scheme on Hazardous Waste. Hong Kong Customs also issued a total of 62 notifications for reporting suspicious ODS and waste consignments to the importing Customs administrations and RILO AP.

The chart above illustrates the number of hazardous waste containers that were successfully returned to their originating countries from 2006 to 2016.

Source: Hong Kong Customs

Recovery of cylinders of R-22 gas by Indian Customs

Indian Customs examined a container in Delhi which resulted in the recovery of 300 cylinders of R-22 gas. The initial declaration indicated that the content was aluminium scrap. Based on the same intelligence, another container was intercepted, which resulted in the recovery of 300 more cylinders of R-22 gas.

Source: Indian Customs



5. WCO INAMA Project

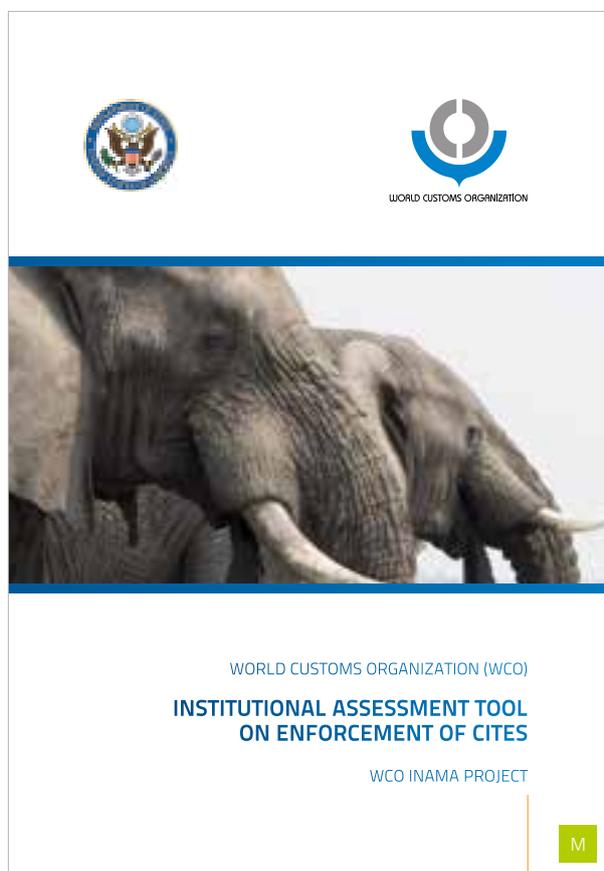
Customs have a critical role to play in the fight against the illegal trade in wildlife as defined by CITES. The WCO INAMA Project, planned and implemented with the support of key development and technical partners, is a response to this global threat. The Project focuses on strengthening the enforcement capacity of targeted Customs administrations in Sub-Saharan Africa and constitutes the follow-up to the two preceding Projects, Great APes and Integrity (GAPIN Projects).

The INAMA Project is expected to continue until 2018 and is composed of three technical components: institutional and organizational development, intelligence, and enforcement. The overall objective of the Project is to contribute to the reduction in the illegal trade in endangered species by enhancing capacity. The expected outcomes are enhanced efficiency and effectiveness of Customs in enforcement of CITES; increased capacity to collect, process and disseminate intelligence on CITES matters; and improved awareness, knowledge and competencies on enforcement of CITES, mainly in conducting Enforcement Operations.

In 2016, the INAMA Project maintained the momentum gained in 2015 and the following activities were implemented:

- Delivery of operations planning training in Tanzania, which was attended by delegates from Gambia, Ghana, Nigeria, Tanzania and Uganda.

- Delivery of advanced training on intelligence in Zambia, which was attended by the Customs Administrations of Angola, Gambia, Ghana, Malawi, Mozambique, Namibia, Nigeria, Rwanda, Uganda and Zambia, plus the WCO Regional Intelligence Liaison Office (RILO) for Eastern and Southern Africa.



L: R-22 gas cylinders seized by Indian Customs. R-22 gas is known as Chlorodifluoromethane or difluoromonochloromethane and is a hydrochlorofluorocarbon. This colourless gas is better known as HCFC-22, or R-22. It is commonly used as a propellant and refrigerant. Courtesy: Indian Customs
M: WCO INAMA report cover, *Institutional Assessment Tool on Enforcement of Cites*, March 2016.

- Delivery of training on wildlife trafficking investigations, held in Uganda, which was attended by the Customs Administrations of Gambia, Ghana, Kenya, Mozambique, Malawi, Namibia, Nigeria, Uganda and Zambia.
- Facilitation of the exchange of personnel between the Customs Administrations of China and Kenya in order to explore the possibility of strengthening cooperation between the two Administrations in conducting Controlled Deliveries.
- Delivery of training to Uganda Customs, the Uganda Police Force and other relevant agencies, in cooperation with COPES, on evidence handling and detection.
- Delivery of training on wildlife trafficking investigations, held in Togo, which was attended by the Customs Administrations of Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Madagascar and Republic of the Congo.
- Delivery of advanced training on intelligence, held in Burkina Faso and attended by the Customs Administrations of Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Madagascar and Republic of the Congo, plus the RILO for Central Africa.
- Support for subject-matter experts' missions to Zambia and Malawi in order to help set up and strengthen the intelligence function, with a focus on CITES matters.

In summary, more than one hundred delegates from Member administrations benefited from the training provided in 2016 under this Project. In addition, 2016 paved the way for providing national support to a selected group of Members, and for the regional Enforcement Operations on illegally traded wildlife products which will be conducted during the second half of 2017.





A

SECTION 4.

IPR, HEALTH AND SAFETY

INTRODUCTION

Trying to quantify the volume of illicit trade in counterfeit and pirated goods is not an easy task. Much like other forms of illicit trade, numbers are based on what is immediately observable, in the Customs environment notably what has been intercepted. However, these numbers can offer some insight into the extent and depth of this global scourge.

Counterfeiting and piracy pose a direct threat to the health and well-being of consumers around the world. There are also economical and socie-

tal implications including, not limited to infringement of labour law or product manufacturing and huge revenue losses for governments and businesses alike.

Organized criminal groups are known to be greatly involved in the dissemination of fake merchandise and are often the main beneficiary of the proceeds from selling counterfeit and pirated goods. Trade in fakes is not only illegal but it also serves as a source of financing for other criminal activities.

The WCO is well aware of these issues and has no shortage of initiatives to contribute to raising awareness to the dangers and negative impacts counterfeit and pirated goods. Capturing the attention of Customs officers and industries worldwide and

A: Illicit goods intercepted on a truck during WCO Operation. Courtesy: Côte d'Ivoire Customs.

ensuring their vigilance with regards to counterfeiting and piracy is at the heart of the WCO Intellectual Property Rights (IPR), Health and Safety Programme.

The WCO's strategy is largely based on activities which aim to both raise awareness among frontline Customs officers and to train and improve their targeting and risk assessment capabilities. Coordinating the efforts of its Members and leading large scale international enforcement operations focused on products posing a health or safety risk is also a key component of this programme.

The IPR, Health and Safety, Section of this Report examines the global illicit trade in counterfeit goods in 2016. As illicit IPR trade includes a diverse range of counterfeit products, this Section is organized in two broad categories. The first category consists of all counterfeit non-medical goods, including electronic appliances, clothing and accessories, and cosmetics, which we will refer to as "IPR products" for the purposes of this Report. The second category, Medicines and Pharmaceutical products, is comprised of illicit medical goods, i.e., medicines and medical technology. Illicit medical products include both counterfeit medical goods and medical goods that are illicit because they lack the appropriate authorization or licences, or are simply undeclared. Participating Customs authorities around the world reported 32,433 cases across both categories in 2016, involving a total of 40,801 seizures. 296,117,819 pieces of IPR goods and 186,301,116 pieces of medical goods were intercepted as counterfeiters and smugglers attempted to exploit the intellectual property of others for self-gain.

Overall, illicit trade in counterfeit IPR products appears to be on the increase. Compared to the 31,247 seizures reported by 53 countries in 2015, 22.8% more seizures were made in 2016 by Customs officials from 59 countries – particularly in the Middle East, North America and Western Europe. This increase is also seen across most, but not all, specific product types, in terms of either the number of seizures or the quantity of pieces seized. Where illicit medical products are concerned, global trade appears to be fluctuating. Although the number of seizures of some of the most commonly seized products fell in 2016, for other products both the number of seizures and the quantities intercepted have risen, in some cases dramatically. However, a greater number of Customs authorities contributed Medicines and Pharmaceutical data to the WCO in 2016, allowing for a more complete understanding of the

illicit trade in medical products; whereas 50 countries submitted information on Medicines and Pharmaceutical products in 2015, the number of participating countries rose to 61 in the following year.

Readers should note that all trend analysis must be qualified by three considerations. Firstly, the available data is comprised of seizure information that was voluntarily submitted by participating countries. This means that the graphs presented in this Section do not reflect global trends in the counterfeit trade with any certainty. Secondly, all apparent changes from 2015 to 2016 are potentially confounded by increasing efficiency on the part of the world's Customs authorities. As Customs officers become increasingly proficient in seizing both large and small shipments of counterfeit goods, the data may in some cases suggest a growing trade, when in reality levels of trafficking may be constant or even decreasing. Lastly, the WCO regularly conducts large-scale operations in certain regions of the world; these encourage Customs administrations to heighten their levels of enforcement, resulting in notable increases in the number of seizures carried out in that year, and for the targeted product categories.

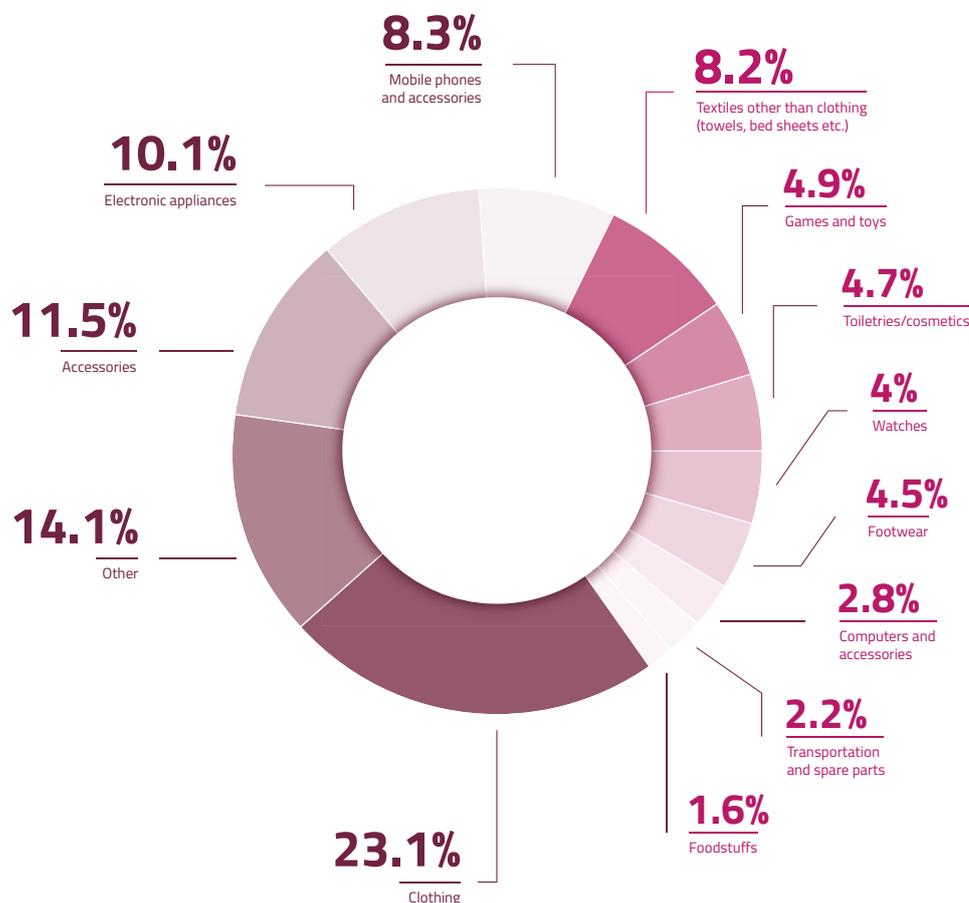
The two categories of counterfeit goods explored in the IPR, Health and Safety Section of this Report differ in terms of their origins, target markets and trafficking strategies. Therefore, these categories are examined separately.

For each category, this Section is structured in the following way:

1. Examines overall trends in the trade, including the type and quantity of products seized by the reporting countries.
2. Describes trends in the cases reported, by geographical region and by reporting country.
3. Discusses methods used by smugglers, and by Customs officers who conduct trade and border controls.
4. Aggregates data from individual cases to illustrate global trade flows.

1. IPR PRODUCTS

FIGURE 1: SEIZURES OF IPR PRODUCTS BY CATEGORY, 2016



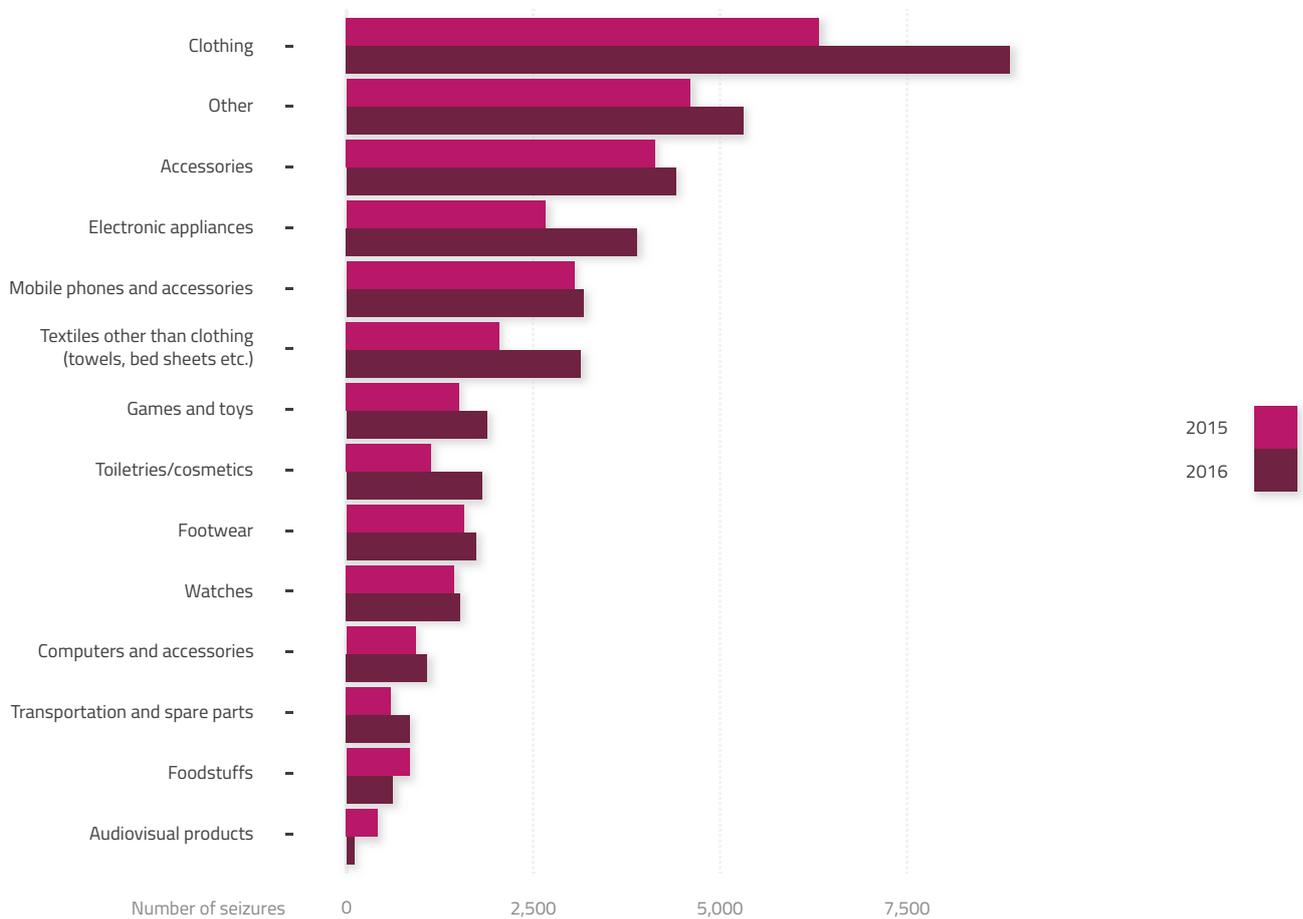
1.1 – Trends in seizures of IPR-infringing products by type and quantity

Figure 1 shows the composition of IPR product seizures (excluding pharmaceuticals seizures) in 2016, by product type. The 59 participating Customs authorities reported 30,467 IPR cases and 38,386 seizures (a “case” is a single interception of illicit products, while a “seizure” is the interception of specific goods – one case may consist of multiple seizures of different goods). In total, 296,117,819 pieces and 1,935,410 kilogrammes were confiscated. 35.8% of these seizures involved the confiscation of clothing (the single most commonly seized product type in 2016), footwear, and textiles other than clothing. The recovery of counterfeit technology, including electronic appliances, mobile phones, and

computers and accessories, was recorded in 21.2% of all seizures. The second and third most commonly reported product types were “Other” and “Accessories”. The former includes goods such as building materials, cleaning supplies and sporting goods, while the latter includes handbags, hats and belts, for example.

Figure 2 contrasts the number of seizures of counterfeit IPR products, by type, in 2015 and 2016. 31,247 IPR seizures were reported in 2015, which is 22.8% fewer than the number of seizures recorded in 2016. Moreover, in 2016 the number of seizures increased across all but two types of product, suggesting a possible overall rise in the global trade in counterfeit goods. Seizures of clothing showed the largest increase, climbing from 6,325 seizures in 2015 to 8,878 seizures in 2016. A notable

FIGURE 2: SEIZURES OF IPR PRODUCTS BY TYPE, 2015-2016



increase in the number of seizures of electronic appliances is also observed: Customs officers made 3,892 such seizures in 2016, compared with only 2,658 in the previous year – a 46.4% rise in seizures. The interception of textiles other than clothing, as well as toiletries and cosmetics, likewise saw notable increases, of 53.1% and 59.7%, respectively. Only two types of product were seized less frequently in 2016 than in 2015, namely foodstuffs and audiovisual products, seizures of which decreased by 27.1% and 75%, respectively. It should be noted that because the number of seizures of audiovisual products was relatively low in 2016 (106 seizures), Figure 1 includes these products under “Other.”

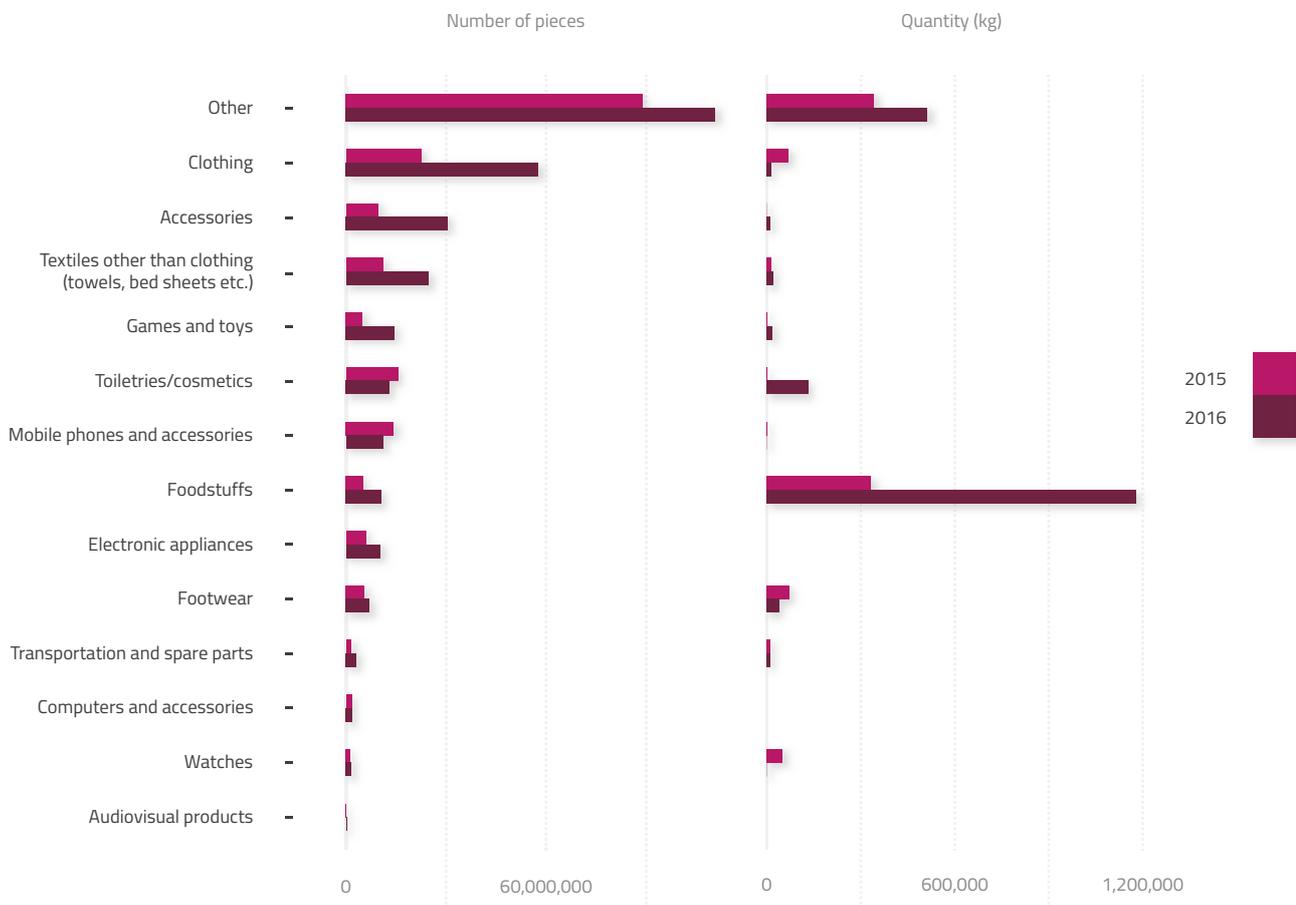
Figure 3 contrasts the quantity of counterfeit IPR products seized, by product type, in 2015 and 2016. Note that Customs authorities

report seizure quantities for different types of products either in pieces or in kilogrammes, not both. This means that one measure of quantity does not comment on the other, and should not be misconstrued as doing so. Whether a reporting authority records its seizure quantities in pieces or in kilogrammes depends on the specific item seized, and on each Customs authority’s reporting regulations.

Figure 3 reflects a somewhat more nuanced image of the increase in the global trade of counterfeit goods shown by Figure 2.

While Figure 2 indicates that the number of seizures of IPR products increased across all but two product types, Figure 3 reveals that changes in the quantity of goods seized between

FIGURE 3: QUANTITY OF SEIZED IPR PRODUCTS BY TYPE, 2015-2016



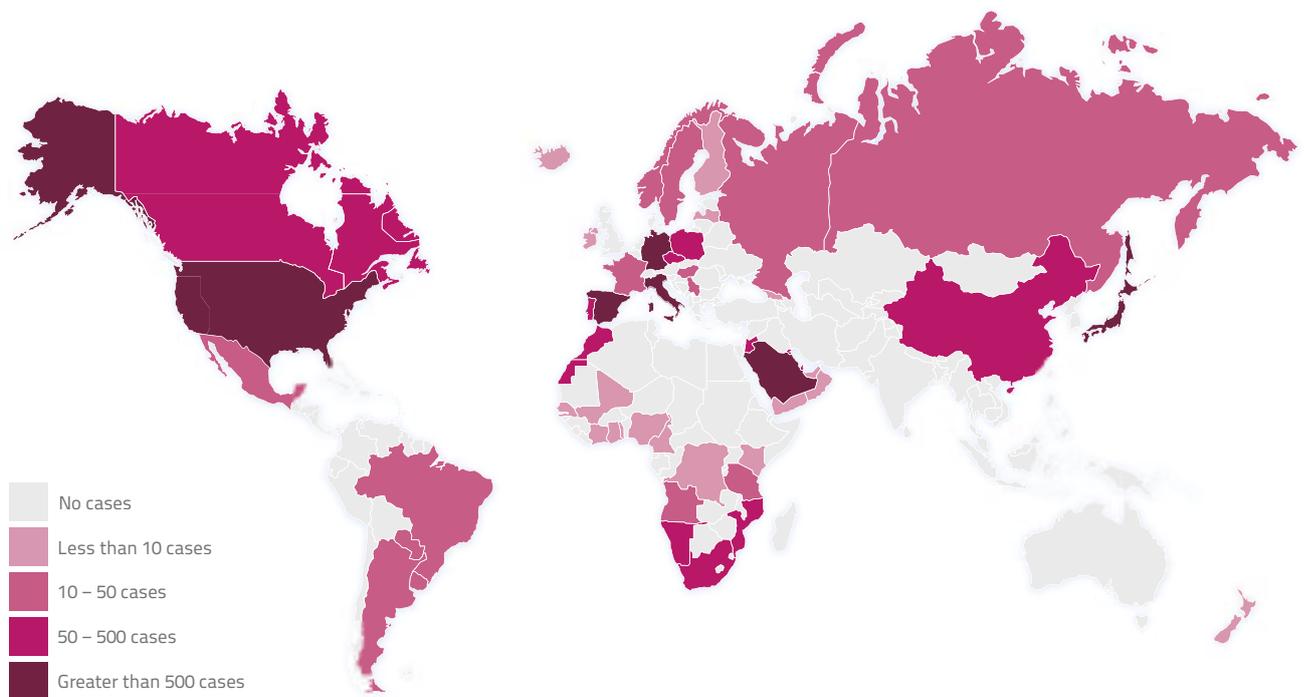
2015 and 2016 were slightly more variable. The number of pieces seized in 12 of the 14 product categories increased, generally corresponding to the increase in the number of seizures in the same categories. 22,580,905 pieces of clothing were seized in 2015, whereas Customs authorities intercepted 57,676,974 pieces of clothing in 2016. In line with the increase in the number of seizures of textiles other than clothing, 123.3% more pieces of this product type were likewise intercepted in 2016 than in the previous year (24,662,668 versus 11,045,019 pieces). Interestingly, the quantity of foodstuffs seized in 2016 increased by 105.1% in terms of the number of pieces confiscated (from 5,174,681 to 10,611,263 pieces), and by 255.3% in terms of the quantity recovered in kilogrammes. This contrasts with the conclusion drawn from Figure 2, where the number of foodstuff seizures

decreased from 845 in 2015 to 616 in 2016. This suggests that the trade in counterfeit food products is actually flourishing as smugglers move more items around the world in fewer shipments

1.2 – Trends in IPR cases by region and reporting country

Figure 4 illustrates the number of counterfeit IPR cases reported by each participating country in 2016. Each of the countries shown in colour reported at least one case in 2016; the darker the colour, the more cases were reported by the Customs authorities of that country. Saudi Arabia reported 14,284 cases – more than any other country by a wide margin. The second most frequent

FIGURE 4: HEAT MAP OF IPR PRODUCTS CASES BY COUNTRY, 2016



reporting country in 2016 was the United States, which reported 7,781 cases. Germany, Italy and Spain also reported over 500 cases each. Canada and China reported 106 and 100 cases, respectively. Among the countries that reported between 10 and 50 cases in 2016, Angola reported the largest number (49 cases). Bahrain submitted data on 48 cases, and Hungary on 44. In the Americas, Argentinian and Mexican Customs officials handled 38 and 37 cases, respectively.

Figure 5 shows the number of cases recorded by the top 20 reporting countries in 2016, and indicates the direction in which intercepted shipments were moving when confiscated. The available data suggests that counterfeit IPR goods are seized primarily on import rather than on export. Out of the 29,100 cases reported to

the WCO in 2016 by the top 20 reporting countries, 27,620 (94.9%) involved the seizure of goods as they were being imported. Only 74 cases involved the interception of goods for export, 56 of which were reported by China. This discrepancy between the number of import and export cases is probably attributable to countries focusing their enforcement resources on incoming products.

At country level, all but 10 of the 14,284 cases reported by the Customs authorities in Saudi Arabia involved imports. Similarly, 1,528 of Spain's 1,575 cases and 90.1% of Italy's 796 cases concerned imported items. 100% of Japan's 1,360 cases involved imports. China was the only country to record a majority of export cases, with such cases comprising 56% of the country's total of 101 cases.

Member highlights: Fake shoes in Hungary

On 14 November 2016, patrol officers from the Eastern Budapest Tax and Customs Directorate of the NTCA conducted controls on a vehicle parked in front of a warehouse building in Budapest. At the beginning of the control, the truck was being loaded with goods from the warehouse. During the controls on the products stored in the warehouse which were being loaded into the truck, it was noted that the products were footwear bearing a trademark confusingly similar to the UGG trademark. The sole distributor of the footwear was Shoebox Kft.

On this basis there were reasonable grounds for suspecting that the footwear had been produced without the rights

holder's authorization or licence, and that they were counterfeit. Therefore, the goods and the instruments of the felony, together with physical evidence pursuant to Article 177 of the Act on Criminal Proceedings, were seized on the premises, on the basis of suspicion beyond reasonable doubt of the commission of an industrial property rights felony pursuant to Article 388 § (1) point b) and (3) of Act C of 2012 of the Criminal Code.

As a result, 31,110 pairs of footwear with the UGG trademark (5,000 HUF/pair) were seized, for an estimated value of 155,550,000 HUF (501,774 euros).

Source: Hungarian Customs



B: 31,110 pairs of footwear with the UGG trademark. Courtesy: Hungarian Customs

Hong Kong Customs: Technology saavy

To combat Internet and technology crime involving counterfeiting and piracy, Hong Kong Customs has adopted a "Technology vs Technology" approach. Hong Kong Customs is mindful of the development of cyber crimes involving counterfeiting and copyright piracy activities and keeps abreast of the latest trends in technology crimes. With the deployment of enhanced technology tools and resources, online IPR infringement cases detected by Hong Kong Customs increased by 1% in 2016, as compared to 2015.

Hong Kong Customs has three Anti-Internet Piracy Teams (AIPTs), comprised of officers specialized in investigating online piracy. A Computer Forensic Laboratory has been set up to provide technical support to the AIPTs, including computer forensic services and the examination and preservation of digital evidence. Hong Kong Customs has also successfully developed and launched three computer automation systems operating on a 24-hour basis for monitoring and tracking possible infringing activities on the Internet, ranging from Peer-to-Peer sharing to e-auctioning and the listing of links to contents in cyberlocker sites. More importantly, in order to combat the rising trend of

selling infringing goods on social media platforms, Hong Kong Customs launched the SocNet Monitoring System in July 2015 to automatically screen the enormous amount of data on social media platforms and assist Customs officers in conducting further investigations on suspected cases.

In order to remain vigilant about the new enforcement challenges that come with advancing cyber technologies, and become well prepared to deal with those challenges, Hong Kong Customs set up the Electronic Crime Investigation Centre (ECIC) in early 2013. In addition to conducting research on the latest cyber technologies and IPR-related crime trends, the ECIC also formulates strategies, guidelines and procedures on the collection of evidence in handling cyber crimes. It also delivers research findings and new investigation skills through training, to enhance the investigation capabilities of operational staff on all fronts. Professional training has also been delivered to other local/overseas LEAs and government departments, including the Department of Justice, National Copyright Administration, Macao Customs Service, etc.

Source: Honk Kong Customs

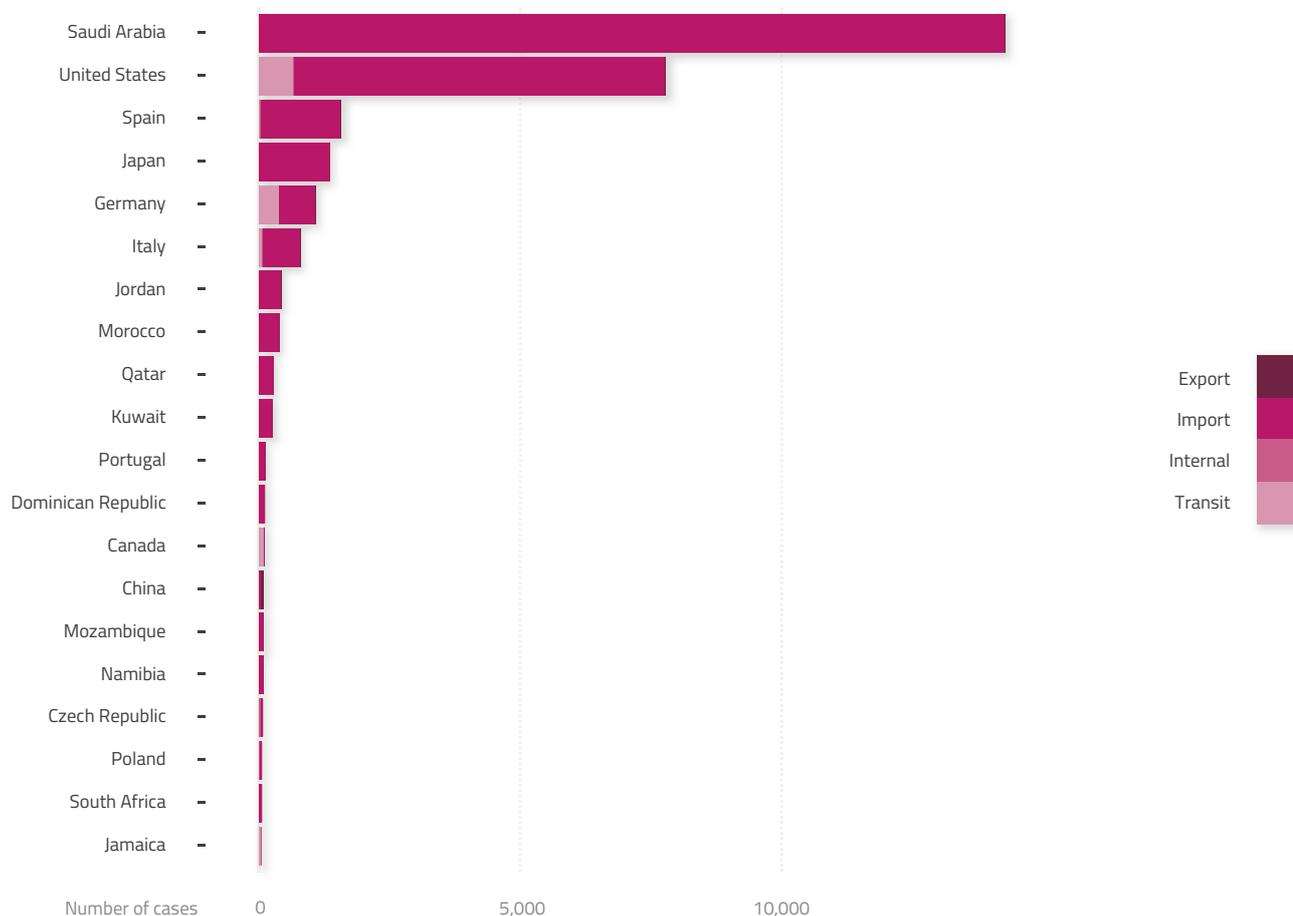
Seizing counterfeits in Slovakia

COFA Customs officers and Customs officers in the town of Brodské conducted controls on a consignment of toys imported from China. The goods were destined for the Polish market. During the controls, a suspicion of IPR infringement arose in respect of several trademarks, including Pokémon Pikachu, Smiley, Twilight Turtle, Angry Birds... The Customs officers seized 19,494 toys, 7200 pens, 144 kitchen slicers and 200 pieces of hair equipment. The estimated value of the goods was 170,000 euros.

Customs Officers in Brodské also seized 5600 pieces of fake goods from China. The goods were destined for the Slovak market. During controls, a suspicion of IPR infringement arose in respect of several trademarks, including Lego, BABYLISS and Nicer Dicer. The Customs officers seized 4560 toys, 800 curling irons, 120 hair irons and 120 hand kitchen cutters. The estimated value of the goods was 213,000 euros. Customs immediately informed the rights holders, who confirmed that all the goods were indeed fake.

Source: Slovakian Customs

FIGURE 5: IPR PRODUCTS CASES BY CUSTOMS PROCEDURE, 2016



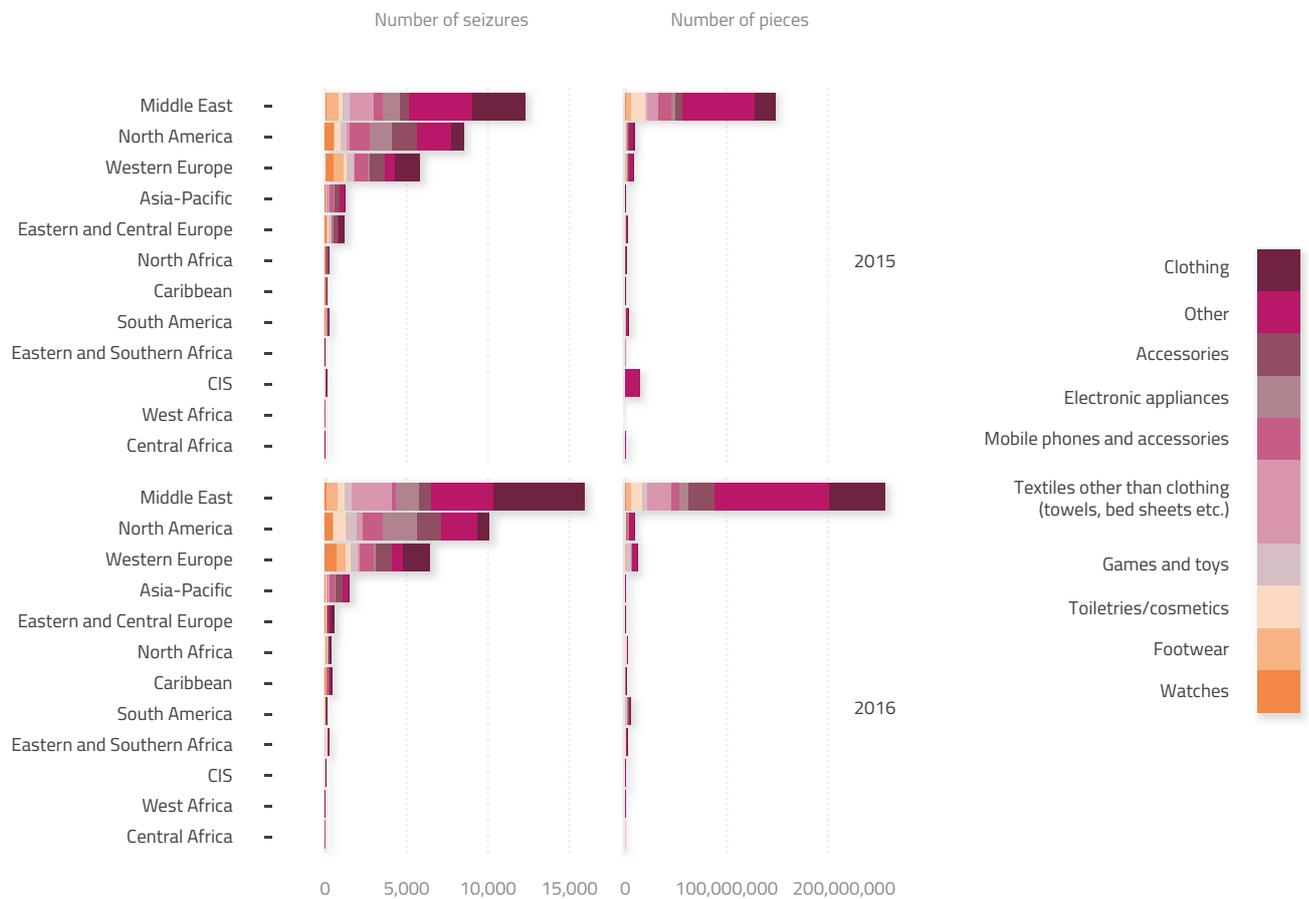
1,308 cases of goods confiscated during transit were recorded in 2016. The United States reported the largest number of transit cases: 665 out of 7,781 cases. However, 103 of Canada's 106 cases, and all of Jamaica's 50 cases, concerned counterfeit products transiting to other destinations.

Figure 6 provides a comparison between the number of seizures and the total quantity of counterfeit IPR products seized for each product type and each region of the world. This Figure also compares the data from 2015 and 2016 in these respects. The top three reporting regions, namely the Middle East, North America and Western Europe, all reported more seizures in 2016 than in the previous year. Customs authorities in North America and Western Europe respectively reported 8,541 and 5,797 seizures

in 2015, compared to 10,079 and 6,437 seizures in 2016, i.e., increases of 18% and 11%.

However, only in the Middle East was this increase in the number of seizures accompanied by a correspondingly large rise in the number of pieces confiscated. Customs authorities in this part of the world submitted data on 15,934 seizures in 2016 and 12,261 seizures in the previous year. At the same time the number of pieces seized rose by 72.7%, from 148,140,613 pieces in 2015 to 255,871,180 pieces in 2016. These increases are largely driven by growing seizure reports from Saudi Arabia and Jordan, as shown in Figure 7.

FIGURE 6: SEIZURES OF IPR PRODUCTS AND QUANTITY SEIZED BY REGION, 2015-2016

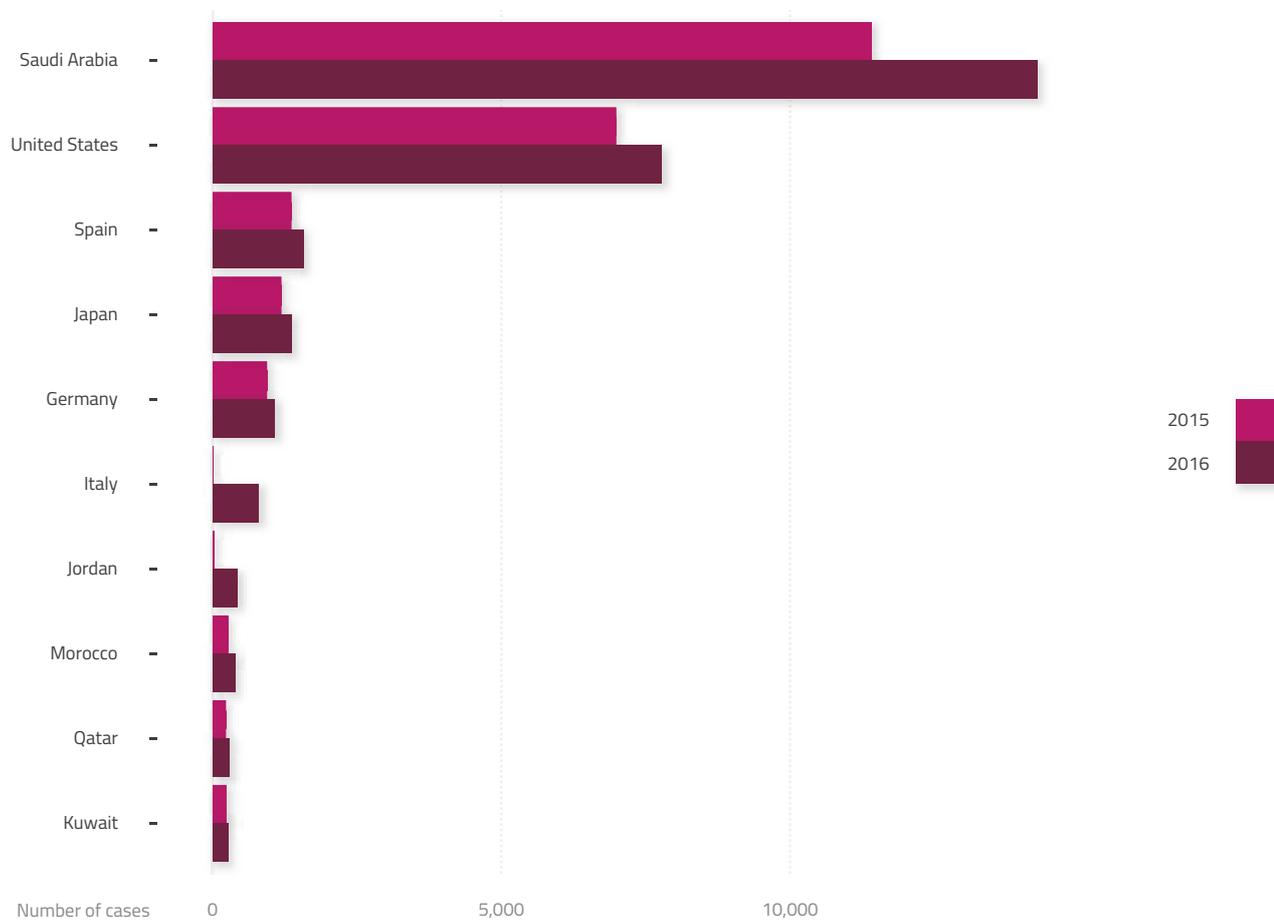


Moreover, an examination of the specific product types involved reveals that in the Middle East, larger quantities of goods were seized in six of the ten product categories in 2016, as compared with 2015. The only categories in which fewer pieces were seized in 2016 were electronic appliances, mobile phones, textiles other than clothing, and “Other” products.

The changes in the quantity of pieces seized largely corroborate the conclusion drawn from previous figures, i.e., an overall increase in the global illicit trade in counterfeit IPR goods. Only Central Africa, the Commonwealth of Independent States (CIS), Eastern and Central Europe and, interestingly, North America, seized fewer pieces in 2016 than in 2015.

Figure 7 shows the number of cases recorded by the top ten reporting countries in 2015 and 2016. As noted under Figure 4, Saudi Arabia submitted 14,284 cases to the WCO in 2016 – more than any other country. The same is true for 2015, during which the Customs authorities of that country reported 11,416 cases. Moreover, this 25.1% year-on-year increase is the largest among the top ten reporting countries, with the exception of Italy and Jordan. Nevertheless, all ten saw an increase in the number of counterfeit contraband cases they recorded. The United States reported 6,988 cases in 2015 and 7,781 cases a year later. The number of cases recorded by Spain rose by 15.6%, from 1,362 to 1,575 cases, over the same period. In 2016, Customs officials in Japan, Germany and Morocco handled 14.5%, 14.5% and 41.4% more cases, respectively, than in the previous year. Italy and

FIGURE 7: NUMBER OF IPR CASES BY COUNTRY, 2015-2016

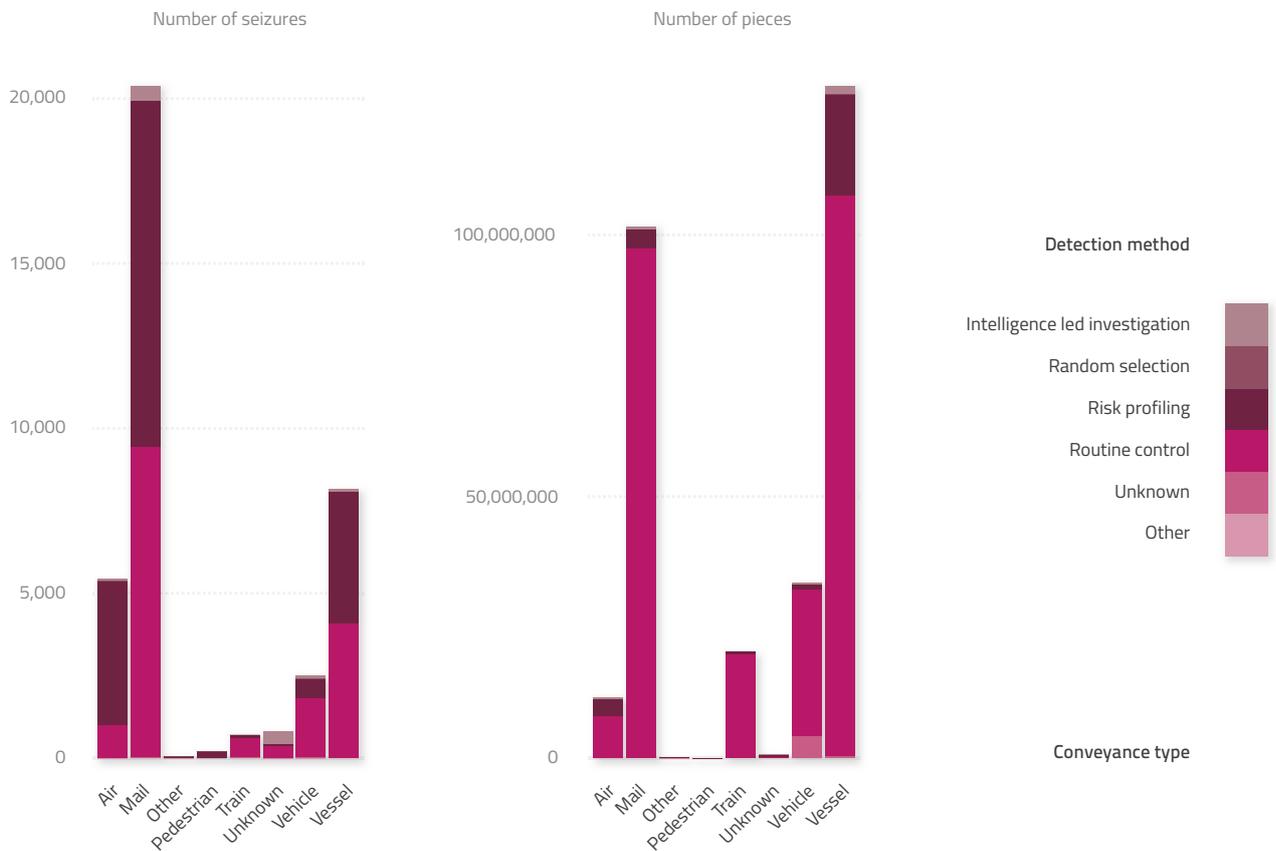


Jordan recorded the greatest increases in the number of cases submitted to the WCO, although this may be more reflective of these countries' efforts to improve their reporting levels, rather than genuine shifts in the global trade flows of counterfeit products.

1.3 - Trends in IPR trafficking methodology

Figure 8 provides four distributions for 2016's counterfeit IPR seizures, namely 1) the frequency of use of various modes of transport in recorded smuggling attempts; 2) the quantity of products seized, regardless of category and mode of transport; 3) the detection method by mode of transport; and 4) the detection method in relation to the quantity of pieces seized. Figure 8 shows that in terms of pieces intercepted, the largest quantity of goods was moved via vessels in 2016; a total of 128,952,545 pieces were seized from ships, 107,101,610 (83.1%) of which were discovered during routine controls. Routine controls also led to the recovery of 97,378,329 pieces from mail parcels, this being the most frequently discovered method of conveyance in terms of

FIGURE 8: QUANTITY OF IPR PRODUCTS SEIZED AND NUMBER OF SEIZURES BY CONVEYANCE TYPE AND DETECTION METHOD, 2016



the number of interceptions conducted. 43.5% of the 296,797,922 pieces of IPR goods intercepted in 2016 were confiscated from vessels in 8,162 seizures. However, over 50% of the 38,212 seizures denominated in pieces which were reported in 2016 were made as smugglers attempted to send contraband via the mail. Although routine controls emerge as the most effective enforcement method in terms of the number of pieces seized, risk profiling led to the highest number of seizures, i.e., 19,811, as opposed to 17,263 seizures facilitated by routine controls.

Interestingly, seizures of other types of contraband moving through the air sector are most often detected by routine controls rather than by risk profiling, as seen in other Sections of this Report. One explanation for the greater reliance on risk profiling may be that counterfeit goods, unlike weapons or environmental products, are not instantly recognizable as being illicit or dangerous, and their detection may require more specialized knowledge of branding and copyright law.

Member highlight: Operation Big Black in Spain

The Operation Unit in Barcelona intercepted a total of 18,838 fake pieces of garments in two shipments from China, within a month. This Operation, called Big Black, resulted in one of the largest seizures of this type carried out to date in a Spanish port, and the most important in recent years. Operation Big Black started on 13 September, when six containers of clothes from China arrived at the port of Barcelona. In the framework of the increased controls being carried out to avoid the introduction of counterfeit merchandise into the national territory, Customs Surveillance in Barcelona decided to select all of them for control.

Officers determined that the containers had been sent by two different companies, and addressed to a popular textile brand. However, both the procedures and the route used to transport and import the merchandise were unusual. Hence, Customs Surveillance in Barcelona decided to investigate further. Having checked that the textile brand that was allegedly to receive the merchandise was in fact not aware of the transaction and had not placed any order, Customs Surveillance decided to physically inspect the containers. Officers discovered a total of 25,360 jackets and 10,400 shirts that were fake, according to reports by experts from the brands affected.

Later, on 14 November, as a follow-up to the investigations, it was determined that a new shipment of five containers had been sent by one of the two Chinese companies responsible for the previous shipment. After an inspection of the goods, another 28,278 leather jackets and 30,800 shirts of different brands, also counterfeit, were seized.

The Customs Surveillance Unit in Barcelona carried out the investigation, and has made the merchandise available to the court pending its destruction. Meanwhile, investigations are continuing in order to ascertain more details of the origin and circumstances of the shipments.

Source: Spanish Customs



Case study 1. Suspicious shipment of cell phones in Paraguay

Early in 2016, officials of Paraguay's National Directorate of Intellectual Property (DINAPI) examined a shipment of cell phones arriving at Silvio Pettirossi International Airport in Luque. On opening the shipment, they discovered over 3,000 counterfeit mobile phone accessories. The haul was estimated to have a value of 90,800 USD. DINAPI, which falls under the authority of the Ministry of Industry and Commerce, has a mandate to combat IPR violations and uphold related international agreements. Officials had applied risk profiling to the suspicious shipment of phones, and found cause to inspect the contents more closely. Upon doing so, they discovered and seized 3,000 mobile phone screens, branded Samsung, LG and Nokia.

SOURCES

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C: Counterfeit clothing seized during Operation Big Black. Courtesy: Spanish Customs

FIGURE 9: QUANTITY OF IPR PRODUCTS SEIZED BY TYPE AND DETECTION METHOD, 2016

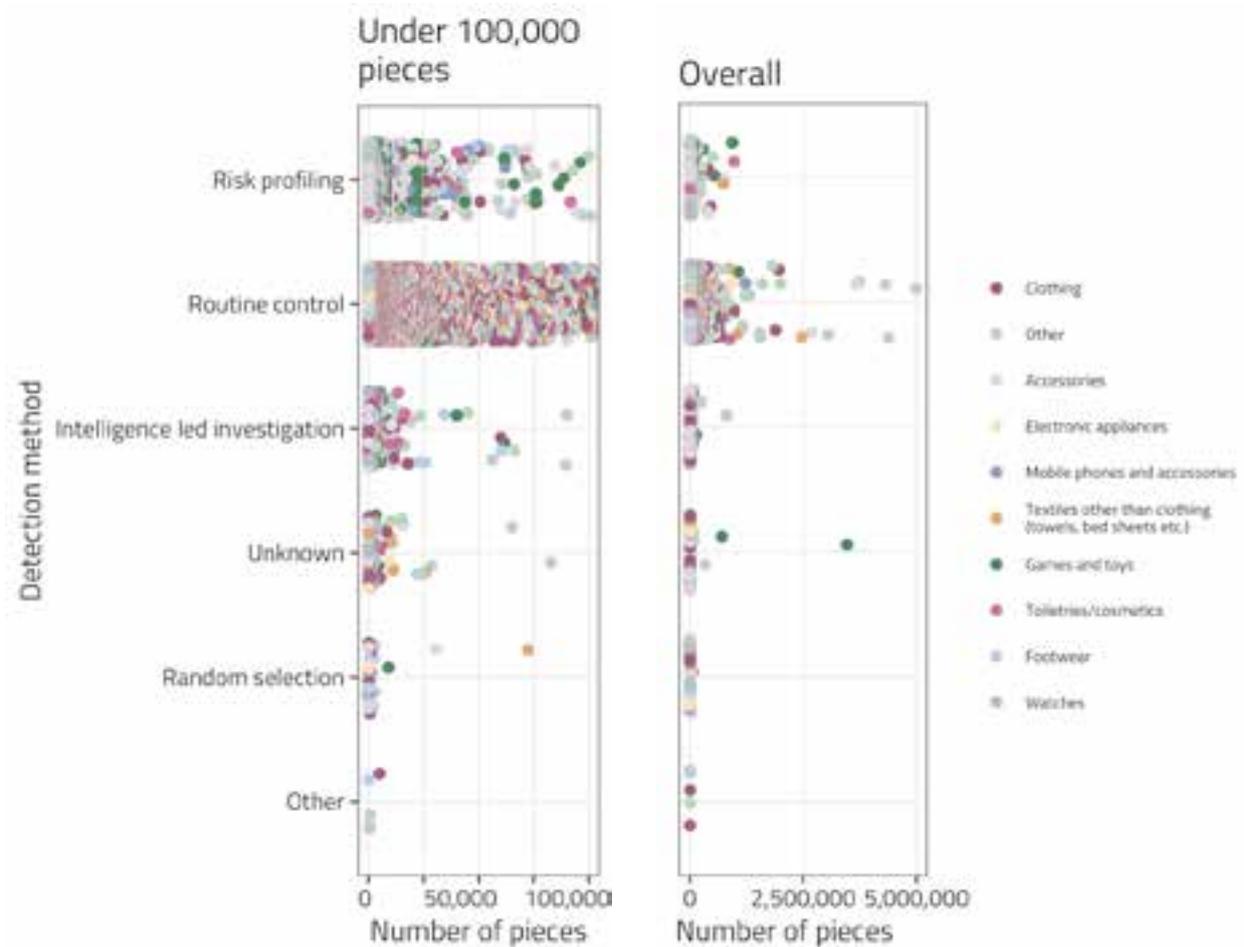


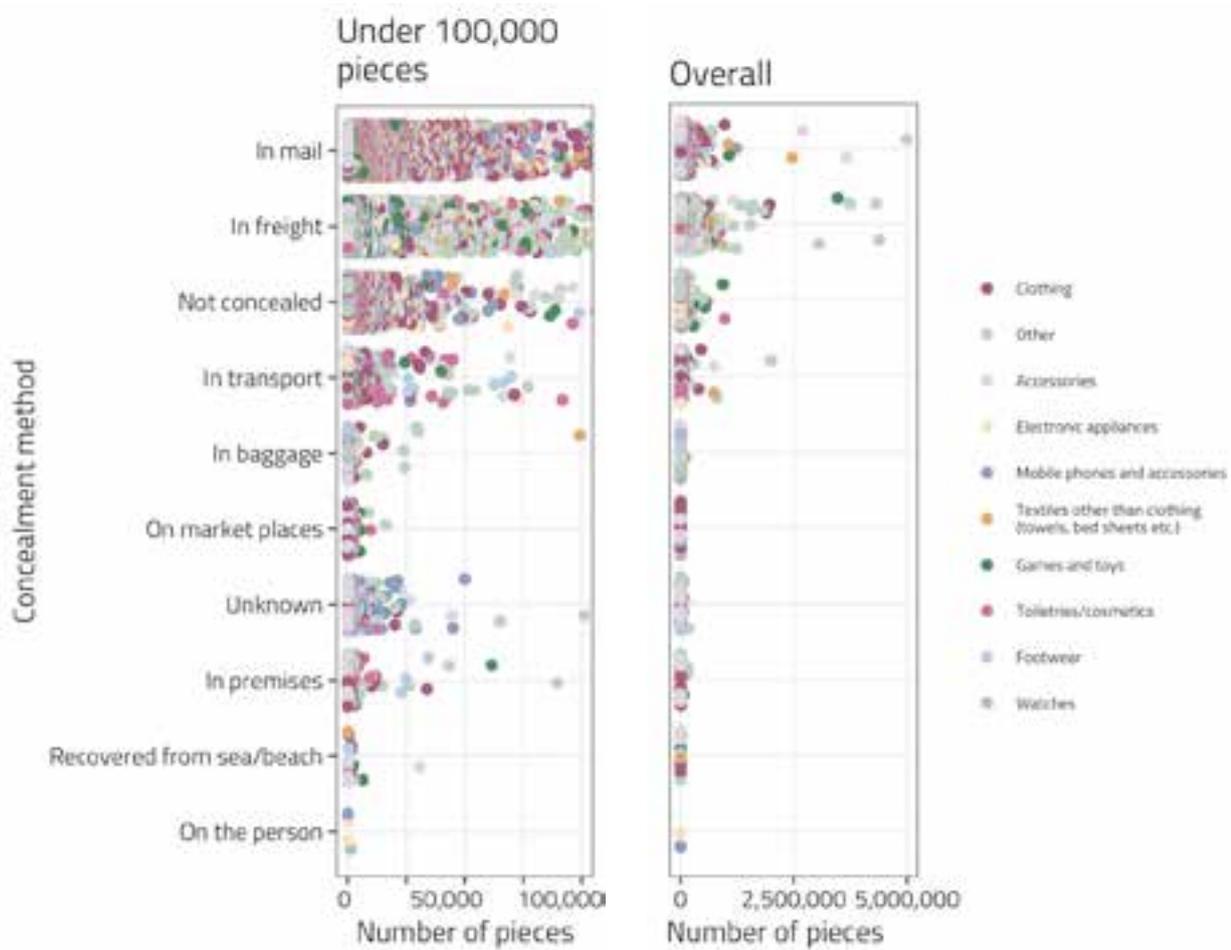
Figure 9 illustrates the quantity of seized IPR products with reference to the category of product confiscated and the detection method used to identify the contraband. Each point on the graph represents an individual seizure made in 2016, and the type of seizure is indicated by the colour of the point. Note that one large seizure of building materials (20,188,544 pieces) discovered during routine controls is not shown on the graph.

While Figure 9 may appear at first glance to contradict Figure 8, in that seizures facilitated by routine controls seem to be more numerous than those carried out using risk profiling, this is not in fact the case. All of the 19,811 risk profiling seizures and 17,263 routine control seizures are shown (or included in the underlying data). However, 91.4% of risk profiling seizures saw the interception of less than 2,000 pieces each. By contrast, only 47.7%

of routine control seizures were of less than 2,000 pieces each. Routine controls therefore presented a larger range of seizure quantities, meaning that more points are visible on the graph.

Furthermore, this explains why Figure 8 identified routine controls as the most effective enforcement measure in terms of the number of pieces seized. All ten of the ten largest seizures in 2016 for which the detection method is known were made as Customs officials conducted routine controls on goods. In total, routine controls led to the confiscation of 260,345,638 pieces of IPR contraband, while 28,601,551 pieces were recovered through risk profiling. Figure 9 also reveals that intelligence led investigation resulted in 973 seizures, in which 2,731,339 pieces of counterfeit IPR products were intercepted.

FIGURE 10: QUANTITY OF IPR PRODUCTS SEIZED BY CONCEALMENT METHOD, 2016



Note that for the purposes of Figure 9, some product types that are shown separately elsewhere have been included in the “Other” category. These product types include transportation and spare parts, computers and accessories, and foodstuffs.

Figure 10 shows the concealment methods used to smuggle counterfeit IPR products in 2016. Each point on the graph represents an individual seizure, and the position of the point indicates the quantity of contraband intercepted. Note that one large seizure of 20,188,544 pieces of building materials discovered in the mail is not shown on the graph.

Figure 10 highlights the quantities of IPR contraband seized from mail and from freight containers. While a total of 21,073

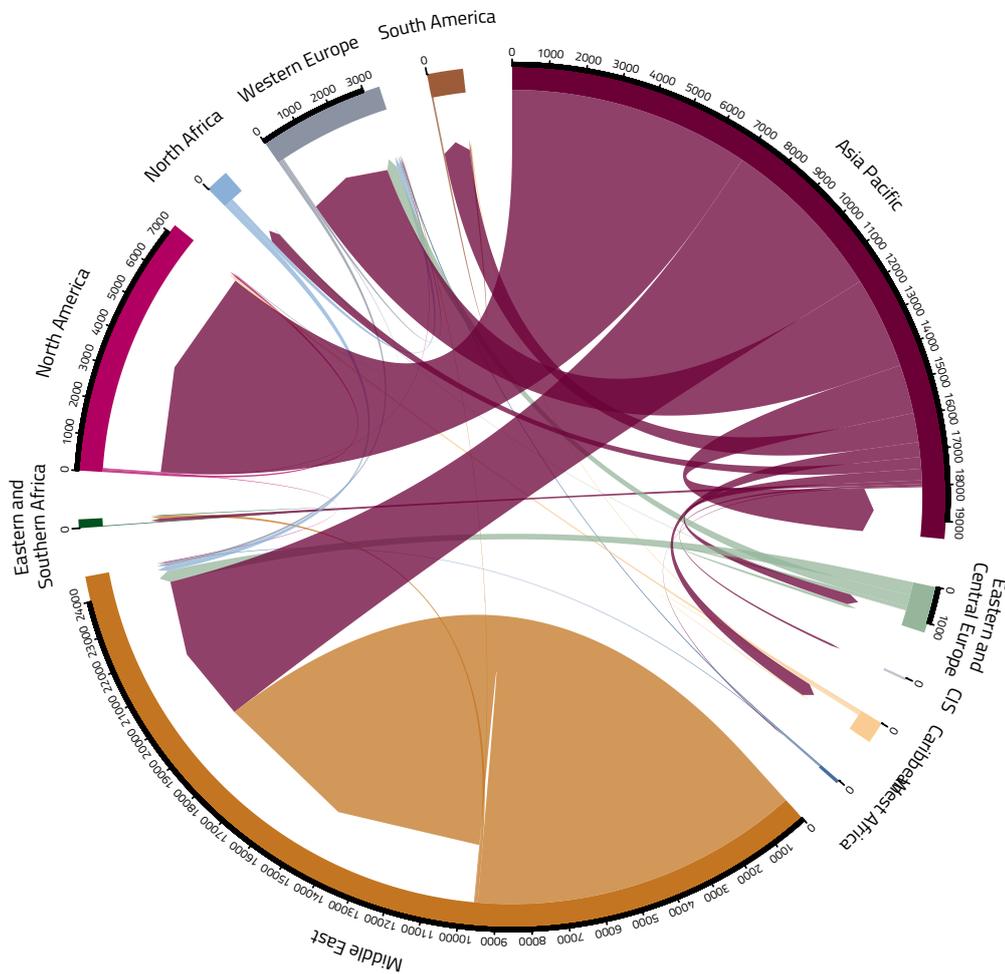
seizures were conducted on mail parcels, leading to the recovery of 130,696,736 pieces¹, just 9,805 seizures from freight² resulted in the confiscation of 132,064,143 pieces. 5,390 of the seizures from mail parcels (i.e., 25.6%) led to the recovery of clothing items. 7,280,246 pieces of mobile phones and accessories were discovered in mail parcels (in 2,166 seizures), while 2,161,523 pieces of mobile phones and accessories were intercepted in freight containers (in 707 seizures).

Smugglers also frequently used vehicles, including cars, vans and trucks, to transport counterfeit IPR products. Customs authorities confiscated 9,525,298 pieces of IPR goods hidden “in transport”, which denotes vehicles and secret compartments within vehicles. 627 seizures on market places resulted in the recovery of 138,413

¹ This figure is higher than the figure reported in Figure 8, probably because contraband hidden “in mail” is not necessarily the same as contraband transported via the postal system.

² This figure is higher than the figure reported in Figure 8, possibly because “in freight” can refer to both ocean-going containers and freight containers loaded aboard trucks.

FIGURE 11: IPR PRODUCT TRADE FLOWS BY REGION, 2016



pieces of contraband, while 23 seizures on the beach yielded 52,257 pieces.

Note that for the purposes of Figure 10, some product types that are shown separately elsewhere have been included in the “Other” category. These product types include transportation and spare parts, computers and accessories, and foodstuffs.

1.4 - Trends in the trafficking of IPR-infringing goods by routes

Figure 11 illustrates the trafficking flows of counterfeit IPR products from, to and within geographical regions as identified

by the case data for 2016. Figure 11 only shows trade routes that appeared in 15 or more trafficking instances, and indicates trade flows regardless of where the seizures were made. As in Figure 6, the Middle East emerges as a prominent importer of counterfeit IPR products. Out of a total of 29,387 trafficking instances represented in Figure 11, 15,074 instances (51.3%) included goods en route to the Middle East. 9,512 of those instances originated within the region itself, while 32.3% were inbound from Asia-Pacific – the predominant exporter of IPR contraband. According to the available data, contraband regularly flowed from Asia-Pacific to nearly every region, the only exception being West Africa. The second and third largest importers of counterfeit products were North America and Western Europe, which appeared as the destination in 7,131 and 3,265 trafficking instances, respectively.

Case study 2. Cooperation leads to dismantling of a criminal gang

On 29 November 2016, the Spanish National Police and Spanish tax authorities, in cooperation with Europol, made the country's largest IPR seizure as part of Operation Pinar, which was launched in 2013. The authorities seized over 260,000 pieces of contraband, including fake clothing, watches, leather, jewellery and other products, with a total estimated value of 8 million euros.

Police arrested 71 individuals and searched or inspected 47 premises, some of which were discovered to contain concealed entrances to secret warehouses. With the assistance of 400 officers, 30 high-end vehicles and two stamping plates for producing counterfeit documents and currency were also seized. Officers also froze 150 bank accounts connected to this criminal enterprise.

The criminal gang, a loosely-organized structure which shared the assets seized and the locations searched, was based in La Junquera and Le Perthus. These towns have long been associated with intellectual property crime. Many of the counterfeit products sold by the gang originated in China, Portugal and Turkey. Other products they branded themselves, in Spain, by attaching the logos of well-known companies to so-called "white-label" products.

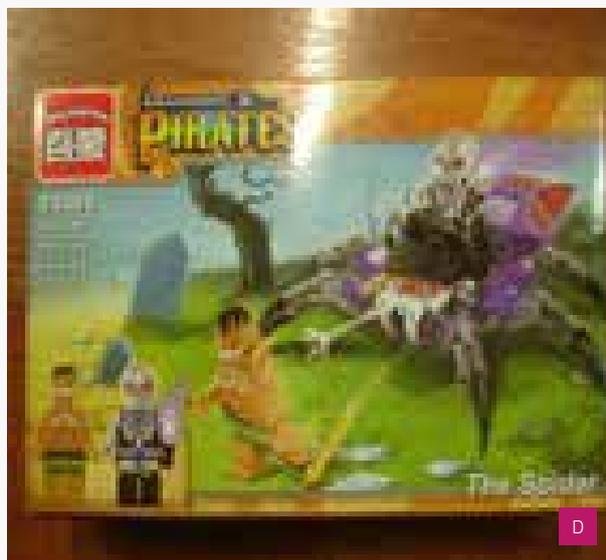
SOURCES

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- Europol (2016), "Main European Union hub for distribution of counterfeit goods dismantled", Press Release, 9 December, available at <https://www.europol.europa.eu/newsroom/news/main-european-union-hub-for-distribution-of-counterfeit-goods-dismantled>, accessed on August 18 2017.

Member highlight: Fake toys still widespread

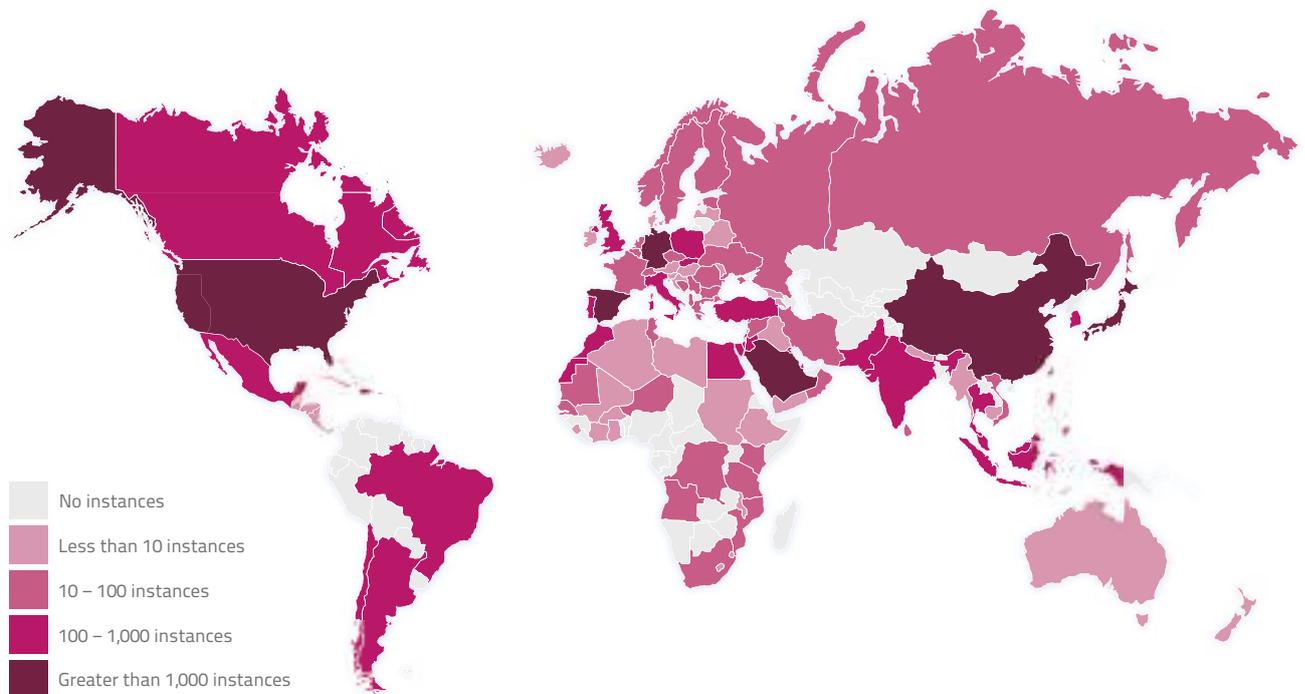
On 12 July 2016, as a result of a risk analysis, Customs officers in Romania discovered 40,450 toys suspected of infringing the intellectual property rights of the LEGO trademark. The goods were dispatched from China to a consignee – a company in Bucharest. The estimated value of the goods was 404,500 euros.

Source: Romanian Customs



D, E: Counterfeit Lego toys seized by Romanian Customs. Courtesy: Romanian Customs

FIGURE 12: HEAT MAP OF IPR TRAFFICKING INSTANCES, 2016



97.5% and 81.7% of those instances, respectively, originated in Asia-Pacific.

Figure 12 illustrates the frequency of IPR trafficking instances by country, in 2016. Each country indicated was the origin, the destination or a transit point for one or more seized shipments in a reported case, regardless of where the seizure took place or which country reported the case. Thus, Figure 12 indicates all known countries through which counterfeit IPR products were trafficked, or were intended to move, in 2016.

Although Figure 4 indicates that many countries recorded numerous IPR cases, nearly every participating country was implicated in a greater number of trafficking instances than its Customs authorities reported. Moreover, many countries that did

not report a single case in 2016 were implicated in at least one trafficking instance.

The largest discrepancies between the number of cases reported and the number of times implicated are seen in China, Hong Kong, China and the United Arab Emirates. China and Hong Kong, China reported 100 cases and two cases respectively, but were implicated in 10,490 and 6,169 instances respectively. The United Arab Emirates likewise reported only two cases, but was implicated in 9,254 instances. China, Hong Kong, China and the United Arab Emirates all served predominantly as points of departure for counterfeit IPR goods in 2016. Thus, in 96.3%, 99.8% and 99.7%, respectively, of the trafficking instances involving China, Hong Kong, China and the United Arab Emirates, the counterfeit goods departed from those points.

FIGURE 13: IPR TRADE FLOWS, 2016

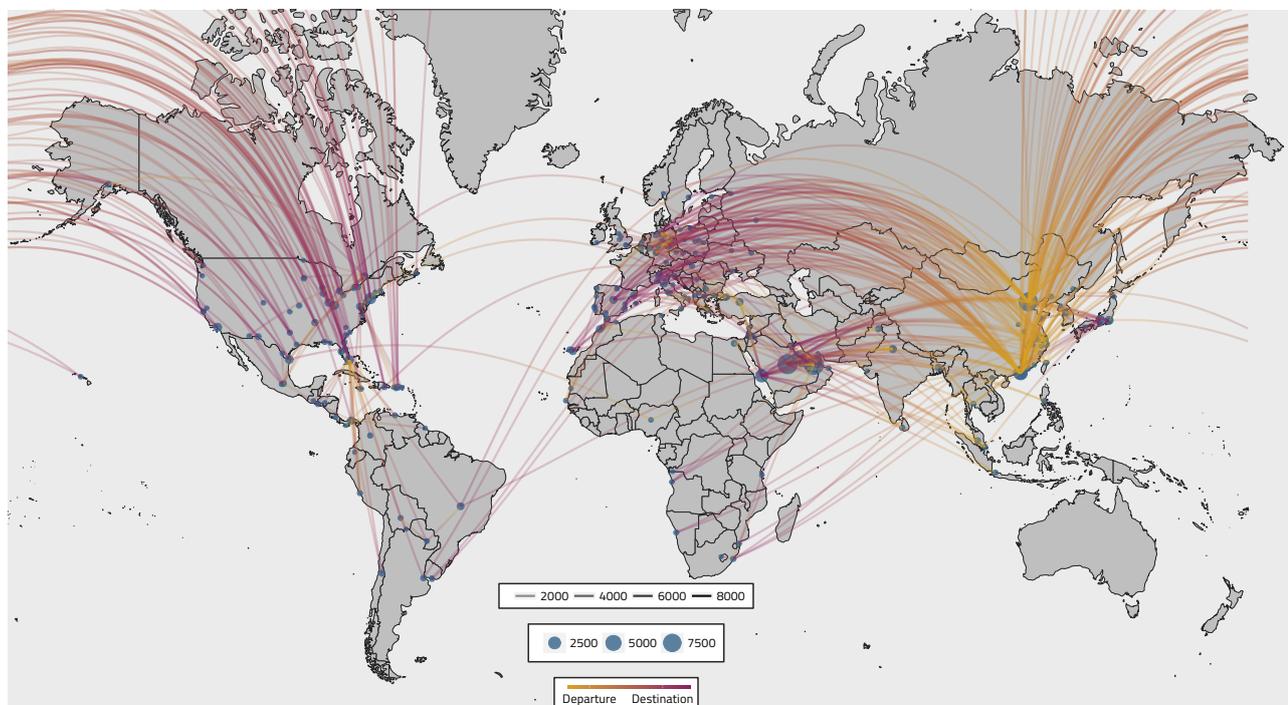


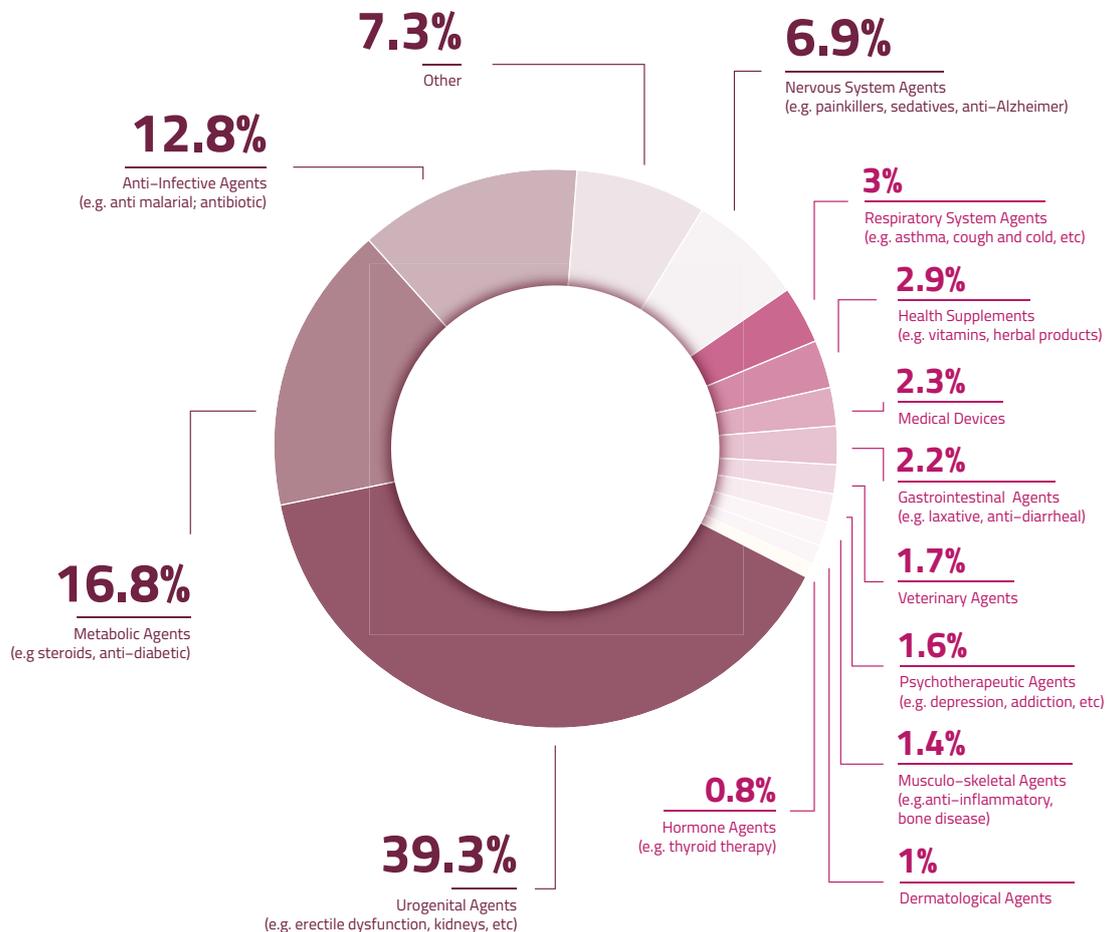
Figure 13 details the illicit flows of IPR products from origin to destination, for all routes that appear in five or more instances. Point size indicates the number of cases that departed from or terminated in a particular city. A country's capital city is used when the specific location is not found in the data. The flows connecting points on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall tone of a flow, the more frequently that trafficking route appeared in the 2016 data. These flows do not necessarily indicate completed smuggling attempts. In many cases, contraband was seized at the point of origin or in transit. Nevertheless, Figure 13 shows the entire intended trade route from origin to destination.

Figure 13 again reflects the prominence of Asia-Pacific, and specifically China and Hong Kong, China, as the points of export

in many instances of IPR contraband trafficking; out of 30,592 trafficking instances shown, 15,641 (51.1%) originated in one of those two locations. Building on the observations in Figure 11, Figure 13 shows that in 2016, counterfeits primarily flowed (or would have flowed) from China and Hong Kong, China to Saudi Arabia (2,920 instances), to a variety of Western European countries (including 843 instances bound for Germany), and to numerous destinations across the United States (7,074 instances). Goods also often moved from India to Saudi Arabia: 358 of 442 instances originating in India were destined for markets in Saudi Arabia. Figure 13 further reveals that countries in Central and Southern Africa typically received counterfeit goods from China. In South America, counterfeit IPR goods were frequently inbound from the southern United States (particularly Florida).

2. MEDICINES AND PHARMACEUTICAL PRODUCTS

FIGURE 14: SEIZURES OF MEDICAL PRODUCTS BY CATEGORY, 2016



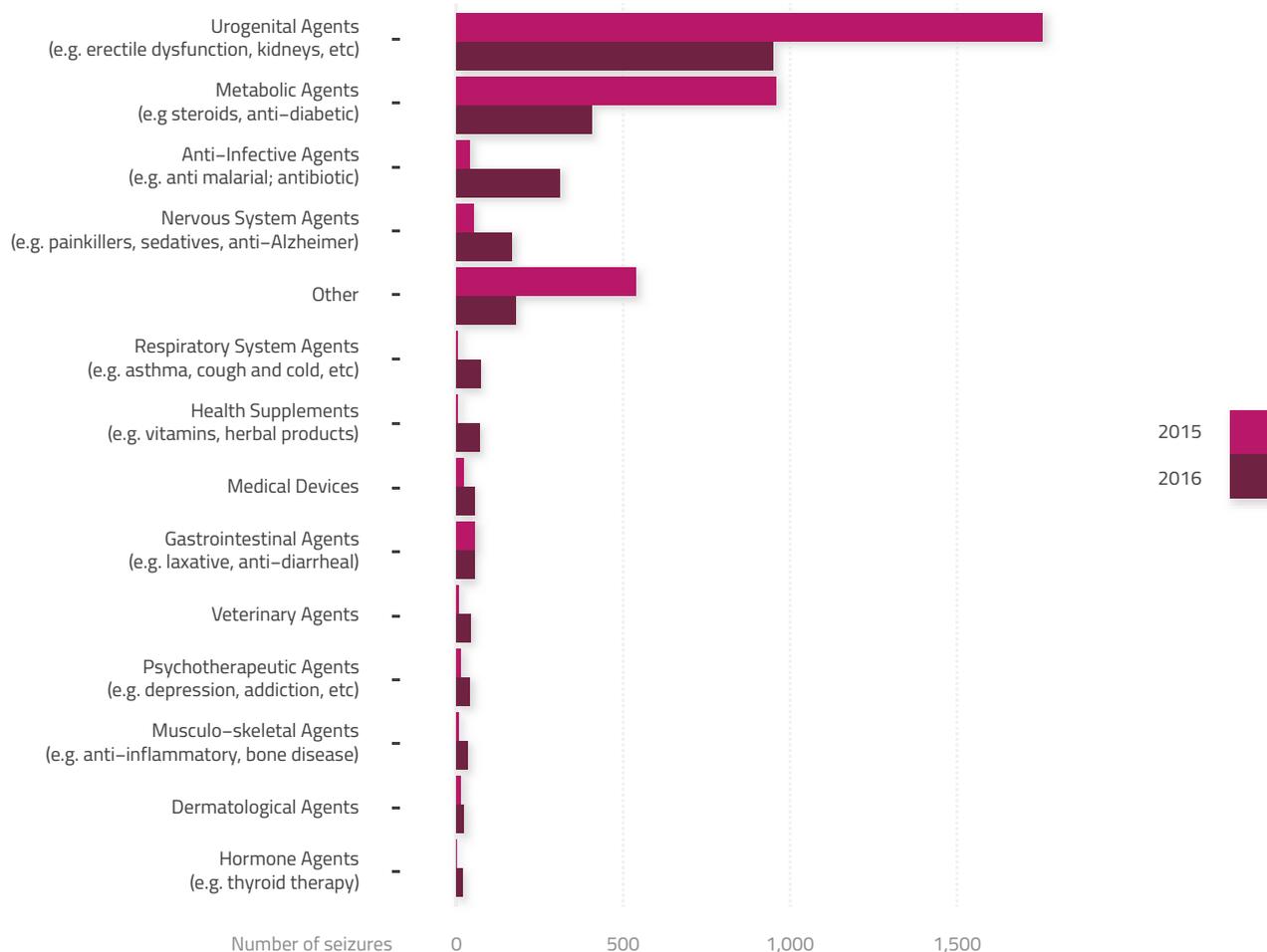
2.1 – Trends in seizures of illicit medicines and pharmaceuticals by type and quantity

Figure 14 shows the composition of all illicit medical products seizures reported to the WCO in 2016, by product type. The 61 participating Customs authorities submitted data on 1,966 medical product cases, involving 2,415 seizures of goods. Illicit medical goods include both counterfeit medical products and authentic medical products that are prohibited from being traded in certain countries. In 97.7% of the seizures reported, the intercepted items were medicines (including medicines for veterinary use), while the remaining 2.3% of seizures involved the recovery of illicit medical devices. Among the medicinal products seized, the most common were urogenital agents (39.3%), metabolic agents (16.8%) and

anti-infective agents (12.8%). Nervous system agents, respiratory system agents and health supplements such as vitamins were recovered in 6.9%, 3% and 2.9% of seizures, respectively.

Figure 15 contrasts the number of seizures reported in 2015 and 2016 for each type of illicit medical product. Overall, fewer seizures were made in 2016 than in the previous year. In 2015, 3,480 illicit medical seizures were recorded, this being 30.6% more than in 2016, which recorded 2,415 seizures. Interestingly, this decline is largely due to a lower number of seizures of 2015's most frequently confiscated products – urogenital agents and metabolic agents. Products of the former type were confiscated in 1,755 seizures in 2015, and just 948 seizures in 2016 (a 46% decrease). Likewise, 958 seizures of metabolic agents were recorded in

FIGURE 15: SEIZURES OF MEDICAL PRODUCTS BY TYPE, 2015-2016



2015, as against only 406 in 2016. Even so, these two types of products were the most frequently seized in 2016. Seizures of gastrointestinal agents and “Other” products also fell, from 56 to 54 seizures, and from 537 to 177 seizures, respectively.

However, the number of seizures rose across all other product categories. Among the largest increases are those seen in the following product categories: anti-infective agents, seizures of which rose from 40 in 2015 to 309 in 2016; nervous system agents, which increased from 53 to 167 seizures; respiratory system agents, which increased from five to 72 seizures; and health supplements, which were confiscated in nine seizures in 2015 and 42 in 2016. The fact that seizures of relatively less common products are on the increase while seizures of more common

products are declining, may suggest that demand is changing in destination markets.

Figure 16 charts the quantity of illicit medical products seized in 2015 and 2016. Note that Customs authorities report seizure quantities for different product types in pieces or in kilogrammes, not both. This means that one measure of quantity does not comment on the other, and should not be misconstrued as doing so. Whether a reporting authority records its seizure quantities in pieces or kilogrammes depends on the specific item seized, and on each Customs authority’s reporting regulations.

Figure 16 builds on the interpretation noted in Figure 15 that preferences in demand markets may be shifting. Not only is

FIGURE 16: QUANTITY OF SEIZED MEDICAL PRODUCTS BY TYPE, 2015-2016

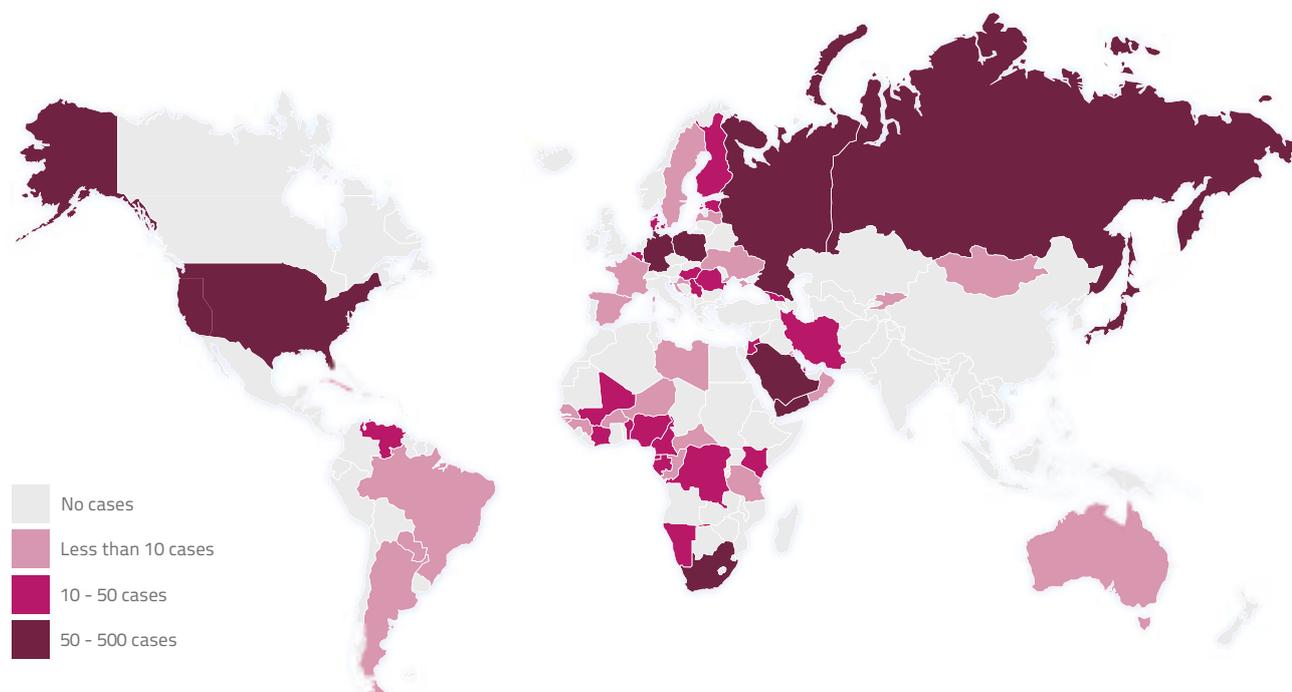


the number of seizures rising for many products, the quantity trafficked is increasing as well. As noted, seizures of anti-infective agents increased by 672.5%, from 40 seizures in 2015 to 309 seizures in 2016. Also, the quantities of these medicines confiscated rose to 59,249,760 pieces and 528,343.4 kilogrammes in that year. This represents a 1,104.2% increase in the number of pieces seized, and a 13,038.3% increase in the number of kilogrammes seized. Note that this is in large part due to improved reporting by countries in West Africa, and Eastern and Southern Africa, which recorded the largest quantities of anti-infective agents seized in 2016.

Similarly dramatic increases are observed in the quantities of nervous system agents, respiratory system agents and health

supplements seized. At the same time, however, Figure 16 suggests that fewer seizures does not necessarily mean a declining trade in illicit medical products, even among the most frequently seized products. Whereas a drop in the number of seizures of metabolic agents was accompanied by a 15.1% decrease in the quantity of products confiscated, in the case of urogenital agents the number of seizures was significantly lower in 2016 than in 2015, but the quantity seized rose by 7.13%, i.e., from 2,849,406 to 3,052,513 pieces.

FIGURE 17: HEAT MAP OF MEDICAL PRODUCTS CASES BY COUNTRY, 2016



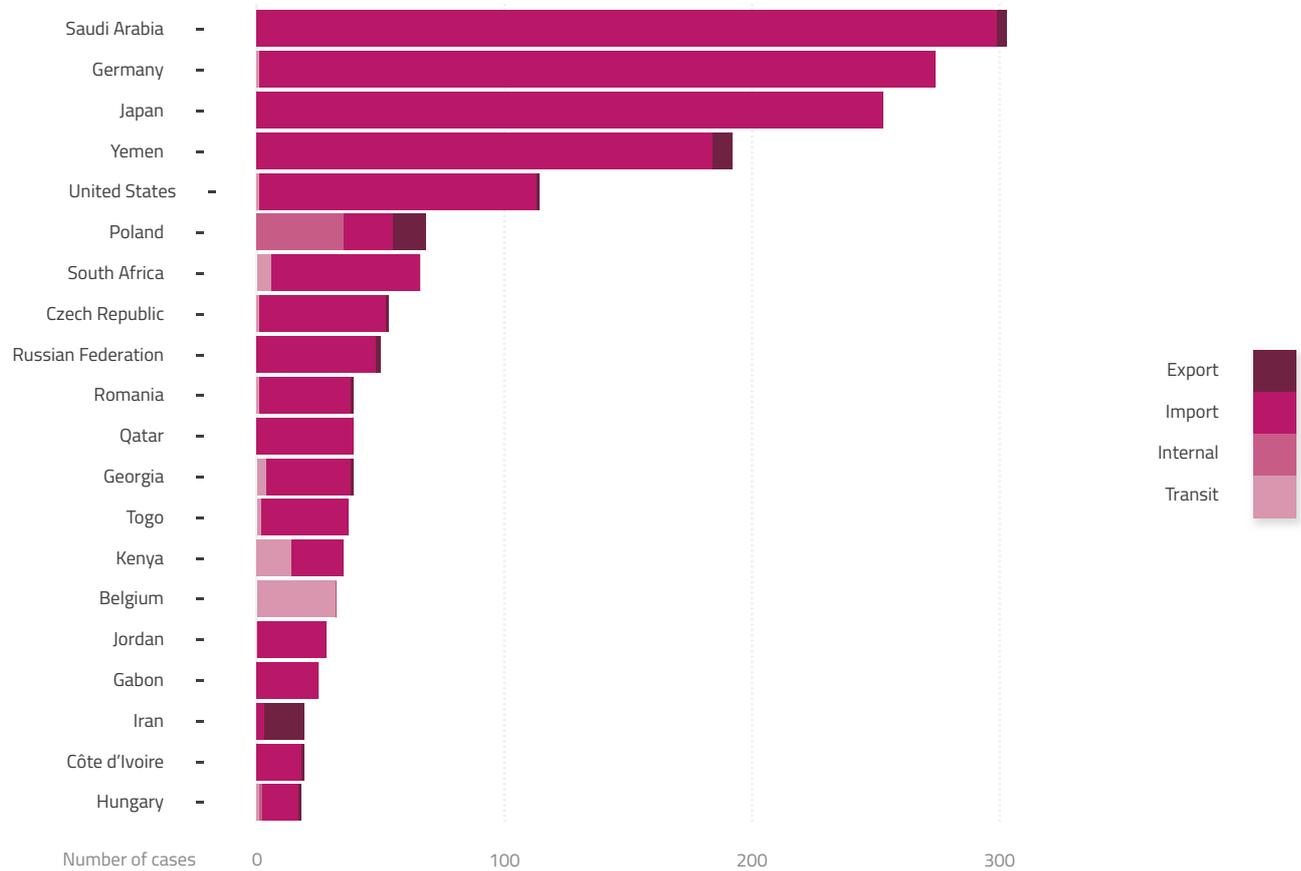
2.2 - Trends in illicit medicines and pharmaceutical cases by region and reporting country

Figure 17 illustrates the number of illicit medical products cases reported by each participating country in 2016. Each of the countries shown in colour reported at least one case in 2016; the darker the colour, the more cases were reported by the Customs authorities of that country. Three countries reported over 200 illicit medical products cases to the WCO in 2016: Saudi Arabia (303 cases), Germany (274 cases) and Japan (253 cases). A fourth country, Yemen, recorded almost 200 cases in that year (192 cases). Another five countries reported between 50 and 500 cases each, including the United States which submitted data on 114

cases, and South Africa which reported 66 cases. The participating Customs authorities that recorded between 10 and 50 cases include Georgia, Qatar and Romania, which reported 39 cases each. In Africa, Togo followed South Africa in reporting frequency, handling 37 cases. In South America, Venezuela and Paraguay recorded 15 and six cases respectively.

Figure 18 looks at the top 20 countries that reported illicit medical product cases in 2016. It also indicates the direction in which shipments were moving when intercepted. Overall, the majority of illicit medical cases occur as illicit goods are moving into the reporting country. Of the 1,720 cases reported by these 20 countries, 91.3% involved imports, while exports, goods being transported domestically and goods in transit accounted for only

FIGURE 18: MEDICAL PRODUCTS CASES BY CUSTOMS PROCEDURE, 2016

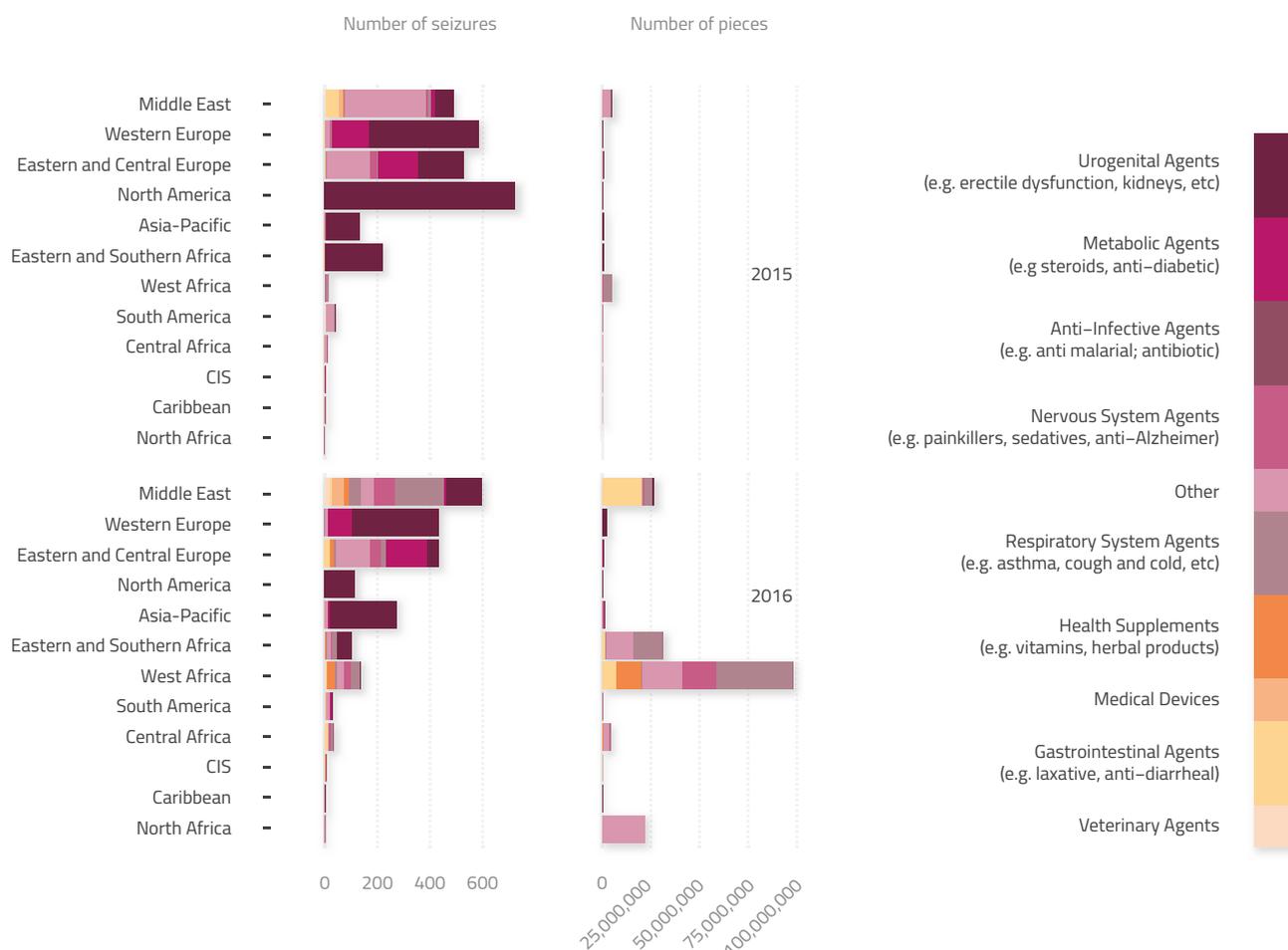


2.9%, 2.1% and 3.7% of cases, respectively. As seen in Figure 17, Saudi Arabia, Germany and Japan reported the highest number of illicit medical product cases in 2016. Figure 18 builds on this information, revealing that only four of the 303 cases recorded by Saudi Arabia involved exports, while Germany reported 273 import cases and one transit case. Japan exclusively reported import cases. There are only three countries – Poland, Belgium and Iran – where the available data indicates that the majority of cases were not of imports. Out of Poland’s 68 cases, 35 involved the recovery of goods being transported domestically. All of Belgium’s 32 cases led to the confiscation of goods in transit to another destination. Iran was the only country to report more export cases than cases involving any other procedure. 16 of the 19 cases reported by Iran included the seizure of goods for export.

Figure 19 provides a comparison between the number of seizures and the total quantity of illicit medical products seized for each product type and each region of the world. This Figure also compares the data from 2015 and 2016 in these respects. It reinforces previous graphs in describing a global trade in illicit medical products that is simultaneously declining in terms of the number of seizures and growing in terms of the quantities seized.

Figure 19 reveals that while the number of illicit medical product seizures and the quantities seized increased in the Middle East, it was in West Africa, and Eastern and Southern Africa that the greatest quantities of contraband were seized. Customs authorities in the Middle East reported 489 cases in 2015 and 595 the following year, an increase that was accompanied by a

FIGURE 19: SEIZURES OF MEDICAL PRODUCTS AND QUANTITY SEIZED BY REGION, 2015-2016



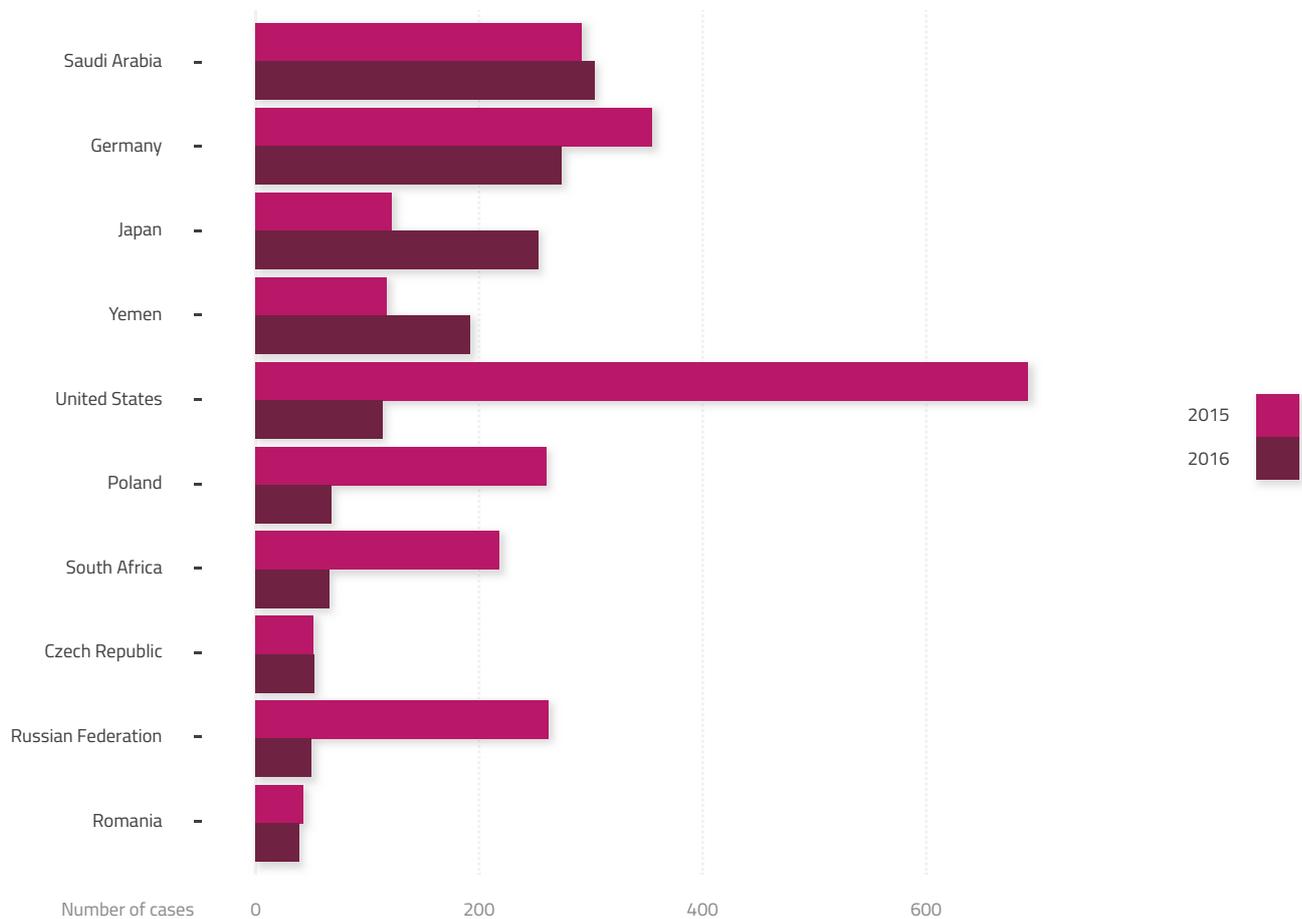
409.9% rise in the amount of medical contraband confiscated. This was partly the result of a small number of high-volume seizures of gastrointestinal agents; only 11 such seizures yielded the 20,420,200 pieces of contraband seized. Customs officials in West Africa reported 13 seizures in 2015 and 136 in 2016, yet in terms of the quantity seized (97,874,729 pieces) West Africa accounts for 52.5% of the total in 2016. In Eastern and Southern Africa, just 104 seizures reported in 2016 resulted in the confiscation of 31,341,018 pieces of illicit medical products. These results can be explained partly by the WCO-led Operation ACIM, carried out in 2016. Details of this Operation can be found later in this Section.

The available data does not indicate whether the number of seizures in West Africa, and Eastern and Southern Africa, as well

as the quantities seized in those regions, represents a new trend in the illicit medical products trade. Regardless, these values explain the apparently rapid climb in the quantities of certain types of contraband seized, as shown in other figures.

Figure 20 looks at the top ten reporting countries in 2015 and 2016. The countries are arranged vertically, from the most frequent to the least frequent reporter, based only on the number of cases submitted to the WCO in 2016. Figure 20 again highlights a fall in the number of illicit medical products seizures reported by participating countries, although – as has been noted – this does not necessarily reflect a decline in global trade. Six of the top ten reporting countries handled fewer cases in 2016 than in the previous year. However, the number of cases reported by the

FIGURE 20: NUMBER OF MEDICAL PRODUCTS CASES BY COUNTRY, 2015-2016

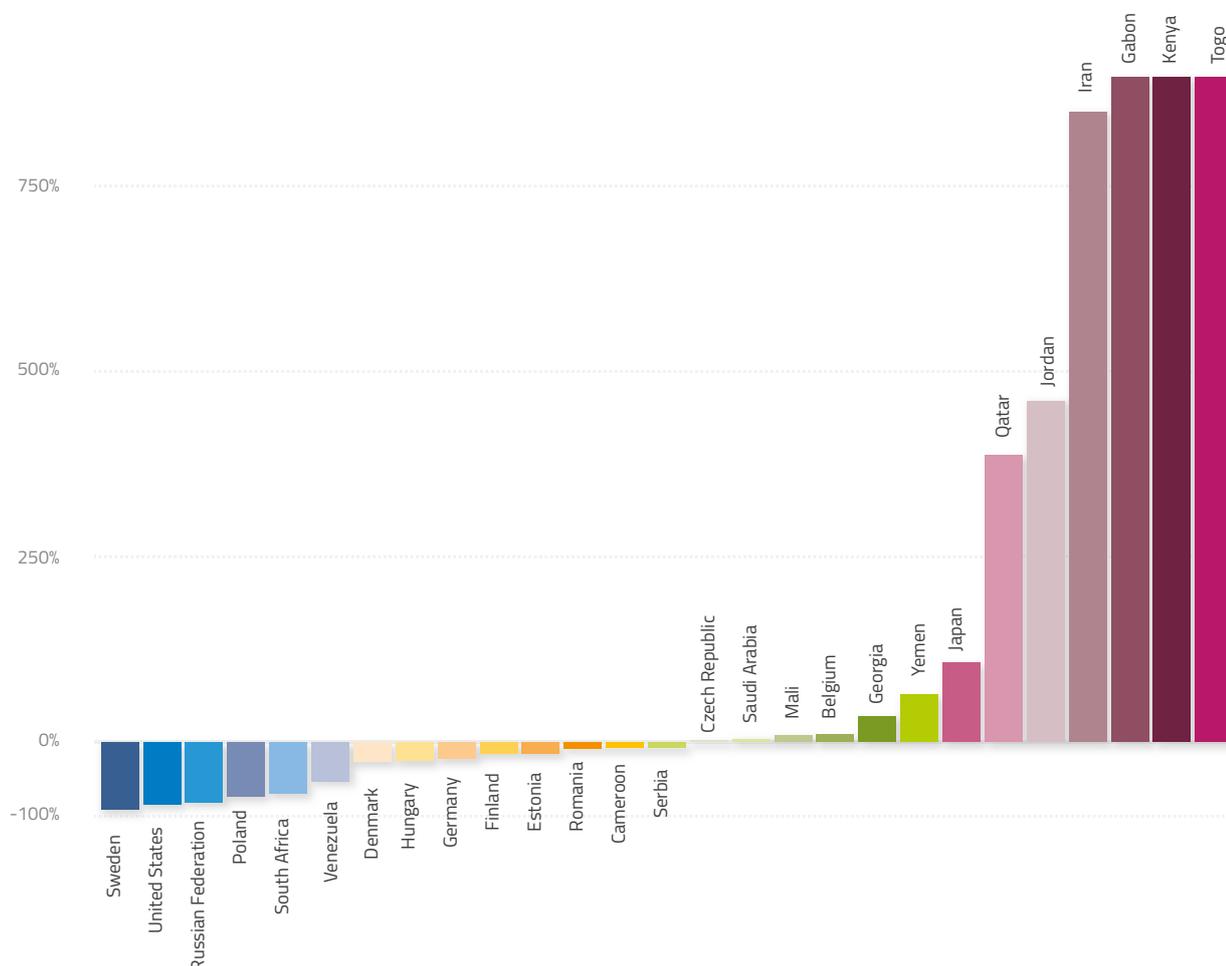


remaining four countries was larger in 2016, suggesting that the global trade in illicit medical products is in flux, with characteristics dependent on the country and market concerned.

The greatest declines have been witnessed in the United States, Russia, Poland and South Africa, which recorded 83.5%, 80.9%, 73.85% and 69.72% fewer cases, respectively, in 2016. On the other hand, the number of cases handled by the Japanese Customs authorities rose during the same period, from 122 cases in 2015 to 253 in 2016. Similarly, the 117 cases recorded by Yemen in 2015 increased to 192 cases in 2016. Saudi Arabia also reported an increased number of cases: 292 in 2015, and 303 in 2016.

Figure 21 examines the annual percentage change in the number of illicit medical products cases in all countries that recorded 20 or more cases in either 2015 or 2016. One caveat must be borne in mind when interpreting Figure 21: the largest changes, whether increases or decreases, are likely to be indicative of changing reporting levels or enforcement capacities, or changes in laws. In other words, the most dramatic rises and falls may not represent actual changes in the global trade in illicit medical products. Indeed, Gabon, Kenya and Togo reported no cases in 2015, whereas in 2016 they reported 25, 35 and 37 cases, respectively. At the other end of the spectrum, Sweden, the United States and Russia reported 90.3%, 83.5% and 80.9% fewer cases in 2016 than in 2015.

FIGURE 21: PERCENTAGE CHANGE IN MEDICAL PRODUCTS CASES FROM 2015 TO 2016, COUNTRIES WITH 20+ TOTAL CASES



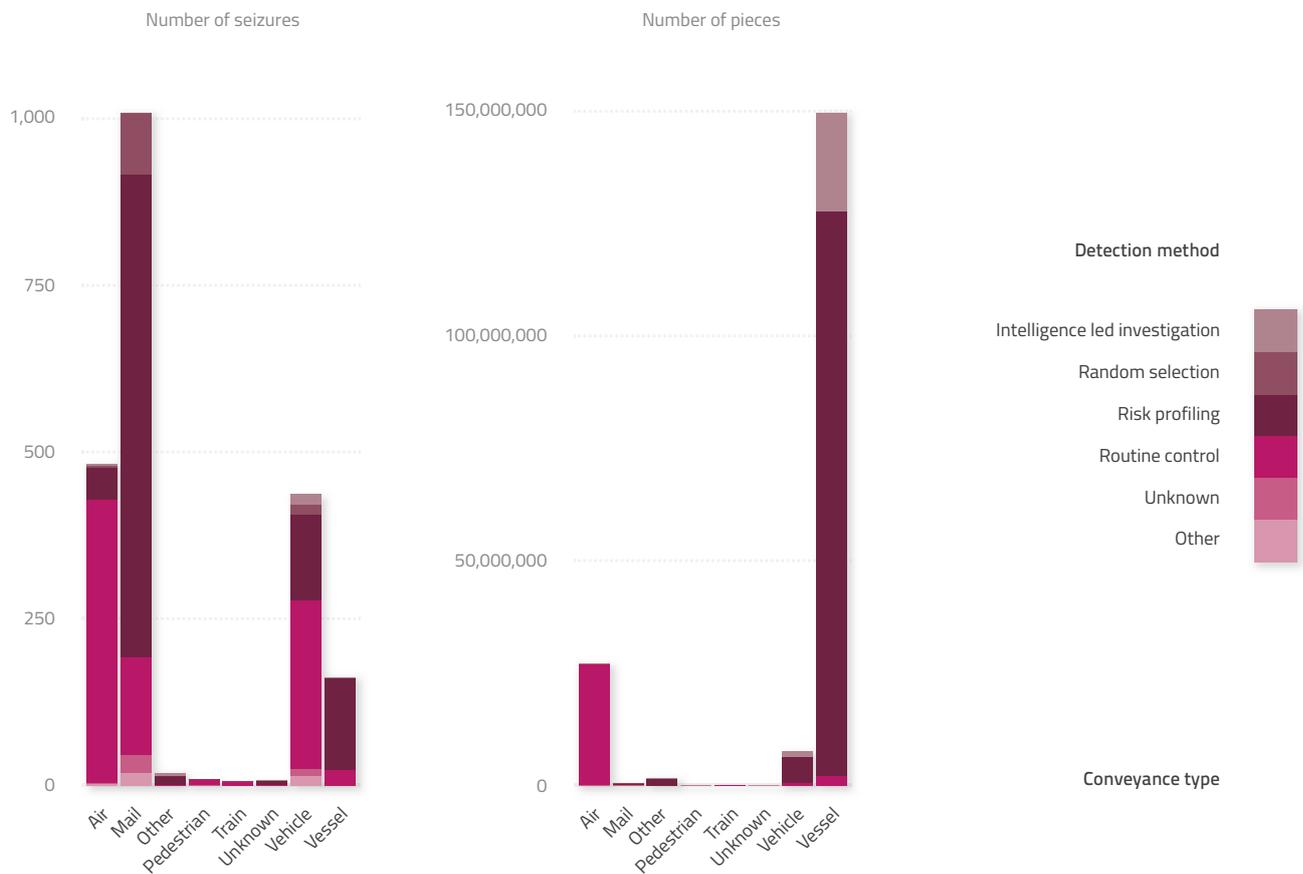
More valuable than the extremes is the middle range of the graph, covering countries which maintained relatively consistent reporting levels with only minor fluctuations. Data from eight of the 15 countries within this range show a decrease in the number of cases reported, which is consistent with the observations in Figures 15 and 19. Germany is particularly representative of this trend; the German Customs authorities reported 22.8% fewer cases in 2016 than in 2015, while maintaining the second highest reporting level in 2016. Thus, 355 cases were reported by Germany in 2015, and 274 cases the following year.

Figure 22 provides four distributions for 2016's illicit medical products seizures, namely 1) the frequency of use of various modes of transport in recorded smuggling attempts; 2) the

quantity of products seized, regardless of category and mode of transport; 3) the detection method by mode of transport; and 4) the detection method in relation to the quantity of pieces seized.

Figure 22 indicates that, as in the case of IPR products, mail was the most common method of conveyance observed in 2016. Customs officials conducted 1,008 seizures on mail packages, resulting in the interception of 399,301 pieces. In descending order behind the postal system come the air sector, vehicles (which includes cars and trucks) and vessels, with 482, 437 and 162 seizures, respectively. Risk profiling and routine controls again emerge as the most effective methods of enforcement in terms of the number of seizures made. 71.8% of all seizures from mail were facilitated by risk profiling. Another 14.5% of mail seizures

FIGURE 22: QUANTITY OF MEDICAL PRODUCTS SEIZED AND NUMBER OF SEIZURES BY CONVEYANCE TYPE AND DETECTION METHOD, 2016



were the result of routine controls, while random selection led to 92 seizures. Interestingly, illicit medical goods transiting through the world's airports were most susceptible to discovery during routine controls, whereas illicit IPR trade interceptions in air traffic were most frequent when risk-profiling techniques were applied (see Figure 8).

In terms of the quantity of illicit goods seized, the most effective form of enforcement was risk profiling. 133,300,795 pieces of contraband were recovered by applying this technique. However, this was primarily due to a (relatively small) number of high-volume seizures conducted aboard vessels; risk profiling led to the recovery of a total of 125,615,817 pieces of contraband found aboard vessels. In contrast, routine controls facilitated the confiscation of 29,992,219 pieces of illicit medical products.



F: Vials of illicit medicine intercepted during WCO Operation ACIM. Courtesy: WCO IPR expert

FIGURE 23: QUANTITY OF MEDICAL PRODUCTS SEIZED BY TYPE AND DETECTION METHOD, 2016

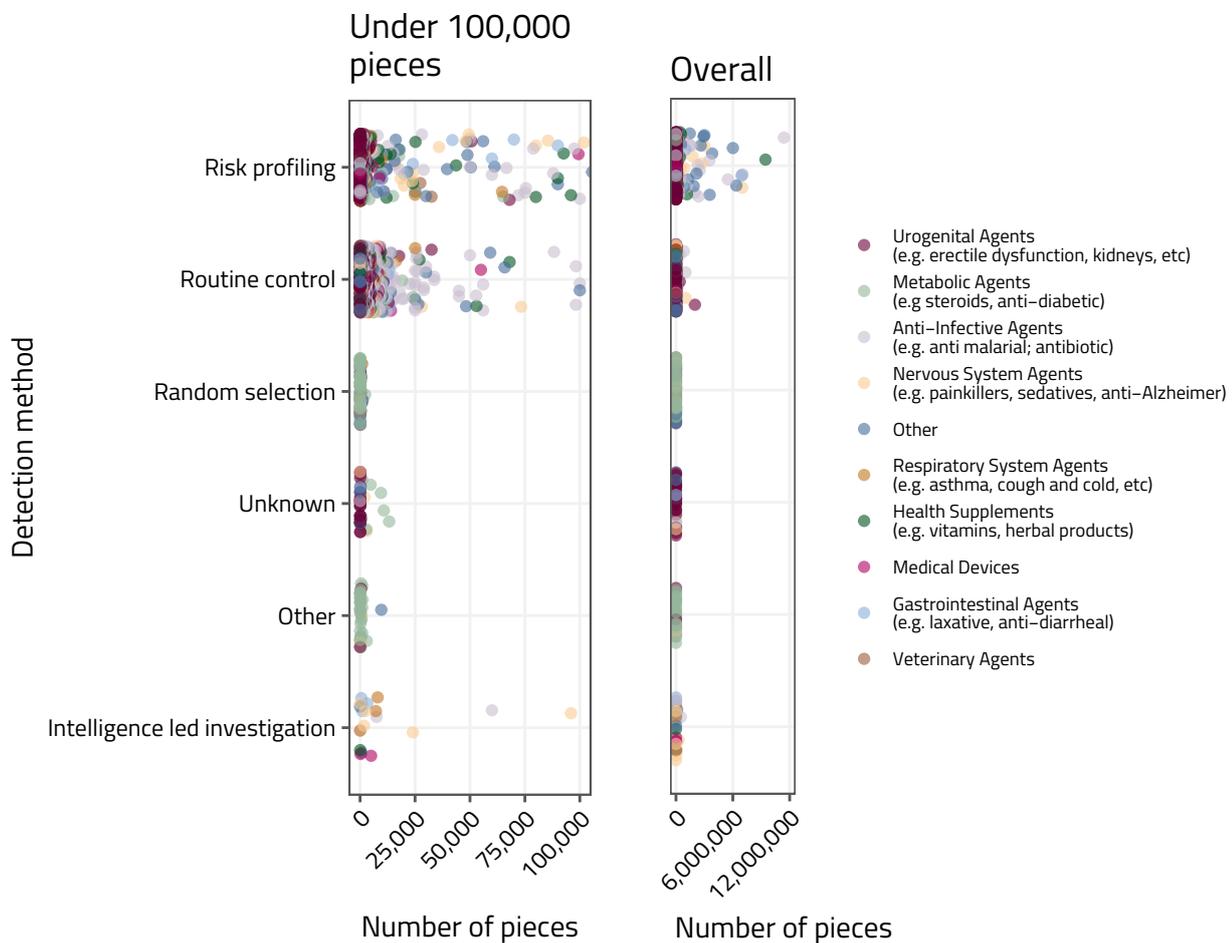
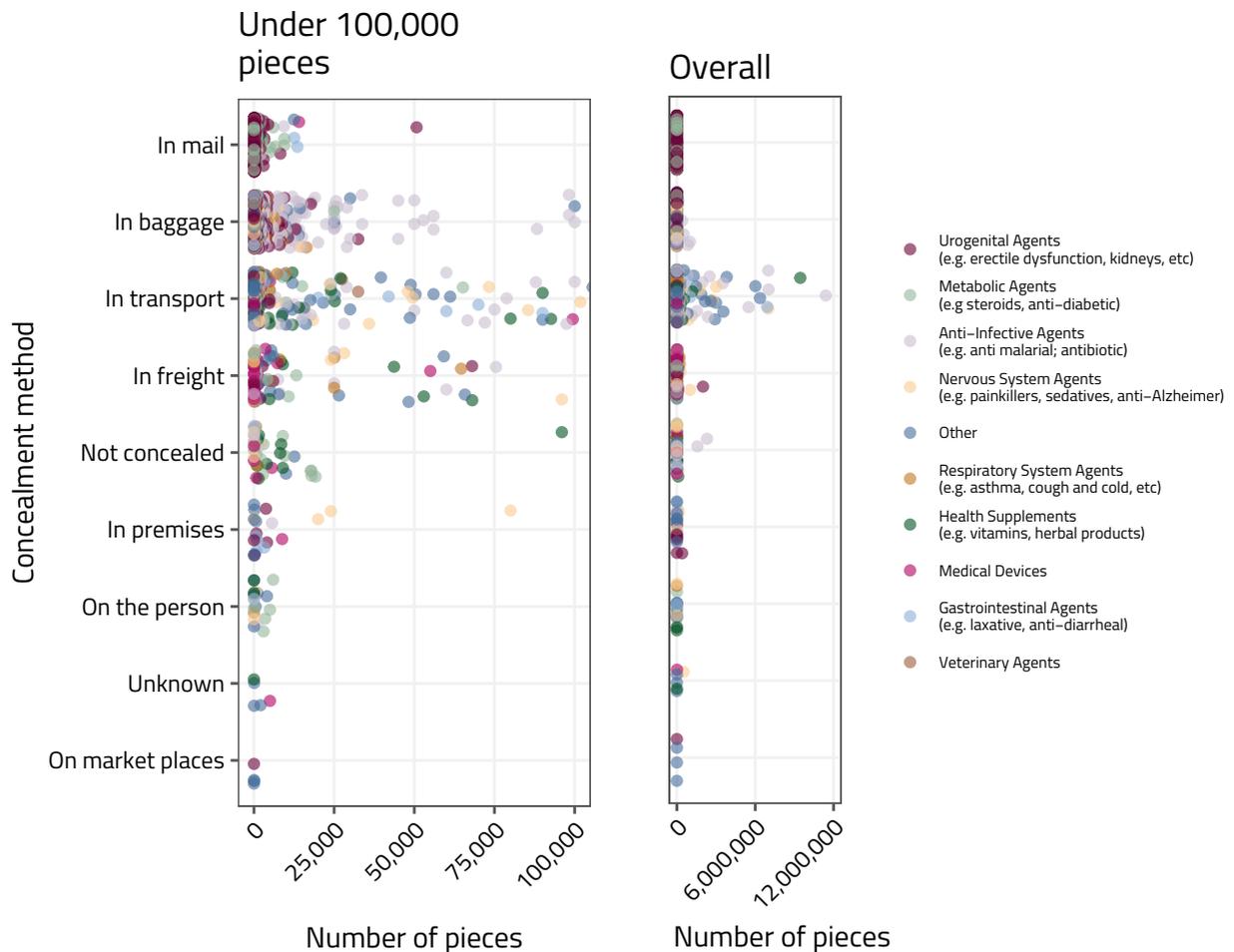


Figure 23 illustrates the volume of illicit medical products intercepted, with reference to the type of product confiscated and the detection method used. Each point on the graph represents an individual seizure made in 2016, and the type of seizure is indicated by the colour of the point. Note that two high-volume seizures are not depicted on the graph due to the quantity of pieces confiscated. The first was a 20,400,000-piece seizure of gastrointestinal agents that was detected during routine controls. The second was a 21,750,000-piece seizure of Tramadol, a pain medication, that was the result of an intelligence led investigation.

Figure 23 builds on Figure 22 to show that risk profiling facilitated all but three of the seizures that netted 2,000,000 or more pieces of contraband. The available data identified 24 such seizures, 21 of

which were the result of risk profiling. The remaining three include the two seizures described above, not shown in Figure 23, as well as a seizure in which routine controls led to the confiscation of 2,000,000 pieces of urogenital agents. In the course of 2016, risk profiling aided Customs authorities in making 1,059 seizures, while 861 seizures were made during routine controls. Intelligence led investigations led to 24 seizures and the recovery of 22,888,293 pieces. Each of these enforcement methods facilitated the efforts of Customs officials to seize contraband across all product types. However, random selection led to a disproportionately high number of metabolic agent seizures: 110 seizures were made based on random selection, 61.8% of which were of metabolic agents. Random selection typically yielded relatively low quantities of contraband. A total of 16,536 pieces were recovered

FIGURE 24: QUANTITY OF MEDICAL PRODUCTS SEIZED BY TYPE AND CONCEALMENT METHOD, 2016

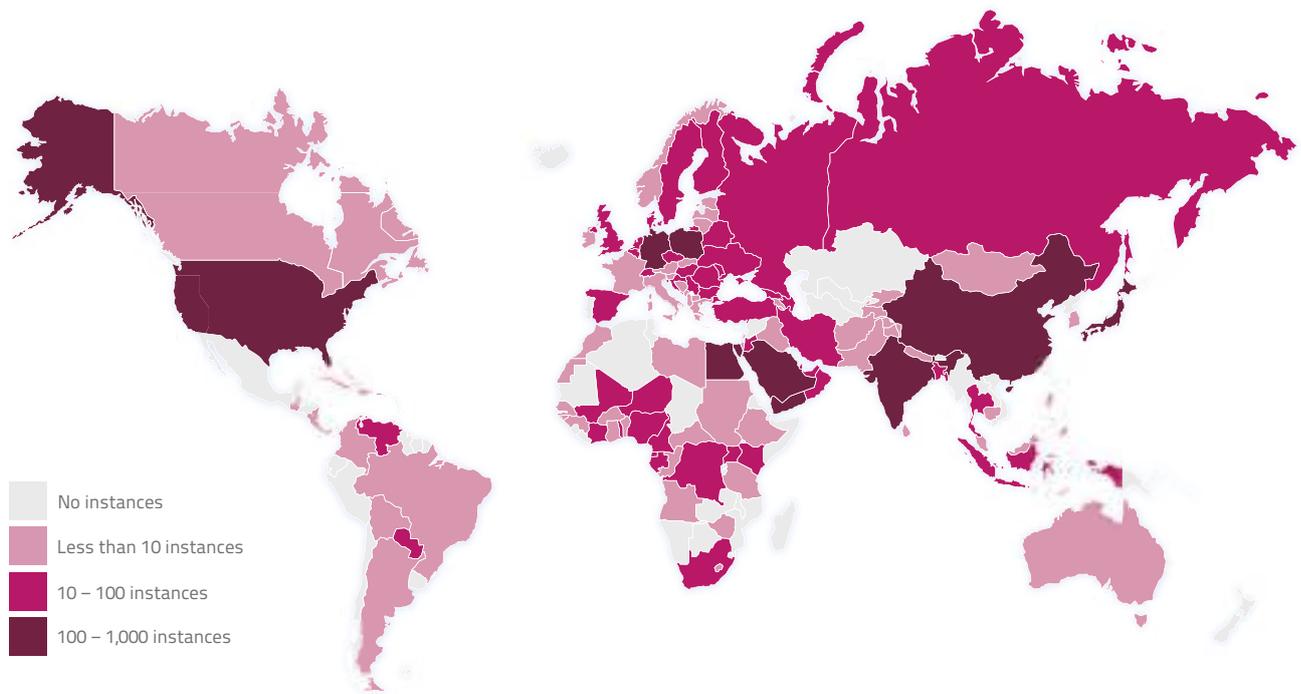


in these seizures, the largest of which was a 2,300-piece seizure of metabolic agents.

Figure 24 illustrates the quantity of illicit medical products seized, with reference to the type of product confiscated and the concealment method. Each point on the graph represents an individual seizure, and the position of the point indicates the quantity of contraband confiscated. Note that two high-volume seizures are not depicted on the graph due to the quantity of pieces confiscated. The first was a 20,400,000-piece seizure of gastrointestinal agents that was discovered “in freight.” The second was a 21,750,000-piece seizure of contraband found “in transport.”

According to the available data, the concealment methods most frequently used by smugglers in 2016 included “in baggage”, “in transport” and “in freight.” Customs officials confiscated 5,555,396 pieces of contraband of all types from personal baggage in 2016, recording 531 such seizures. 34.5% of these seizures saw 4,877,419 pieces of anti-infective agents seized. “In transport” often denotes contraband hidden in vehicles, such as cars, vans and trucks, but can also include contraband found aboard vessels, but not inside freight containers. 391 seizures of illicit medical products, totalling 149,411,703 pieces of contraband, involved this form of concealment. 110 seizures were of goods discovered in freight containers and cargo holds, resulting in the recovery of 25,469,164 pieces. Apart from “Other” products, medical devices were the most frequently seized category of products concealed

FIGURE 26: HEAT MAP OF INSTANCES OF MEDICAL PRODUCTS TRAFFICKING, 2016



shipments in a reported case, regardless of where the seizure took place or which country reported the cases. Thus, **Figure 26** indicates all known countries through which illicit medical products were trafficked, or were intended to move, in 2016.

The most striking feature of **Figure 26** is the discrepancy between this heat map and the one in **Figure 17**, particularly where Asia-Pacific is concerned. Whereas **Figure 17** indicates that most countries in the Asia-Pacific region reported very few cases, or none at all (the exception being Japan, which reported 253 cases), **Figure 26** shows that smugglers in China and India are prominently involved in trafficking. Neither China nor India reported a single case to the WCO in 2016. However, in 405 trafficking instances, illicit medical products departed from, transited through or landed

in China. In another 50 instances, Hong Kong, China is implicated. There are 350 instances involving India. In North Africa, Egypt did not report a single case, yet was implicated in 208 instances of trafficking. This builds on the observations of **Figure 25**, which suggested that North Africa was a prime exporting region. In Western Europe, Germany reported the second largest number of cases in 2016, i.e., 274; however, the data indicates that a total of 641 trafficking instances involved goods moving through, or intended to move through, Germany.

FIGURE 27: MEDICAL PRODUCTS TRADE FLOWS, 2016

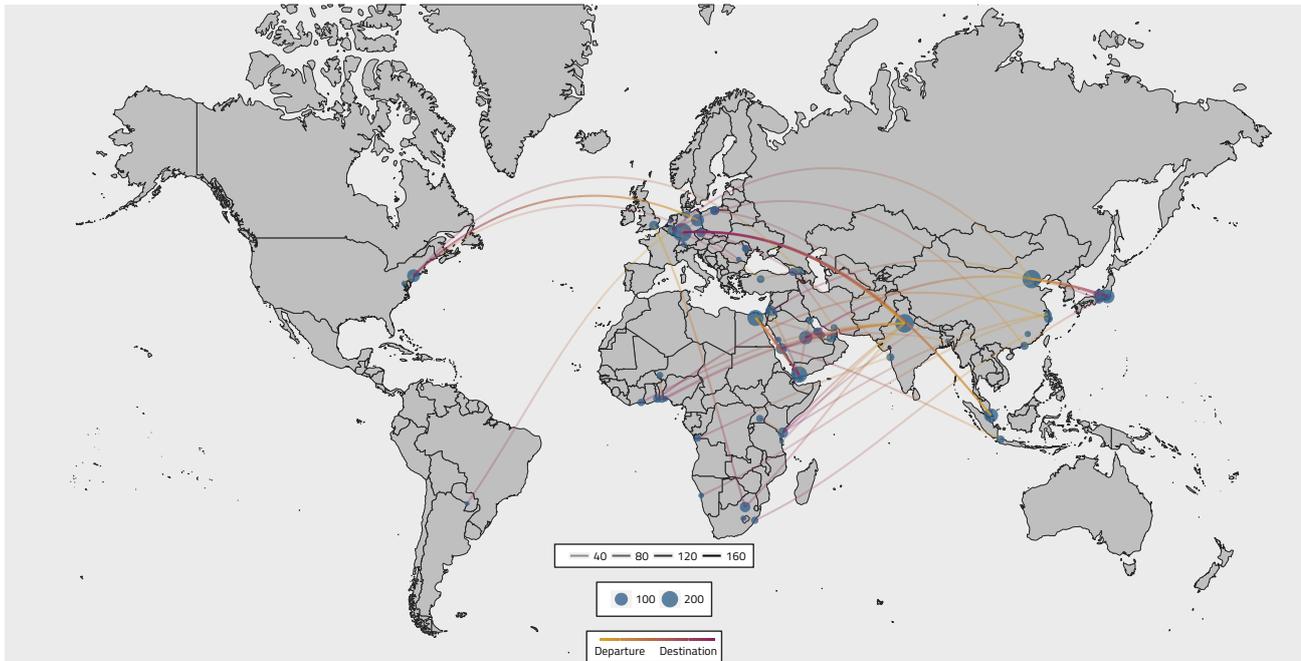


Figure 27 details the flows of illicit medical products from origin to destination, for all routes that appear in five or more instances. Point size indicates the number of cases that departed from or terminated in a particular city. A country's capital city is used when the specific location is not found in the data. The flows connecting points on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall tone of a flow, the more frequently that trafficking route appeared in the 2016 data. These flows do not necessarily indicate completed smuggling attempts. In many cases, contraband was seized at the point of origin or in transit. Nevertheless, Figure 27 shows the entire intended trade route from origin to destination.

Figure 27 complements the preceding two figures in terms of explaining the flows of illicit medical products from Asia-Pacific to the rest of the world. Figure 26 revealed that China, not including Hong Kong, China, was implicated in 405 trafficking instances. Only 327 of these instances involved the use of routes that appeared five or more times in the data, yet 100% of them indicate that China was the point of export. Unlike the trafficking of IPR products, for medical products the most common destination of goods from China was Japan (227 instances). However, it is India that emerges from the available data as the primary conduit to markets outside the Asia-Pacific region. 301 instances of trafficking from India are shown in Figure 27. Of these, 53.8% involved goods bound for Germany – a country that received illicit medical goods from across Asia and Europe, as well as from

the United States. In Egypt, which is the African country most frequently implicated by the data, the majority of trade was with Yemen. 154 of the 183 trafficking instances originating in Egypt were bound for either Sana'a or Aden in Yemen. Elsewhere, goods were exported from Belgium to Paraguay, smugglers in Indonesia sent medical products to Saudi Arabia, and products moved from the United Kingdom to South Africa.

3. OPERATIONS

WCO IPR operations are focused primarily on applying risk analysis techniques and targeting across an entire region. Vast numbers of suspect containers are targeted during the pre-operational phase, and are subsequently inspected during the operational phase. Operations strengthen cooperation between Customs administrations through the sharing of the results of each inspection, and by providing real-time training, led by WCO IPR accredited experts, on new and practical targeting techniques to enhance administrations' interdiction capabilities. Operations also serve to enrich cooperation with health authorities, other law enforcement agencies and the private sector, particularly rights holders.

These operations usually take place over a 10-day period, and provide an overview of the flows of counterfeit products across borders in a specific region, enabling relevant information to be collected, especially in terms of identifying counterfeit products. The underlying principle behind an operation is fewer but more effective controls.

Operations are carried out in three phases, namely a training workshop for Customs officials, an operational phase, and lastly a reporting phase. During the first three days of an operation, WCO IPR accredited experts provide expert training on the latest techniques in risk management and assessment, and offer some insight into the latest trends, routes and schemes known to be used by counterfeiters. Rights holders are always invited to the workshops in order to provide hands-on training in how to distinguish between genuine and counterfeit articles. The next seven days are spent in the field, at ports or airports, verifying the relevance of selected suspect containers, interacting with frontline Customs officers and, finally, counting and analysing the "positive" cases.

The WCO's Operational Coordination Unit (OCU) for these operations is responsible for coordinating with rights holders, compiling results, disseminating information and results to all participating Members, and carrying out any other coordination and follow-up activities that may be required.

Operation ACIM

In September 2016, the WCO carried out an Operation code-named ACIM - Action against Counterfeit & Illicit Medicines. Operation ACIM mobilized the resources of 16 Customs administrations of selected countries in Africa (Angola, Benin, Cameroon, Republic of the Congo, Democratic Republic of Congo, Gabon, Ghana, Côte d'Ivoire, Kenya, Mozambique, Namibia, Nigeria, Senegal, South Africa, Tanzania and Togo), which conducted simultaneous inspections of consignments that potentially contained certain types of counterfeit and/or illicit pharmaceutical products. This Operation took place in 16 main ports over a period of 8 days, and aimed to provide a deeper insight into the flow of pharmaceutical goods entering the African mainland.

The Operation, while primarily centered on illicit and counterfeit pharmaceutical products, maintained a general focus on all goods potentially posing a threat to consumer health and safety. All means of transport were covered (land, sea and air), with particular emphasis on Customs-controlled areas at the major points of entry.



G: Illicit medicines seized during WCO Operation ACIM. Courtesy: Côte d'Ivoire Customs.

The Customs training for Operation ACIM took place over three days in Mombasa, Kenya, where the OCU was subsequently based, and involved 34 Customs officers, 14 WCO accredited experts, rights holders, local health authorities and INTERPOL.

114,549,109 units of all types of goods were intercepted. Some 113 million illicit and potentially dangerous medicines were seized, with a total estimated value of 52 million euros. The biggest interceptions were in Nigeria, Benin, Kenya and Togo. Most of the medicines discovered by the Customs officials in Africa were essential treatments: antimalarial drugs, anti-inflammatories, antibiotics and analgesics, as well as gastrointestinal medicines. Recent operations carried out in Africa have confirmed that pharmaceutical products should remain an important focus. Counterfeit medicines represent only a small proportion of the pharmaceuticals intercepted. The majority of the pharmaceuticals intercepted were stopped because of inappropriate transport/ packaging conditions, or they were not declared.

Operation SEASCAPE

In April 2016, an Operation code-named SEASCAPE – Sports Equipment and Substandard Car and Automotive Parts Enforcement – mobilized the resources of nine Customs administrations of selected countries in the Americas (Argentina, Brazil, Chile, Costa Rica, Mexico, Panama, Paraguay, Peru and Uruguay). This Operation preceded the 2016 Olympic Games in Rio. Major sporting events are known to increase the number of counterfeit and/or pirated goods traded over a certain period.

Operation SEASCAPE took place in 12 main ports of entry over a period of two weeks, and aimed to provide a deeper insight into the flow of counterfeit and pirated goods entering or transiting the Americas.

The Operation focused primarily on the sporting goods and automotive industries, while maintaining a general focus on all counterfeit and pirated goods, particularly those posing a potential threat to health and safety.

A training activity took place from 6 to 8 April 2016. Participants included one operational expert assigned by each country, experts from the CCP units of Panamanian ports, WCO IPR accredited

experts, an expert from both the US HSI IPR Center and the US HSI NIITE, as well as various rights holders and representatives of industry associations.

4,569,935 units of all types of goods were intercepted, in a total of 775 cases. Not all of the participating countries reported the market value of the infringing goods; however, it is clear from the information received that the value of the infringing goods exceeded 46,277,851.10 USD.



H

H: Interception of illicit goods during WCO Operation ACIM. Courtesy: Nigerian Customs.



A

SECTION 5.

REVENUE

INTRODUCTION

The ability to assess and effectively collect legally due revenues remains a key priority for Customs administrations across the globe. Notwithstanding the fact that, over the last two decades, the mandate of Customs has expanded significantly to cover other areas of illicit trade, revenue collection remains at the core of Customs' principal functions and therefore revenue assurance continues to be high on the WCO agenda and programme of work.

Revenue risks for Customs traditionally include commercial fraud activities, such as undervaluation, misclassification, misuse of origin and preferential duties, and drawback fraud. In terms of illicit trade, the focus is placed on leakage through the smuggling of highly taxed goods, such as alcohol, tobacco and motor spirits. Although these types of infringements have been prevalent since the establishment of Customs, the methods and modi operandi employed by criminals continue to become more and more complex, placing Customs in a challenging position when it comes to identifying and deterring these illicit activities.

Excise duties or taxes are indirect taxes on the sale or use of specific products, and are often imposed in order to limit or reduce consumption of such products or protect home markets. The products subject to excise duties or taxes may vary from jurisdiction

A, B: Seizure of 68,000,000 cigarettes. Courtesy: Turkish Customs.



to jurisdiction but, in general, alcohol, tobacco and fuel oil are the most common categories subject to these taxes. Due to the high level of government revenues generated through excise taxes, illicit trade in excise goods has a significant impact on governments' efforts to secure global supply chains. Revenue leakage through smuggling of such goods deprives states of vital revenues which are critical for funding and supporting public services.

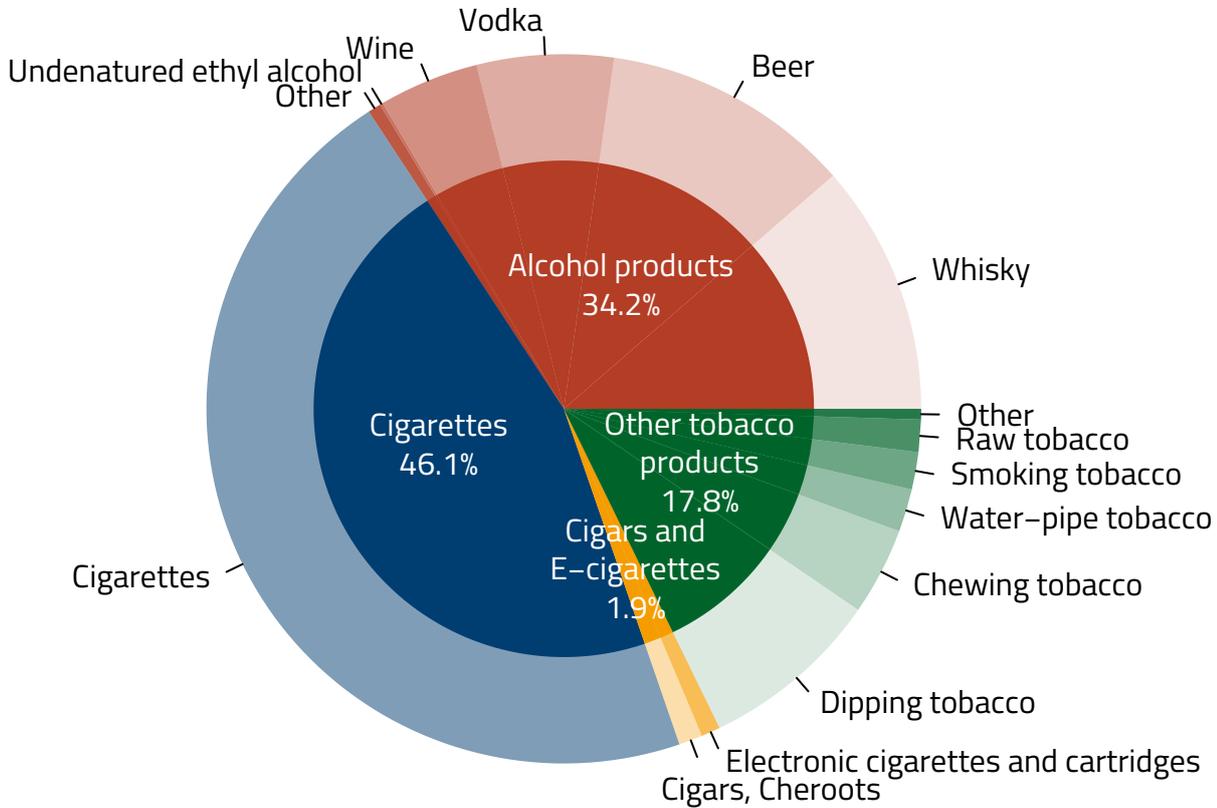
Another grave concern for Member administrations is that criminal proceeds derived from these illegal activities will, almost inevitably, be invested in other illicit activities, thereby undermining public safety, good governance and the rule of law. This has the potential to inhibit the economic competitiveness of legitimate and compliant traders and will in time cause Customs regulations to fall into

disrepute. These criminal proceeds keep funding the diverse range of illicit activities perpetrated by organized criminal groups.

Taking into consideration the available seizure data and the fiscal impact that illicit trade in excise goods has on governments, the Revenue Section explores two main categories of products that are frequently smuggled to avoid excise taxes around the world: alcohol and tobacco products. For this edition of the Report, the analysis of fuel oil has been excluded due to the fact that data for this category was insufficient and no contribution was received.

Tobacco products have been divided into three main categories: Cigarettes, Cigars and E-cigarettes, and Other tobacco products. WCO seizure data on these categories in 2016 indicates that

FIGURE 1: PERCENTAGE OF TOTAL REVENUE SEIZURES BY CATEGORY, 2016



there were 7,862 known smuggling cases, across which 10,351 individual seizures were conducted. Overall, Customs officers from participating countries reported the seizure of over 350,113.8 litres of alcohol products, 3,485,058,076 cigarette pieces, 791,568 cigars, including cheroots and e-cigarette pieces, and 2,757,619 kilogrammes of other illicitly transported tobacco products. The smuggling of these goods both reduces government revenue, and offers high profit margins to organized crime groups seeking to finance other forms of illicit activity.

The Revenue Section begins with a broad overview of the available seizure data for alcohol and across all three categories of tobacco products. The pie chart in Figure 1 illustrates all seizures by category and product. In total, 3,539 seizures of alcohol products, 4,967

seizures of cigarettes, e-cigarettes and cigars, and 1,845 seizures of other tobacco products were made and reported in 2016.

Readers should note that all trend analysis must be qualified by three considerations. The first two are common to the other Sections of the Report, but the third is specific to the categories of contraband discussed in the Revenue Section. First, the available data comprises seizure information submitted on a voluntary basis by participating countries. This means that the graphs in this Section do not, with any certainty, reflect all trends and patterns in the global effort to dodge excise taxes. Second, any apparent changes between 2015 and 2016 may potentially be distorted due to growing efficiency among the world's Customs authorities: as Customs officers become increasingly proficient in seizing both



large and small shipments of illegal alcohol and tobacco products, the data can, in some cases, suggest that the volume of illicit trade is on the rise when, in reality, levels of trafficking may be holding constant or even decreasing. Third is the recognition that, unlike contraband involving weapons or endangered species, the specific revenue products that are illicit vary widely between countries. This is particularly true for alcohol products, the import and export of which are strictly regulated in some countries but not in others. Thus, trends related to the smuggling of specific products may, in some cases, reflect national laws, rather than globally recognized illicit activity.

The two products explored in the Revenue Section, alcohol and tobacco, differ greatly in their target markets, trafficking strategies,

and the country-level legal framework that regulates them.

The discussion on each product type is structured as follows:

1. Examines the overall trends in illicit trade in the product, including the type and quantity of the product seized.
2. Describes the particulars of cases by geographic region and reporting country.
3. Considers which methods are used by smugglers, and by Customs officers who enforce trade controls.
4. Aggregates data from individual cases to illustrate global trade flows.
5. Provides an overview of Operations and Projects managed by the WCO and the RILO network.

C: Seizure of 713 litres of beer. Courtesy: Slovenian Customs.

1. ALCOHOL PRODUCTS

FIGURE 2: ALCOHOL PRODUCT SEIZURES BY CATEGORY, 2016

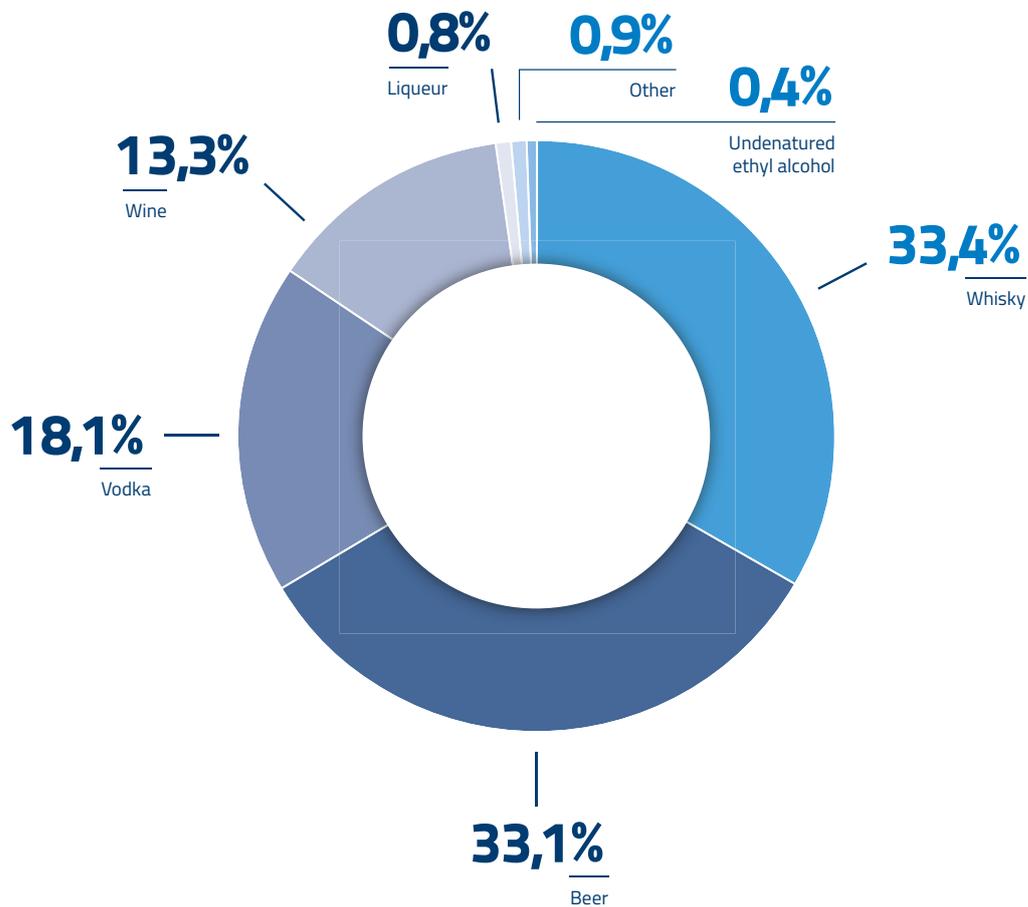


Figure 2 shows the distribution of all reported alcohol product seizures in the year 2016. Customs authorities in 23 participating countries reported 3,019 cases and 3,539 seizures¹ of alcohol products. Four types of alcoholic beverages – whisky, beer, vodka, and wine – were confiscated the most, having been discovered in

33.4%, 33.1%, 18.1%, and 13.3% of seizures, respectively. Liqueur and undenatured ethyl alcohol each accounted for 0.8% and 0.4% of all seizures. “Other” kinds of alcohol products include rum and tafia, brandy, and gin and geneva. Taken together, these products accounted for 0.9% of all seizures in 2016.

¹ Readers should note that one country, Saudi Arabia, reported 92.3% of all alcohol trafficking cases and 91% of all seizures of alcohol in 2016.

FIGURE 3: ALCOHOL PRODUCT SEIZURES BY TYPE, 2015-2016

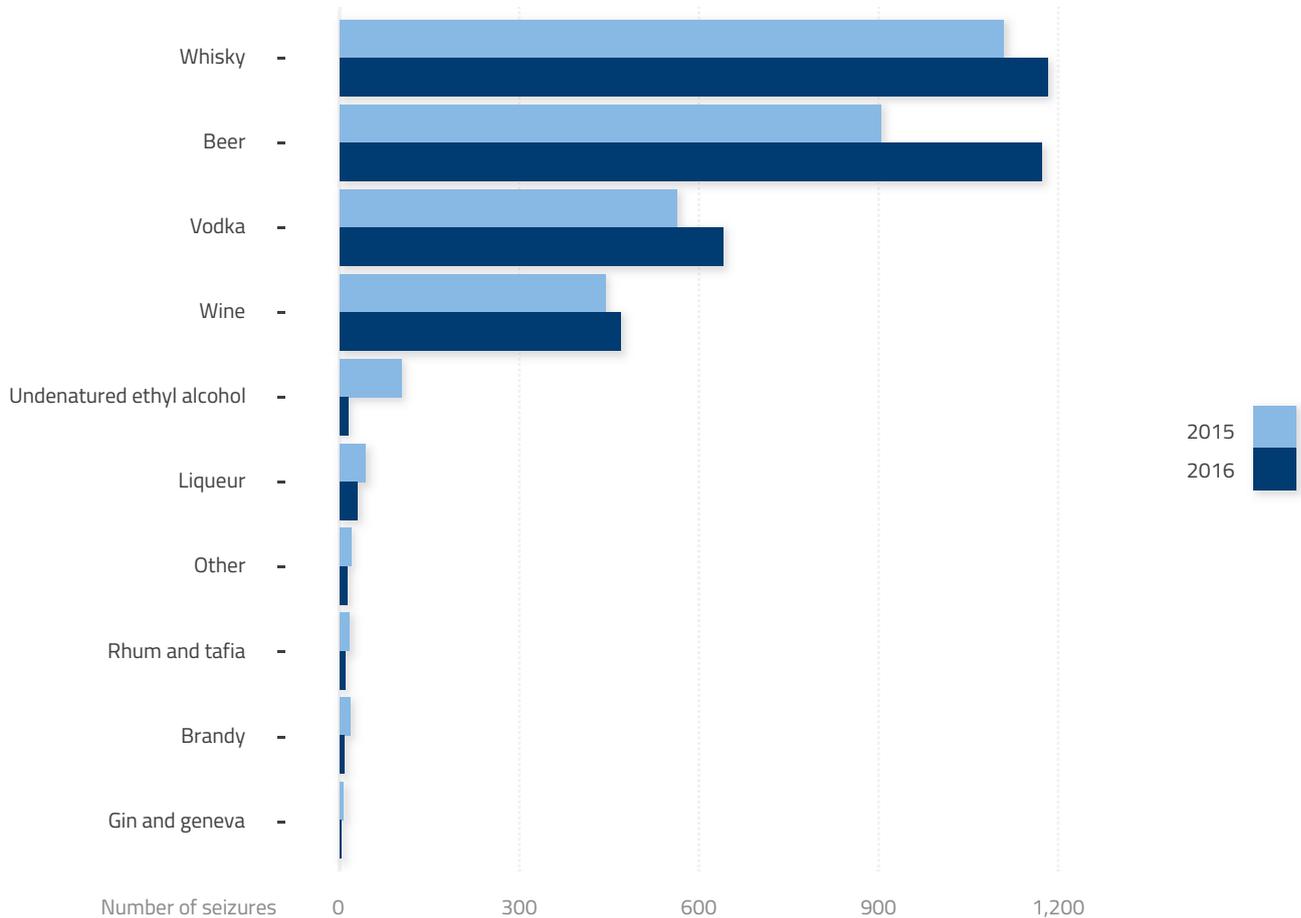


Figure 3 compares the number of seizures of alcohol products by type in 2015 and 2016. Seizures of alcohol products rose only slightly from one year to the other. Participating countries reported 3,539 seizures in 2016, compared to 3,226 seizures in 2015, a climb of just 9.7%. However, this trend was seen across all four of the most commonly seized alcohol products. Seizures of beer rose most rapidly, from 904 seizures in 2015 to 1,173 seizures in 2016. Customs officials reported confiscating vodka, whisky and wine in 13.5%, 6.6%, and 6% more seizures than in the previous year. Fewer seizures occurred in all of the less common categories, especially with regard to undenatured ethyl alcohol, which registered a fall from 104 seizures in 2015 to only 14 seizures in 2016. It should be noted that rum and tafia, brandy, and gin and geneva were seized comparatively

more frequently in 2015 than in 2016. This is the reason that Figure 2 shows these particular products while Figure 1 does not. In Figure 1, these three product types are included in "Other." Subsequent Figures in this Section either provide specific data for these products, or include them in "Other", depending on the analytical approach used for each Figure.

FIGURE 4: VOLUME OF SEIZED ALCOHOL PRODUCTS BY TYPE, 2015-2016

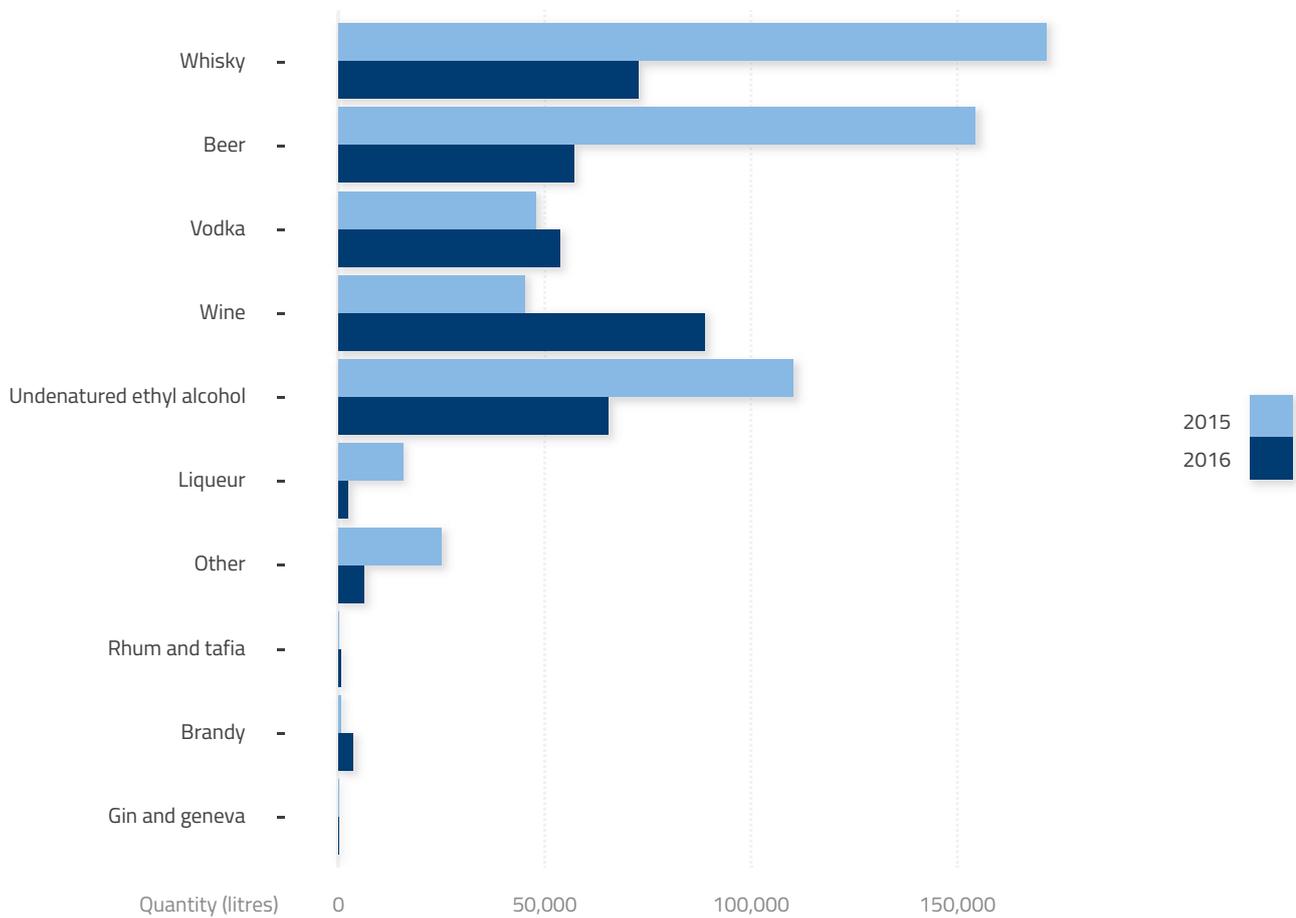
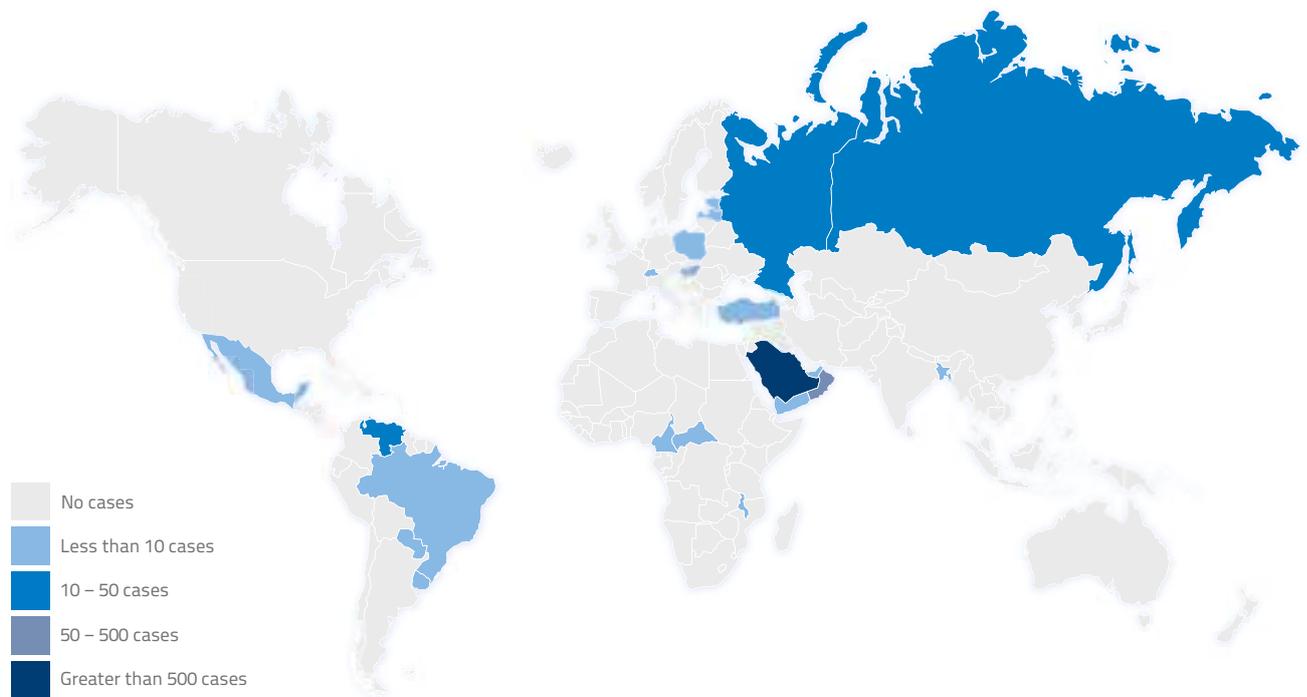


Figure 4 shows the volume of seized alcohol products by type in 2015 and 2016. Whereas Figure 3 indicated that there were increased numbers of seizures for whisky, beer, vodka and wine in 2016, Figure 4, by contrast, suggests that the quantity of alcohol seized in 2016 fell sharply across two of these common categories: Customs officials confiscated 171,540.6 litres of whisky in 2015 and only 72,713 litres in 2016 – a fall of 57.6%. Likewise, seized litres of beer fell by 63% over the same period, from 154,235.7 litres to 57,005.5 litres. The quantity of undenatured ethyl alcohol confiscated in 2016 also fell, by 40.7%. Interestingly, while Figure 3 shows that there were relatively few seizures of this product (only 14 seizures in 2016), it was actually the third most confiscated product in terms of quantity. This suggests that when smugglers move undenatured ethyl alcohol, they do so in high volumes.

However, not all categories underwent a decrease in quantities seized in 2016. Indeed, the number of litres for half of the alcohol product categories rose: 96.7% and 12.2% more wine and vodka, respectively, were seized in 2016 than in the previous year. Furthermore, 95.8 litres of rhum and tafia were seized in 2015, compared to 600.2 litres the following year – a spike of 526.6%. The number of litres of brandy also increased dramatically, from 542.1 litres to 3,632 litres. “Gin and geneva” was the fifth category of alcohol product for which the quantity seized in 2016 was greater than in 2015.

Overall, Figure 4 reflects the continuation of a multi-year trend in which decreasing quantities of whisky are being seized, while both the number of seizures and the total quantity of seized vodka are

FIGURE 5: HEAT MAP OF ALCOHOL PRODUCT CASES BY COUNTRY, 2016



increasing². This may reflect a shift in the consumer market away from whisky towards vodka and other alcoholic substances.

Figure 5 illustrates the number of alcohol product cases reported by each participating country in 2016. Each of the countries shaded blue reported at least one case in 2016; the darker the shade, the greater the number of cases reported by Customs authorities in that country. Saudi Arabia reported by far the greatest number of alcohol product cases in 2016, with a figure of 2,788 cases. Indeed, the data from this country represents 92.3% of all cases of alcohol smuggling, as well as 91% of all seizures of alcohol, in 2016. The second most frequent reporter in 2016 was Oman, which provided data on 93 cases to the WCO. Of the countries that reported between ten and 50 cases, only Customs officials in

Kuwait recorded more than 20 cases – specifically, Kuwait handled 28 cases. Russia and Venezuela, respectively, reported 17 and 19 cases. Such a distribution stems in large part from differing country-level policies. That is to say, there are highly variable alcohol prohibitions and market restrictions that are present in some countries but not in others. It is important to recognize this characteristic of the data in interpreting the figures on alcohol product smuggling.

² WCO (2015), *Illicit Trade Report*, Brussels, available at <http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/enforcement-and-compliance/activities-and-programmes/illicit-trade-report/itr-2015-en.pdf?db=web>.

Member highlight: Ethanol in packaging of other products

Bulgarian Customs reported four cases related to seizures of ethanol packed as other products.

Firstly, they reported the detection and seizure of 2.5 tonnes of ethanol, bottled and labelled as vegetable oil. In total, 204 cardboard boxes, each containing 12 one-litre bottles, were concealed between packs of straw in a village hall. Additional bottles and labels in the Romanian language were also discovered. Cardboard boxes for vegetable oil were used and the alcohol liquid had been dyed a yellow colour to give the typical appearance of vegetable oil. The cardboard boxes were palletized and ready for wholesale supply. A total of 2,445 litres of 42.2-proof alcohol were seized.

Secondly, 480 litres of Rakia (Bulgarian brandy), packed and declared as sparkling water, were seized from a cargo van that was loaded with commercial quantities of food and soft drinks. In the course of the examination, the officers identified 40 packs of sparkling water that warranted further scrutiny. Subsequent testing indicated that the bottles contained Rakia, and 160 three-litre bottles, containing 480 litres of Rakia, were seized.

In another case, a Customs mobile team stopped a Bulgarian-registered HGV which was exporting a groupage load to the United Kingdom. During the course of the inspection, Customs inspectors identified that some of the goods, declared as windshield wiper liquid, were in fact ethanol with an alcoholic strength of 95.5 degrees. When the shipment was eventually unloaded, 100 plastic ten-litre canisters, i.e. a total of 1,000 litres, were discovered. The officers also found deep within the cargo small plastic bottles with fruit essences of apricot, other fruits and vodka. It is suspected that these flavourings were going to be mixed with the ethanol. All the goods were seized and samples taken for additional analysis.

Finally, in the last case, a Customs mobile team intercepted a Bulgarian-registered HGV carrying air fresheners and building materials. Following an examination of one of the pallets, the officers identified that some water primer had been adulterated with a fruit-based Rakia. A total of 48 buckets were seized, each containing two water-skins of six litres of "primer". The "primer" was reported to have an alcoholic strength of 41.6 degrees.

Source: Bulgarian Customs



D, E, F: Seizure of ethanol in packaging of other products (primer, sparkling water, vegetable oil). Courtesy: Bulgarian Customs.

FIGURE 6: ALCOHOL PRODUCT CASES BY CUSTOMS PROCEDURE, 2016

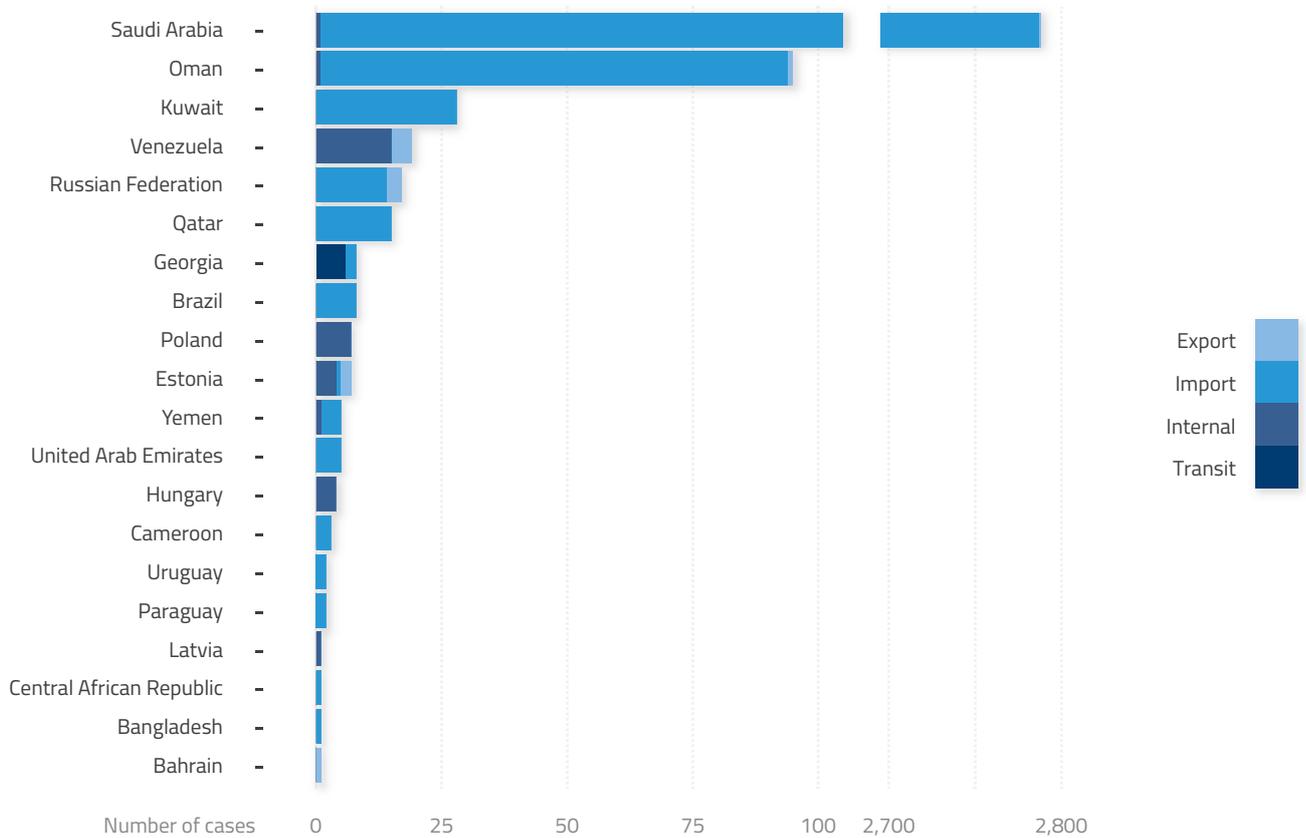


Figure 6 shows the top 20 reporting countries for alcohol product cases in 2016. It also indicates the direction in which seized shipments were travelling when confiscated. According to the available data, alcohol products were overwhelmingly seized upon import: 2,965 (98.3%) of the 3,019 cases involved alcohol products which were being moved into the reporting countries, while only 12 (0.4%) cases involved exports. This is likely to reflect two circumstances: first, countries tend to focus their resources for enforcement on inbound products. Second, the data is suggestive of divergent laws and regulations regarding alcohol trade around the world.

Nevertheless, the limited available data provides some indicators of the differing conditions faced by Customs authorities in

different countries. While Middle Eastern countries largely combat illicit imports, Bahrain's sole reported case involved exported alcohol products. In South America, 78.9% of Venezuela's 19 recorded cases involved the illicit transportation of alcohol domestically. In Uruguay, however, both of the country's cases were during import. In Eastern and Central Europe, Poland handled seven cases, all of which led to domestic seizures. In contrast, of the same number of cases reported by Estonia, only four were domestic, whilst two involved exports, and one related to imports. Georgia and Hungary were the only two countries in which the majority of cases reported involved alcohol products transiting through their territory.

FIGURE 7: ALCOHOL PRODUCT SEIZURES AND VOLUME BY REGION, 2015-2016

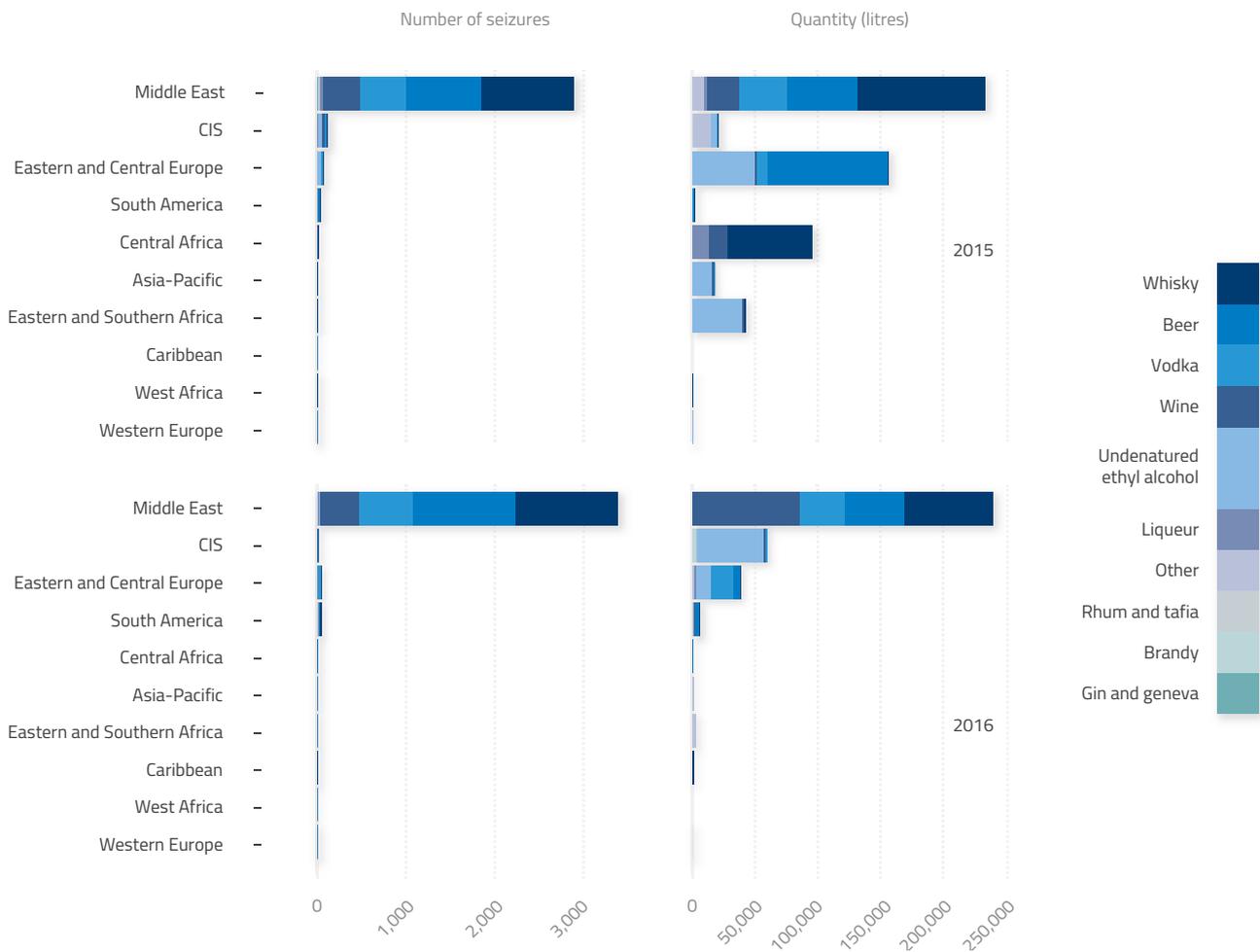


Figure 7 gives a comparison of the number of seizures and the total quantity of alcohol products seized in each category and region of the world. It further compares data from 2015 and 2016 on all of these forms of measurement. In keeping with the data presented in other Figures, the Middle East not only accounted for the largest quantity of litres of alcohol seized, but also for the vast majority of seizures in both 2015 and 2016. Moreover, both these forms of measurement increased in 2016, despite variations in the number of seizures and quantities seized of specific products.

Customs officials in Russia, the only Commonwealth of Independent States (CIS) country that provided alcohol product seizure data to the WCO in 2016, reported 123 seizures in 2015 and only 19 seizures in 2016. However, there was a 189.8% increase in

the quantity of litres seized, regardless of product. This was largely due to the confiscation of greater volumes of undenatured ethyl alcohol and brandy. In Eastern and Central Europe, the volume of seized beer fell sharply by 94%, while that of vodka rose from 9,063 litres to 17,596.2 litres. Overall, this region experienced a 75.3% decline in the number of litres seized in 2016. Despite this, it accounts for 11% of the total litres confiscated over the year. In the Asia-Pacific, Central Africa, and Eastern and Southern Africa, the notable declines in volumes of alcohol seized corresponded with lower numbers of seizures.

FIGURE 8: NUMBER OF ALCOHOL PRODUCT CASES BY COUNTRY, 2015-2016

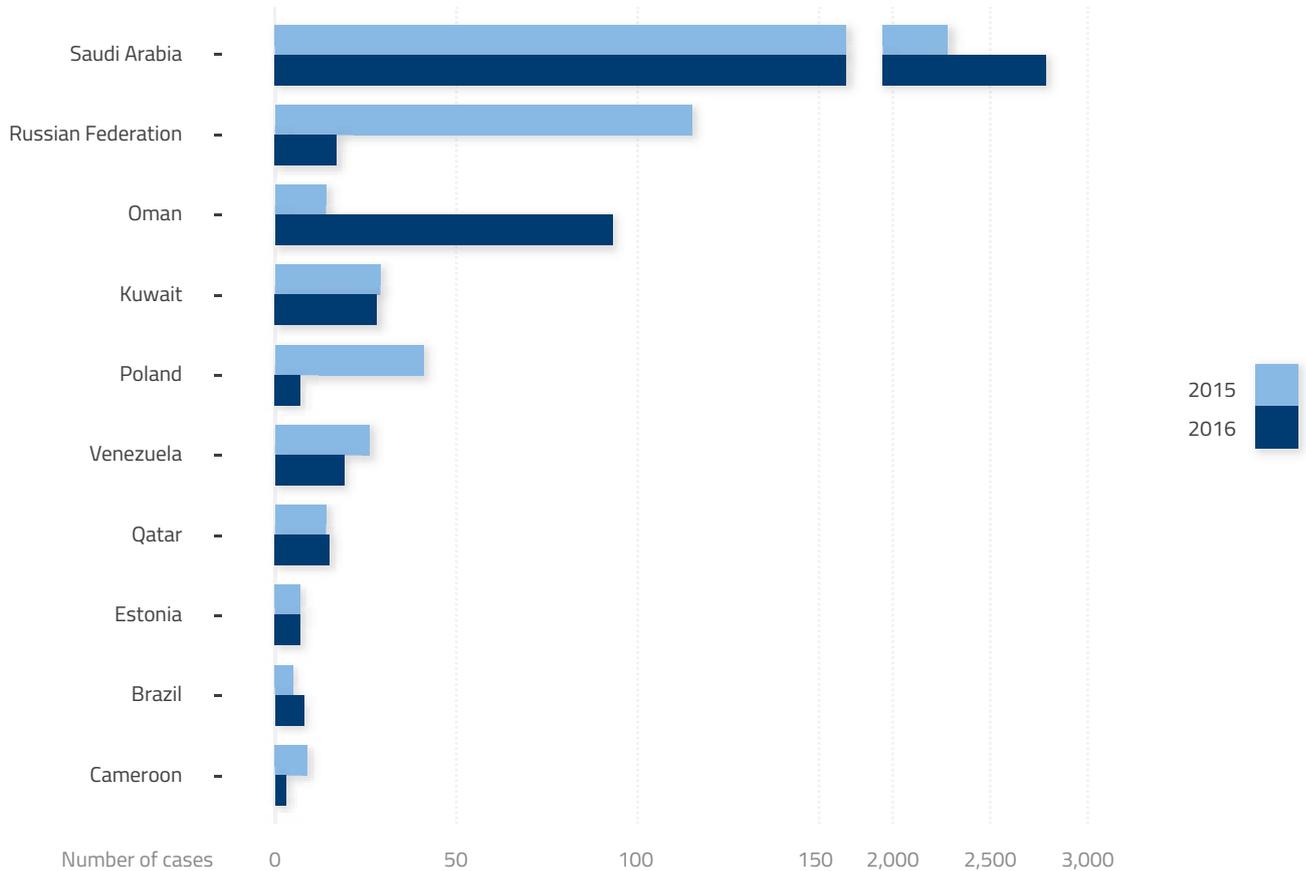


Figure 8 examines the number of alcohol product cases in the top ten reporting countries between 2015 and 2016. Earlier, Figure 4 suggested that alcohol products were evenly split between categories in which seized quantities rose, and categories in which seized quantities fell. Such a pattern is again seen in Figure 8, which shows that the number of alcohol product cases decreased in five of the top ten reporting countries: Russia, Kuwait, Poland, Venezuela, and Cameroon. At the same time, the number of cases increased in four countries, and remained constant in one country, Estonia.

Among those countries where Customs authorities reported fewer cases in 2016, there were two countries with particularly sharp falls: Russia, which reported 115 cases in 2015, only submitted data on 17 cases in the following year. In Poland, 41 cases were

submitted by Customs officials in 2015, and only seven cases in 2016. Conversely, the largest increases were seen in Saudi Arabia and Oman. Saudi Arabian officials recorded 2,282 cases in 2015 and 2,788 cases in the following year. Oman reported 93 cases in 2016, as opposed to only 14 a year earlier. Excluding Saudi Arabia, the average number of alcohol product cases among the top reporting countries in 2016 was 22 cases.

FIGURE 9: VOLUME OF SEIZED ALCOHOL PRODUCTS AND NUMBER OF SEIZURES BY CONVEYANCE TYPE AND DETECTION METHOD, 2016

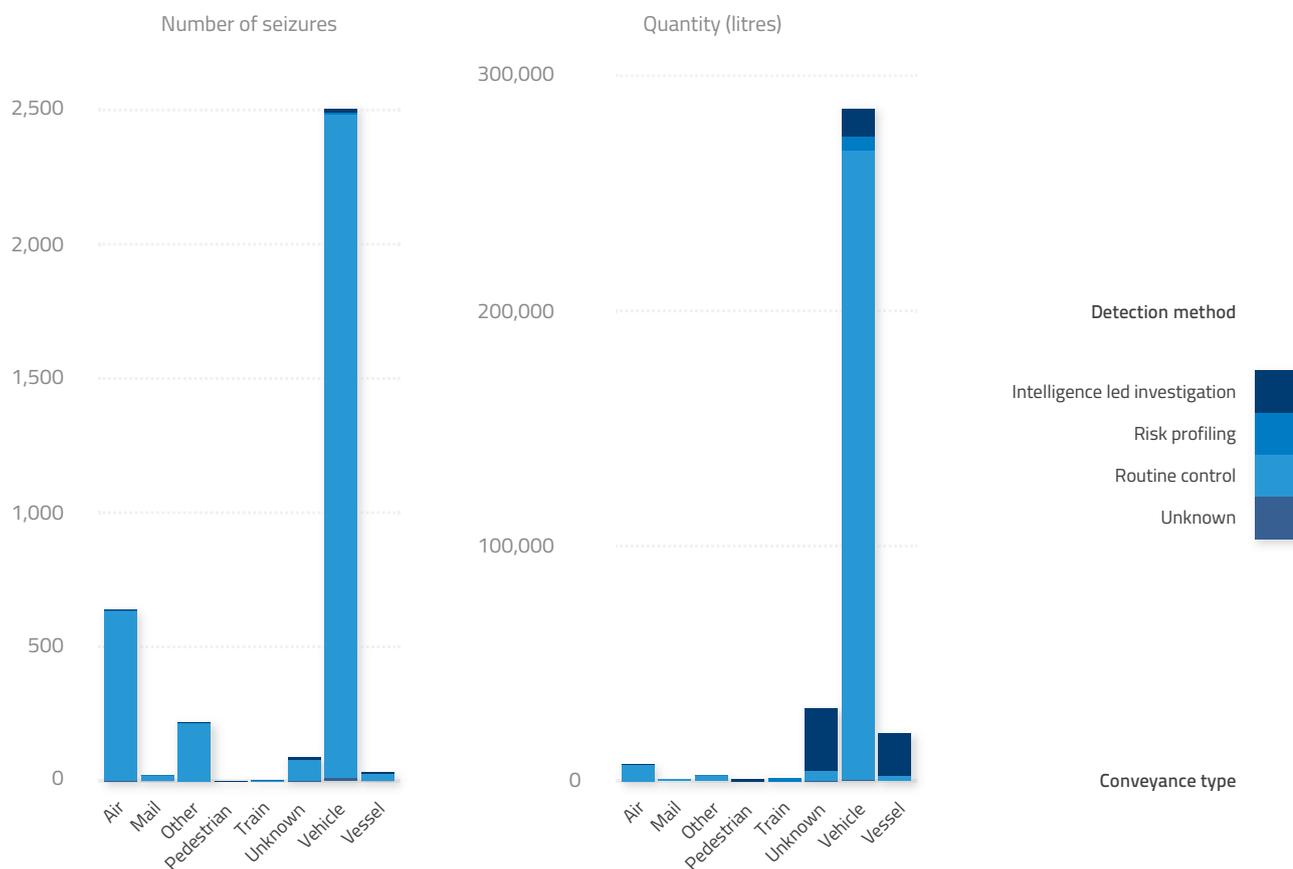


Figure 9 provides four distributions for alcohol product seizures in 2016: firstly, the frequency of various modes of transport used in recorded smuggling attempts; secondly, the volume of seized products, regardless of category and mode of transport; thirdly, the detection method by mode of transport; and fourthly, the detection method in relation to the quantity of litres seized.

Figure 9 reveals that seizures were predominantly carried out on contraband found in vehicles. Such seizures were both the most numerous (2,503 seizures) and yielded the greatest total volume of illicit alcohol (285,764.171 litres). Of this total volume, 93.6% was confiscated during routine controls – by far the most effective method of enforcement according to the available data. This same pattern is seen in seizures from air consignments: 637

seizures were made from this mode of transport, 633 of which were facilitated by routine controls.

However, intelligence-led investigations resulted in the confiscation of 17,984 litres hidden aboard vessels in only four seizures. Risk profiling led to a total of nine seizures across three modes of transportation: air, train, and vehicle³, and to the confiscation of 7,357.5 litres of contraband alcohol. This suggests that these methods are generally more effective – or used most often – when it comes to larger shipments of smuggled goods, as the average volume of alcohol recovered per seizure was greater than the average volume seized when other detection methods were used.

³ A tenth seizure was made through risk profiling, but the mode of transportation was recorded as 'Unknown'.

FIGURE 10: VOLUME OF SEIZED ALCOHOL PRODUCTS BY TYPE AND DETECTION METHOD, 2016

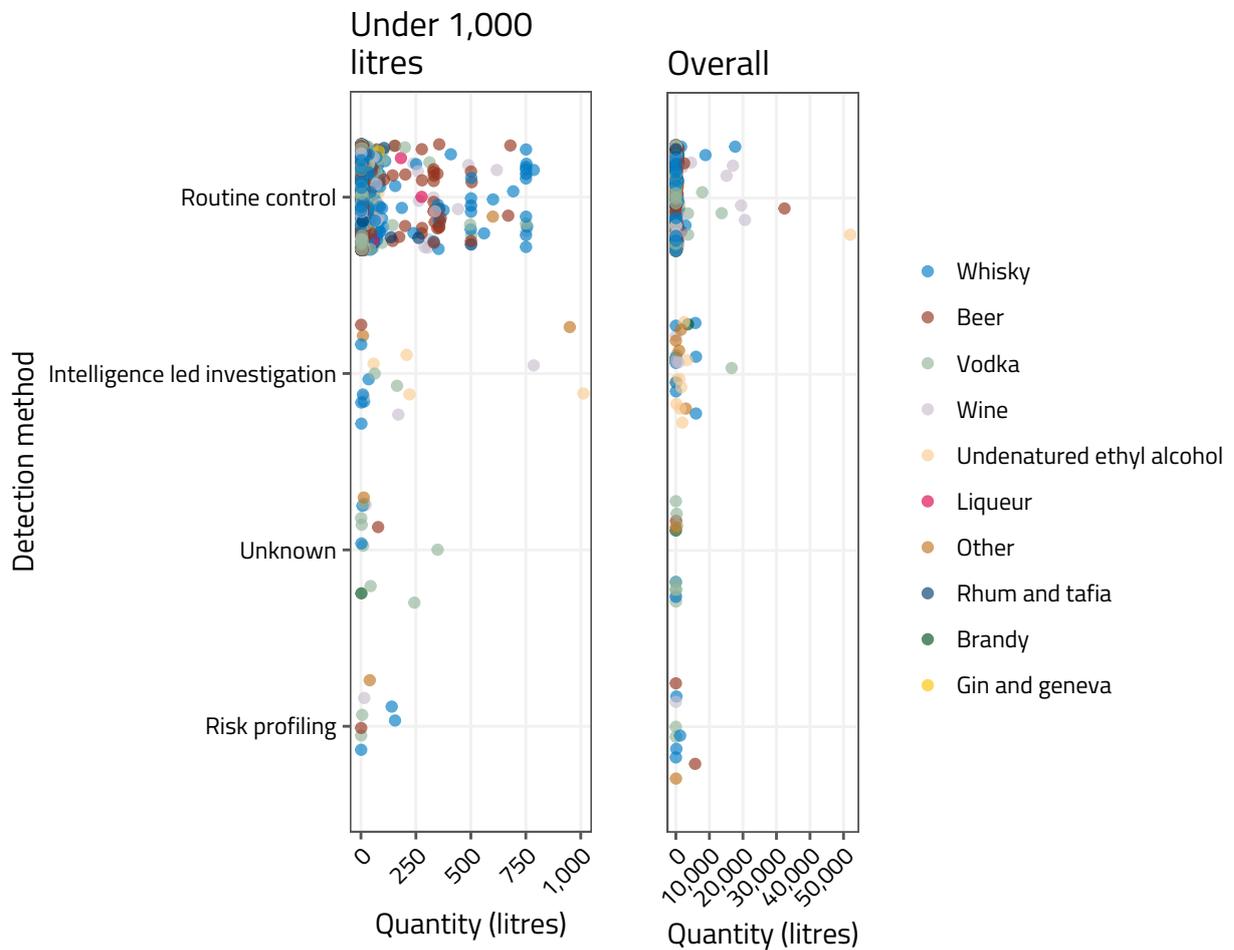


Figure 10 illustrates the volume of seized alcohol products by type of product confiscated and detection method. Each dot on the graph represents a single seizure in 2016, and the type of seizure is represented by the colour of the dot. Figure 10 reinforces what was observed in Figure 9: routine controls facilitated the greatest number of seizures. Further, routine controls yielded nine of the ten largest alcohol product seizures in 2016 in terms of volume. Nevertheless, this method only accounted for 78.4% of all litres seized. Beer and whisky were the most commonly seized products, having been confiscated in 2,312 out of 3,452 seizures. On average, routine controls netted 80.2 litres per seizure. In contrast, intelligence-led investigations averaged 2,060.7 litres per seizure, and risk profiling averaged 661.9 litres per seizure. This aligns with the observations made for Figure 9.

Figure 11 is a heat map of alcohol product trafficking instances by country and frequency in 2016. Each country indicated was a point of origin, destination, or transit for one or more seized shipments in a reported case, regardless of where the seizure took place or which country reported the case. By disaggregating individual seizures in this way, Figure 11 shows all known countries through which alcohol products were trafficked, or were intended to be moved, in 2016. As with the heat map in Figure 5, Saudi Arabia featured in the majority of alcohol product trafficking instances, largely because of its high reporting levels. Of the total 2,797 trafficking instances involving Saudi Arabia, only eight instances indicated that Saudi Arabia was a point of departure. All of the remaining 2,788 instances involved contraband entering the country.

FIGURE 11: HEAT MAP OF ALCOHOL PRODUCT TRAFFICKING INSTANCES, 2016

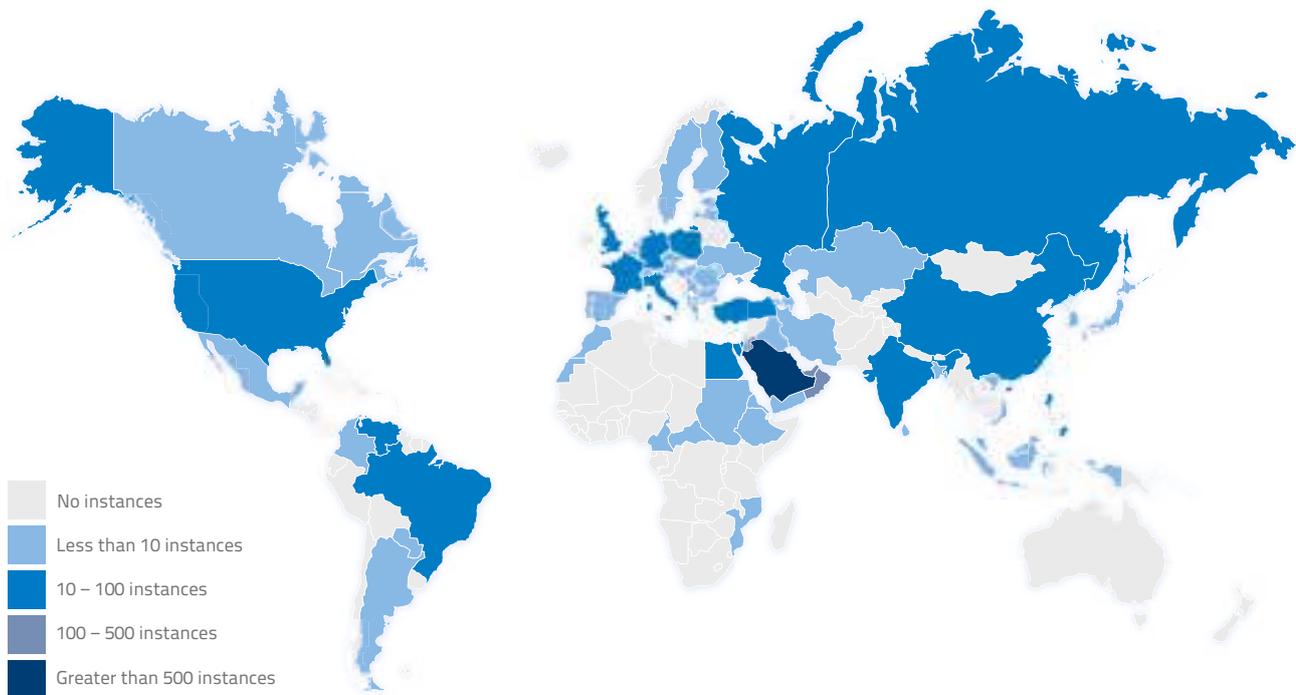


Figure 11 provides some of the information not shown in Figure 5 by indicating the origin of illicit alcohol products. Unlike Figure 4, which showed that very few countries in North America, Western Europe and Asia reported any alcohol cases, Figure 5 suggests that illicit alcohol did indeed move from or through these regions. The United States was involved in 21 instances, Germany in 22, and France in 19. In Asia, India and China appeared in 23 and 14 instances, respectively. Moreover, for each of these countries, the instances involved departure, suggesting that these countries, among others, were the source of alcohol seized elsewhere.



G: Seizure of 5,739 litres of beer. Courtesy: Estonian Customs.

Member highlight: Operation Ombra

Operation Ombra, implemented by the Italian Guardia di Finanza, targeted a transnational criminal organization involved in commercial fraud, tax fraud, the issuing of invoices for non-existent operations, failure to file statements, false statements in private deeds, false registration of assets, money laundering and excise tax avoidance. The Operation falls under a broader investigative framework that also involved foreign counterparts through targeted rogatory commissions in England, France and Germany. The aim of these commissions was to obtain further evidence which would be useful in demonstrating the “chain” of illegal transactions, and the actual delivery of the alcoholic products being trafficked. Cooperation with Switzerland, Romania and Spain also took place in order to trace the money flows that were the profits of these crimes, as well as the real estate and financial assets of some of the main members of the criminal group. In brief, the investigations resulted in:

- the reporting of 65 individuals to the Judicial Authority;
- assessment of undeclared profits and evaded excise tax of approximately € 29,000,000;
- assessment of fraudulently consumed products totalling more than 4,000,000 litres;
- assessment of invoices issued for non-existent operations to a value of almost € 10,000,000;
- confiscation of the criminal group’s assets (moveable and immoveable property, company shares) to a value of approximately € 30,000,000.

Source: Italian Guardia di Finanza



H : 585 litres of illegal alcoholic beverages concealed in the rear part of a bus. Courtesy: Bulgarian Customs.

FIGURE 12: ALCOHOL PRODUCT TRAFFICKING FLOWS, 2016

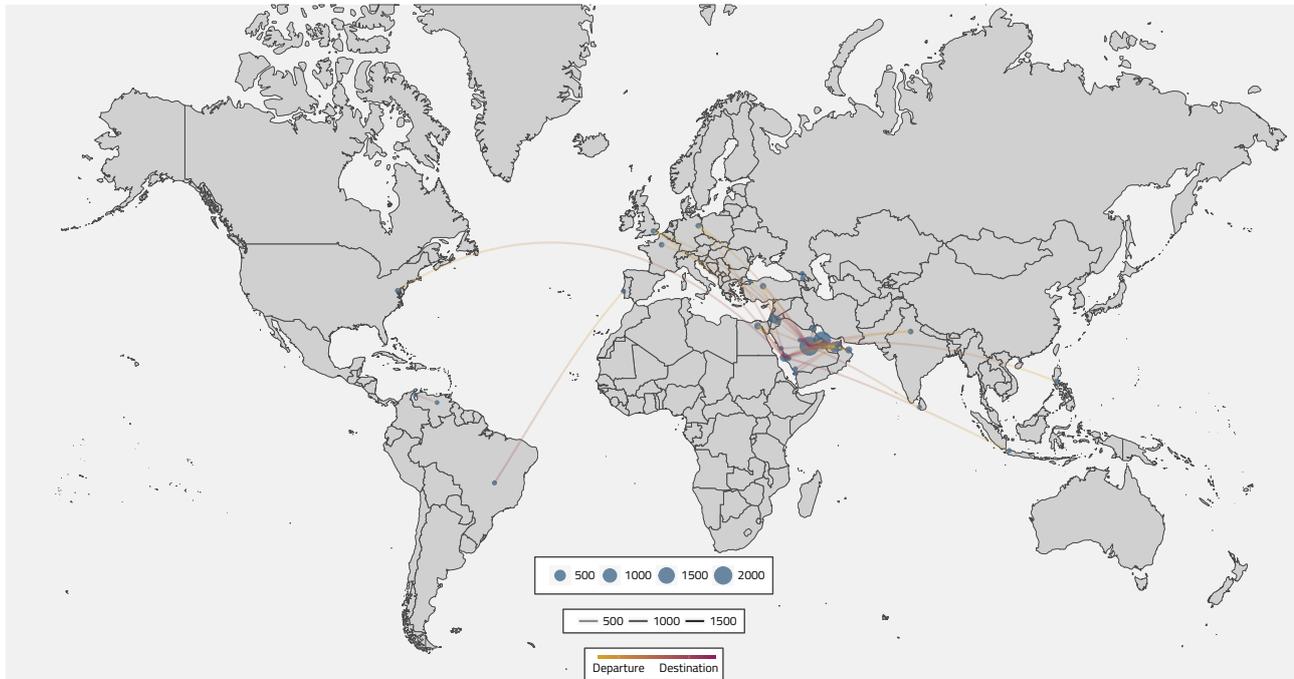


Figure 12 maps the illicit flows of alcohol products from their origins to their destinations, as seen in 2016. The size of the dots indicates the number of cases that departed from or terminated in a particular city. The capital city is used when a specific location was not found in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall shade, the more frequently that trafficking route appeared in the 2016 data. These flows do not necessarily indicate completed smuggling attempts – in many cases, contraband was seized at its origin or in transit. However, Figure 12 nevertheless shows the entire intended trade route from origin to destination.

As seen in previous Figures, nearly all trafficking flows were destined for Saudi Arabia, largely reflecting that country's own reporting levels and regulations. The following routes into Saudi Arabia were the most frequently observed in 2016: Bahrain to Saudi Arabia, seized at the King Fahd Bridge border crossing (1,818 instances); Amman, Jordan to Haditha, Saudi Arabia (120 instances); and Abu Dhabi, UAE to Riyadh, Saudi Arabia (95 instances). Looking beyond Saudi Arabia, there were six instances of alcohol products travelling from Portugal to Brazil, and five instances of contraband being seized in transport from Las Piedras, Venezuela, to Maracaibo, Venezuela.

Member highlight: Alcohol smuggling in Hong Kong, China

In 2008, Hong Kong, China removed all duties imposed on wine. Duty is only payable on liquor with an alcoholic strength of more than 30% by volume, measured at a temperature of 20°C.

Hong Kong Customs reported that smuggling of alcohol mainly involves passengers at the international airport and at control points within Hong Kong, China. In 2016, a total of 41 cases were detected, with seizures totalling 1,570 litres of alcohol.

This represented a 28% increase in case numbers, compared to 2015 (32 cases). About 50% of the cases detected in 2016 involved hard liquor carried by incoming passengers suspected to be taking advantage of the busy traffic at the land boundary control points. It is believed that the wide variation in duty rates between Hong Kong, China and the Mainland is one of the main causes of the increase in alcohol smuggling.

Source: Hong Kong Customs



I: Seizure of 2,946 litres of beer concealed among bags of declared fertilizer. Courtesy: Malawian Customs.

J: Seizure of 1,805 litres of vodka and 600 litres of whisky. Courtesy: Kuwaiti Customs.

K, L: Seizure of 151 litres of vodka concealed in the trunk and in a specially constructed space under the floor of a car. Courtesy: Georgian Customs.

2. TOBACCO PRODUCTS

FIGURE 13: TOBACCO PRODUCT SEIZURES BY CATEGORY AND TYPE, 2016

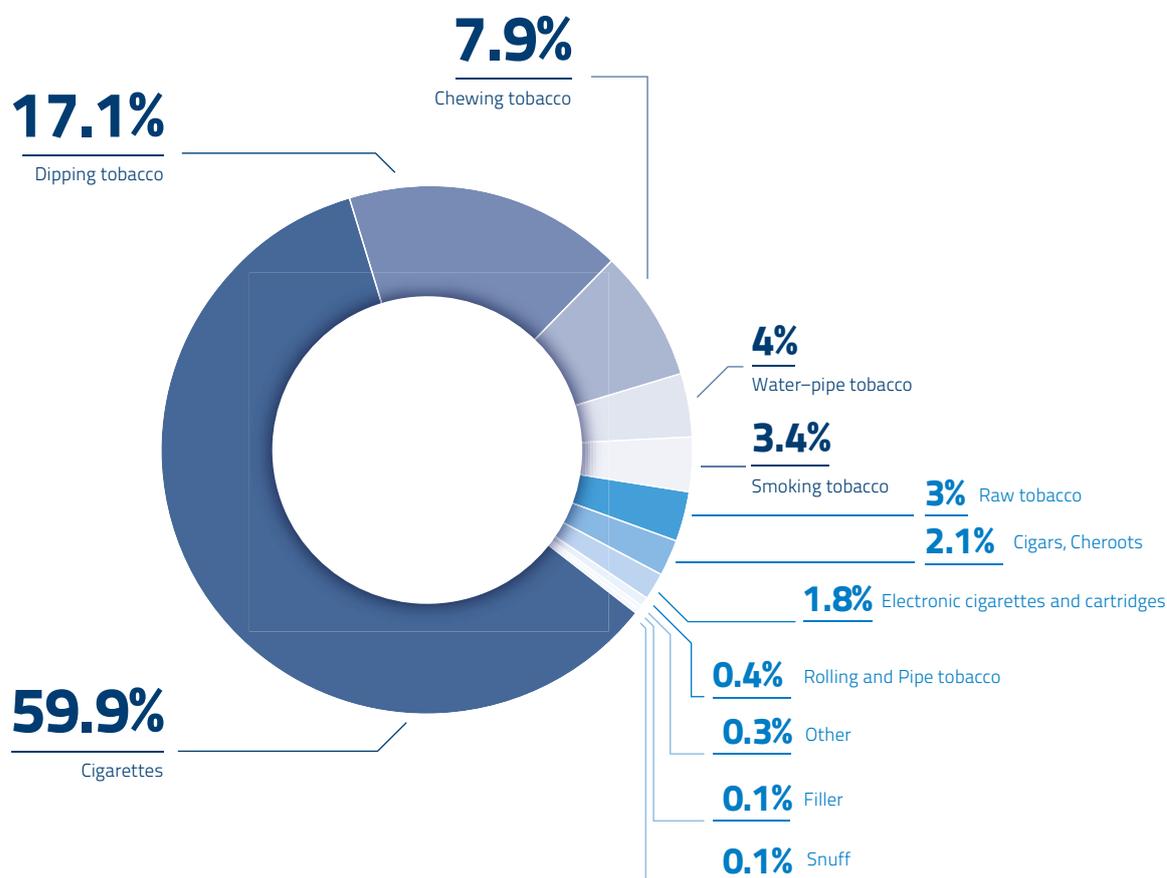


Figure 13 shows the composition of tobacco seizures in 2016 by category and type of tobacco. In 2016, 92 countries reported tobacco trafficking data to the WCO, and this was broken down into three subcategories: Cigarettes, Cigars and E-cigarettes, and Other tobacco products. The category "Cigarettes" is wholly composed of cigarettes, including 11 seizures of rolo tubes and cigarette papers. "Cigars and E-cigarettes" comprises "Cigars, Cheroots" and "Electronic cigarettes and cartridges." "Other tobacco products" includes "Dipping tobacco", "Chewing tobacco", "Water-pipe tobacco", "Smoking tobacco", and "Raw tobacco", as well as "Rolling and Pipe tobacco", "Filler", "Snuff", and "Other". Overall, 4,960 cases and 6,812 seizures were reported across all three categories.

Figure 13 indicates that cigarettes were confiscated in 59.9% of the 6,812 seizures reported to the WCO. Of these seizures, 36.3% comprised other tobacco products, such as chewing and smoking tobacco. The remaining seizures included the confiscation of cigars, cheroots, and electronic cigarettes.

FIGURE 14: NUMBER OF CIGARETTE SEIZURES AND QUANTITY SEIZED, 2015-2016

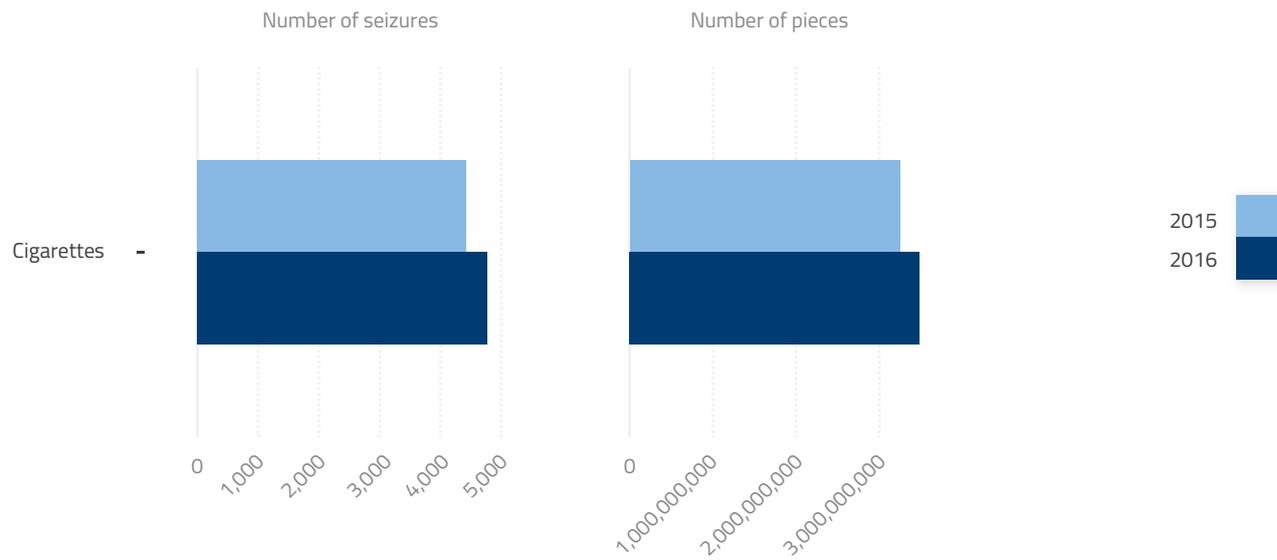


Figure 14 shows the number of seizures of cigarettes in 2015 and 2016, as well as the number of pieces seized in both years. Customs officials around the world reported confiscating 3,485,058,076 cigarette pieces across 4,768 individual seizures. This represents an increase from the previous year, when 4,428 seizures resulted in the confiscation of 3,251,520,191 pieces. However, the average number of pieces seized decreased slightly between years: from 734,309 pieces per seizure in 2015, to 730,926.6 pieces in 2016.



M: A 40-foot container was found to have been fitted with a secret compartment for concealing illicit cigarettes. Courtesy: Hong Kong Customs.

Case study 1. Cigarette smuggling in Hong Kong, China

At 21:15 on 6 January 2016, Hong Kong Customs conducted a search and seizure of contraband cigarettes hidden within a container on Tsing Yi Island. In total, about 1.3 million cigarettes were confiscated. The container, and the truck onto which it was loaded, had departed from Huanggang, China.

The truck, driven by a 35-year-old man, was intercepted by Customs officers on Hong Wan Road. After a thorough inspection, the contraband cigarettes were found inside a secret compartment within the container. The market value of the cigarettes was about 4,076,100 Hong Kong Dollars (HKD), with a dutiable value of approximately 2,559,758 HKD, or 322,722 USD.

Later in the year, on 21 September 2016, Hong Kong Customs officers tackled another case of cigarette smuggling, at Tsing Yi Cargo Examination Compound. This time, the estimated market value was about 54 million HKD, not including the estimated dutiable value of about 38 million HKD. Approximately 20 million illicit cigarettes were seized. Customs officers made the seizure from two 40-foot containers that, according to shipping documents, carried plastic boxes arriving from Haiphong, Vietnam.

SOURCES

- WCO data
- Hong Kong Customs and Excise Department (2016), *Hong Kong Customs detects suspected case of concealing illicit cigarettes in false compartment of container*, available at http://www.customs.gov.hk/en/publication_press/press/index_id_1507.html, accessed on 25 August 2017.
- Hong Kong Customs and Excise Department (2016), *Hong Kong Customs detects suspected case of smuggling illicit cigarettes*, available at http://www.customs.gov.hk/en/publication_press/press/index_id_1707.html, accessed on 25 August 2017.



N, O : Seizure of cigarettes concealed in the trunk of a tank. Courtesy: Bulgarian Customs.

FIGURE 15: NUMBER OF CIGAR AND E-CIGARETTE SEIZURES AND QUANTITY SEIZED, 2015-2016

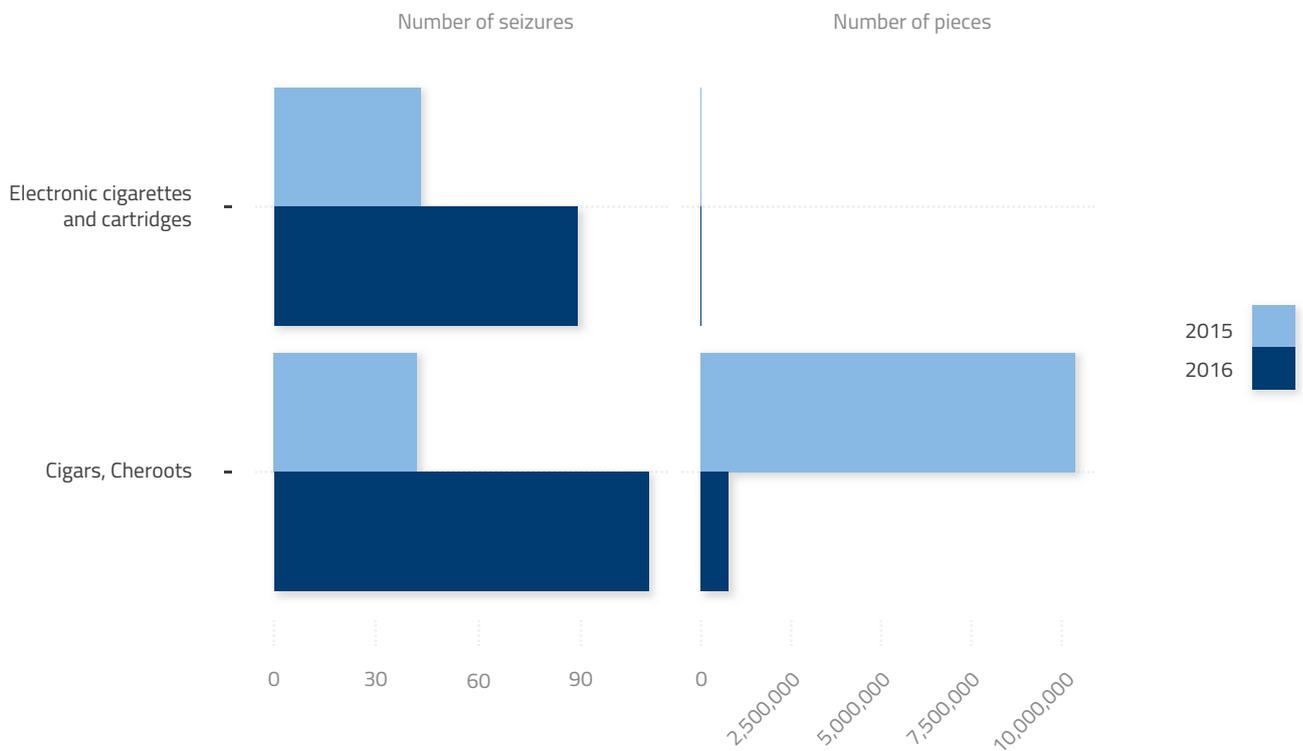


Figure 15 shows the number of seizures of cigars and E-cigarettes in 2015 and 2016, as well as the quantities seized. There were 110 seizures of cigars and cheroots in 2016, and 769,065 pieces were confiscated. In contrast, only 22,503 pieces of illicitly transported E-cigarettes and cartridges were recovered across 89 seizures. Compared with the previous year, there was an increase in the number of seizures for both products. In 2015, only 42 and 43 seizures were reported for cigars and e-cigarettes, respectively. In terms of pieces seized,

the quantity of cigars and cheroots confiscated dropped by 92.6%, while the quantity of E-cigarettes and cartridges confiscated increased sharply by 416.95%, from only 4,353 pieces in 2015. For E-cigarettes and cartridges, there was one seizure that pushed the numbers well beyond their 2015 levels: it was a seizure in Saudi Arabia of 10,000 pieces, constituting 44.4% of all pieces seized in 2016.

Member highlight: International network of illegal production and distribution of tobacco dismantled

A network of illegal production and distribution of tobacco mixtures for hookah was discovered in Sofia during a joint operation conducted by Customs mobile groups and Police officers who were involved in the investigations.

A production line for drying tobacco, composing blends and packaging was discovered in a production facility located in the territory of Sofia. A total of 1,790 kg of finished products were found in the depot. A further 1,250 kg in sales packages were found and seized. In addition, 970 kg destined for recipients in the EU were seized in shipments being made by courier companies. Some of the seized quantities of tobacco for hookah were in the process of production, while others were already in consumer packaging, but not labelled with the required Bulgarian excise labels, and without the relevant documentation.

The total amount of tobacco blend amounted to over 4,000 kg. It is estimated that the loss of over 605,000 Bulgarian Levs in national revenue was prevented. Five pre-trial proceedings have been launched in connection with the case and the investigation is ongoing.

Source: Bulgarian Customs



P, Q, R: Illegal production of tobacco for narghile. Courtesy: Bulgarian Customs.

FIGURE 16: NUMBER OF OTHER TOBACCO PRODUCT SEIZURES, 2015-2016

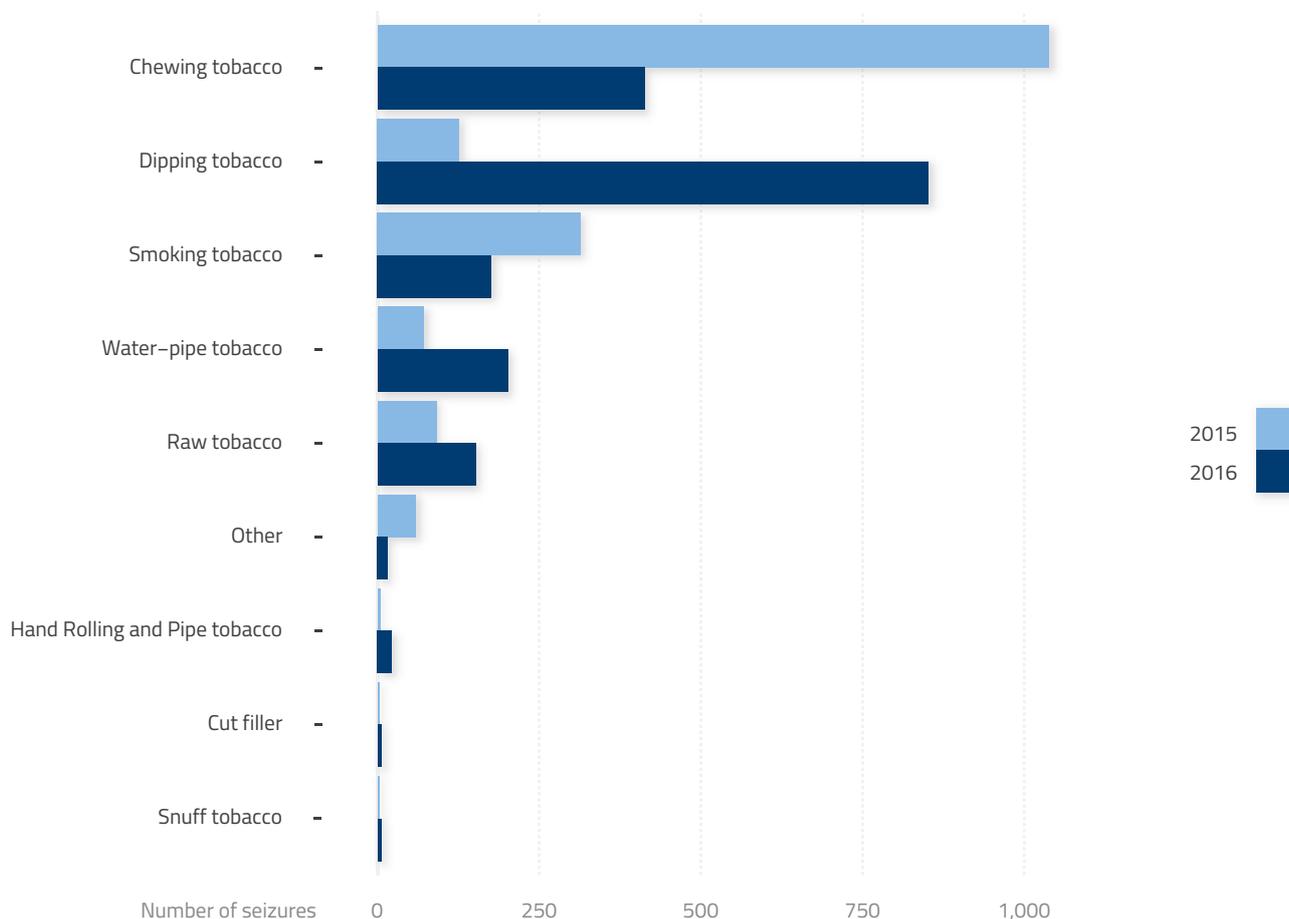


Figure 16 compares the number of other tobacco product seizures by type in 2015 and 2016. At first glance, Figure 16 may appear to suggest an overall decline in the number of seizures, due to a notable drop in the number of chewing tobacco seizures – however, the opposite is true. Customs authorities reported 1,709 seizures of other tobacco products, including all types, in 2015, and 1,845 seizures in the following year. While the number of chewing tobacco seizures did fall by 60.2%, from 1,038 seizures to 413 seizures, seizures of dipping tobacco rose to 852 seizures in 2016, from 126 seizures in the year before – a 576.2% increase. Including

dipping tobacco, seizures of six types of products climbed above the numbers reported in 2015. Raw tobacco was recovered in 202 seizures in 2016, and 71 in 2015. Hand rolling and pipe tobacco seizures increased from four to 22, and seizures of cut filler and snuff tobacco both doubled, from three to six. Despite this, the number of seizures for the two most commonly seized “other” tobacco products in 2015, chewing tobacco and smoking tobacco, both decreased – the former by 60.2% and the latter by 43.9%, from 314 seizures in 2015 to just 176 a year later.

FIGURE 17: QUANTITY OF OTHER TOBACCO PRODUCTS SEIZED BY TYPE, 2015-2016

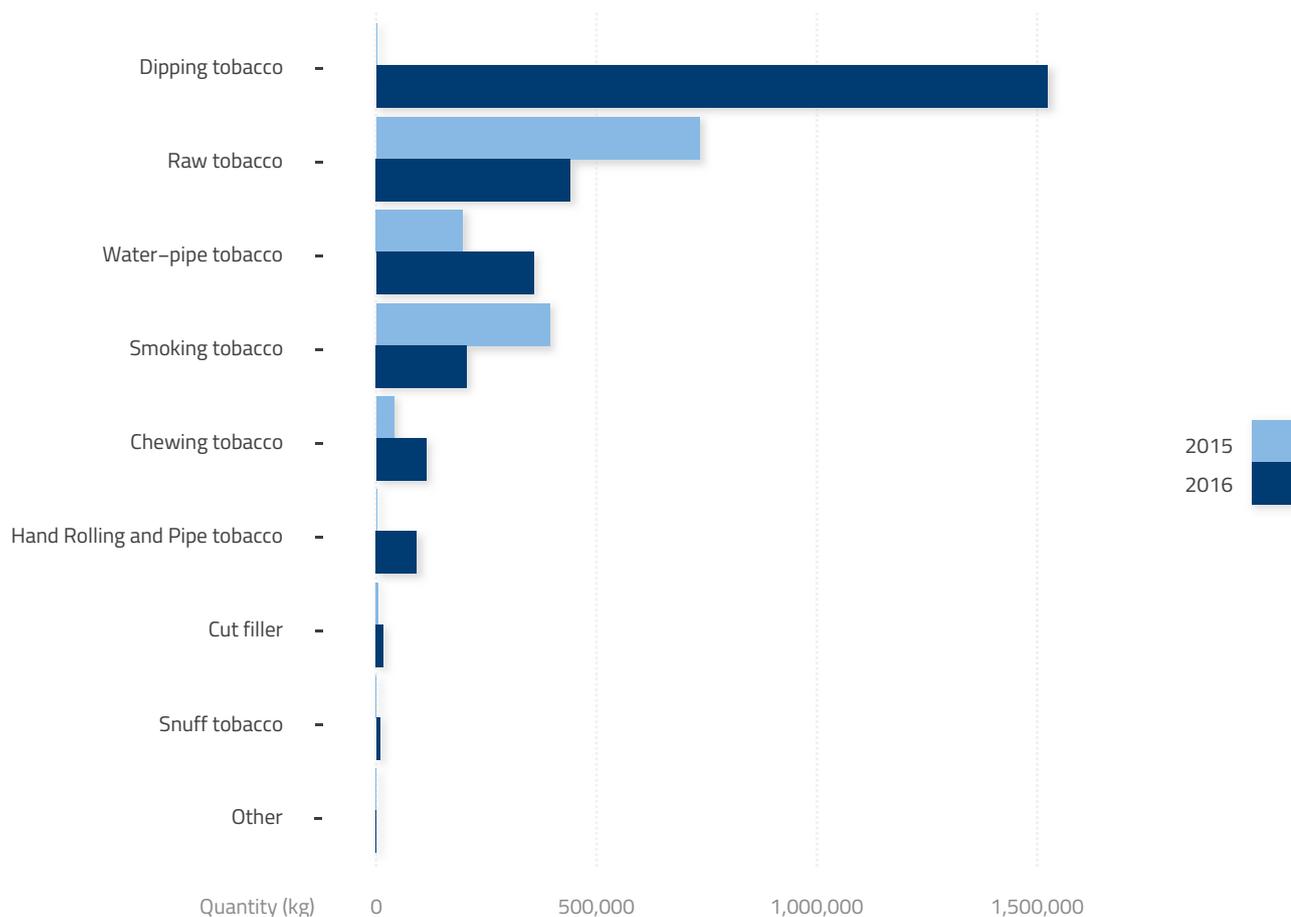


Figure 17 shows the quantities of other tobacco products seized in both 2015 and 2016. Most dramatically, the number of kilogrammes of dipping tobacco seized in 2016 surged by 134,504% – from 1,131.6 kilogrammes in 2015 to 1,523,179 kilogrammes.

If dipping tobacco is not included, the quantity of other tobacco products seized decreased by 10.1% overall, even with the increased quantities seen for water-pipe tobacco, chewing tobacco, cut filler, hand rolling and pipe tobacco, snuff tobacco, and other products. Relatively smaller quantities were reported for only two products: raw tobacco and smoking tobacco, seizures of which declined by 40% and 47.8%, respectively.

FIGURE 18: HEAT MAP OF TOBACCO PRODUCT CASES BY COUNTRY, 2016

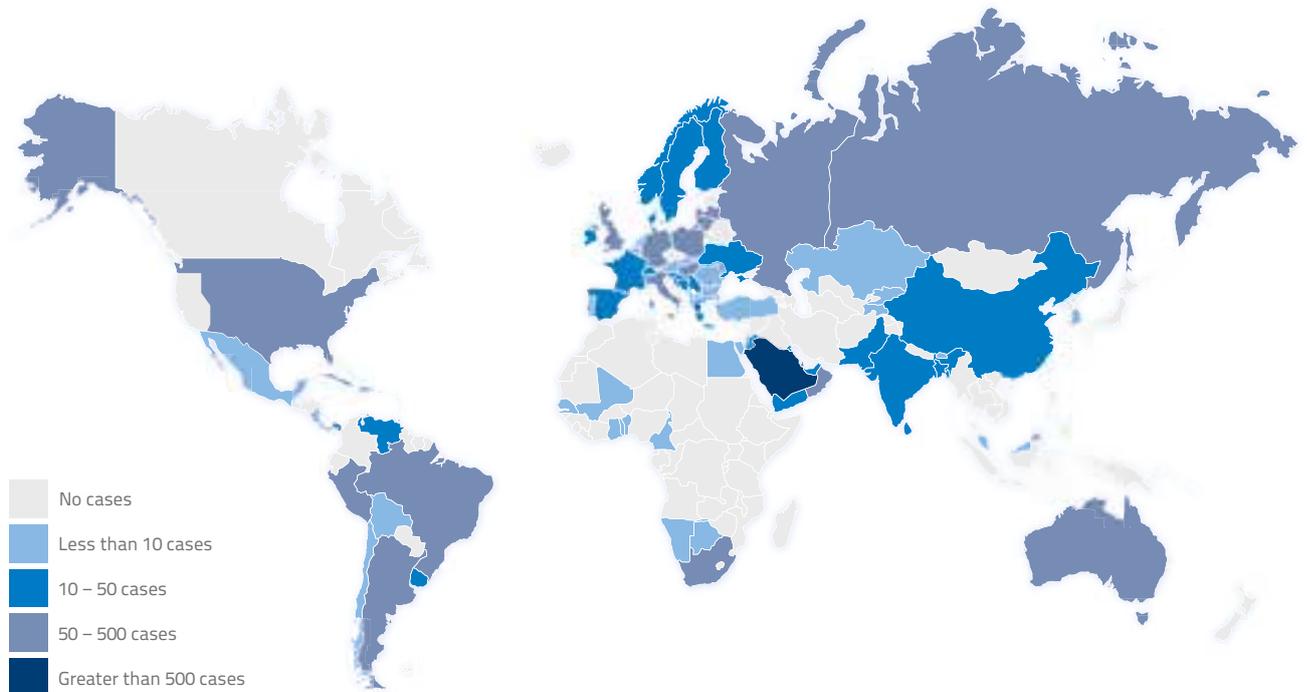


Figure 18 illustrates the number of tobacco cases reported by each participating country to the WCO in 2016, regardless of product type. Each of the countries shaded blue reported at least one case in 2016; the darker the shade, the greater the number of cases a country reported. Saudi Arabia made the most reports to the WCO in 2016, with Customs officials there recording 1,111 cases. Although no other country reported over 500 cases, Brazil submitted data on 455 cases, Poland recorded 312 cases, and

Argentina, Moldova and Bahrain all reported between 200 and 300 cases. In terms of countries for which the number of cases was between ten and 50, the top five were: Spain (49 cases), Serbia (47 cases), Sri Lanka (41 cases), France (36 cases), and Estonia (31 cases). The majority of countries reported fewer than ten cases in 2016. Nevertheless, Figure 18 indicates that tobacco smuggling affects a wide variety of countries and regions of the world.

Member highlights: Innovative ways of concealment of tobacco products

Latvian Customs identified an increase in the number of cases involving undeclared cigarettes intentionally concealed in the built compartments of both trucks and passenger cars. In addition, 2016 saw significant discoveries of cigarettes in cargos of sawdust, wooden boards, charcoal and nitrites.

In terms of rail freight, tobacco products (usually cigarettes) were predominantly found in the structure of wagons, in empty wagons and buried in coal. Packages of cigarettes (usually wrapped in black polyethylene) were fixed to the structures of wagons both by adhesive tape and magnets.

The cases identified included smuggled cigarettes which were hidden in cargos of petroleum products, as well as in cargos of paving or particle granules in covered-type wagons, mineral fertilizer wagons or hopper-type wagons coming from the Russian Federation. It is suspected that smuggled cigarettes might also be imported into the European Union hidden in empty wagons or containers. Examples were found where the cargo spaces had been adapted and additional walls installed to provide extra concealment points. The highest number of undeclared goods was found in rail transport coming from the Republic of Belarus.

In terms of air transport, most of the undeclared cigarettes were found at export and involved passengers travelling either to the United Kingdom or Ireland.

Source: Latvian Customs



S, T: Seizure of 3,269,100 cigarettes concealed in a cargo of sawdust. Courtesy: Latvian Customs.

A record seizure of 117 million cigarettes

Jordan Customs reported the seizure at Aqaba seaport of 11 containers packed with nearly 117,100,000 pieces of cigarettes. This astonishing seizure included a mix of different brands. The huge shipment was declared as coming from Germany, although other information suggested the routing was Jebel Ali – Germany – Aqaba. The bills of lading for these consignments suggested the consignments were wood or articles of wood.

Source: Jordanian Customs



Case study 2. Tobacco products seized in the Czech Republic

On 25 August 2016, Ostravan Customs officials in the Czech Republic seized more than 13.5 million pieces of De Santis cigarettes, preventing the loss of 34,044,192 Czech Korunas (1,423,541 USD) in tax revenue. The cigarettes had been loaded onto a truck in the town of Indija, Serbia, from which the consignment was intended to be transported to the city of Bari, Italy, and then shipped by ferry to Macedonia via Albania.

Acting on a tip-off, a local patrol found a truck with a semi-trailer in the parking lot of an Ostrava gas station. Two Ukrainian drivers were inside. Outside the vehicle were two Polish nationals who described themselves as security guards for a shipment of cigarettes. Although the drivers produced Customs documents for the shipment, Police detected significant disparities between the declared contents and what was found within the semi-trailer.

On 19 August 2016, Ostravan Customs officials made a similar seizure of raw and uncut tobacco leaves in the Havířovská region. With the help of a detector dog, Customs officers uncovered 51,650 kilogrammes of unstamped tobacco, thus preventing a tax evasion of 239,931,846 Czech Korunas. Data provided to the WCO by authorities from the Czech Republic shows that Ostrava was one of the top three locations for cigarette seizures in 2016, along with Zdíby and Hroznetin.

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FIGURE 19: TOBACCO PRODUCT CASES BY CUSTOMS PROCEDURE, 2016

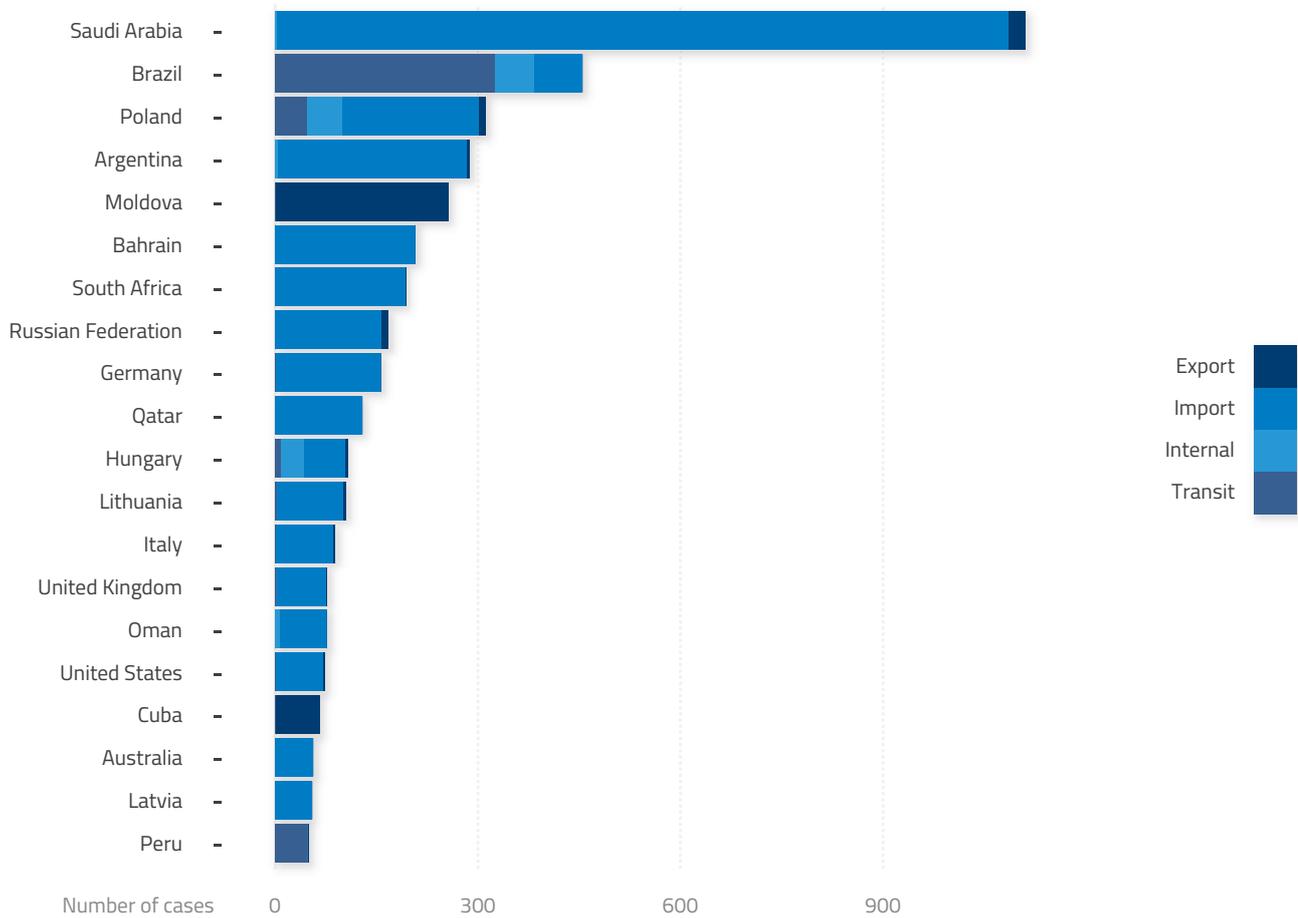
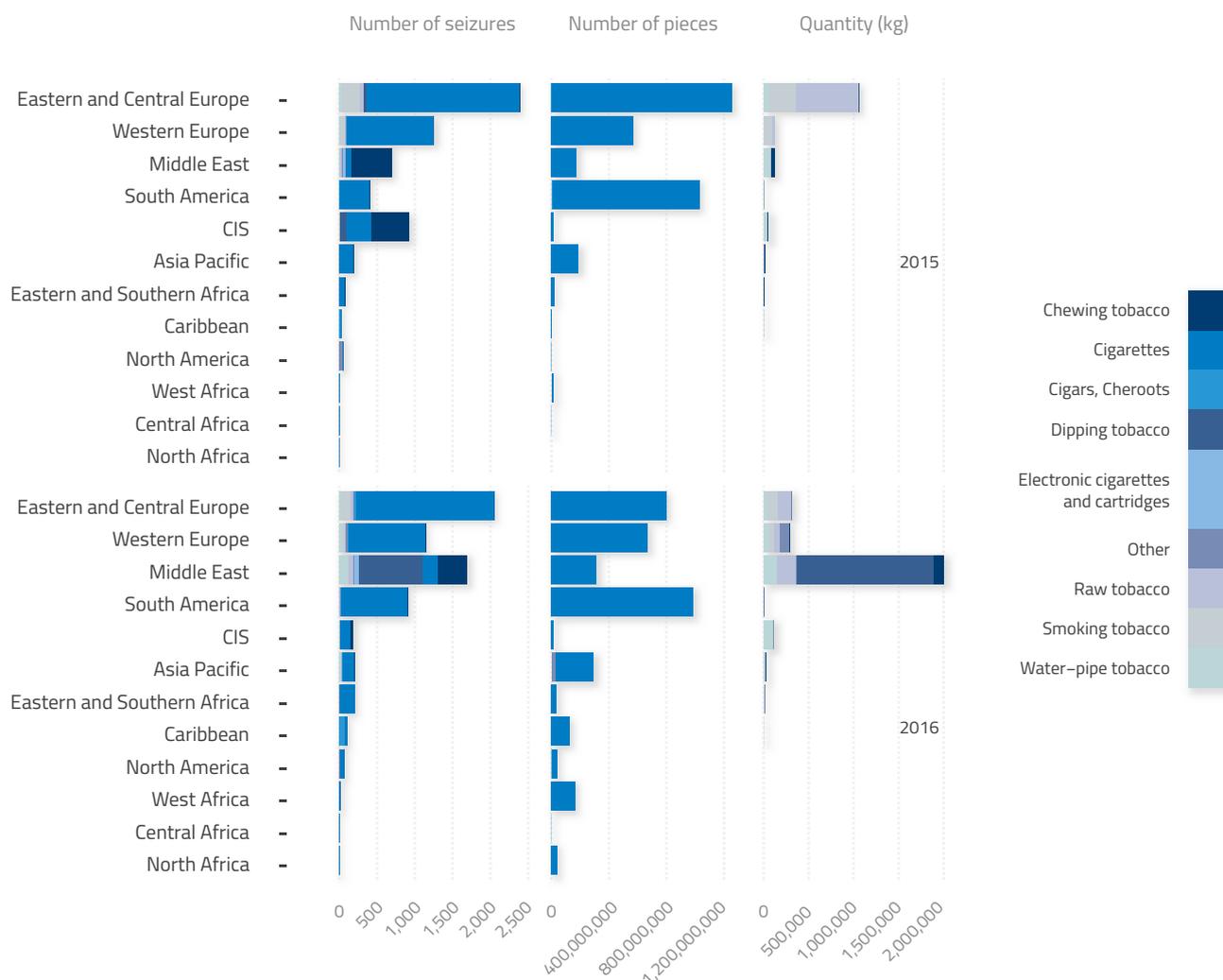


Figure 19 shows the top 20 reporting countries in 2016 and indicates the direction in which shipments of contraband were travelling when seized. As noted previously, Saudi Arabia recorded by far the greatest number of tobacco cases (1,111 cases) in 2016, with the majority (97.7%) of those cases occurring on import. Brazil reported the second largest number of tobacco cases in 2016. Unlike Saudi Arabia, however, Customs authorities in Brazil primarily handled cases of goods in transit to other destinations (71.6% of the cases submitted by Brazil). Nonetheless, Brazil stands out from most other countries in that it reported a mix of cases involving different Customs procedures: 12.7% and 15.6% of Brazil's cases involved, respectively, goods travelling domestically and imported goods. Similarly, Poland reported cases that involved a mix of Customs procedures, although, out of 312 cases, 203 led

W: Cigarettes concealed in bricks. Courtesy: Italian Guardia di Finanza

FIGURE 20: TOBACCO PRODUCT SEIZURES AND QUANTITY SEIZED BY REGION, 2015-2016



to the confiscation of imports. Only Moldova and Cuba reported a majority of export cases.

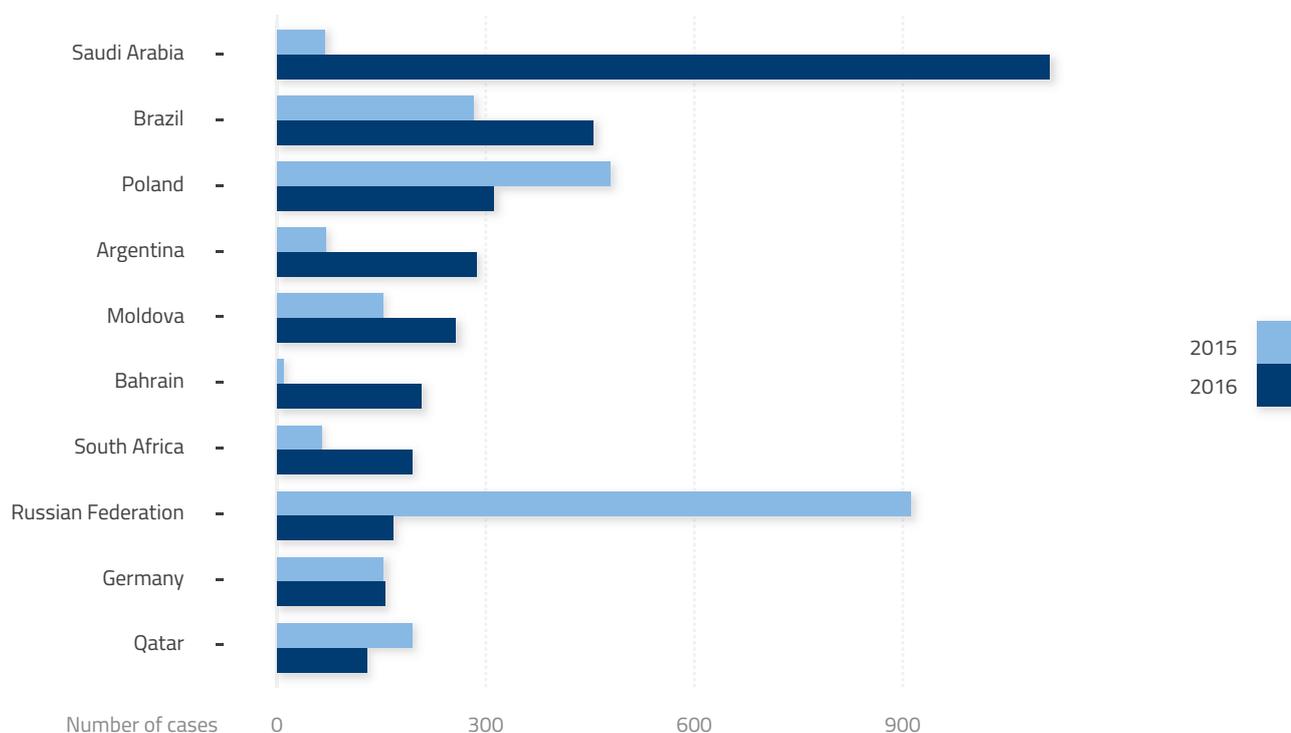
Figure 20 provides a comparison of the number of seizures and the quantity of tobacco products seized in each category and region of the world in 2015 and 2016. It should be noted that, in measuring quantity, the categories “Cigarettes” and “Cigars and E-cigarettes” both report the number of pieces. The volume of other tobacco products, such as dipping tobacco, is reported in kilogrammes.

Although Figure 14 indicated a slight overall increase in the number of seizures of cigarettes and in the quantity of cigarettes seized, Figure 20 shows that some regions reported fewer seizures and lower quantities in 2016 than in 2015. The sharpest

decline occurred in Eastern and Central Europe, which reported 2,012 cigarette seizures and the confiscation of 1,253,748,463 pieces in 2015. In the following year, there were 9.3% fewer seizures and 36.1% fewer pieces confiscated: 801,126,751 pieces were recovered across 1,825 seizures conducted by Customs authorities in Eastern and Central Europe in 2016. Nevertheless, the volume of seized cigarettes increased in the majority of regions.

In the Middle East, there was a notable increase in the number of dipping tobacco seizures recorded in 2016. Only seven seizures of this product were reported in 2015 but, a year later, countries in this part of the world recorded 845 seizures. Moreover, the volume of dipping tobacco seized in 2015 totaled a mere 11 kilogrammes; in 2016, Customs officials seized 1,522,402 kilogrammes of this

FIGURE 21: TOBACCO PRODUCT CASES BY COUNTRY, 2015-2016



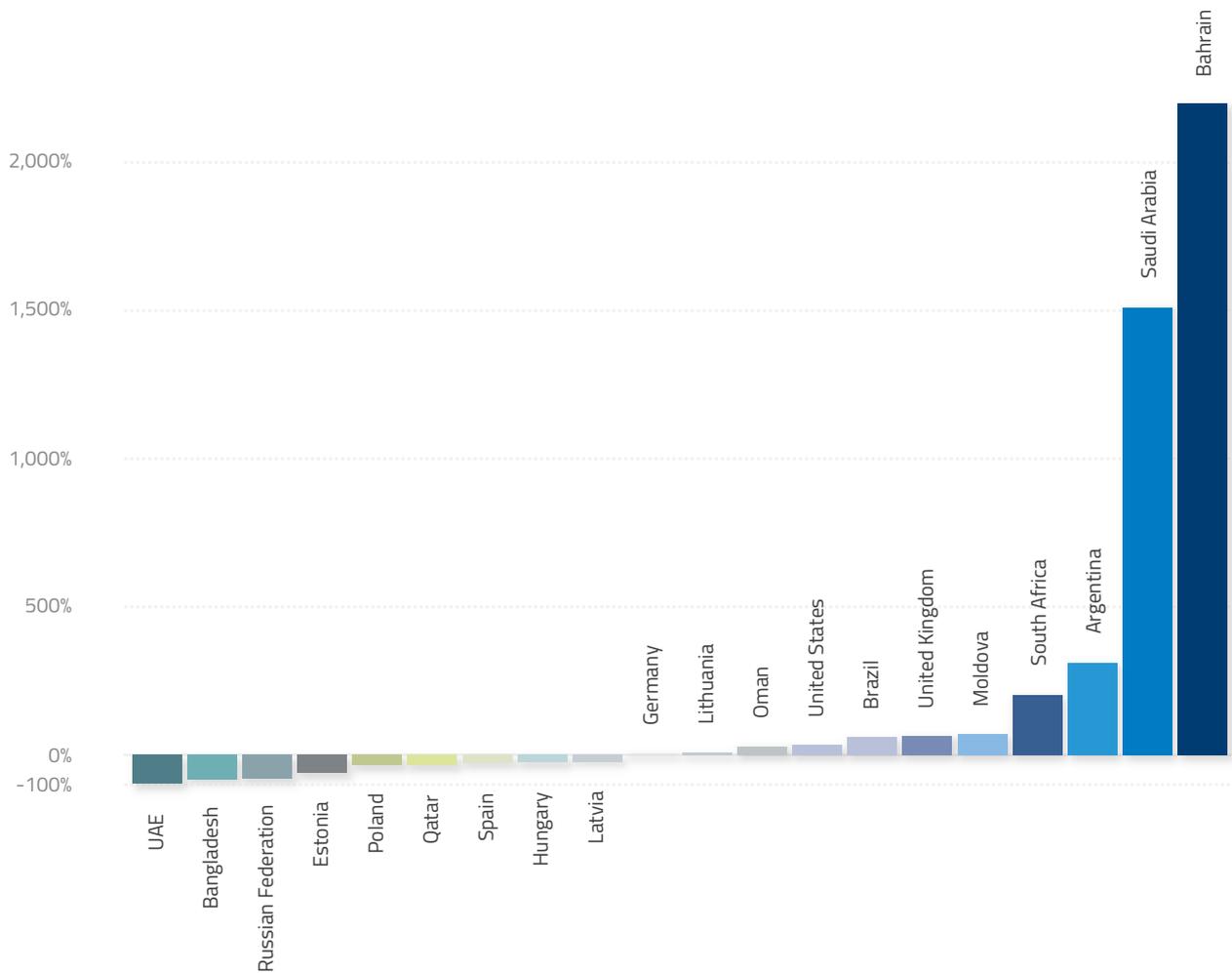
substance. Even accounting for one single seizure of 268,741 kilogrammes reported by Saudi Arabia, this represents a staggering increase in the volume seized. Such a shift may be explained by expanding or changing consumer preferences, or perhaps by regulatory changes in the Middle East, from where the majority of dipping tobacco seizures have been reported.

Figure 21 compares the number of cases recorded by the top ten reporting countries in 2015 and 2016. Overall, the degree of change in the number of tobacco product cases varies widely among countries. Seven countries experienced an increase in tobacco cases: Saudi Arabia, Brazil, Argentina, Moldova, Bahrain, South Africa and Germany. As seen in previous Figures, Saudi Arabia reported more cases than any other country in 2016. This

is a substantial change from 2015, when Customs officials in that country only recorded 69 cases. In Bahrain, the number of reported cases rose from nine in 2015 to 207 the following year. South Africa and Argentina, which in 2015 submitted data on 64 and 70 cases, respectively, reported 194 and 287 cases in 2016.

However, in other parts of the world, the reported illegal tobacco trade appears to have declined notably. After reporting 911 cases in 2015, Customs authorities in Russia reported just 167 cases in 2016 – a drop of 81.7%. Officials in nearby Poland saw a 34.9% decline in the number of tobacco product cases between 2015 and 2016. Moreover, the surge in the number of tobacco cases in Saudi Arabia and Bahrain is not necessarily indicative of a regional trend: Qatar, which recorded 195 cases in 2015, reported a slight decline

FIGURE 22: PERCENTAGE CHANGE IN TOBACCO PRODUCT CASES FROM 2015 TO 2016, COUNTRIES WITH 100+ TOTAL CASES



in 2016, with the number of cases there that year falling to 129.

Figure 22 examines the annual percentage change in the number of tobacco product cases in all countries that recorded 100 or more cases in either 2015 or 2016. When interpreting Figure 22, one caveat must be made: the largest changes – whether increases or decreases – are most likely to be indicative of changes in reporting levels, enforcement capacity, or legislation. The most dramatic climbs and falls may not represent actual changes in the global trade in tobacco products.

Examining the extremes: Saudi Arabia and Bahrain, respectively, reported 1,510.1% and 2,200% more cases in 2016 than in the previous year. Indeed, cases from Saudi Arabia alone accounted

for 22.4% of all 4,960 tobacco product cases reported in 2016. At the opposite end of the spectrum, data submitted by the United Arab Emirates showed a 96.6% decrease in the number of cases reported between 2015 and 2016. Customs authorities there recorded 320 cases in 2015 and only 11 the following year. Likewise, Bangladesh and Russia reported 84.2% and 81.7% fewer cases, respectively, in 2016.

The most significant finding is seen between these extremes: there was only a slight upward trend in the number of tobacco product cases among reporting countries. While six countries in this range⁴ recorded fewer cases in 2016 than in the previous year, nine countries reported more cases.

⁴ Between the Russian Federation and Saudi Arabia.

Member highlight: Operation Kulata

In collaboration with the Bulgarian Organized Crime Police, Spanish Customs and the National Police Force of Spain took part in a joint Operation that resulted in the dismantling of three clandestine cigarette factories in Malaga, Toledo and Salamanca. Over 39 tonnes of pipe tobacco were seized and 22 workers (the majority of Bulgarian nationality) were detained. In addition, 167,000 packs of cigarettes were seized, as well as 207,000 unpacked cigarettes, and cardboard for packaging with various legends.

The machinery, which originated from Bulgaria, was valued at approximately 1 million Euros. The factories were completely self-contained – they even had accommodation for the workers built in such a way that they would remain undetected.

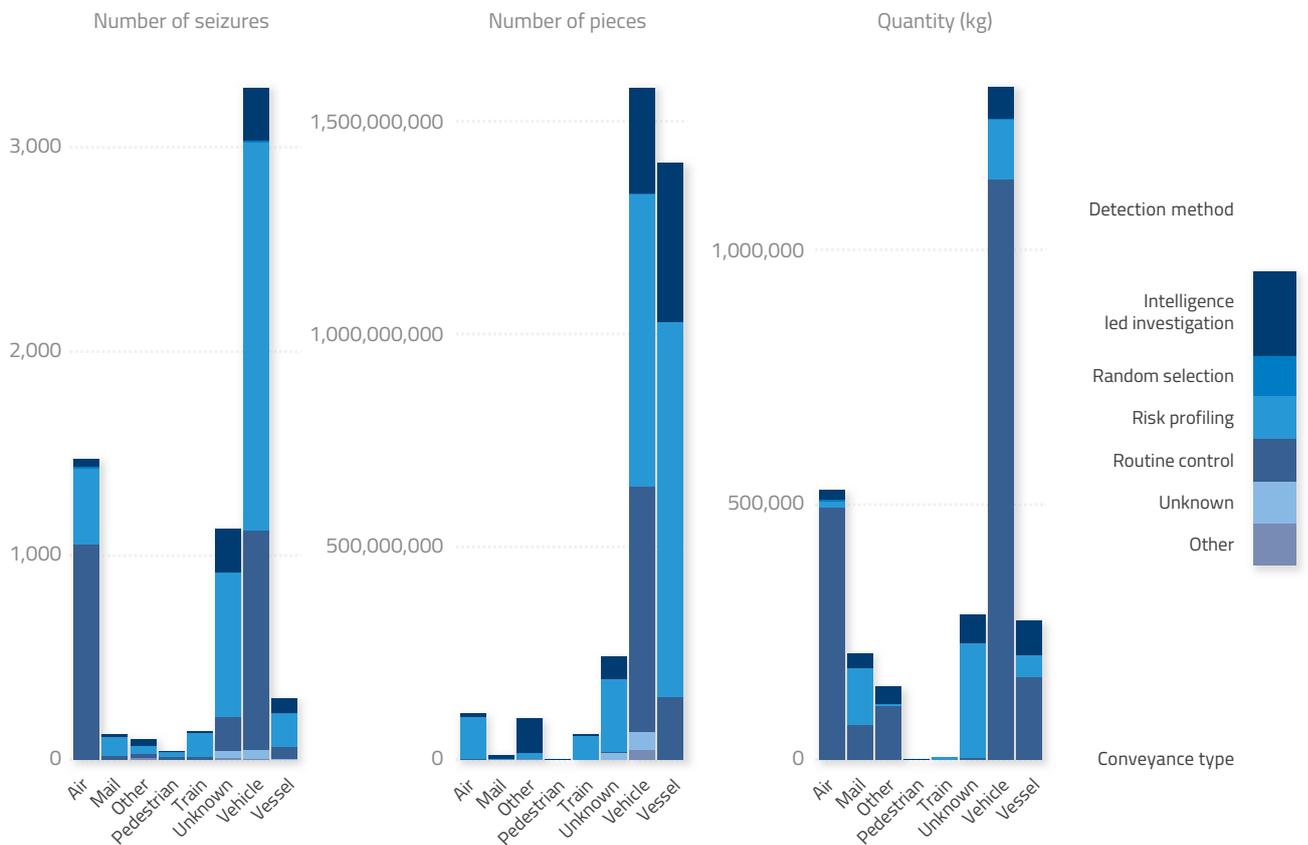
The manufacturing capacity of cigarettes in each of the three factories was estimated at 11,000,000 cigarettes per week. The tax involved was estimated at over 13 million Euros.

Source: Spanish Customs



X: Seizure of raw tobacco. Courtesy: Cuban Customs.

FIGURE 23: QUANTITY OF SEIZED TOBACCO PRODUCTS AND NUMBER OF SEIZURES BY CONVEYANCE TYPE AND DETECTION METHOD, 2016



Of these nine, South Africa and Argentina handled 203.1% and 310% more cases. In Brazil, the data provides tentative confirmation of the rise in tobacco smuggling in South America. Having reported 282 cases in 2015, Brazilian Customs officials recorded 455 cases in 2016, a 61.3% increase. The fact that Brazil's reporting levels are consistently high across both years suggests that such an increase is not due to improved reporting capacity, but possibly reflects genuine changes in the global tobacco trade.

Figure 23 provides four distributions for tobacco product seizures in 2016: firstly, the frequency of various modes of transport used in recorded smuggling attempts; secondly, the volume of seized contraband, regardless of tobacco product and mode of transport; thirdly, the detection method by mode of transport; and fourthly, the detection method in relation to the quantity of

tobacco products seized. It should be noted that, in measuring quantity, the categories "Cigarettes" and "Cigars and E-cigarettes" both report the number of pieces. The volume of other tobacco products, such as dipping tobacco, is reported in kilogrammes.

An examination of the number of seizures in relation to the mode of transportation reveals that the most commonly encountered modes of transport in 2016 were vehicle and air. Nearly half (48.3%) of the 6812 seizures in 2016 were of contraband found in vehicles, including cars, trucks and vans; 1,474 seizures were conducted as contraband was moved through airports around the world. Seagoing vessels constituted the third most commonly reported transportation method among the remaining seizures for which a mode of transport was recorded. Customs authorities made 299 seizures from boats, ships and their cargo in 2016.

Case study 3. Cigarette smuggling in Singapore

On 9 April 2016, Singapore Customs officials inspected a cement cargo truck registered in Malaysia, and uncovered 10,000 cartons of smuggled cigarettes within the truck's bowser. The haul represented approximately 776,000 SGD in evaded duty fees and 78,000 SGD in lost goods and services taxes.

The truck, driven by a 38-year-old Malaysian male and ostensibly carrying cement, arrived at Tuas Checkpoint in the mid-afternoon. However, Customs officers discovered discrepancies between the declared cargo and the images of the consignment obtained through an X-ray examination of the vehicle. It was shortly after this discovery that officials opened the bowser and found the contraband.

This was not the only case of cigarette smuggling intercepted at Tuas Checkpoint in 2016, nor was it the only case in which the vehicle used to smuggle contraband was registered in Malaysia. On 2 June 2016, Customs authorities in Singapore decided to search a Malaysian bitumen cargo truck, uncovering 6,500 cartons of cigarettes, this time in a hidden compartment.

Compared to neighbouring Malaysia and Indonesia, cigarettes in Singapore are highly priced. Packs cost between 11 and 13 SGD, and smugglers can generate significant revenue by selling their contraband cigarettes at even half the price.

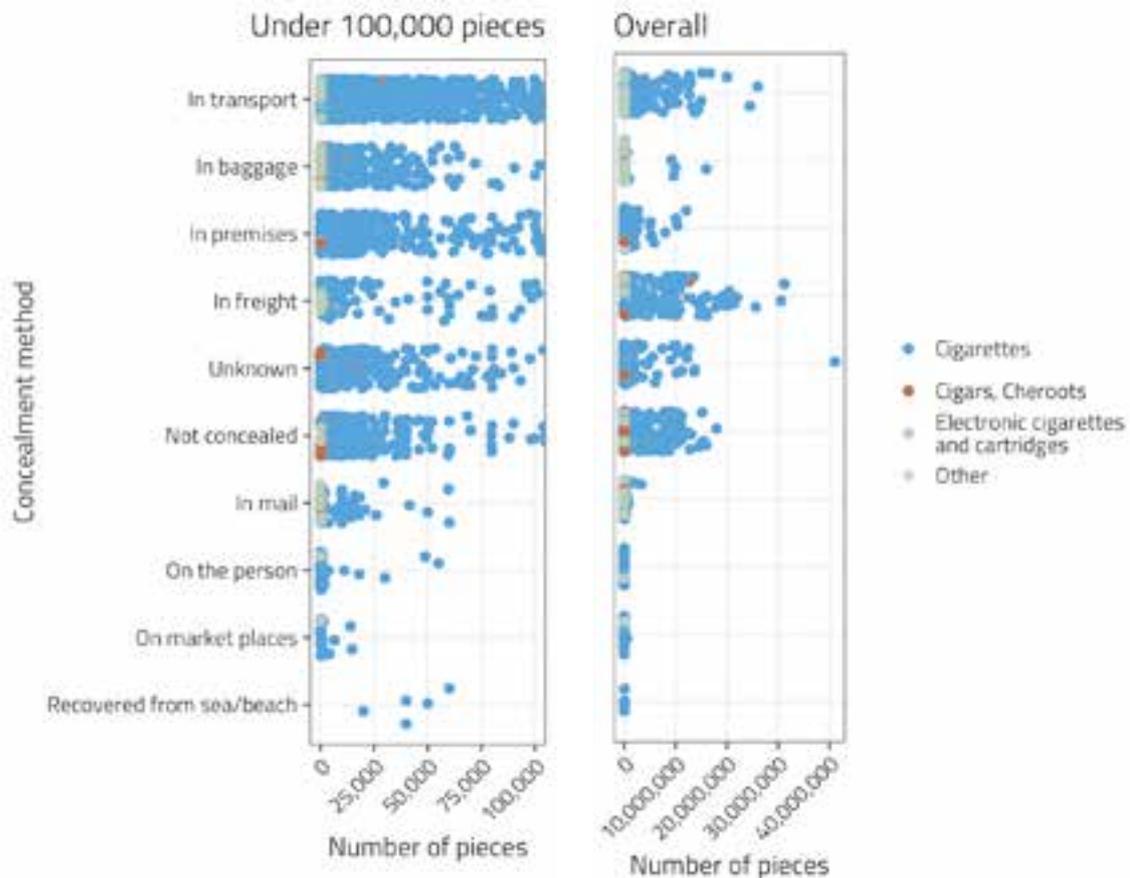
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- The Middle Ground (2016), *Smuggled smokes: The real cost of contraband cigarettes*, available at <http://themiddleground.sg/2016/09/29/contraband-cigs-notes/>, accessed on 25 August 2017.



Y, Z: Seizure of 468,280 cigarettes concealed between planks of wood. Courtesy: Ukrainian Customs.
A1, B1: Seizure of 20,000 cigarettes concealed inside the spare tyre and the fuel tank. Courtesy: Ukrainian Customs.

FIGURE 24: QUANTITY OF SEIZED CIGARETTES AND CIGARS AND E-CIGARETTES BY CONCEALMENT METHOD, 2016



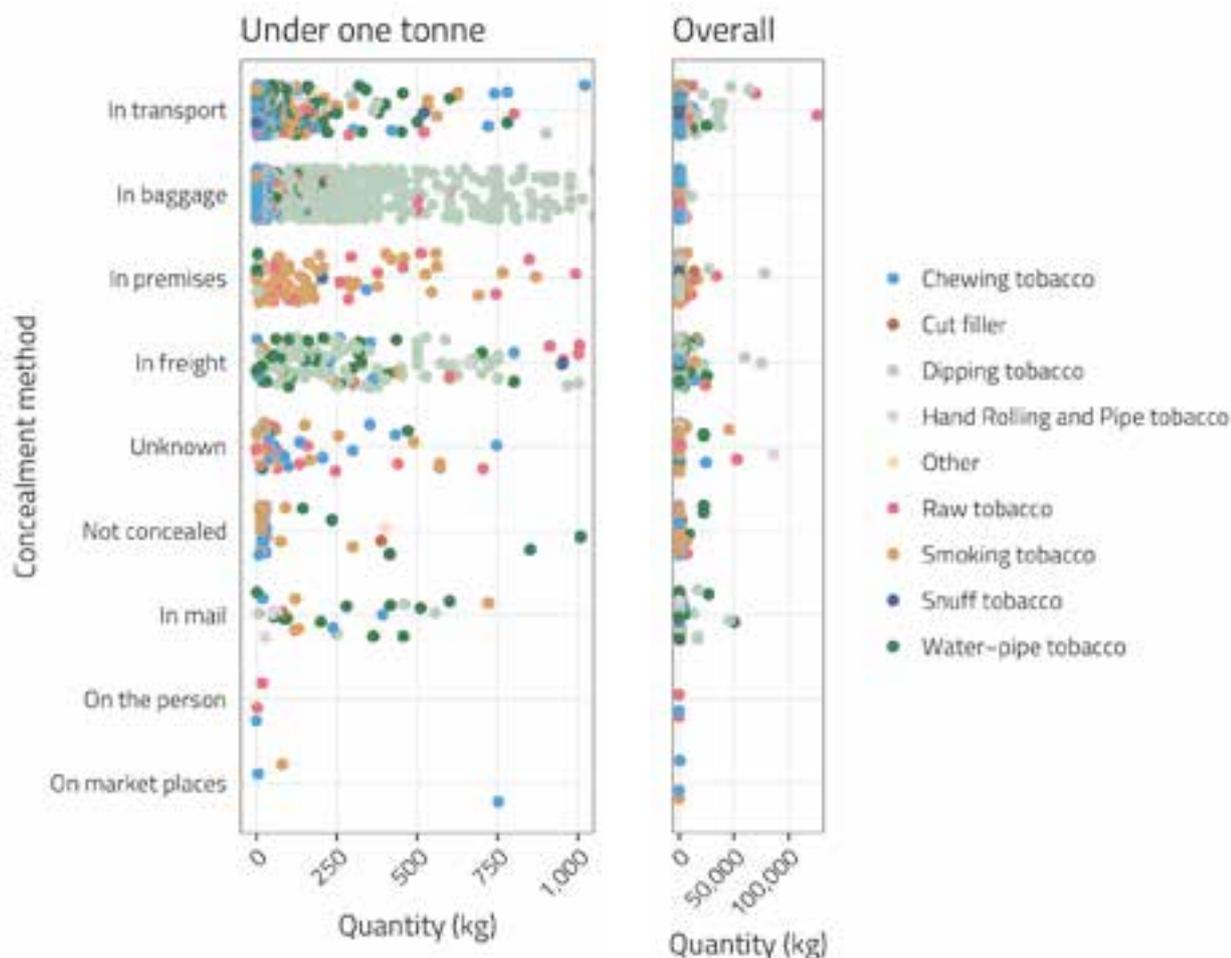
A look at the data on methods of detection shows that risk profiling resulted in the highest number of seizures: 3,407 seizures were the result of risk profiling assessments, 55.8% of which involved contraband discovered in vehicles. These vehicle seizures resulted in the confiscation of 673,491,174 pieces of cigarettes and cigars and e-cigarettes – that is, 35.5% of the total 1,896,477,408 pieces seized as a result of risk profiling. Another 46.5% of these pieces (881,071,645 pieces) were seized from vessels, despite risk profiling only having facilitated 163 seizures where contraband was moved aboard ships. However, routine controls were not insignificant, leading to 2,426 seizures and the confiscation of 729,127,011 pieces. Intelligence-led investigations also resulted in the confiscation of a large amount of contraband: 776,460,676 pieces of cigarettes and cigars and e-cigarettes. 31.9% of these

pieces were taken from vehicles and 48.2% from vessels.

Figure 24 illustrates the concealment methods used to smuggle cigarettes and cigars and e-cigarettes in 2016. Each dot on the graph represents an individual seizure, and the position of the dot indicates the quantity of contraband confiscated. It should be noted that one large-scale seizure of cigarettes has not been included in Figure 24 because its size distorted the scale of the graph. This seizure involved 117,100,000 cigarette pieces confiscated from a freight shipment by Jordan Customs officials.

Not including this seizure in Jordan, 3,368,749,644 pieces of contraband were seized across the two main product categories of Cigarettes, and Cigars and E-cigarettes. Of this volume, 24.6%

FIGURE 25: QUANTITY OF OTHER TOBACCO PRODUCTS SEIZED BY TYPE AND CONCEALMENT METHOD, 2016



was confiscated from vehicles, reflecting the conclusions drawn from Figure 23. More specifically, 41,209 pieces of cigars and E-cigarettes and 831,493,029 cigarette pieces were discovered “In transport.” In 2016, Customs authorities conducted 13 seizures of cigars, cheroots, and e-cigarettes and cartridges hidden in freight containers, confiscating 11,806 pieces.

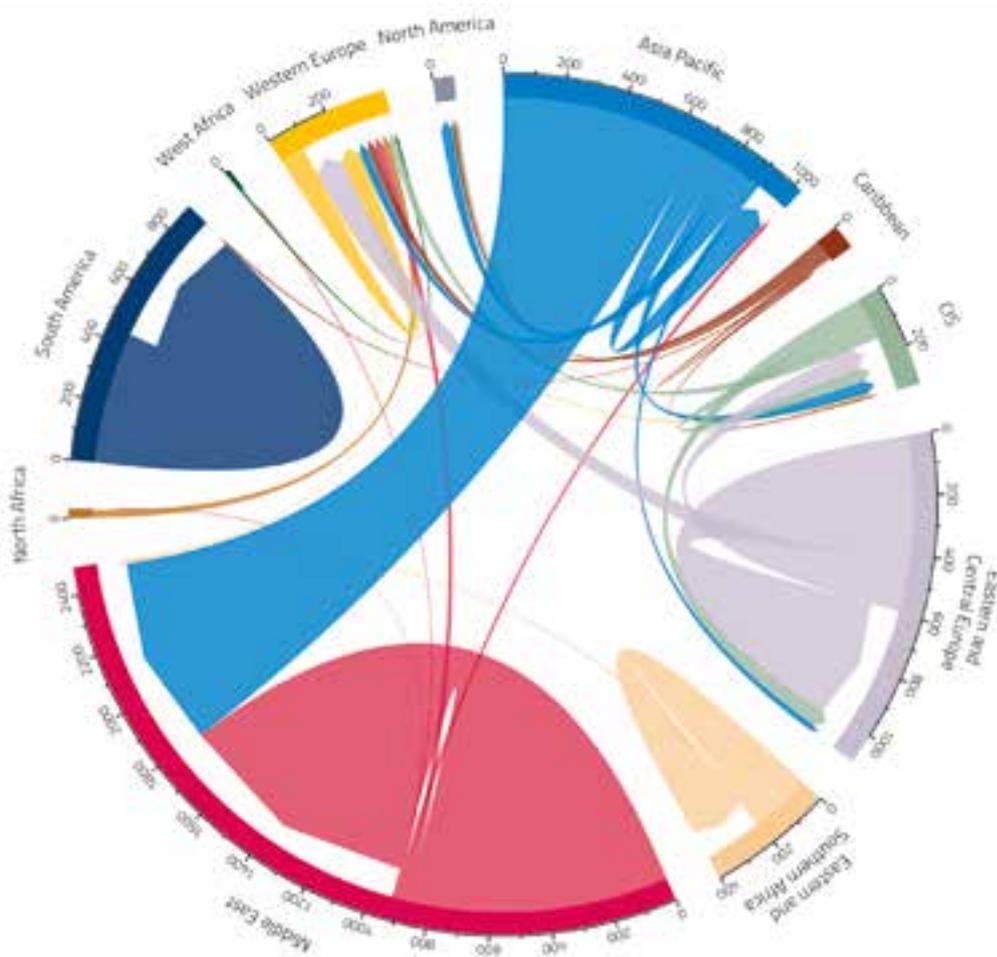
Officials also made 335 seizures in which a total of 1,235,388,406 cigarettes were found in freight. Unsurprisingly, among the seizures for which a concealment method was recorded, three of the five largest hauls were uncovered inside freight. The remaining two were discovered in vehicular transport. Although mail is typically associated with the smuggling of smaller quantities of contraband, and the great majority of cigarette seizures from mail

involved fewer than 60,000 pieces, there were 15 seizures of over 100,000 pieces and two additional seizures comprising more than one million cigarette pieces.

Figure 25 illustrates the concealment methods used to smuggle other tobacco products in 2016. Each dot on the graph represents an individual seizure, and the position of the dot indicates the quantity of contraband confiscated.

Out of 1,845 seizures of these other tobacco products, 22.4% were concealed in vehicles, 11.2% involved contraband hidden in freight, and 5.5% were discovered in premises. “In baggage” was by far the most common concealment method: 954 seizures of contraband hidden in personal bags and backpacks resulted in the confiscation

FIGURE 26: TOBACCO PRODUCT TRADE FLOWS BY REGION, 2016

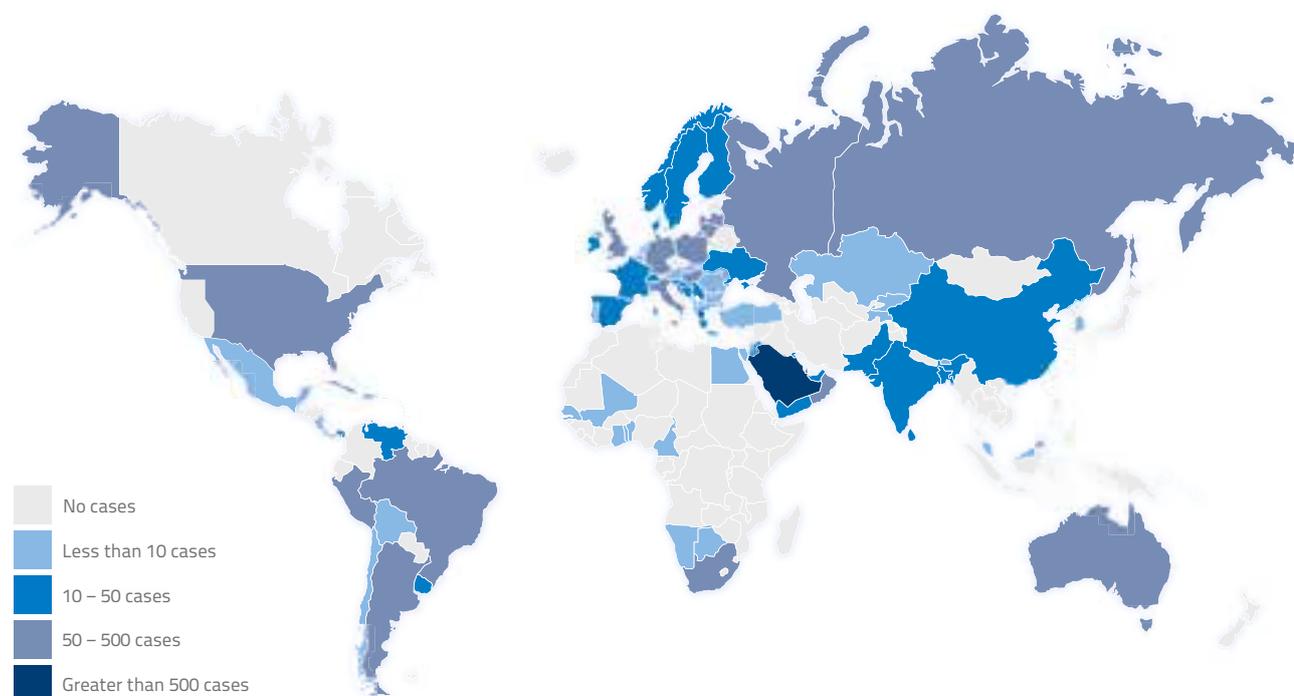


of 261,333.4 kilogrammes. However, this was predominantly because of the frequency and volume of dipping tobacco seizures found "In baggage": there were 664 dipping tobacco seizures from personal bags. Excluding the frequency of dipping tobacco seizures, seizures from baggage were still the most common, but by a much narrower margin. In terms of specific substances, raw tobacco was, likewise, confiscated most often from baggage; smoking tobacco was most frequently seized "In premises"; and water-pipe tobacco was discovered most commonly in vehicles.

Figure 26 displays tobacco trafficking flows from, to, and within geographic regions, as identified by the 2016 case data. Figure 26 only shows trade routes that appeared in ten or more trafficking instances. The Middle East emerges as the main destination for

tobacco products. Of 1,556 instances in which tobacco products were bound for the Middle East, 43.6% involved products inbound from the Asia-Pacific and 0.6% (ten instances) began in Eastern and Southern Africa. However, 55.9% of trafficking instances destined for the Middle East originated within the region itself. This reinforces an interesting observation that can be drawn from Figure 25: tobacco trafficking is highly localised in many regions. Trafficking instances in Eastern and Central Europe, Eastern and Southern Africa, and South America all include a high percentage of those which originate within the destination region. In fact, this is the case for 100% of the 444 instances in which South American countries were the final destination of contraband.

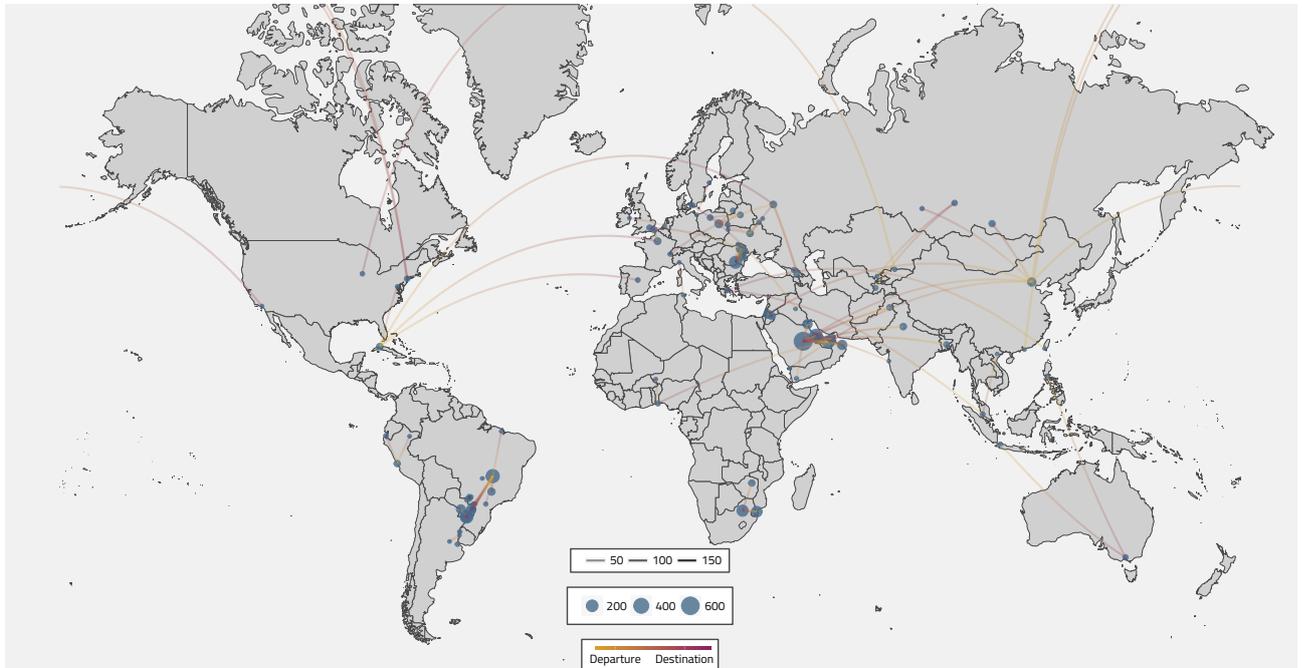
FIGURE 27: HEAT MAP OF TOBACCO PRODUCT TRAFFICKING INSTANCES, 2016



The Asia-Pacific was the only region which primarily exported tobacco products to other parts of the world. While there were 1,027 instances involving tobacco products moving into or out of Asia, only 113 of these instances were inbound for the region, and 84.1% of those originated in the Asia-Pacific. Conversely, 914 of 1,027 instances involved products exported to other parts of the globe. The only regions not to receive – or not intended to receive – tobacco from the Asia-Pacific were South America, North Africa, and Eastern and Southern Africa. Looking at demand for extra-regional tobacco imports, Western Europe, the Commonwealth of Independent States, and North America were the only regions in which there were more instances of products inbound from other regions rather than from the destination region itself.

Figure 27 illustrates the frequency of tobacco trafficking instances by country in 2016. Each country indicated was a point of origin, destination, or transit for one or more seized shipments in a reported case, regardless of where the seizure took place or which country reported the case. Thus, Figure 27 shows all known countries through which illicit tobacco products were trafficked, or were intended to be moved, in 2016.

FIGURE 28: TOBACCO PRODUCT TRADE FLOWS, 2016



Several of the Figures illustrating tobacco trafficking in 2016 have highlighted the role of the Middle East, and that of Saudi Arabia in particular. However, [Figure 27](#) gives a more holistic – albeit still incomplete – picture of the global tobacco trafficking trade. While [Figure 18](#) indicated that Saudi Arabia was the only country to have reported over 500 tobacco cases in 2016, [Figure 27](#) shows that both Brazil and India were involved in more than 500 instances. Brazil appears in 837 trafficking instances. In 648 of those instances (77.4%), tobacco transited, or was intended to transit, through Brazil. India, on the other hand, was the initial point of departure for 604 trafficking instances – that is, 97.4% of the 620 instances which included India.

[Figure 28](#) details the illicit flows of tobacco products from their origins to their destinations, for all routes that appear in five or more instances. The size of the dots indicates the number of cases that departed from or terminated in a particular city. The capital city is used when a specific location was not found in the data. The flows connecting dots on the map are yellow in colour at the origin of each flow and become red as they near the destination. The darker the overall shade, the more frequently that trafficking route appeared in the 2016 data. These flows do not necessarily indicate completed smuggling attempts – in many cases, contraband was seized at its origin or in transit. However, [Figure 28](#) nevertheless shows the entire intended trade route from origin to destination.

As seen in previous Figures, the available data from 2016 suggests that Saudi Arabia was the most frequent destination for tobacco products. **Figure 28** further reinforces the conclusion drawn from **Figure 27**: India was a prominent exporter of tobacco products in 2016. **Figure 28** reveals that tobacco products originating in India were primarily destined for the Middle East. Saudi Arabia was the intended recipient in 535 instances and there were five instances of shipments from Mumbai, India, to Muharraqin, Bahrain⁵. Echoing **Figure 26**, which indicated that South American countries largely – if not exclusively – traded tobacco products within the region, all instances involving Brazil were between locations within Brazil and its southern neighbour, Paraguay.

Elsewhere, New York City was the destination in 16 instances involving illicit tobacco imports into the United States. In each case, the contraband originated from China (11 instances) or Hong Kong, China (five instances). Tobacco travelled from Cuba to four countries: the United States, Spain, France and Russia. South Africa saw illicit tobacco products inbound from Mozambique and Zimbabwe.

3. PROJECTS AND OPERATIONS

Operation Pegasus

Building on the success of Operation Gryphon I and II, the Third Meeting of the Working Group on Revenue Compliance and Fraud directed the Secretariat to continue operational activities designed to combat the illicit tobacco trade and, in particular, to address the cross-border movement of tobacco precursors.

The Operation conducted under the codename Pegasus focused on the possible diversion of equipment and the products utilized in the manufacture and production of illicit cigarettes.

Operation Pegasus was planned to take place over a period of three weeks, from 1 to 21 March 2017. It was coordinated by the WCO Secretariat with the support of the RILO Network, and implemented by 92 participating Customs administrations.

Operation Pegasus was unique in its execution. The WCO considered that a more robust approach was needed and that, apart from simply having a risk-based scoring matrix for this

particular operational exercise, it was important to commit to an intelligence-led approach. This is why there was a strong focus on the exchange of valid pieces of intelligence to be further developed/actioned by the participants. The overall aim was to identify any anomalies in the supply chain which could indicate a risk of diversion, or could ultimately be linked to illicit production. In total, the WCO has been notified of 29 seizures directly linked to the objectives of the Operation and the specific controls established for the purpose of this initiative. These include more than 5 tonnes of printed cigarette boxes and the dismantling of several illegal production facilities.

A detailed analysis of the results and findings of Operation Pegasus is being finalized and will be made available to WCO Members. As it contains sensitive information, the analysis will not be made available to the public.

Project Crocodile

Project Crocodile aims to track down suspicious cigarette shipments through a mechanism of export and arrival notifications between departing and destination countries. Since 2004, RILO AP has led on this Project, acting as the coordinator and regional intelligence hub. It is an ongoing Project for export, arrival and seizure notifications regarding suspicious shipments through a standard notification pro forma.

Currently, 24 Customs administration Members of RILO AP have participated in this Project, namely: Australia; Bangladesh; Bhutan; Brunei Darussalam; China; Fiji; Hong Kong, China; Indonesia; Iran; Japan; Korea; Macau, China; Malaysia; Maldives; Myanmar; New Zealand; Pakistan; Papua New Guinea; Philippines; Singapore; Sri Lanka; Thailand; Tonga, and Vietnam. Myanmar Customs joined the Project in December 2016.

In 2016, RILO AP handled 467 export notifications and 213 arrival notifications in respect of suspicious cigarette shipments. When the shipments were intended for export to non-AP countries, RILO AP liaised with the relevant RILO offices or international enforcement organizations for further dissemination and monitoring. Through this Project, Members have tracked a number of suspicious cigarette shipments and gone some way to successfully suppressing cigarette smuggling activity within and across the AP region.

⁵ These numbers do not exactly match the number of trafficking instances (620 instances) provided in Figure 27 because Figure 28 only shows trafficking flows which appeared more than five times in the data.

In 2016, Members in this region reported seizures of over 24 million sticks of cigarettes and 54 kg of tobacco leaves. The seizure quantities decreased by half when compared to 53 million sticks in 2015.

Seizure cases displaying effective intelligence exchange and cooperation within the AP region or across our global network, as well as liaison with other law enforcement agencies, include the following:

In September 2016, based on an alert message disseminated by RILO AP, Hong Kong Customs identified and monitored two containers trans-shipped from Vietnam to Libya. Following an examination, Hong Kong Customs seized 20 million cigarettes, which were falsely declared as “plastic boxes”.

On another occasion, acting on intelligence received from RILO ME, RILO AP disseminated information on a suspicious cigarette shipment to Australia Customs. As a result, 2 million cigarettes were seized, concealed within boxes containing mixed loads.

Project Shot

In order to address the challenges posed by the illicit trade in alcohol and provide a more complete and accurate assessment of the threat it poses to Government revenues, the Regional Intelligence Liaison Office for Eastern and Central Europe (RILO ECE), with the support of the WCO, launched a monitoring exercise under the codename Shot. Project Shot aims essentially at collecting the data needed in order to produce an up-to-date and more robust analytical report, highlighting to Members the alcohol smuggling schemes, as well as providing strategic intelligence on key routes and risk indicators for more effective interventions. It addresses the issue of the illegal turnover of alcohol worldwide. It is intended that the monitoring Project will cover the period of the first six months of 2017. All WCO Members, as well as the entire RILO Network, have been requested to contribute to the Project by providing alcohol seizure information to build up an analytical picture. It is expected that by providing comprehensive data, the outcomes of Project Shot will contribute to improving the general understanding of illegal movements of alcohol around the world and assist WCO Member administrations in their ability to fight alcohol smuggling. The outcomes of this Project will be featured in the next edition of this Report.



C1: Operation Pegasus. Seizures of five tonnes of printed cigarette boxes bearing the LM logo, LM, concealed inside packages of paper. Courtesy: Bulgarian Customs.
D1, E1: Operation Pegasus. Illegal production of cigarettes dismantled. Courtesy: Czech Customs.

Case study 4. The use of instant messaging systems for illicit trade

Singapore Customs officials arrested a 33-year-old Chinese national on 12 April 2016 as she delivered illicit cigarettes to would-be consumers. Her husband was arrested on the same day, when officers discovered more contraband cigarettes in the couple's apartment. In all, 67 cartons of cigarettes were confiscated, representing 5,720 SGD in evaded duties and goods and services taxes. To get their goods to market and reach potential buyers, the couple used WeChat, a Chinese instant messaging and e-commerce mobile app. The husband was responsible for contacting suppliers, while the wife managed marketing. They were each sentenced on 14 April 2016 to 12 weeks for their criminal activity.

Over a seven-week period in 2016, Singapore authorities investigated four cases, including the one described above, in which WeChat was used as a sales platform for illicit goods. Another of these cases resulted in the sentencing of a 26-year-old Chinese national to five months in prison, after over 235 cartons of cigarettes were seized from his apartment. In the third case, the suspect was sentenced to three months in prison and subjected to a fine of 9,200 SGD.



SOURCES

- WCO data
- Singapore Government (2016), *Four Chinese nationals jailed for peddling contraband cigarettes on WeChat*, available at https://www.gov.sg/~!sgpcmedia/media_releases/sc/press_release/P-20160506-1/attachment/Four%20Chinese%20nationals%20jailed%20for%20peddling%20contraband%20cigarettes%20on%20WeChat.pdf, accessed on 25 August 2017.

Case study 5. Fighting illicit trade in cigarettes in Chile

On 16 May 2016, Chilean Customs officials and the Investigations Police (PDI) made the country's largest seizure of cigarettes in Los Vilos, totalling 26,781,200 pieces of brand-name cigarettes. Among the brands seized were Nirvana, Fox, Masfield, Montreal, Carnival, Laredo, and Jaisalmer. The seizure prevented the evasion of approximately 4.7 million USD. These illicit cigarettes, packed as part of mixed goods consignments, departed from the Iquique Free Zone. The contraband was seized from four trucks in Los Vilos in the Coquimbo region. Six Chileans were detained by Police.

Three months later, in August, Chilean Customs officers intercepted another large seizure in Chungara, uncovering 34,500 packs of illicit cigarettes. Although the intended final destination of the shipment is unknown, the contraband was travelling from Santa Cruz, Bolivia, to Arica, Chile, via the Chungara-Tambo Quemado border crossing. Until entering Chile, it went undetected, packed with a bulk shipment of soya bean cake.

SOURCES

- WCO data
- 24 Horas (2016), *PDI y Aduanas logran detectar el mayor contrabando de cigarrillos ilegales en el país*, available at <http://www.24horas.cl/nacional/pdi-y-aduanas-logran-detectar-el-mayor-contrabando-de-cigarrillos-ilegales-en-el-pais-2017768>, accessed on 25 August 2017.
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Member highlight: Cross-border smuggling

Hungary reported two main sides to cross-border smuggling in the country: the movement of illegal consignments through the green border, and sophisticated smuggling by organized crime groups who manipulate the T1 clearance procedure. In respect of the former, criminals prefer the "little and often" approach, with

"Sherpas" encouraged to use any means at their disposal, including small boats, to move small amounts of tobacco products. At present, one of the hotspots for this activity is on the River Tisza, which marks the border between the Ukraine and Hungary.

Source: Hungarian Customs



G1: Seizure of 767,240 cigarettes concealed in the external structure of a lorry. Courtesy: Serbian Customs.



SECTION 6.

SECURITY

INTRODUCTION

The increasing number of terrorist attacks is a high priority concern for the international community, which has acknowledged the threat stemming from illicitly smuggled weapons, explosives manufactured from precursor chemicals that are diverted from the licit supply chain, and the acquisition of strategic goods by state and non-state actors to develop weapons of mass destruction. Combatting terrorism and violent extremism is a priority assignment for security agencies and Customs authorities alike. Customs is ideally positioned to utilize its trade information, its detection capabilities, its

investigative knowledge and resources to prevent the abuse of cross-border trade and financial flows for proliferation, terrorist and extremist purposes.

The WCO Security Programme has been specifically focused on the areas listed below in order to support the commitment to the Punta Cana Resolution of 2015, which underlines the responsibilities of Customs administrations in the security of their countries and in combatting terrorism. The Security Programme consists of five Sub-Programmes/Projects aimed at developing policy, tools and networks, and coordinating enforcement operations, while delivering technical assistance and capacity building support for Members.

These five areas are:

- Programme Global Shield (PGS), which is focused on commodities used to manufacture improvised explosive devices (IEDs);
- The Strategic Trade Control Enforcement (STCE) Programme, which focuses on commodities used to manufacture weapons of mass destruction;
- Passenger Controls (including Advanced Passenger Information (API) and Passenger Name Records (PNR)) to assist Member administrations in the use of advanced data and information for passenger risk assessment as it relates to the “foreign terrorist fighters” phenomenon;
- The Small Arms and Light Weapons (SALW) Project to help Member administrations implement measures designed to prevent illicit smuggling/trafficking of firearms; and
- The Terrorist Financing initiative, which is designed to address several United Nations Security Council Resolutions (1373, 2178) that urge countries to tighten their controls around financial flows and to ensure these flows do not end up with extremist groups.

This Section of the Report is divided into four parts:

1. Analyses the illicit flows of weapons and ammunition.
2. Provides background information on Projects and Operations, namely Operation Chimera and Operation Irene.
3. Discusses work in the area of improvised explosive devices (IEDs).
4. Focuses on efforts in the area of the Strategic Trade Control Enforcement (STCE) initiative.

1. WEAPONS AND AMMUNITION

The number of weapons and ammunition cases and seizure data reported to the WCO decreased significantly from 2015 to 2016.

In 2015, 4,679 cases of weapons and ammunition smuggling were reported to the WCO by 57 countries, totaling 8,153 seizures. In 2016 there were 2,926 cases, resulting in a total of 5,034 seizures; 163,232 pieces of weaponry and 2,574,852 pieces of ammunition were seized.

Between 2015 and 2016, the number of cases decreased by 37.47%, while the number of seizures decreased by 38.26%. This decrease in cases and seizures corresponds to a 22.53% decline, between 2015 and 2016, in the number of individual pieces of weaponry that were seized: 163,232 pieces of weaponry were seized in 2016 as compared to 210,703 in 2015. Conversely, the quantity of ammunition seized increased by 36.66% over the same period. 2,574,852 pieces of ammunition were seized in 2016, compared with the 1,884,149 pieces of ammunition seized in 2015. Similarly, fireworks and pyrotechnics saw a decrease in the number of pieces confiscated, but an increase in the number of seizures.

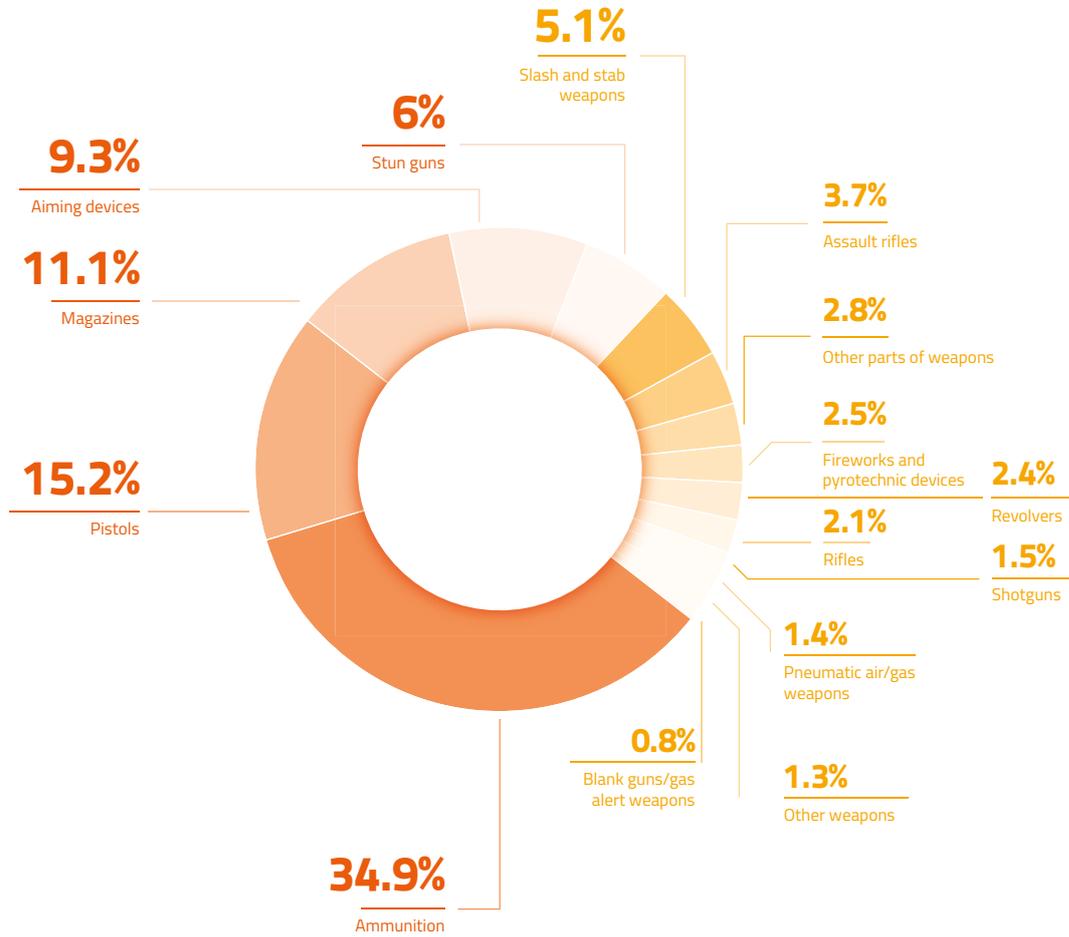
Further, the United States was the country of departure for 42.7% of reported weapons cases in 2016. The majority of the weapons seized were reported as moving to the Caribbean, the Middle East, and Asia-Pacific, alongside a significant proportion of seized weapons originating internally.

It must be noted that all trend analysis should be caveated with two considerations:

Firstly, although a relatively large set of data was reported for weapons, it is still difficult to confirm the validity of generalizations drawn from apparent trends, due to the voluntary nature of seizure reporting to the WCO. Further, observations should not be construed as representing a comprehensive picture of the global trade in weapons, since not all countries have contributed data for analysis. Secondly, trends between 2015 and 2016 are potentially influenced by external variables and are therefore difficult to draw conclusions from. A growth in seizures may be the result of a growth in smuggling, but it could also be the result of improved detection capabilities among Customs authorities.

As Customs officials become increasingly proficient, the data may be interpreted as reflecting a growth in trade, when in reality the levels of smuggling may be constant or even decreasing.

FIGURE 1: NUMBER OF SEIZURES BY CATEGORY, 2016



1.1 – Trends in weapons seizures by category and item

Figure 1 shows the distribution of all reported weapons and ammunition seizures in 2016. The WCO recorded 5,034 total seizures in 2016. Handguns, including pistols and revolvers, were confiscated in 17.6% of seizures. 5.8% of seizures saw the recovery of rifles or assault rifles. However, ammunition and parts of weapons were the most frequently seized contraband in 2016.

Ammunition accounted for 34.9% of seizures, while parts of weapons (including magazines, aiming devices and other parts) made up 23.2% of all seizures. “Other weapons” were recovered in 1.3% of seizures. In Figure 1, “Other weapons” includes weapons such as sub-machine guns and grenades, as well as detonators and gas weapons not included under “gas alert” or “pneumatic gas” weapons. In later figures, “Other weapons” refers only to sub-machine guns, grenades and an assortment of other weapons. Later figures refer to gas weapons and detonators separately.

FIGURE 2: NUMBER OF SEIZURES BY CATEGORY, 2015-2016

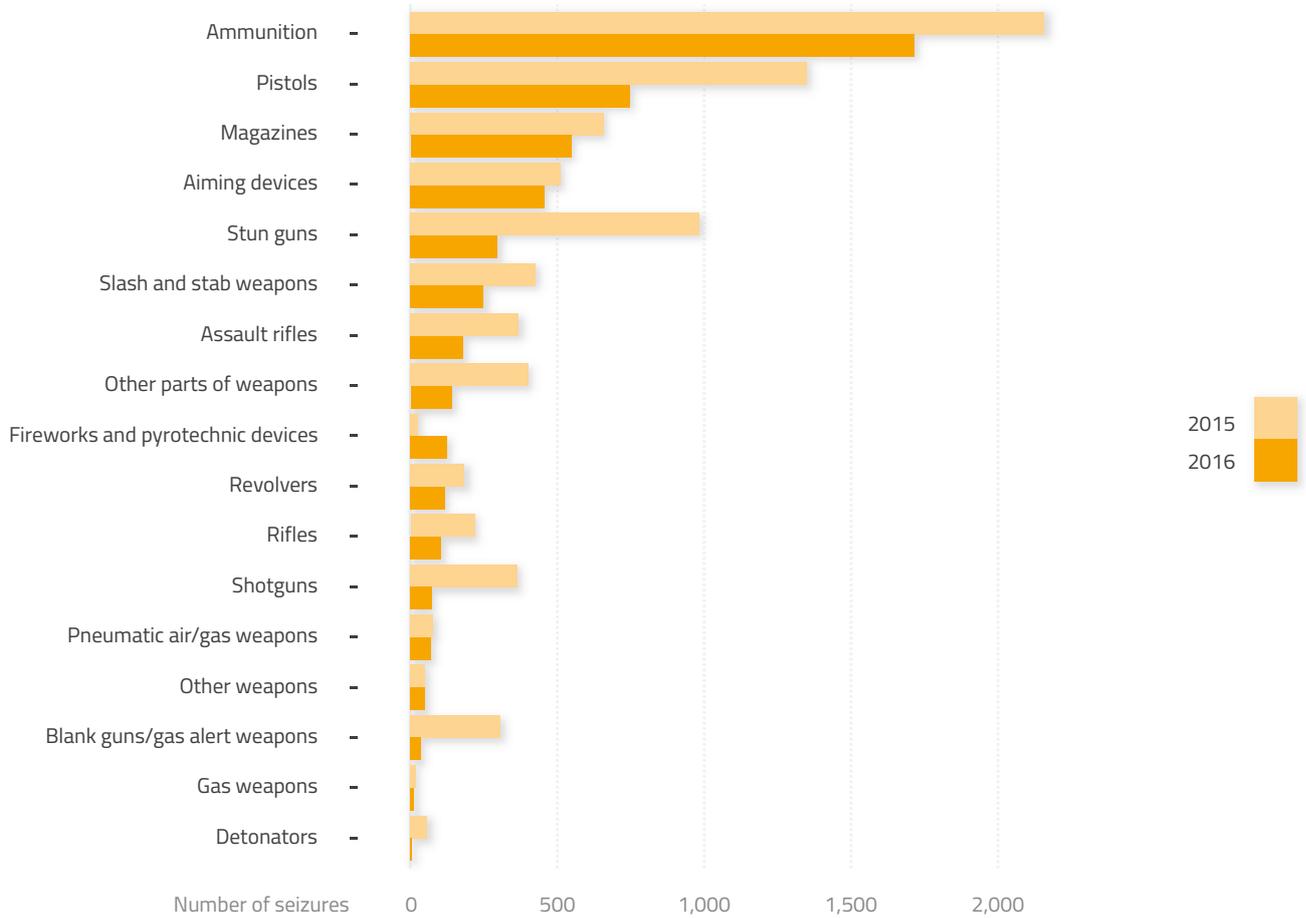
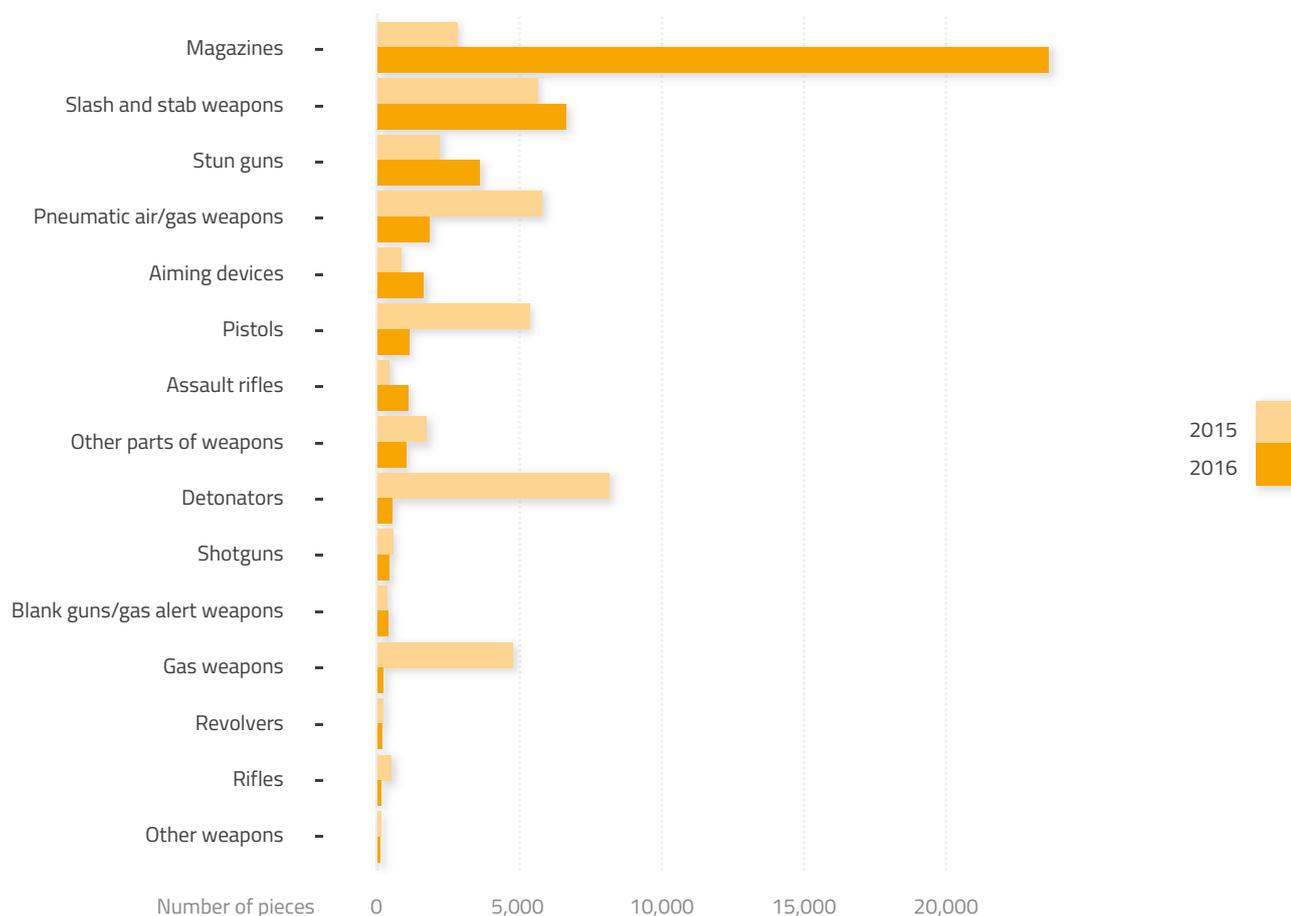


Figure 2 compares the number of weapons and ammunition seizures by type in 2015 and 2016. Overall, the number of reported weapons seizures fell in 2016 across nearly all types. Particularly substantial declines in the number of seizures are seen across several categories of weaponry: ammunition, stun guns, pistols, shotguns, blank guns and gas alert weapons, and “other parts of weapons”. Seizures of detonators saw the largest decline, with 91% fewer seizures reported in 2016 than in 2015, while stun gun

seizures fell by 70%, “other parts of weapons” seizures fell by 63%, and pistol seizures fell by 44%. Only two categories of weapons were seized more frequently in 2016 : fireworks and pyrotechnic devices, which were confiscated in 125 seizures in 2016 and only 25 in 2015; and “other weapons”, which were confiscated in 48 seizures in 2015 and 50 in 2016. Pneumatic air and gas weapons were seized at nearly the same rate across both years, presenting only an 8.9% decline – from 78 to 71 seizures.

FIGURE 3a: QUANTITY OF SEIZED WEAPONS BY CATEGORY, 2015-2016



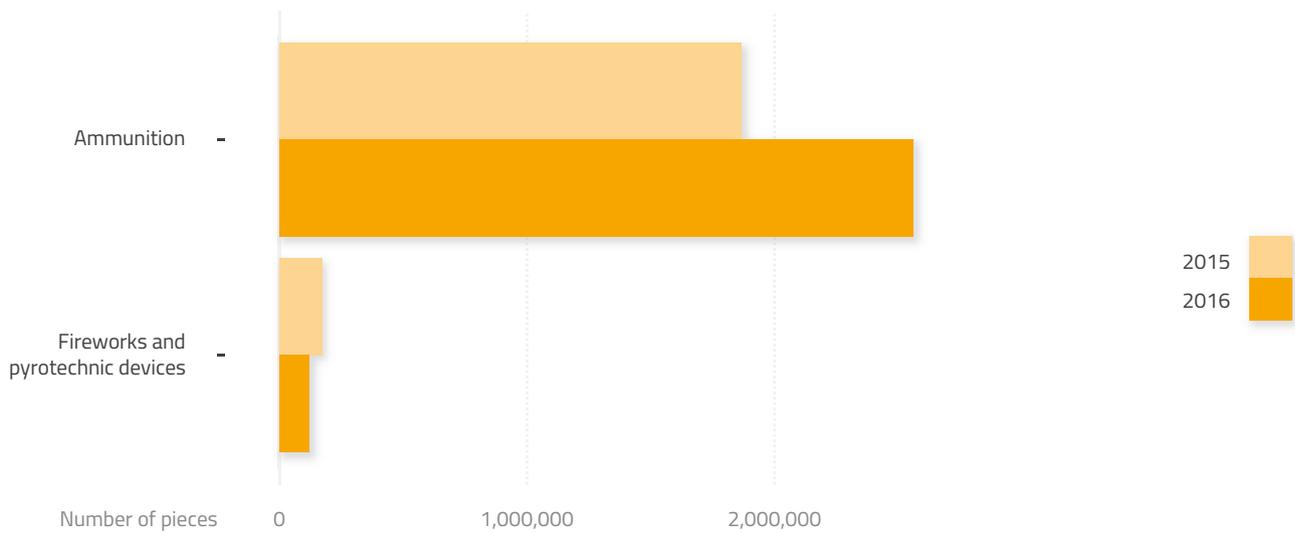
Figures 3a and 3b reflect the quantity of weapons and ammunition pieces confiscated in 2015 and 2016 by weapon category. Note that Figure 3a does not include data on ammunition, fireworks and pyrotechnic devices. The data for this category can be found in Figure 3b. The quantity of weapons and parts of weapons is presented separately from the quantity of ammunition, fireworks and pyrotechnic devices, in order to show more precisely the fluctuation in quantity from year to year.

Figure 3a illustrates changes in the number of pieces of weapons seized in 2015 and 2016. While Figure 2 suggests that the global arms trade may be in decline, with the number of seizures having decreased for almost all categories of weapons in this period, Figure 3a does not reflect a similar decline in the quantity

of smuggled arms across all categories. Indeed, for five categories of weapons, the quantity of pieces seized in 2016 exceeds the quantity seized in 2015, despite the fact these types of weapons were seized less frequently in 2016. These five categories include stun guns (3,603 pieces seized in 2016), slash and stab weapons (6,629 pieces seized in 2016), aiming devices (1,598 pieces seized in 2016), magazines (23,612 pieces seized in 2016), blank guns/gas alert weapons (379 pieces seized in 2016). Between 2015 and 2016, the quantity of pieces seized in these same categories rose by 64.4%, 17.8%, 92.8%, 739.7%, 10.8%, respectively.

Thus, the available data appears to indicate a drastic increase in the quantity of magazines seized between 2015 and 2016. However, 79.6% of the confiscated magazines were from only three seizures;

FIGURE 3b: QUANTITY OF SEIZED AMMUNITION, FIREWORKS AND PYROTECHNIC DEVICES, 2015-2016



of the 23,612 magazines seized in 2016, 18,804 were confiscated on the U.S.-Mexico border – 9,159 pieces in one seizure, 6,263 pieces in another, and 3,382 pieces in a third.

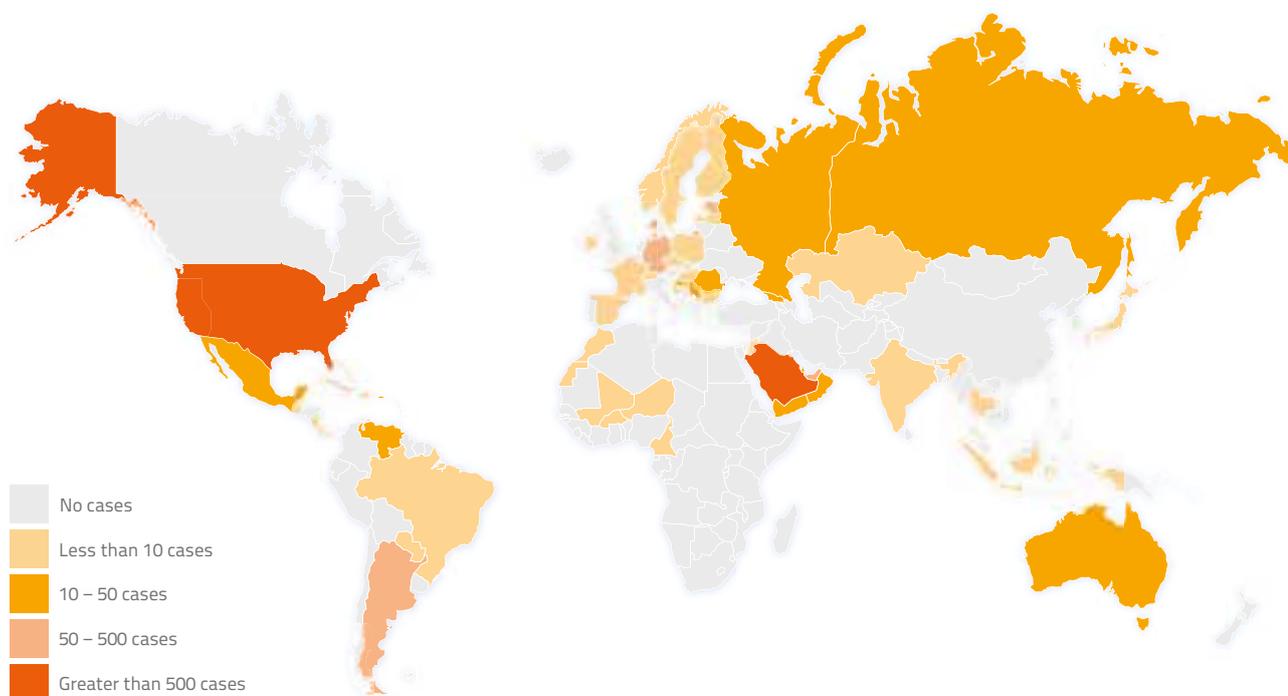
Although Figure 2 shows that the number of fireworks and pyrotechnics seizures increased from 2015 to 2016, the overall quantity seized declined from 171,419 to 120,937 pieces over the same period.

Figure 3b illustrates changes in the number of pieces of ammunition seized in 2015 and 2016. Ammunition, as a category, comprises the following subcategories: ammunition for firearms, including handguns and rifles; ammunition for other weapons, such as sub-machine guns; and parts of ammunition, including bul-

lets, casings and primers. Note that magazines are not included in "Ammunition." Data for magazines can be found in Figure 3a.

The quantity of ammunition seized increased considerably in 2016 as compared with the previous year: 1,884,149 pieces were confiscated in 2015, and 2,574,852 pieces in 2016 – a 36.7% spike. However, the majority of the ammunition seized in 2016 was confiscated in just three cases. Looking at these three cases : 1,009,500 pieces of Remington ammunition were seized by U.S. Customs and Border Protection (CBP) at a seaport in Florida; Saudi Arabian Customs officials likewise reported a large ammunition seizure of 691,425 pieces; and in Argentina, Customs officers confiscated 300,000 pieces in one seizure. Taken together, the 2,000,925 pieces from these three seizures account for 77.7% of the total quantity of ammunition recovered in 2016.

FIGURE 4: HEAT MAP OF THE NUMBER OF REPORTED CASES BY COUNTRY, 2016

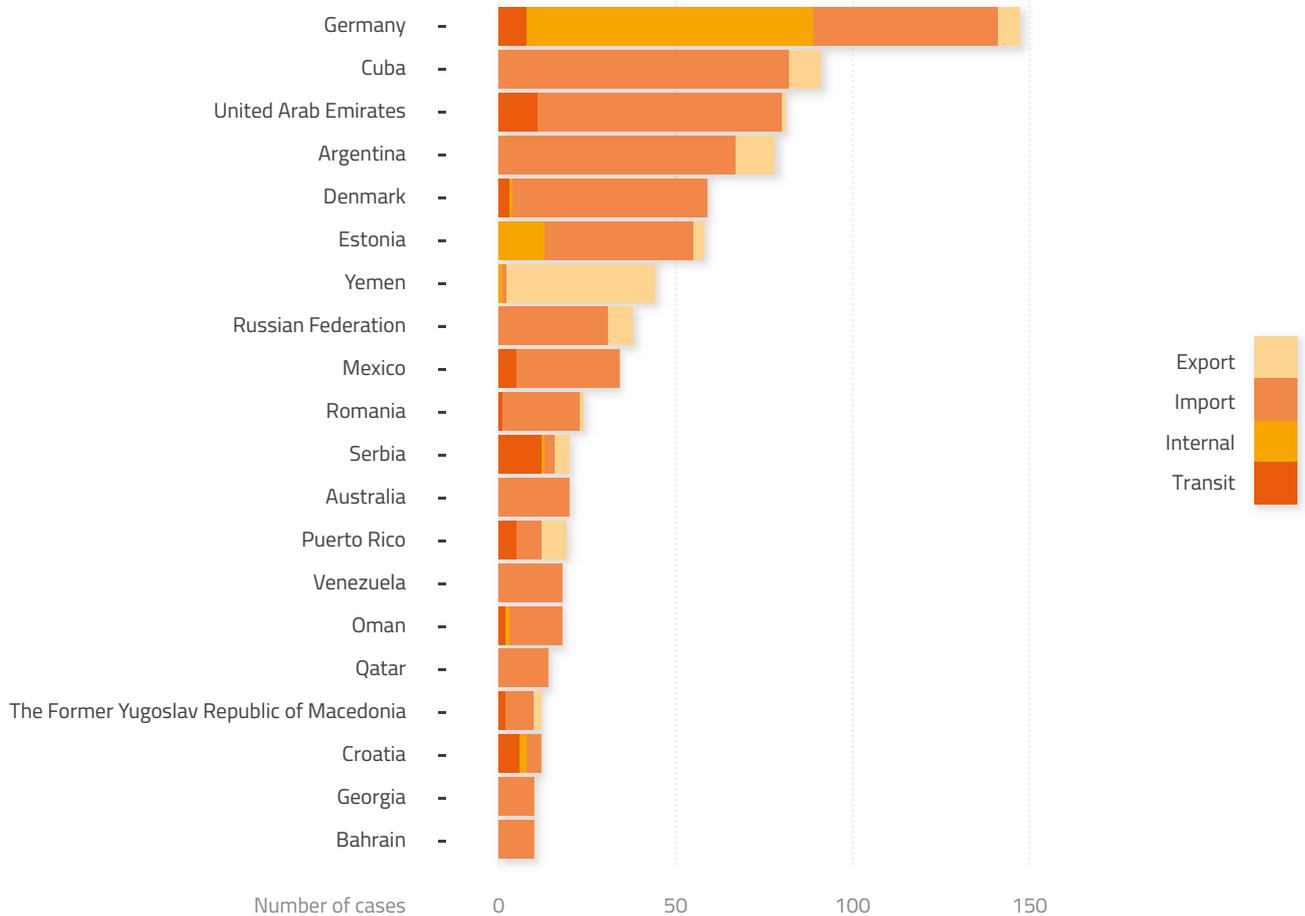


Similarly, 2015 saw three large-scale seizures reported by Germany, that accounted for 1,354,400 pieces of ammunition – 71.9% of the total quantity seized in that year. Bearing in mind the impact of these large cases on the data, the discrepancy between the quantity of ammunition seized in 2015 and 2016 is not as great as it first appears. If all six large seizures are removed from the dataset, the quantity of ammunition seized increased by only 8.34%, i.e., from 529,749 pieces in 2015 to 573,927 pieces in 2016.

1.2 – Trends in weapons and ammunition seizures by region

Figure 4 displays the number of cases reported to the WCO in 2016 by each country that provided case data. The United States and Saudi Arabia reported by far the most cases involving the seizure of weapons and ammunition in 2016. Customs officials in the United States reported 1,319 such cases, and those in Saudi Arabia reported 700 cases. Countries that reported between 50 and 500 cases include, in decreasing order, Germany (147), Cuba (91), United Arab Emirates (81), Argentina (78), Denmark (59) and Estonia (58). Other countries, including Russia, Australia, Mexico and Yemen, reported between 10 and 50 cases.

FIGURE 5a: NUMBER OF CASES BY COUNTRY AND CUSTOMS PROCEDURE, 2016



It is important to note that the high frequency of weapons and ammunition cases reported by the United States and Saudi Arabia does not necessarily reflect a comprehensive picture of the global arms trade. Neither should it be interpreted as indicating that these countries are the world's largest conduits for weapons smuggling. It is possible that some countries lack the enforcement capacity to make and/or report weapons seizures. The Customs authorities in such countries may also be combatting arms trafficking, but be unable to intercept the same quantity of contraband or report their success.

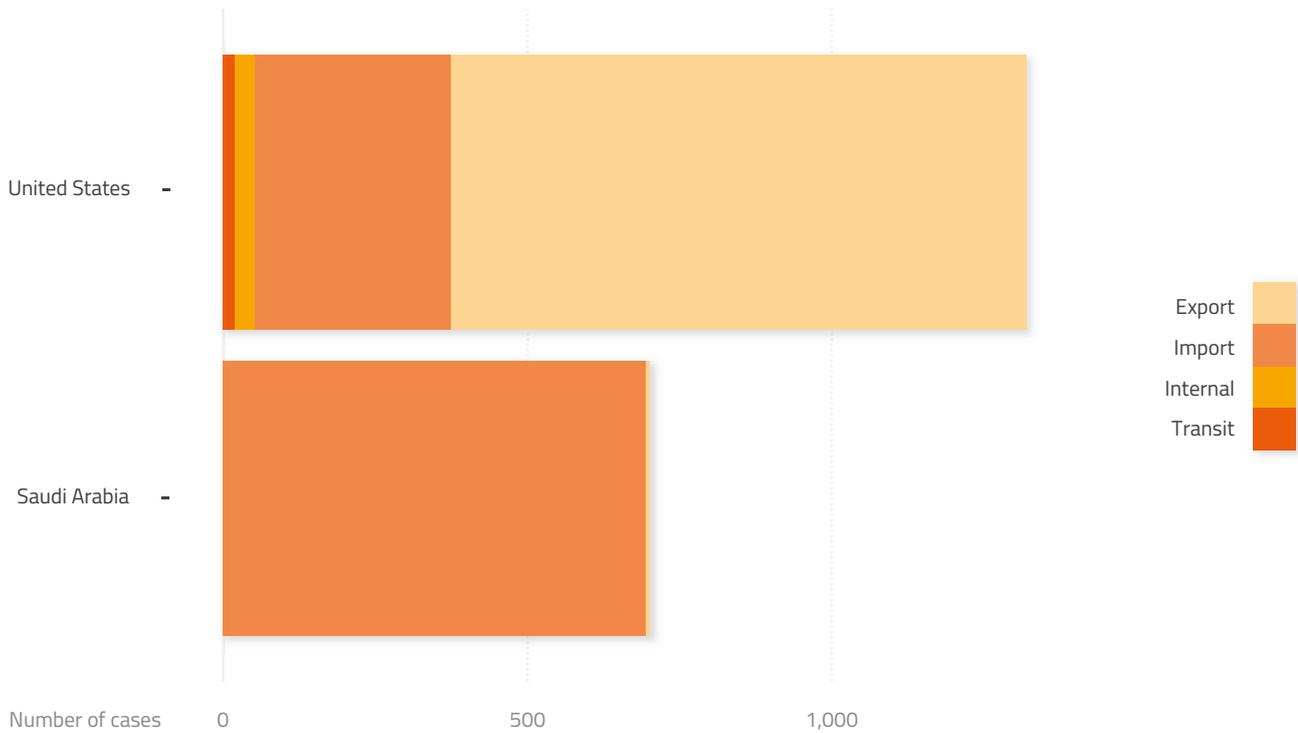
Figures 5a and 5b show the 22 countries that reported the most weapons and ammunitions cases in 2016, and also indicate the direction in which shipments of contraband were moving when

they were seized. Note that the United States and Saudi Arabia have been removed from Figure 5a and are the focus of Figure 5b. This has been done so that the data for each country can be shown more precisely.

Figure 5a indicates that the majority of cases reported in 2016 were seizures made during import, i.e., as arms came into the reporting country¹. Out of the 807 cases recorded by the top twenty reporting countries, 559 involved imports. Australia, Qatar, Georgia, Venezuela and Bahrain exclusively reported import cases, and over 90% of the cases reported by Cuba, Romania and Denmark involved incoming arms shipments. This possibly suggests that reporting countries focus their resources on impeding flows of weapons into their territories. Conversely, it may also suggest

¹This trend is seen only when the data from the United States is excluded. The United States reported 1,319 cases in 2016, of which 945 (71.6%) involved exports. The inclusion of the United States thus skews the data to suggest that import and export cases are reported in a more balanced proportion, because the total number of U.S. export cases is only 308 lower than the number of import cases reported by all other countries (including 694 cases from Saudi Arabia).

FIGURE 5b: NUMBER OF CASES BY COUNTRY AND CUSTOMS PROCEDURE, 2016



that enforcement on the export of arms is not as focused as is the case with imports.

In addition to the United States, only Yemen reported a majority of its cases as export cases: 95.4% of its 44 cases. Interestingly Germany, the most frequent reporting country after the United States and Saudi Arabia (see Figure 5a), recorded a slight majority of cases involving internally-seized weapons and ammunition. Out of a total of 147 cases, German Customs reported 52 at import, eight in transit, six at export, and 81 internally as arms were being smuggled domestically.

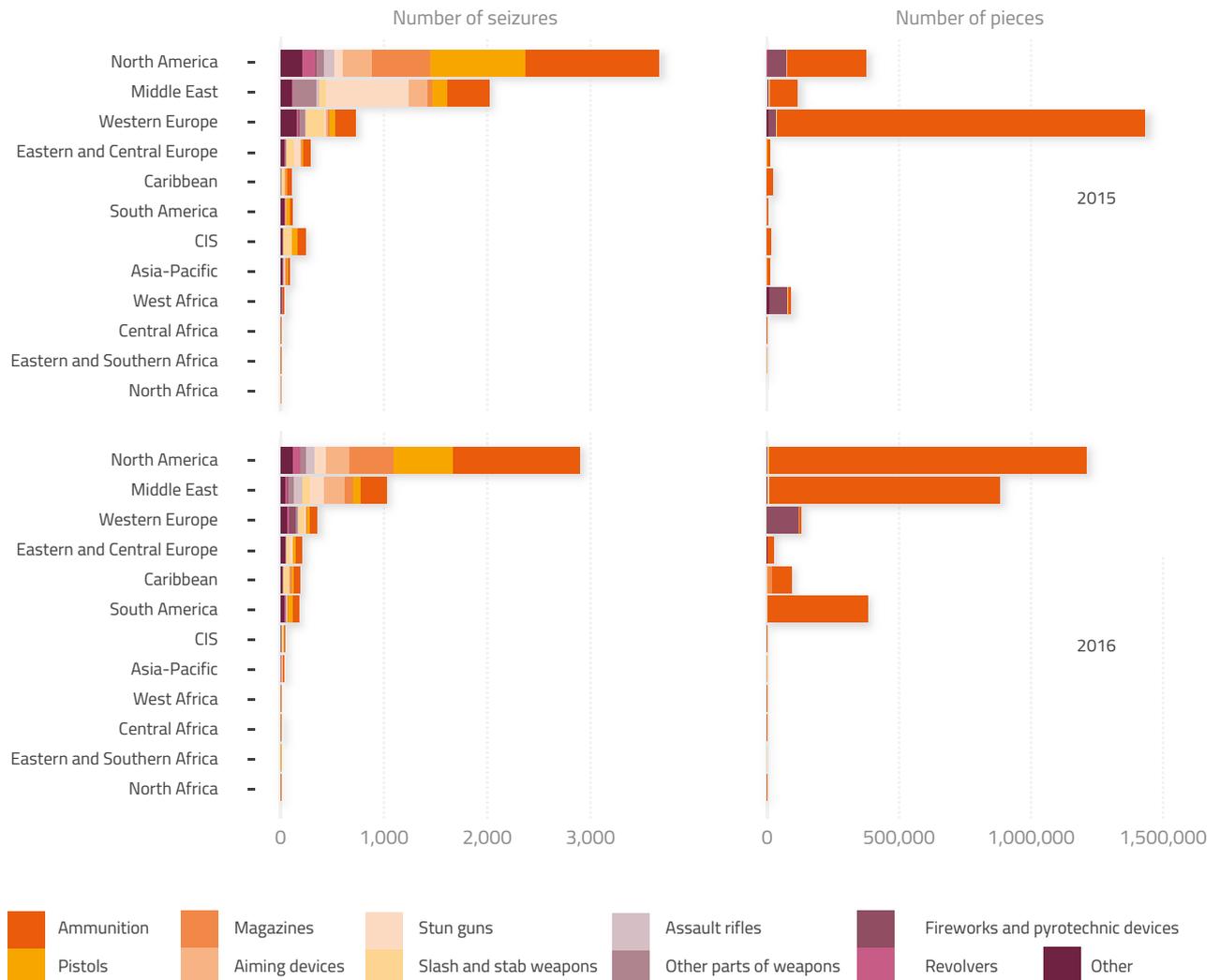
Figure 5b highlights the fact that the United States reported more weapons and ammunition cases than any other country in 2016.

U.S. Customs provided data on 1,319 cases to the WCO this year, the vast majority of which involved exported arms: 945 cases (71.6%) involved seizures made as arms and ammunition left the country. If Figure 5b is examined alongside Figure 5a, it can be seen that the United States and Yemen are the only countries that primarily reported export cases.

Conversely, the cases reported by Saudi Arabia, which reported the second largest number of cases in 2016, overwhelmingly involve imports. Saudi Arabian Customs reported 700 cases, 99.1% of which involved weaponry and ammunition entering the Kingdom.

Figure 6 shows a year-by-year comparison of the number of seizures and quantities seized for each geographic region and

FIGURE 6: NUMBER OF SEIZURES AND QUANTITY OF SEIZED PIECES BY REGION, 2015-2016



weapons category in 2015 and 2016. As seen in previous figures, fewer cases were reported in 2016 than in the previous year. Figure 6 builds on this by illustrating that the decline is seen not only across all categories of weapons and ammunition, but also across all regions – South America and the Caribbean being the only exceptions. The most significant decreases in the number of reported seizures are found in Western Europe (52% decrease), the Middle East (49.5% decrease) and North America (21% decrease). In the two outliers, South America and the Caribbean, the number of cases rose, by 43.3% and 76.4%, respectively.

Examining the quantity of pieces seized in each region, Figure 6 indicates dramatic increases in the quantity of ammunition seized in the Middle East and North America, which respectively

reported 657.7% and 211% more pieces seized in 2016 than in 2015. However, most of the pieces of ammunition confiscated in North America (82.4%) are accounted for by the 1,009,500-piece seizure reported by the United States. Similarly, the majority of the ammunition seized in the Middle East (78.3%) was confiscated in one 691,425-piece seizure reported by Saudi Arabia.

Moreover, while the spike in the quantity of ammunition seized in South America corresponds with the slight increase in the number of cases reported by the region, it must be noted that more than half (79%) of this ammunition was reported in just one 300,000-piece seizure by Argentina. A rise in the number of cases in the Caribbean also corresponds with larger quantities of ammunition seized there, with a 317.8% increase in the number of pieces confiscated across all categories of weapons and ammunition.

It should also be noted that ammunition, usually small and lightweight, is shipped in greater bulk than the weapons which use it. This explains why, for example, in 2016 in the Middle East, 403 ammunition seizures, 203 seizures of aiming devices and 73 seizures of assault rifles were made, but, the "Number of pieces" bar chart overwhelmingly reflects the pieces of ammunition confiscated. In reality, Customs authorities in the Middle East seized 724 aiming devices, 94 assault rifles, 143 pistols and 351 stun guns, among various quantities of other weapons. Likewise, Customs officials in North America seized 655 pistols, 1,815 magazines, 791 aiming devices and 100 assault rifles, among other arms.

Case study 1. Ammunition seizures on the Argentinean-Bolivian border

In January 2016, 300,000 pieces of ammunition were seized at the border between Argentina and Bolivia. Seized on the Argentinean side and worth \$89,352, the munitions were in 150 undeclared boxes concealed among the 22 pallets of boric acid that the truck was officially transporting. The Federal Administration of Public Revenue (AFIP) found the ammunition while completing a routine examination of the truck. The truck was allegedly of Bolivian origin, and its driver reportedly fled while the seizure was occurring.

Furthermore, in mid-April 2016, 22,000 pieces of ammunition were seized at the same border crossing point. There was \$15,283 worth of ammunition, and weapons of various calibers (12, 16, and 20

gauge) were also found. The contraband was concealed inside plastic bags that were packed in boxes. The boxes were hidden under seats and throughout the driver's resting area of the truck.

According to the data for 2016, the flow of ammunition from Argentina to Bolivia often occurs in large quantities. While the data for 2016 shows the seizure of 374,600 pieces of ammunition at one border crossing point alone, this was the result of just five seizures, all of which were successful due to routine controls by officials. This smuggling route was also subsequently validated under Operation CHIMERA, which is described later in this Section.

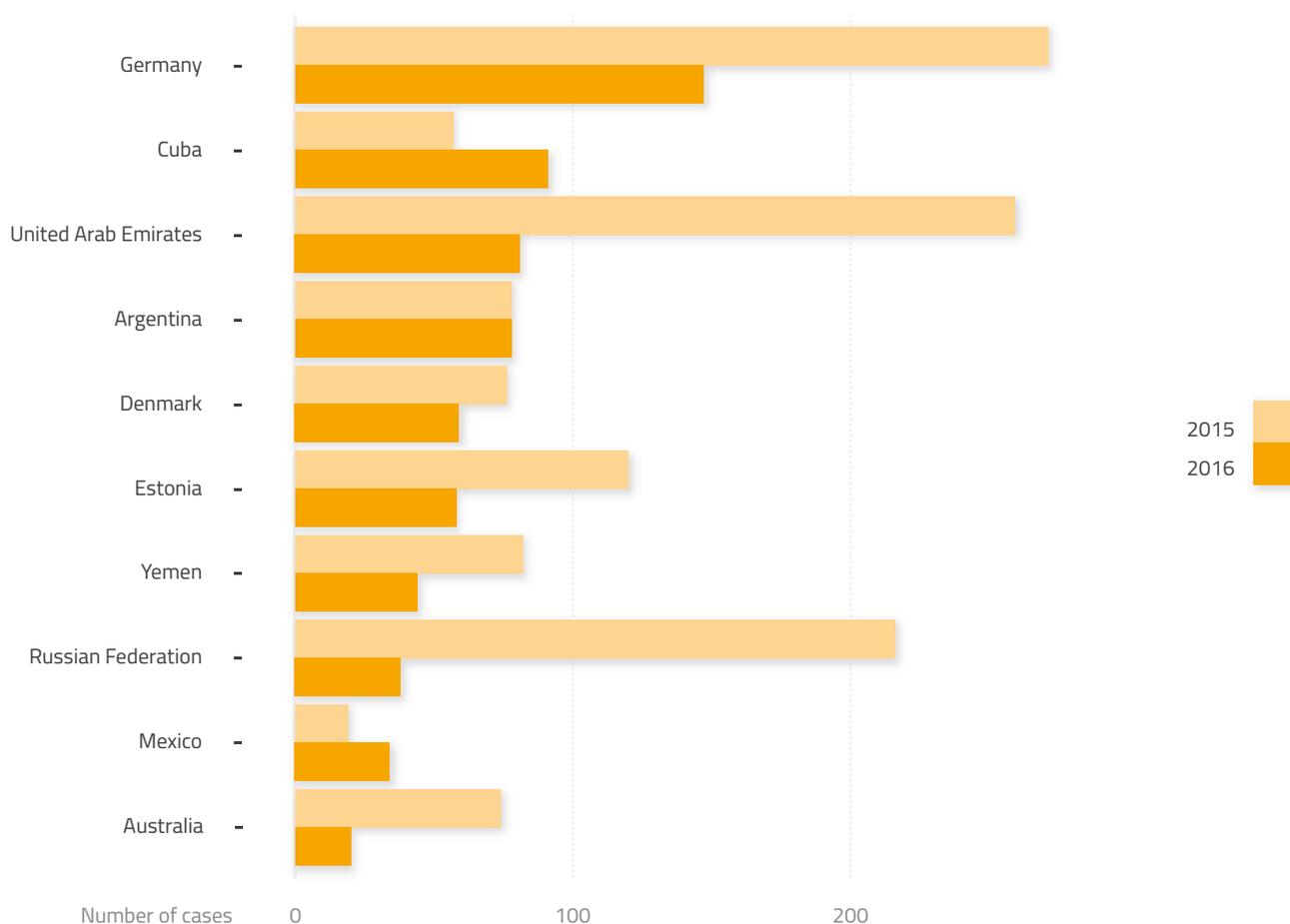
SOURCES

- WCO data
- La Voz (2016), 'Creen que hay una banda internacional dedicada contrabandear municiones' ('It is believed that there is an international gang specialised in weapons smuggling'), available at <http://www.la-voz.com.ar/sucesos/creen-que-hay-una-banda-internacional-dedica-da-contrabandear-municiones>, accessed on 22 July 2017.
- El Tribuno (2016), 'Detectan camión boliviano que transportaba 300 mil proyectiles y el chofer escapó' (A Bolivian truck transporting 300,000 pieces of ammunition has been detected, and the driver fled'), available at <http://www.tribuno.info/jujuy/nota/2016-1-22-9-34-0-detectan-camion-boliviano-que-transportaba-300-mil-proyectiles-y-el-chofer-escapo>, accessed on 22 July 2017.



B: Scanned trucks. Courtesy: AFIP.

FIGURE 7a: NUMBER OF CASES BY COUNTRY, 2015-2016



Figures 7a and 7b illustrate the year-on-year change for the top 12 reporting countries in 2015 and 2016. Note that the United States and Saudi Arabia are not included in Figure 7a. Data for these countries can be found in Figure 7b. This has been done so that the fluctuations in the number of cases reported can be shown more precisely.

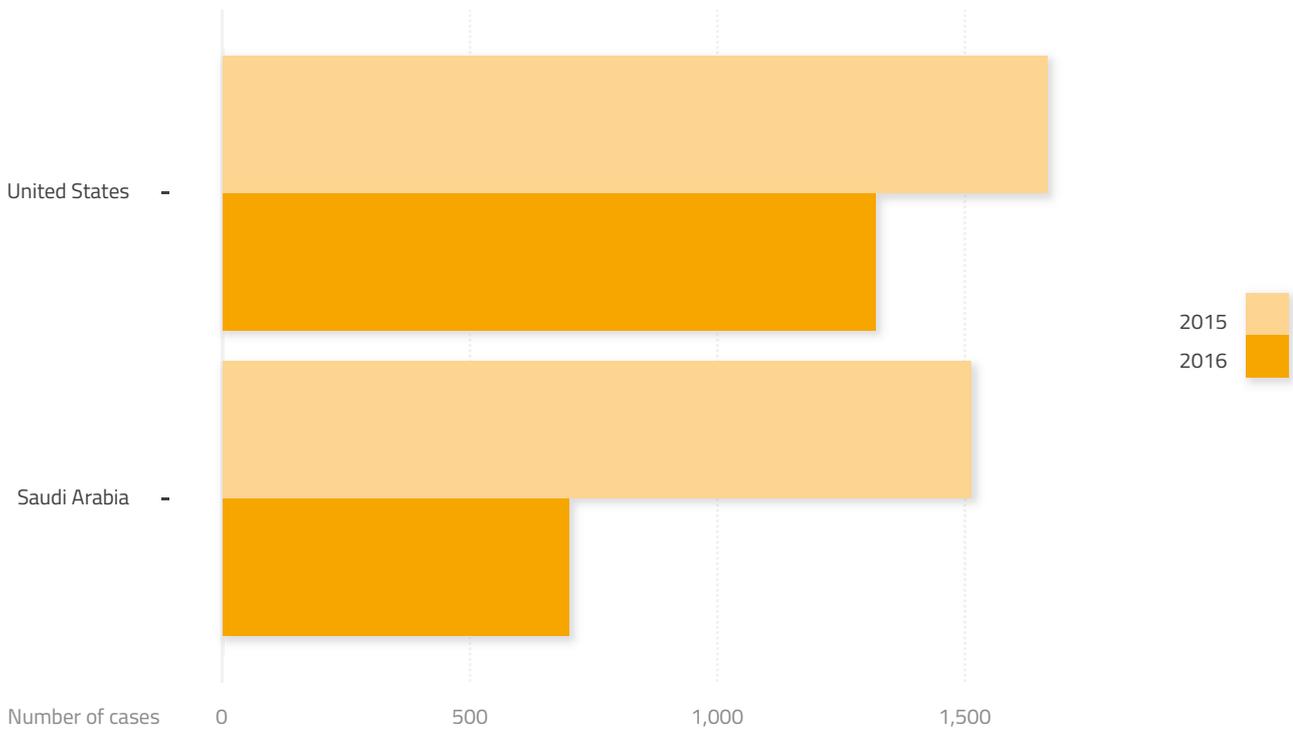
Figure 7a suggests that the number of weapons and ammunition cases around the world decreased significantly from 2015 to 2016, although this has not necessarily coincided with a decrease in the quantity of smuggled arms, as shown in Figure 3a. With the exception of Argentina, which recorded 78 cases in both years, and the 59.7% increase in reported cases from Cuba, every country handled significantly fewer cases in 2016

than in the previous year. Russia reported 82.4% fewer cases in 2016 than in 2015. In 2015, Customs officials in Russia recorded 216 cases, but they only reported 38 cases in 2016. Likewise, the United Arab Emirates shows a 68.7% decrease, with the number of cases falling from 259 to 81. In Germany, too, a distinct drop (45.8%) is evident.

Figure 7b specifically portrays the number of cases reported by the United States and Saudi Arabia – the WCO’s most frequent reporters in this category in 2016.

Figure 7b indicates that, like the countries featured in Figure 7a, the United States and Saudi Arabia also reported fewer cases in 2016 than in 2015, despite maintaining significant reporting

FIGURE 7b: NUMBER OF CASES BY COUNTRY, 2015-2016



levels. U.S. Customs saw a 20.8% decrease in the number of cases reported in 2016, having reported 1,666 cases in 2015 and 1,319 in 2016. The decline in the number of cases reported by Saudi Arabia is more notable: having recorded 1,512 cases in 2015, Saudi Arabian Customs officials reported 700 in 2016 – a 53.7% decrease.

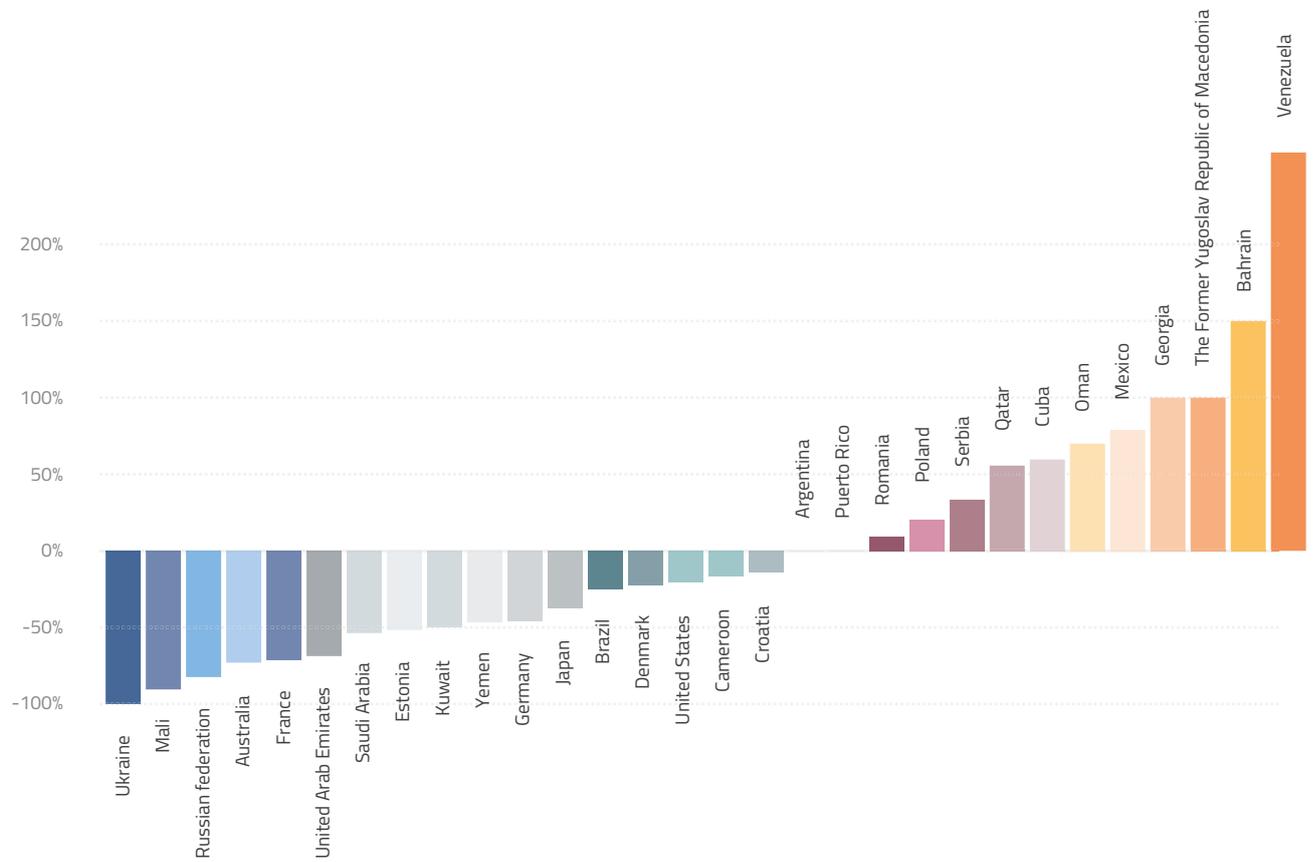
Figure 8 shows the percentage change in the number of cases by country from 2015 to 2016, for all countries that reported ten or more cases in either or both of those years. Figure 8 further demonstrates that the majority of participating countries reported fewer weapons and ammunition cases in 2016 than in the previous year. When interpreting Figure 8, it should be noted that the most striking changes, such as the 100% decline in cases from Ukraine and the 260% increase in cases from Venezuela, often do

not reflect genuine changes in global arms smuggling. These countries reported 19 and five cases respectively in 2015, and zero and 18 cases in 2016. Such a large disparity between the years most likely reflects a variable capacity for enforcement and reporting.

Much more telling is the central portion of Figure 8² and, in particular, the data from countries where the reporting levels changed only slightly from year to year. Even within the central portion of the figure, the tendency is for countries to have reported fewer cases in 2016 than in 2015. For the countries in this portion of the figure that witnessed a negative change, the average decrease was 37.7%. The average increase in the number of cases was 46.6%. In the United Arab Emirates the number of cases fell by 68.7%, Customs authorities in that country having reported

² The central portion referred to begins with the United Arab Emirates on the left and extends as far as Mexico on the right.

FIGURE 8: PERCENT CHANGE IN A NUMBER OF CASES FROM 2015 TO 2016, COUNTRIES WITH 10+ TOTAL CASES

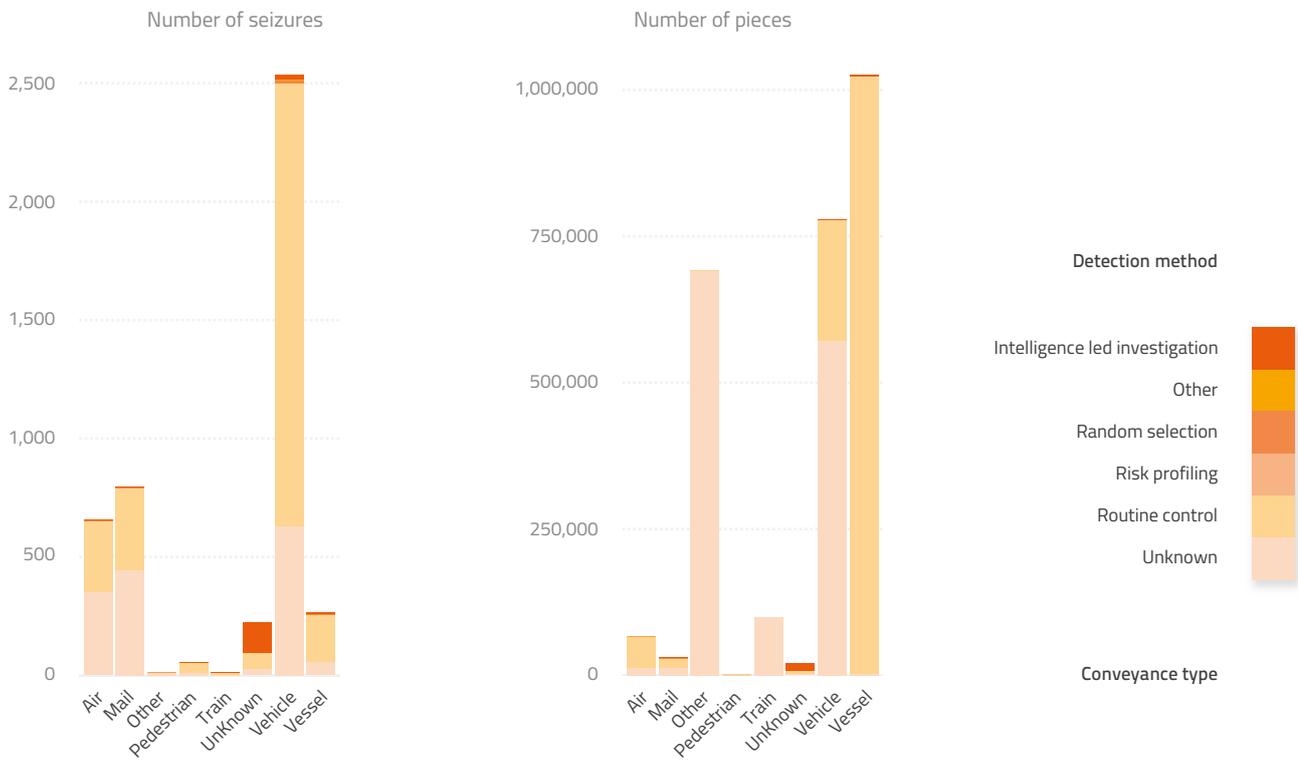


259 cases in 2015 and 81 in 2016. Authorities in Mexico, on the other hand, reported 19 cases in 2015 and 34 cases in 2016 – an increase of 78.9%.



C: Courtesy: US Army Alaska (USARAK).

FIGURE 9: QUANTITY OF SEIZED WEAPONS AND AMMUNITION AND NUMBER OF SEIZURES BY CONVEYANCE TYPE AND DETECTION METHOD, 2016



1.3 – Trends in weapons smuggling methodology

Figure 9 illustrates four aspects of weapons and ammunition seizures in 2016: 1) the frequency with which various modes of transport were used in recorded smuggling attempts; 2) the volume of weaponry and ammunition seized, regardless of type, and the mode of transport; 3) the detection method, by mode of transport; and 4) the detection method in relation to the quantity of weapons and ammunition seized.

Most seizures reported in 2016 were conducted on vehicles, including cars and trucks, yielding the second largest quantity of weapons and ammunition: 2,538 seizures from vehicles led to the confiscation of 786,485 pieces of arms and ammunition.

Interestingly, while risk profiling led to 73.8% of seizures from vehicles, routine controls nevertheless resulted in the recovery of 570,994 pieces, i.e., 72.6% of the weapons and ammunition seized from vehicles. Smugglers using mail and air to transport arms were also frequently thwarted, with 798 seizures occurring as contraband moved through mail facilities, and 660 seizures occurring in airports. In both situations, routine controls led to the majority of those seizures, yet, in the air sector, risk profiling facilitated the confiscation of 52,856 out of 67,109 pieces of weaponry and ammunition seized.

Member highlight: The use of express parcels for weapons and ammunition smuggling

Romanian Customs highlighted a number of cases relating to seizures made throughout 2016. These included seizures of multiple sub-machine guns, revolvers, rifles and their ammunition that had not been declared to Customs. The seized goods originated in the United States and were detected in express courier parcels dispatched to consignees in Romania.

The pictures C and D are of a seizure of weapons that were destined for a single person and had been dispatched from the United States to Bucharest. The case was transferred to the Police for further investigation.

Source: Romanian Customs

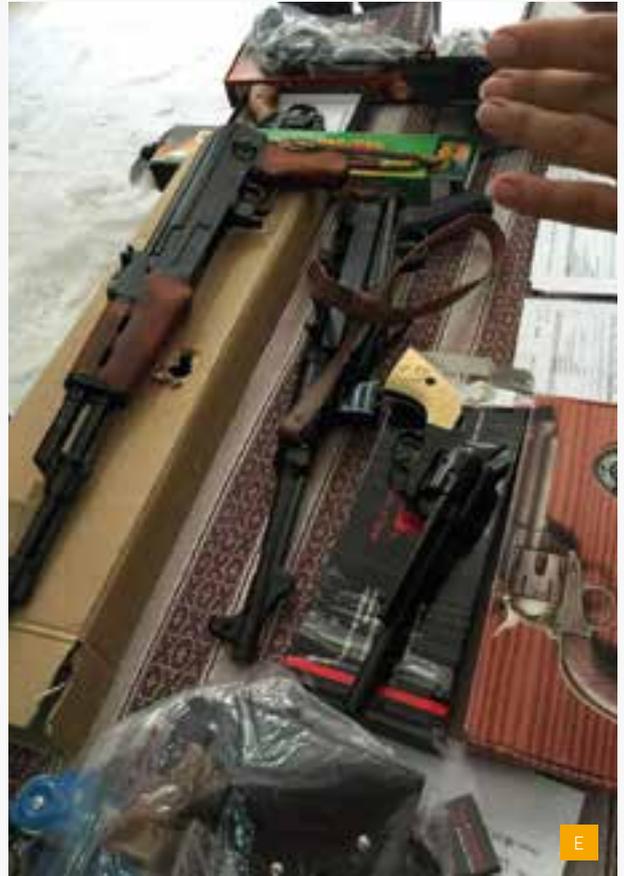


FIGURE 10: QUANTITY OF SEIZED PIECES BY CONCEALMENT METHOD, 2016

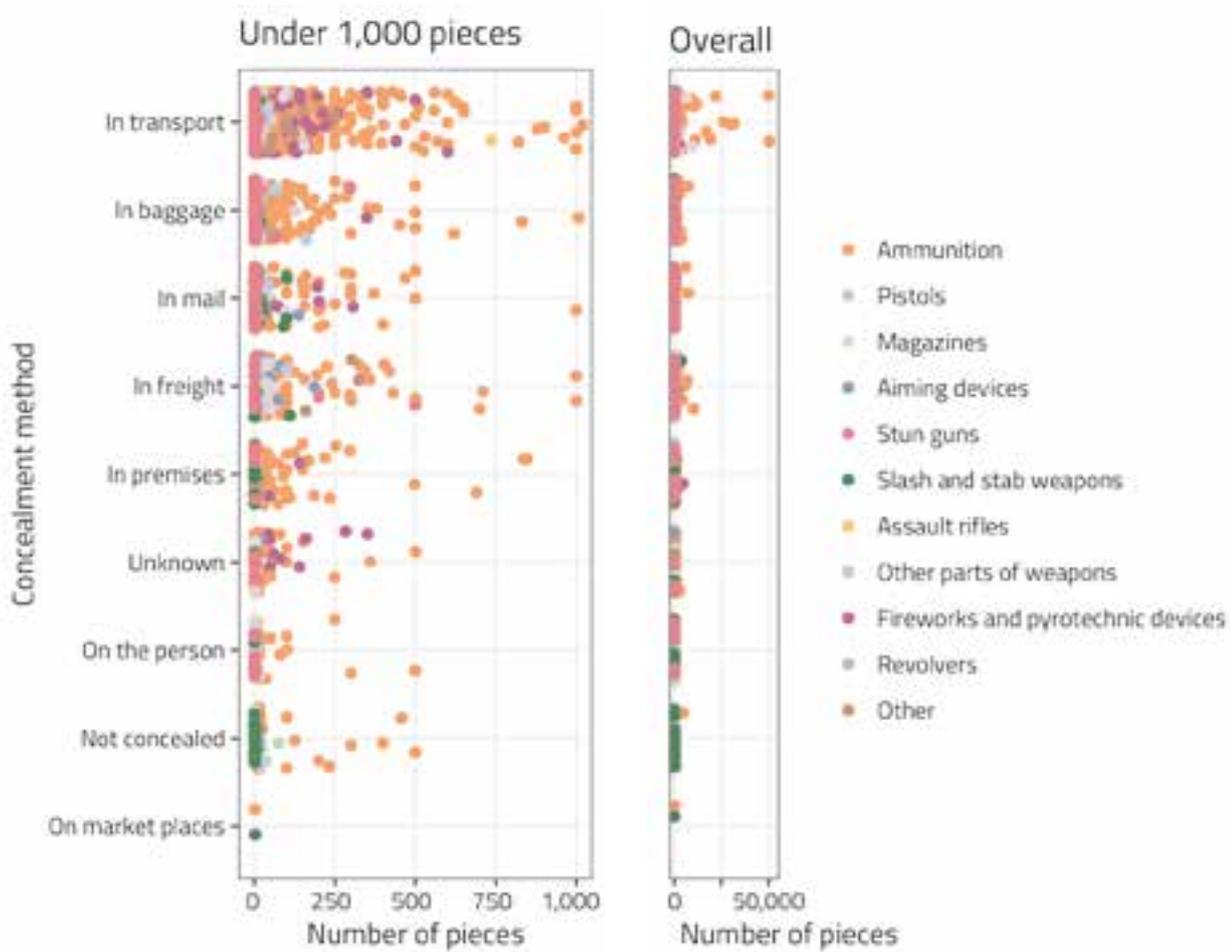
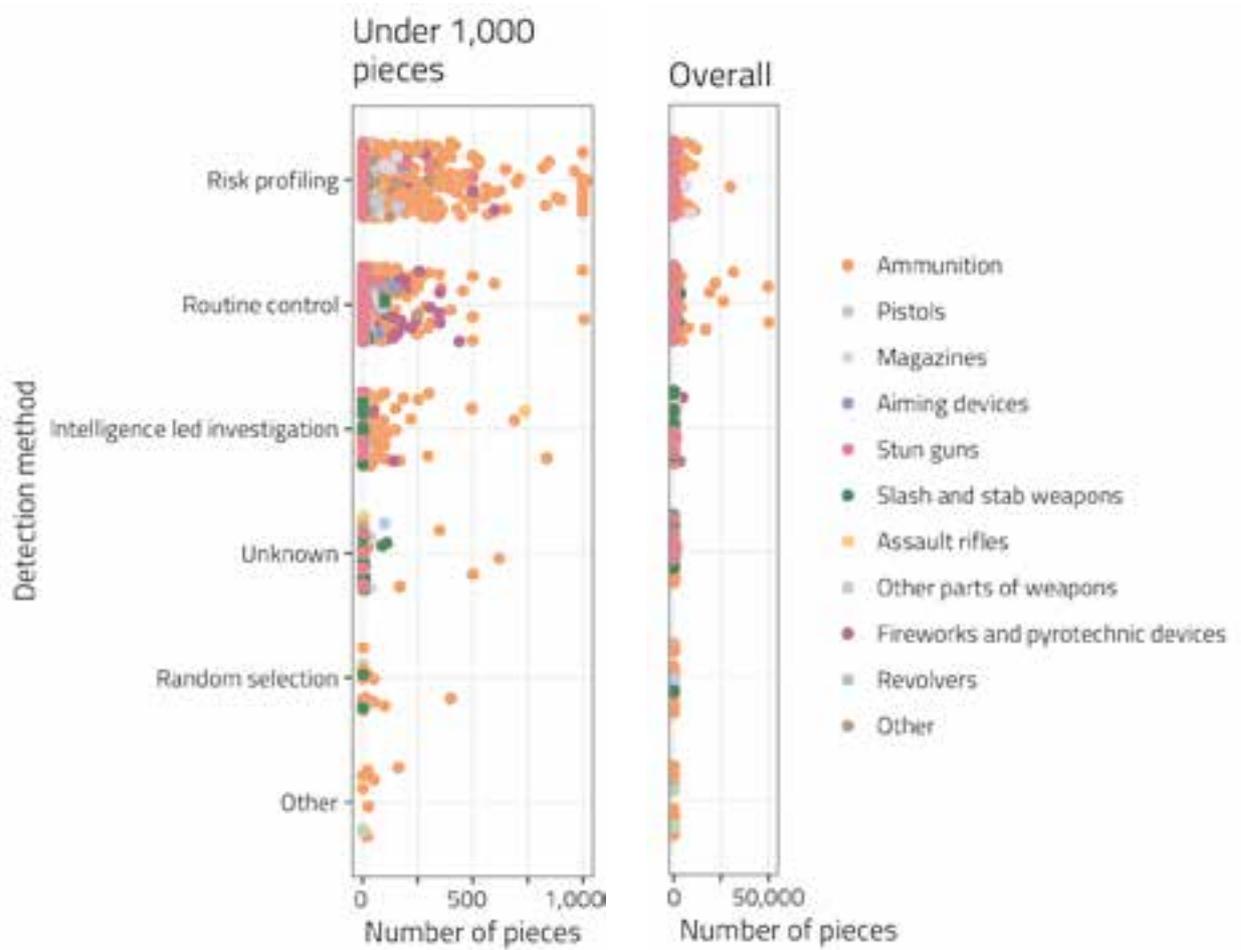


Figure 9 further reveals that vessels continue to be a prime means by which smugglers transport large quantities of weapons and ammunition. Customs authorities made 265 seizures from vessels. Using risk profiling indicators in 74.7% of those seizures, officials confiscated 1,022,199 pieces of weaponry and ammunition. Overall, routine controls appear, by a small margin, to be the most effective measure against weapons smuggling in terms of the quantities of pieces seized. Routine controls led to the recovery of 50.9% of all weapons and ammunition confiscated in 2016. In terms of the number of seizures, however, risk profiling resulted in far more seizures than any other detection method, leading to 56.3% of the seizures in 2016.

Figure 10 maps the number of seizures, the quantity of pieces seized, and how contraband was concealed for each category of weapon and ammunition in 2016. Each point on the graph represents one individual seizure. The distribution of weapon types throughout the concealment categories identified in Figure 10 reveals that there is generally no correlation between weapon type and method of concealment.

However, aiming devices were the most common type of weapon or ammunition seized from mail parcels, accounting for 37.2% of such seizures. Not including ammunition, the quantities of which dwarf the number of pieces for all other weapon categories, the most common items concealed "In freight," "In premises," and "On the person" were: aiming devices (29.6%), other weapons,

FIGURE 11: QUANTITY OF SEIZED PIECES BY TYPE AND DETECTION METHOD, 2016



including sub-machine guns (4.2%), and magazines and pistols (both 27.6%).

The three large-scale seizures of ammunition discussed under Figure 3b are not shown in Figure 10 for the sake of clarity. These were: one seizure of 1,009,500 pieces of ammunition made “In freight” and reported by the United States, one seizure of 691,425 pieces of ammunition made “In premises” and reported by Saudi Arabia, and one seizure of 300,000 pieces of ammunition made “In transport” and reported by Argentina.

Figure 11 plots the number of seizures, the quantity of pieces seized, and the method of detection which led to each seizure of each type of weapon and ammunition in 2016. Each point on the

graph represents one individual seizure. Figure 11 expands on Figure 9 by examining the relationship between detection methods and the types of weapons and ammunition confiscated. As seen in Figure 9, risk profiling resulted in 56.3% of all seizures in 2016. This method of detection led, in particular, to 1,218 seizures of ammunition. Risk profiling also resulted in the confiscation of 680 pistols, 106 assault rifles and 20,784 magazines. Routine controls was the second most successful detection method in 2016, leading to 1,547 seizures. As in the case of risk profiling, the types of weapons and ammunition seized through routine controls are highly varied. Intelligence-led investigations facilitated 165 seizures and the recovery of 17,898 pieces of weapons and ammunition.

The three large-scale seizures of ammunition discussed under [Figure 3b](#) are not shown in Figure 11 for the sake of clarity. These were: one seizure of 1,009,500 pieces of ammunition made "In freight" and reported by the United States, one seizure of 691,425 pieces of ammunition made "In premises" and reported by Saudi Arabia, and one seizure of 300,000 pieces of ammunition made "In transport" and reported by Argentina.

1.4 – Trends in smuggling routes

[Figure 12](#) illustrates the flow of weapons and ammunition from region of export to destination in 2016, by aggregating the data from all cases in which the origin and destination of seized shipments were reported. [Figure 12](#) does not include cases in which this data was not provided, nor do the flows reflect where seizures were made. Moreover, [Figure 12](#) only displays trafficking routes which were recorded in 15 or more cases. North America, specifically the United States – the only reporting country in the region – was the region of export in 1,114 cases, 43.6%, 11.8% and 6.1% of which concerned shipments bound for the Caribbean, the Middle East and Asia-Pacific, respectively. Another 22.9% of North American cases involved trade within the region. Exports from the United States account for 42.7% of all weapons and ammunition seized in 2016 for which origin data was provided. This does not, however, inherently imply a predominant role for the United States in global arms smuggling, as the data will have been influenced by the significant effort that the United States has made in the reporting of seizures.

Interestingly the Caribbean, the largest recipient of weapons from North America, is also the region which exports the most weapons to North America. In 2016, there were 173 instances of arms flowing from the Caribbean to North America. While North America is the largest exporter, the Middle East is the predominant importer: 832 weapons and ammunition cases were of contraband moving into and within this part of the world. Of those cases, 44.2% were internal to the region. But an examination restricted to those cases that involved foreign suppliers reveals that the most import cases (52.5%) originated in Asia-Pacific. 29% and 13.8% of the 455 cases of foreign origin were inbound from North America and Western Europe, respectively.

Member highlight: Trends analysis on flows of weapons into New Zealand

In 2016, New Zealand reported that most illicitly imported firearms and parts arrived from North America and Europe, although China, Hong Kong (China), and Taiwan are supplying an increasing amount. Hong Kong (China) accounts for most items illicitly imported, most of which are air guns and parts. Illicit imports occur primarily via mail and air freight, and most seizures are of parts and single or small-quantity consignments of air guns, or firearms described as air guns. Most seized imports belong to individuals and non-commercial importers who have little or no awareness of import permit requirements, or who deliberately attempt to avoid them.

Imports of most concern continue to be military-style, semi-automatic firearms parts for illicit firearm assembly and conversion, electroshock stun guns (especially when disguised), disguised/concealed weapons, and pepper sprays and explosive chemicals. Illicit stun gun imports have increased, and these weapons are increasingly being imported in commercial-sized quantities, as well as by small online purchasers.

Source: New Zealand Customs

FIGURE 12: FLOWS OF WEAPONS AND AMMUNITION BY REGION, 2016

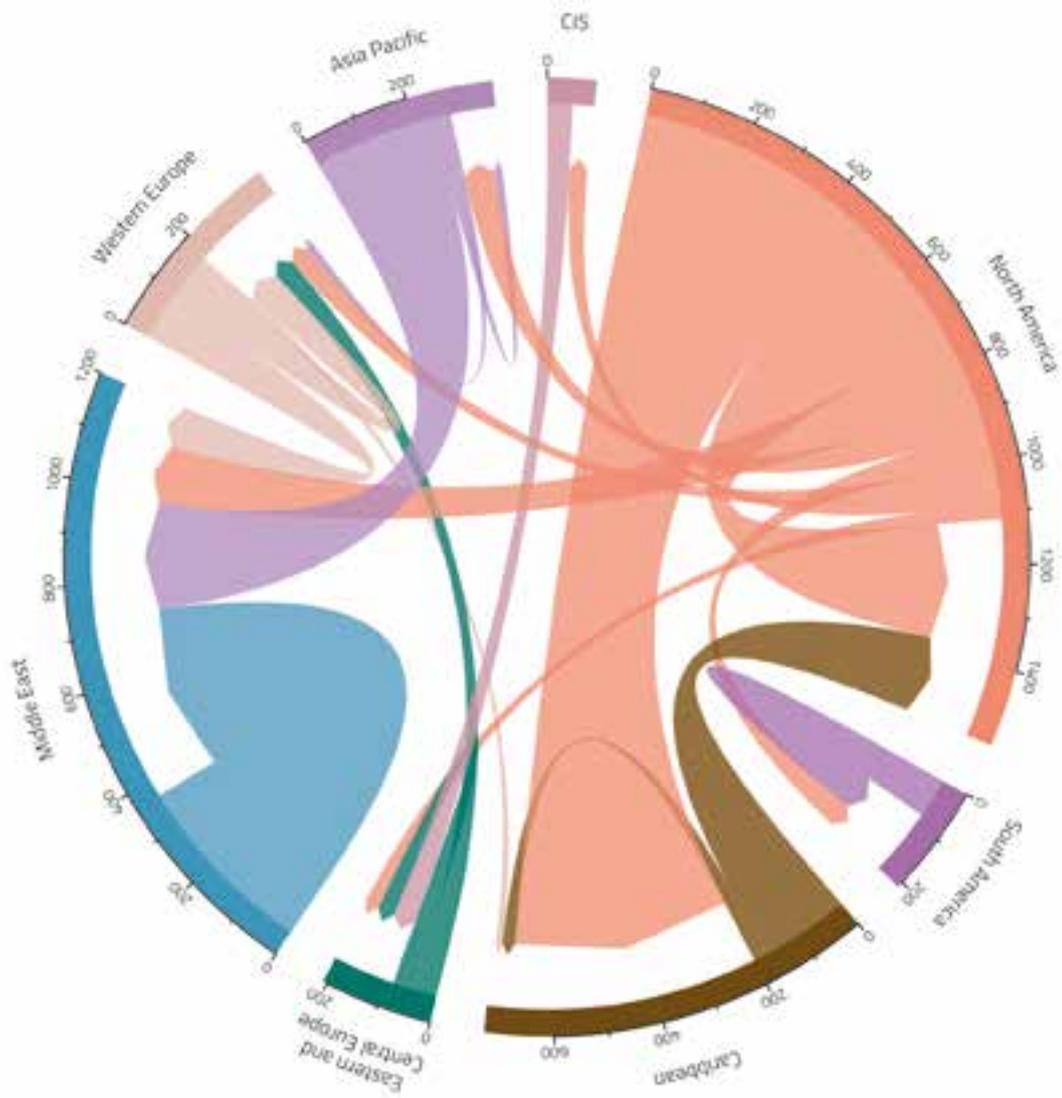


FIGURE 13: HEAT MAP OF SMUGGLING INSTANCES, 2016

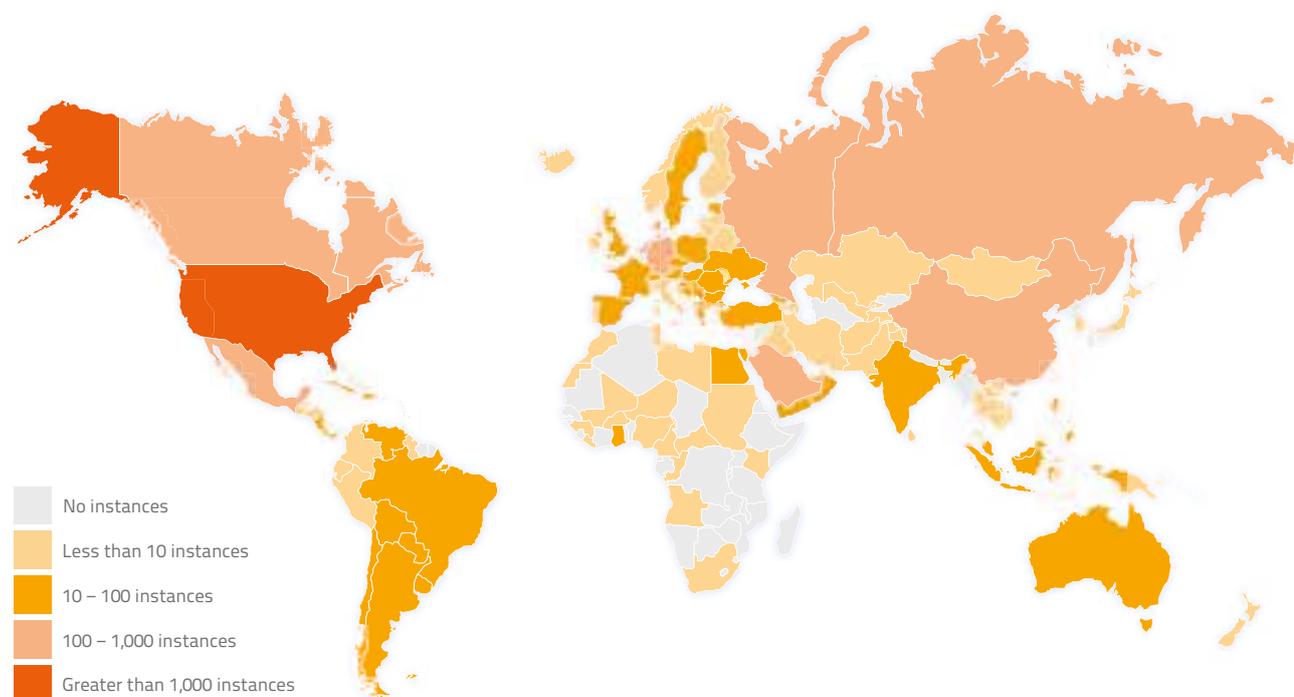


Figure 13 illustrates weapons and ammunition trade routes by country and frequency in 2016. Each country indicated was the origin, the destination or a transit point for one or more seized shipments in a reported case, regardless of where the seizure took place or which country reported the case. Thus, Figure 13 indicates all countries through which weapons and ammunition are known to have been trafficked, or intended to move, in 2016.

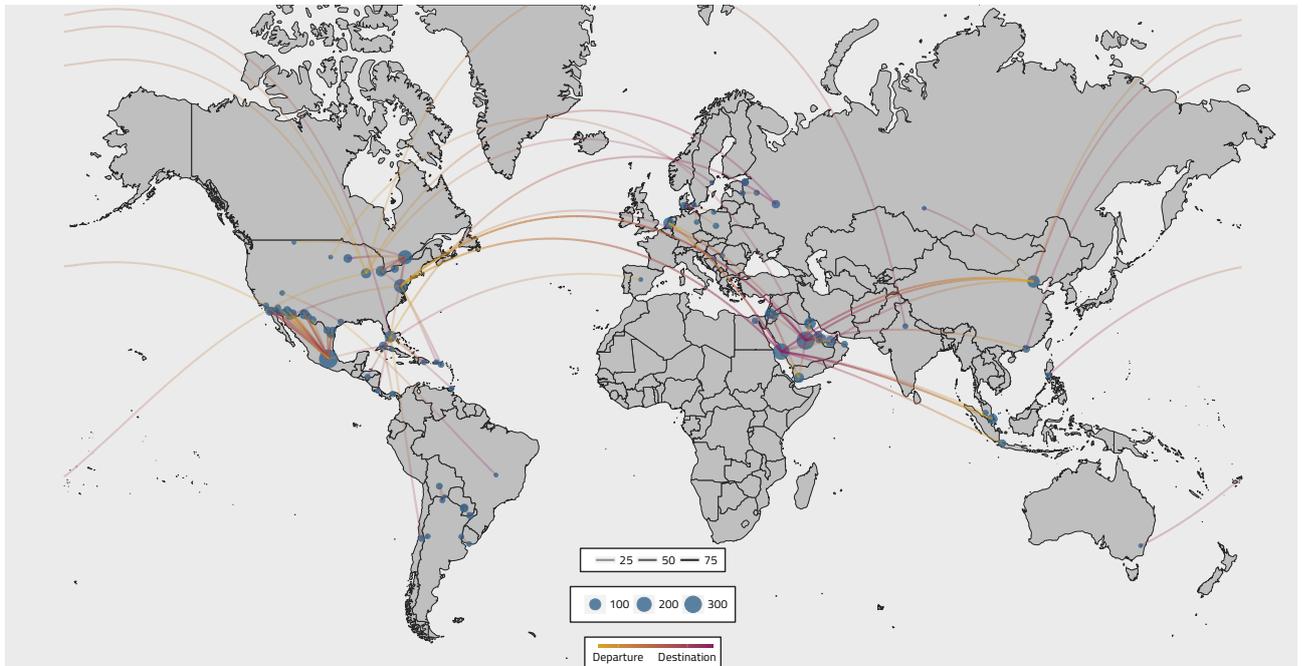
As compared to the heat map in Figure 4, which displays the frequency of cases reported by participating countries only, Figure 13 demonstrates that arms and ammunition smuggling is a global issue that impacts nearly every country: 127 countries were impacted by at least one instance of weapons smuggling. Many countries that did not report a single case in 2016 were nevertheless exploited by arms smugglers. Notable examples

of this include the following countries, all of which reported zero cases in 2016: Canada (225 instances), China (146 instances), Ukraine (18 instances) and the United Kingdom (14 instances).

Looking at the most frequently identified countries, the United States appears in 1,715 instances, Saudi Arabia in 730 instances, Mexico in 578 instances and Germany in 242 instances.

Figure 14 details the illicit flows of weapons and ammunition from their origin to their destination as seen in 2016. The size of the point indicates the number of cases that departed from or terminated in a particular city. The capital city is used when a specific location is not found in the data. The flows connecting points on the map are yellow in color at the origin of each flow, and become red as they near the destination. The darker the overall tone of a

FIGURE 14: WEAPONS AND AMMUNITION TRAFFICKING FLOWS BY LOCATION



flow, the more frequently that smuggling route appeared in the data for 2016. These flows do not necessarily indicate completed smuggling attempts. In many cases, seizures were made at the point of origin or in transit, but Figure 14 nevertheless shows the entire intended trade route from origin to destination. Further, the map only displays routes that appeared in five or more known instances of weapons smuggling.

Figure 14 echoes the conclusions derived from Figure 12: that North America is, overall, an exporter of weapons and ammunition, while the Middle East is a prominent importer. Figure 12 indicates that North America exported most frequently to the Caribbean, while Figure 14 shows that the majority of flows travelling from the United States to the Caribbean terminated in Mexico. However, in a number of instances, arms moved in the opposite direction as well. Nearly all of these transactions attempted to

exploit routes through U.S.-Mexico border cities rather than direct transport to inland locations. By contrast, the majority of weapons that were shipped to Cuba originated in the U.S. State of Florida.

Figure 14 shows that the Middle East commonly received weapons and ammunition from Asia, and in particular from China, Malaysia and Singapore.

The most frequently used routes shown in Figure 14 are: Hawaii, Kuwait to Riyadh, Saudi Arabia (with 92 instances), Amsterdam, the Netherlands to Jeddah, Saudi Arabia (with 59 instances), and Washington D.C., United States, to Riyadh, Saudi Arabia (also with 59 instances). The fact that capital cities feature in these routes probably means that the actual departure city for weapons and ammunition shipments was unknown.

2. PROJECTS AND OPERATIONS

There were two operations conducted in 2016. They were Operation Chimera led by the WCO, and Operation Irene initiated by the Regional Intelligence Liaison Office (RILO) for the Asia-Pacific Region.

Operation Chimera

In 2016, the WCO initiated its first Counter Terrorist Customs operation, entitled 'Operation Chimera'. This Operation was focused on international movements of Small Arms and Light Weapons (SALW), and cash and bearer negotiable instruments (BNI).

Operation Chimera was coordinated by the WCO in response to growing recognition of the critical role that Customs administrations play in the fight against terrorism, as well as providing support for the security goals of the international community, including the implementation of key measures under several United Nations Security Council Resolutions (UNSCRs). Operation Chimera was focused on two commodities commonly used by terrorist groups to further their aims, namely Small Arms and Light Weapons (SALW), and cash and bearer negotiable instruments (BNI). The Operation provided an opportunity for Customs and Police authorities to work together to increase their level of communication and interaction. In total, 69 Customs administrations participated with support from the Regional Intelligence Liaison Office (RILO) network, along with INTERPOL, using the WCO CENcomm platform as a primary means of communication during the Operation.

Recognising that combining efforts in fighting terrorism and organized crime is an essential element of effective law enforcement, and bearing in mind the Secretary General's commitment to fostering closer working, the WCO extended an invitation to both INTERPOL and the Police community to partner in this world-wide exercise. Through the INTERPOL National Central Bureau's (NCB) encouragement in INTERPOL member countries, Police were encouraged to work closely with their Customs counterparts by sharing information and ensuring necessary follow-up investigations.

In summary, under Operation Chimera:

- 271 seizure cases were reported in total
- 159 of these cases related to seizures of **cash and BNI**
- 104 cases related to seizures of **weapons and explosives**
- 7 other commodities were reported seized

The Operation also served to identify serious gaps and challenges faced by Customs and Police administrations when enforcing terrorism-related controls. Some of the most important challenges identified included competing priorities, insufficient resources, lack of high-level commitment, low awareness and familiarity, lack of an adequate legal framework, and absence of information- and intelligence-sharing between authorities. Alongside these challenges, the Operation highlighted constructive and innovative methods of working and communication, particularly between the WCO and INTERPOL. To address some of the challenges revealed by Operation Chimera, the WCO has developed a number of recommendations to improve global anti-terrorism capacity and raise the priority of this important topic within Customs administrations.

During the high-activity phase of Operation Chimera, 27 countries reported 160 cases involving the detection of cash and BNI. During the Operation, the total amount detected and/or seized was \$461,308,864 USD. This record amount was achieved mainly due to a globally significant seizure of \$450 million USD worth of debt securities in Toluca, Mexico on 3 October 2016. The highest number of cases was reported by Spain and the Russian Federation (each country reported 21 cases), followed by Australia and Mexico (15 cases each). During the Operation, 25 countries reported 105 cases of weapons and explosives seizures. The highest number of cases was reported by the Russian Federation (20% of all cases), followed by Argentina and Oman.

Operation Chimera also resulted in unprecedented international cooperation and coordination on these weapons and money smuggling cases through an Operational Coordination Unit (OCU) and a secure communication platform, CENcomm. Additionally, INTERPOL used its I-24/7 secure network and policing capabilities to query INTERPOL databases and to exchange information with the respective NCBs. Aside from the seizure results,

	Number of seizures	Quantities seized
PRE-OPERATIONAL	31 seizures <ul style="list-style-type: none"> - 20 weapons and explosives - 8 cash/BNI - 3 other 	<ul style="list-style-type: none"> - \$460,136 USD - 1,514 pieces of weapons and explosives
OPERATION CHIMERA	228 seizures <ul style="list-style-type: none"> - 146 cash/BNI - 78 weapons and explosives - 4 other 	<ul style="list-style-type: none"> - \$460,519,295 USD - 200,098 pieces of weapons and explosives
POST-OPERATIONAL	12 seizures <ul style="list-style-type: none"> - 6 weapons and explosives - 5 cash/BNI - 1 weapons and explosives and BNI 	<ul style="list-style-type: none"> - \$329,433 USD - 233 pieces of weapons and explosives

this Operation had immediate benefits for participants and the global community, as evidenced through the dedication of resources to coordinated anti-terrorism efforts, the awareness raising, the communications channels developed and exercised, and the creation of mechanisms for reach-back and support.

Operation Chimera - Haiti seizure

On 8 September 2016, the Haitian National Police and Haiti Customs seized a shipment of firearms and ammunition in the Port of Saint-Marc. Of particular note was that the shipment included 12-gauge shotguns, M4 rifles, tactical vests and ammunition. Haiti has been under an arms embargo since 1993. The embargo was partially lifted in 2009 to allow the Haitian National Police to obtain weapons.



F, G, H: Kel-Tec 12 gauge pump-action shotguns model KSG and M4 Colt assault rifles. Courtesy: Haitian Customs.

Member highlight: Trends and patterns of weapons smuggling into Mexico

Mexico has strengthened its detection capability through the acquisition of non-intrusive inspection portals combined with enhanced risk analysis and intensified collaboration with partner agencies. During 2016, 248 weapon seizures were recorded, representing an increase of 43% compared to 2014 and 28% compared to 2015.

The Northern border represents the main access point for weapons smuggled into Mexico; 75% of all of Mexico's weapons seizures between 2014 and 2016 were made at three border crossings there – Sonoyta, Nogales and Ciudad Reynosa. In 2016, Nogales detected over seven times more weapons than were detected in the previous year.

The trafficking of illicit weapons into Mexico from the United States remains a major national security issue for Mexico. Mexico has participated actively in international operations, including the WCO's Operation CHIMERA. Analysis of the Mexican cases identified during Operation CHIMERA highlighted new access points for weapons smuggled into Mexico, such as the Mexicali and La Paz Customs points. Additionally, a number of new or uncommon methods of concealment were identified, such as weapons and ammunition smuggled in refrigerators or ammunition concealed in metal tanks. Mexico also identified the increasing use of express courier/parcel services to transport both weapons and ammunition.

Source: Mexican Customs

Operation Irene

In addition to Operation Chimera, the RILO A/P organized a regional SALW operation called Operation Irene. The focus of this Operation was on identifying SALW and their parts and ammunition being trafficked through express courier and parcel services. The high-intensity phase of Operation Irene ran for three weeks starting on 4 July, and 32 Member administrations and five RILOs participated in the Operation.

The objectives of the Operation were set as:

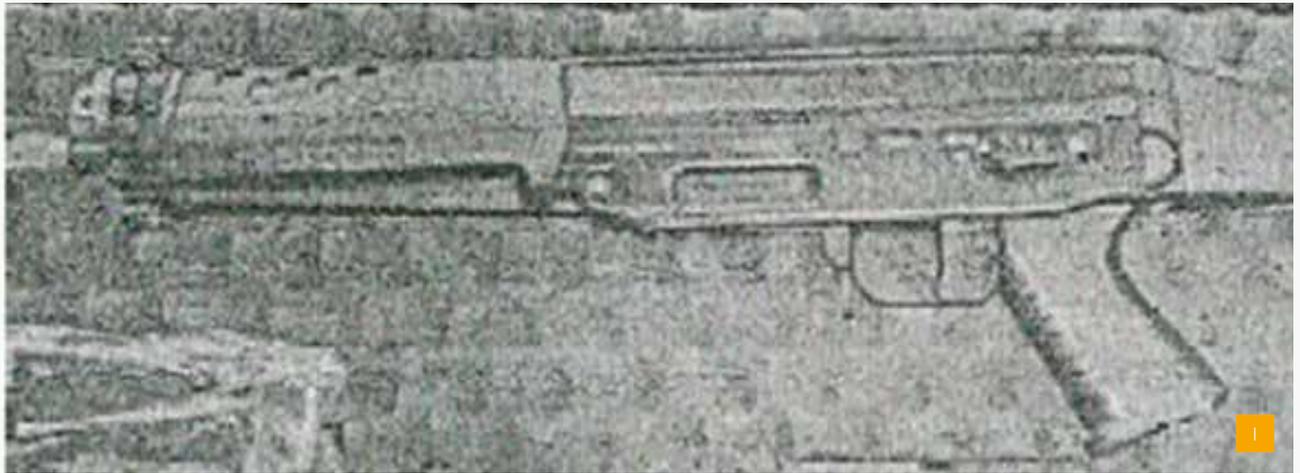
- Raising awareness among Customs administrations and Customs officers on the role of Customs in monitoring and controlling illegal trade in small and light arms, especially those that are potentially a threat to public security and social stability;
- Carrying out tighter controls on consignments shipped via postal and express courier channels, for detection of the targets;
- Enhancing cooperation between Customs and other enforcement agencies, such as Police and border forces, during the operational phase;
- Gathering information on trafficking Modus Operandi, and updating targeting criteria and risk indicators;
- Strengthening cooperation with Post conductors and express couriers by notifying them of the outcomes of controls and improving their ability to detect suspicious consignments.

62 seizures were reported during Operation Irene. The vast bulk of these (39 cases) were made by China Customs, and as such, China was identified as the intended destination in most cases. The seizures consisted primarily of weapons parts, imitation guns and ammunition. The most common origins for these items were identified as Hong Kong, China; United States; Ireland; and Taiwan.

Member highlight: Intelligence sharing leading to a successful seizure

In August 2016, Spanish Customs authorities at the port of Algeciras received intelligence from U.S. Customs agents, working in Spain as part of the Container Security Initiative (CSI), on a container originating in Ghana and destined for the United States which was suspected to be carrying illegal goods. During the physical examination, Spanish Customs discovered 737 assault rifles and 72 grenade launchers, in factory condition, together with their instruction manuals.

Source: Spanish Customs



3. IMPROVISED EXPLOSIVE DEVICES (IEDs)

IEDs are the most prevalent type of explosives employed by terrorists around the world, and are consistently used in the majority of terrorist attacks.

Programme Global Shield (PGS) aims at monitoring the licit movement of dual use precursor chemicals and other key components used by terrorists and violent extremist organizations to manufacture IEDs, while also attempting to counter their illicit trafficking and diversion. It is a WCO-led initiative with support from INTERPOL and the United Nations Office on Drugs and Crime (UNODC).

The Programme currently monitors 14 dual use precursor chemicals, as well as detonators and specific transmitting devices that have been linked to thousands of IED incidents around the globe.

Since its inception, PGS has achieved many successes. Starting in 2010, enforcement operations conducted under the Programme have resulted in the seizure of over 1,000 tonnes of chemicals and thousands of IED components, thereby both saving lives and preventing serious injury. In addition, capacity building activities have been provided to strengthen the ability to detect suspicious movements of IED components and improve communication amongst Customs administrations in neighbouring countries, and between Customs and other law enforcement agencies. PGS also developed and deployed a presumptive test-kit to quickly identify

1: Courtesy: Spanish Customs.



13 of the 14 PGS-identified precursor chemicals, thereby reducing long delays for laboratory analysis and facilitating trade.

In 2016, 116,275 kg of precursor chemicals were seized by border control agencies and reported under the Programme. In addition, Member administrations reported the seizure of 42 detonators, commercial grade explosives and shipments of chemicals with explosive capabilities not currently monitored under the Programme.

While the initial geographical focus of the Programme was the Central Asian Region, India and Pakistan, PGS, in cooperation with its partners, is in the course of expanding to the North of Africa, Near and Middle East region and the South East Asian region, in



J: Seizure of detonators and explosives by Mali Customs. Courtesy: Mali Customs.

K: 14,500 kg of Ammonium Nitrate under a cover load of potatoes, seized by Afghan Customs. Courtesy: Afghan Customs.

order to enhance border control agencies' capacity to prevent the illicit diversion and trafficking of IED components in some of the regions of the world which are most affected by the threat of IEDs.

4. STRATEGIC TRADE CONTROL ENFORCEMENT (STCE)

The WCO Strategic Trade Control Enforcement Programme is a capacity building and training Programme to support Members in implementing and strengthening their national programmes which control strategic goods related to nuclear, chemical, biological or conventional weapons, or their means of delivery. The STCE Programme supports Member administrations in meeting their international commitments to control these goods under United Nations Security Resolution 1540.

The STCE Programme supports Members' efforts in this field with a number of different initiatives.

In particular, the WCO adapted the CEN database system to support the reporting by Members of strategic goods seizures. Other STCE accomplishments include:

- The development of special STCE training material intended exclusively for Customs (such material is now available to WCO Members for incorporation in their national Customs training academy programmes);
- The delivery of national and regional STCE training packages tailored to the needs of each country;
- The creation of an international network of WCO STCE accredited experts to support STCE national training;
- The introduction of a new commodity in the CEN database, dedicated to strategic goods, to allow Members to record, identify and analyze STCE cases in a more structured way, thereby facilitating the identification of international trends and patterns; and
- The development and 24/7 availability of a secure platform for information exchange amongst Members for cases involving strategic and dual use goods (STRATComm).

During 2016, the WCO received from its Members the first reports of cases involving strategic goods. Such cases included chemical precursors, biological materials, electronics, spare parts for conventional weapons, protective and decontamination equipment, and others. Many of these cases were attributed to risk profiling and intelligence sharing approaches, although some were the result of routine inspections identifying irregularities with a shipment.

Reporting these cases to the CEN database is critical to allow the international Customs community to build a dedicated database in this field. Once more cases have been submitted to the CEN database, the WCO will eventually contribute to the development of risk profiles and a more systematic analysis of STCE cases, highlighting international trends and patterns.



L: Courtesy: Australian Border Force (ABF).

ABBREVIATIONS

ADHD	Attention-Deficit Hyperactivity Disorder
AFIP	The Federal Administration of Public Revenue (Argentina)
AFP	Agence France-Presse
AIPT	Anti-Internet Piracy Team (Hong Kong Customs)
API	Advance Passenger Information
ASI	Archaeological Survey of India
BGN	Bulgarian Lev
BNI	Bearer Negotiable Instruments
BNT	Bulgarian National Television
C4ADS	Center for Advanced Defense Studies
CBP	Customs and Border Protection (United States)
CBPO	Customs and Border Protection Officers (United States)
CCF	Customs Cooperation Fund
CCP	Container Control Programme
CEN	Customs Enforcement Network
CENCOMM	Customs Enforcement Network Communication Platform
CIS	Commonwealth of Independent States
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CSI	Container Security initiative (United States CBP)
DINAPI	National Directorate of Intellectual Property (Paraguay)
DRI	Directorate of Revenue Intelligence (India)
ECIC	Electronic Crime Investigation Centre (Hong Kong Customs)
ECLAC	Economic Commission for Latin America and the Caribbean
EEAA	Egyptian Environmental Affairs Agency
EOW	Economic Offences Wing (India)
EUROPOL	European Police Office
GBL	Gamma Butyrolactone
GHB	Gamma Hydroxybutyrate
HCFC	Hydrochlorofluorocarbon
HKD	Hong Kong Dollars
HSI	Homeland Security Investigations (United States)
HUF	Hungarian Forint
ICA	Immigration & Checkpoints Authority (Singapore)
ICE	Immigration and Customs Enforcement (United States)
ICOM	International Council of Museums
ICS	European Import Control System
ICT	Information and Communication Technologies

IED	Improvised Explosive Device
INTERPOL	International Criminal Police Organization
IPR	Intellectual Property Rights
IUCN	International Union for the Conservation of Nature
JAITF	Joint Airport Interdiction Task Force
LSD	d-Lysergic acid diethylamide
MDMA	3,4-Methylenedioxy-n-methylamphetamine (ecstasy)
MEA	Multilateral Environmental Agreement
MENA	Middle East and North Africa
NCB	National Central Bureau (INTERPOL)
NCP	National Contact Point
NDTV	New Delhi Television Limited
NPS	New Psychoactive Substances
OCU	Operation Co-ordination Unit
ODS	Ozone Depleting Substance
PCU	Port Control Unit
PDI	Investigations police (Chile)
PGS	Programme Global Shield
PNR	Passenger Name Record
RILO	Regional Intelligence Liaison Office
RILO AP	Rilo Asia Pacific
RILO ECE	Rilo Eastern and Central Europe
SALW	Small Arms and Light Weapons
STCE	Strategic Trade Control Enforcement
UAE	United Arab Emirates
UDYCO	Drugs and Organized Crime Unit (Spain's National Police Force)
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDROIT	International Institute for the Unification of Private Law
UNODC	United Nations Office on Drugs and Crime
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution
US	United States
USD	United States Dollar
WCO	World Customs Organization
WHO	World Health Organization



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