

Part I: Introduction

Introduction: illicit flows, criminal markets and geopolitics¹

Daniel Brombacher², Günther Maibold, Melanie Müller and Judith Vorrath

Illicit flows play a growing role in the international economy and in (trans)regional and local conflict dynamics. There is a great diversity in illegal markets and criminal activities, including a broad range of products, services and resources. Among the actors involved, it is usually the more structured organisations like Italian mafia groups – with their famous secrecy, rituals and engagement in racketeering – that get a lot of attention. Most are, however, far less “glamorous” and well-known – let alone hierarchically organised. In fact, the 2021 Serious and Organised Crime Threat Assessment (SOCTA) by Europol identifies criminal networks that resemble businesses with managerial layers and field operators as the prime actors engaged. These are linked to service providers such as document fraudsters, technical experts, financial advisors or money launderers (Europol 2021: 10). Moreover, a large share of networks operating in the EU use legal business structures in their criminal activities – according to the SOCTA more than 80 % (Europol 2021: 11). This already points to the entanglement of the legal and illegal spheres which, however, has various further dimensions. These only become fully apparent when the field of view is extended beyond the EU’s internal area of freedom, security and justice in order to understand how this space is connected with various parts of the world through illicit flows.

Two features stand out: first, these flows are often transnational, linking up local actors with a much broader web of players in other world regions. Second, they are far from being tied to a separate criminal underworld, but rather have linkages and overlaps with licit markets, commercial structures and even state authorities. While the use of the label of organised crime

-
- 1 The editors would like to thank Viktoria Reisch for her tireless support in the completion of the book and Felix Pahl for the thorough editing of all the contributions.
 - 2 Head, Global Partnership on Drug Policies and Development (GPDPD) at Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Berlin, Germany. The chapter reflects exclusively the opinions of the author and not those of the Federal Ministry for Economic Cooperation and Development (BMZ) or GIZ GmbH.

(OC) can rely on a group-based definition in the Palermo Convention that entered into force in 2003, it is often difficult to apply to different contexts.³ Moreover, how the view from European countries and the EU in particular to the outside has itself undergone significant change is reflected in the EU Strategy to tackle Organised Crime 2021–2025 (European Commission 2021).

A relevant reference in the 2003 European Security Strategy strongly echoed the preoccupation with terrorism as the first key threat, followed by the proliferation of weapons of mass destruction, regional conflicts, state failure and, finally, organised crime. It stressed the external dimension of OC with reference to “cross-border trafficking in drugs, women, illegal migrants and weapons” and its possible links with terrorism (CoEU 2003: 6). Moreover, the strategy outlined the convergence of the internal and external dimension of the threat by pointing to examples like Afghanistan, from where allegedly 90 % of the heroin in Europe came while at the same time profits made in the drug trade financed “private armies” there (CoEU 2003: 7). This very much set the tone for how the view on transnational organised crime (TOC) would evolve at the interface of internal and external security. However, the wider international debate extended to organised crime as an obstacle for development and a stress factor as well as a source of violence particularly in fragile states (e.g. World Bank 2011). The Sustainable Development Goals established in 2015 include a specific target to “reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime” (UNGA 2015: 25), but also several targets on related matters, such as those referring to the eradication of human trafficking and exploitation. At the time, organised crime trickled into the rhetoric of foreign and security policy documents on a wider scale. The EU Global Strategy adopted the following year is no exception in this regard. It repeatedly refers to organised crime, links it to various issues (terrorism, migration, conflict prevention or border security) and calls for stronger institutional links between external and internal action to tackle it and related threats (EU 2016: 20; 36; 50). The general attention for OC has been growing, and so has the number of regional or national strategies and action plans. Yet, its understanding has remained limited, and at times the meaning of the term is controversial. Furthermore, the actual responses that follow political rhetoric are the final indicators of objectives and priorities pursued – whether in domestic or foreign policy. Beyond traditional law enforce-

3 See the contribution of Mark Shaw and Alex Goodwin in this volume.

ment cooperation schemes, there are many programmes by the EU and its member states to support third countries or regions in the fight against OC. Their focus is usually on establishing or harmonising regulatory frameworks, developing national or regional strategies and building capacities, particularly of security agencies. In doing so, European actors are entering settings with different legal, social and political frameworks that may not easily fit into their understanding of organised crime.

Flows, paths and spaces of the illegal have in recent years become of growing interest not only for the authorities in charge of law enforcement but also in the academic community (Hudson 2014). While the first approaches tried to define and consider the scope of illegality and crime in quantitative terms with rather mixed results (for an evaluation of the results see Andreas and Greenhill 2010), the next generation of the literature focused on the practices and logics of criminal organisations (Reuter 1983) and the criminogenic conditions for the expansion of the criminal operations (Albanese 2015) as well as on international regimes with a special emphasis on the control of drug trafficking and growing violence (Collins 2018). In recent years, the spatial and transnational dimensions of illicit flows have come under consideration with respect to the different organisational modalities that accompany illicit flows, the actors involved and the preferred locations (van Schendel and Abraham 2005a). In the context of the global crime approaches (Pearce and Woodiwiss 1993), the structure of illegal markets (Dewey et al. 2019) and the functioning of the respective supply chains have been the object of new publications (Beckert and Dewey 2017).

The circulation of illegal goods and services as well as the specifics of their international transshipment have been of major importance in research (Dávila et al. 2021), on value generation along the respective supply chain concerning the social and ecological harm that is allocated at the different stages of production, transit and consumption (Magliocca et al. 2021). The heterogeneous character of supply chains, goods and services makes it quite difficult to get a clear picture of the logics, the structural factors and the operational modalities of different supply chains. For this reason, in recent years comparative research designs have tried to generate new knowledge with respect to different supply chain arrangements and/or illicit goods and services. According to these studies, which have received major attention in the *Journal of Illicit Economies and Development*, a list of elements has been identified that should be taken into account when analysing illicit supply chains, e.g. price and spatial structures in the upstream and downstream sections of those chains, differential regulation of goods and services, varying transaction costs due to risk evaluations of

possible or real detection and interdiction, the number and distribution of actors involved, volume and value assignments per shipment and the value captured along the different stages of the supply chain. What characterises these supply chains is their dynamics in space and time, with a more decentralised organisation in multi-nodal and multi-route logistics which in some cases overlap with those of licit supply chains while in others taking separate approaches due to the changing risks of detection by the authorities. So the calculus of streamlining in the supply chain management as its basic turns out more complex when dealing with illicit goods and services, as diffuse and changing trade networks will result due to the specific requirements of social embeddedness of the illicit flows in corruptible contexts. The strategies of the operators to shift routes and corridors in response to law enforcement or growing pressure from competing agents are producing additional externalities for civil society, the environment and the coexistence of legal and illegal actors.

The empirical evidence of the above-mentioned comparative studies does not show a very wide range of key similarities in the different supply chain arrangements, as the patterns of the material, financial and social interactions as well as their specific embeddedness differ. There appears to be a general consensus that the different goods and services from drugs and arms trade through illicit wildlife, illegal mining to human smuggling and organ trade represent different forms and variants of illicitness due to diverging definitions of legality in the national jurisdictions through which the respective products and services pass on their way to the consumer markets. These ways of “the making of illicitness” (van Schendel and Abraham 2005b) correspond to diverging social practices and regulatory spaces, especially when the respective goods pass through transformations and the change of meanings which lend concepts of illicitness a certain degree of fluidity (van Schendel and Abraham 2005b: 24). This does not mean that in certain moments and places illegality and illicitness coincide (as in the case of blood diamonds), but it would be analytically and politically negligent to assume the concurrence of the two dimensions in every case study. Again, as in many studies on criminal phenomena, one has to be careful to make the distinction that “congruence of behavior does not imply identity of purpose” (van Schendel and Abraham 2005b: 32), a conclusion that is supported by the different cases presented in this volume on the one hand and by the overlap of legal and illegal procedures in supply chains worldwide on the other.

Starting from these general observations, this book aims to examine different dimensions of illicit flows and asks how they can be understood through a geographical perspective that looks from the Global South to

Europe. One central dimension of its contributions refers to the study of transactions, the way in which these exchanges occur and possible repetitive trade cycles that shift objects and assets from licit to illicit and vice versa and produce market structures in varying shades of grey. Essentially this dimension is about the actors and practices embedded in illicit flows, key drivers and incentives as well as *modi operandi*. The main aim of the volume is to generate insights into the merging of illegal, grey and legal markets at certain points of the production chain and to trace linkages to organised crime.

Conceptual basis and cross-cutting themes

In recent years, the previously dominant interpretation of TOC as a security challenge has gradually changed. Different interpretations of harm associated with TOC have led scholars to move beyond the traditional security scheme of what has been defined as “illicit globalization” (Andreas 2011) or “deviant globalization” (Gilman et al. 2013). The study of illegal and illicit economies has taken a turn towards a multidisciplinary approach, e.g., analysing illicit economies from the perspective of development (Gillies, Collins and Soderholm 2019) or the environment (Brombacher, Garzón and Vélez 2021).

Despite the evolution of a multidisciplinary research agenda and normative efforts at the UN level, still even basic terminology lacks broad consensus. Most prominently, this includes the lack of a generalised understanding of what is considered legal/illegal or licit/illicit, which criteria are used to assess criminal endeavours as organised and transnational and how illicit flows may be distinguished from illicit markets or criminal markets. Therefore, the use of terminology has become somewhat arbitrary across the different strands of research and analysis.

Given the strongly fluctuating character of illicitness and illegality depending on legal, societal and cultural criteria and patterns (Portes and Haller 2005; De Theije et al. 2014), the editors of this volume have decided not to provide a common definition of key terminology to the authors. With the focus of this volume on geographically wide-ranging supply chains, a unified definition of illicitness and illegality would become even more difficult to apply consistently. In areas of limited or absent statehood, societal and cultural patterns of definition may fully replace legal criteria and therefore become the key determining element of legitimacy of an economic activity and thus of illicitness and licitness (Felbab-Brown 2018). Mackenzie (2002) has identified four different types of illicit sup-

ply chains, with characters of illicitness and licitness fluctuating between source, transit and destination countries. This pattern of transient forms of illicitness also applies to several case studies in this volume. Quite surprisingly, despite, at least for some goods and services, almost universal control regimes, the shifting legal character of commodities appears to be rather the rule than the exception.

The complexity stemming from changing legal characteristics of goods and services generates major difficulties for the authorities in dealing with TOC and managing to control grey areas. Evidence shows that criminal organisations are capable of exploiting the ever-changing legal definitions along supply chains. Therefore, it makes sense not to apply a pattern of clear-cut “categorical distinctions between licit and illicitness, but continuums of state practice (...), which encompass organized criminality, and enterprises that span the licit/illicit spectrum” (Hall 2013: 372).

Given these terminological challenges, this volume suggests a new framework of analysis for illicit economies. The editors have sought to apply a supply chain perspective to illicit economies. This supply chain lens builds on an analytical framework that allows for a focus on spatial aspects of illicit economies and on the convergence of licit and illicit markets instead of narrowing down the scope of the volume along the traditional dichotomy of criminality and legality. A key assumption guiding this volume is that “Underworld and Upperworld” (Galeotti 2001) are not clearly separated, but mutually dependent and converging.

The concept of supply chains appears to be promising, as it does not a priori distinguish between licit and illicit market transactions, but highlights their mutual connectedness. Hence, the scope of the book is not limited to a rather narrow definition of TOC but starts from the configuration of spatially distant corporate, state and criminal actors in a range of different illegal market activities. Furthermore, in contrast to many single-market studies, a supply chain approach does not focus merely on sections of transnational supply chains but allows the full array of transactions from source to destination to be analysed. Supply chains are economic structures where the legal and illegal flows overlap and mix, creating highly attractive environments for criminal rent-seeking, not least because of the heavy impact of illegality on price formation and because of diverging schemes of prohibition along the supply chain. The term “shadow value chain”⁴ appears particularly appealing in order to describe the blending of

4 There is an entire literature on the diverging meanings of “value chains” and “supply chains”; for our purpose this is a matter of perspective, as the supply chain

legal/illegal and licit/illicit elements within a single value chain. Shadow value chains can be defined as those “that run, often in parallel, or intertwined with legal value chains” (Stridsman and Østensen 2017: 6), which fits with the fact that the diversion of resources from the legal interchange enables and sponsors other types of illicit activities. So the perspective of shadow value chains seems to correspond to the convergence view of criminal markets, with supply chains being the structures which serve these markets with goods and services. While even in shadow value chains some of the transactions may be visible, the shadowy nature of the value chain is defined by its constrained conditions of access. Criminal actors try to control access to the markets they are providing with their goods and services, thus reducing competition and participation in the value chains.

The geopolitical dimension

Independent of the legal character of the respective goods and services, all supply chains in this volume can be described as shadow supply chains. While drug crop cultivation, illegal mining and illicit logging activities are highly visible at the initial stage of the supply chain, most subsequent transactions within the respective value chain remain in the shadows or are blended with and disguised in licit trade. It is only at the end-consumer stage that these goods and services tend to resurface. A pattern of *geopolitics of the illicit* appears, in which criminal actors exploit geographical spaces and their respective legal regimes in order to maximise profit and to reduce risk along the respective supply chains. This pattern links highly diverse sets of legitimate and criminal actors with different interests, organisational features and roles in functional macro-networks of the global sphere. This perspective allows to view “pieces and nodes in recombinant chains with links that can merge and decouple as necessary” (Farah 2012: 2).

In essence, this merging and decoupling is the nature of the geopolitics of the illicit: geopolitics along supply chains are driven by rent-seeking and risk avoidance, as in classical realist geopolitical theory. However, the geopolitics of the illicit are governed by a plethora of legitimate business, criminal and state interests, while traditional approaches to geopolitics

perspective includes all physical logistics operations along the product creation process, while the value chain perspective focuses on the step-by-step increase in value.

are guided by state-centred assumptions. The manifestation of illicit flows relates to the state in different ways: as a space where a specific set of laws, rules and standards apply and as an actor defending this order against those challenging it, such as criminal groups or networks. Moreover, key aspects of geopolitical considerations like space, distance and resources are also clearly drivers of the routes and *modi operandi* of “the illicit”. Yet it is important to make clear that the geopolitical terminology is not meant to convey the idea of global criminal enterprises that possess a high level of organisational capabilities that allow them to organise full-fledged supply chains from plant to plate and take geopolitical decisions on a global scale. Over the past decades, research has shown that organised crime tends to work rather locally and to control only a minor part of the transactions within a given transnational value chain (Galeotti 2001: 208; Reuter 1983: 109–117; von Lampe 2012: 183). The case of the Calabrian ‘Ndrangheta, which manages to control and govern entire value chains from source countries in the Global South up to destination countries in the Global North (Catino 2019: 152–205), appears to be rather exceptional. The contributions to this book show that the geopolitics of the illicit tend to be driven by localised rationales and limited criminal capabilities, lacking centralised governance structures, in all the stages of supply chains and independent of the respective jurisdictions.

Contributions

This volume sheds light on these geopolitics of the illicit, displaying how transnational shadow supply chains oscillate between illegality and legality, illicitness and licitness, depending on time, space and involved actors. The narrative of a geopolitical nature of shadow value chains is built on a broad array of thematic contributions and disciplines. These cover relatively well-understood markets of prohibited goods and services such as drugs, counterfeit medicines and human trafficking. But the supply chain approach allows the scope of analysis to be broadened towards licit goods that are produced, harvested or trafficked illicitly and/or illegally. It covers a wide spectrum, ranging from cultural goods and conflict minerals to criminal activities such as IUU fishing, illicit logging as well as artisanal gold mining. A special focus has been placed on natural resource supply chains in order to broaden the dominant view of organised crime scholars on illicit goods and services to mostly considered licit value chains. Given the legality of the respective commodities, natural resource supply chains are usually considered licit, while potentially illicit transactions within the

chain tend to be overlooked or ignored. There is a maximal convergence of licit and illicit transactions in natural resource supply chains that requires a renewed focus beyond the standard analysis of TOC.

In order to contribute to a better understanding of the geopolitical character of the organisation of shadow supply chains, this volume seeks to promote a holistic view, analysing the supply chains from the hubs and nodes of supply to transit and consumption. In most cases, the editors have come across patterns of transnational and transregional value chains that link the Global South to Northern consumer markets. This pattern prevails in the contributions to this volume. To enhance the multidisciplinary approach, the editors have decided to invite academics, policymakers and practitioners. Thus, this volume gathers contributions from international scholars from both the Global South and the Global North as well as chapters from professionals in law enforcement, development cooperation and journalism. We expect that the diversity of themes and authors adds to the quality of policy analysis and recommendations developed across this book and that the policy recommendations contribute to improving policies and programmes that aim to curb criminal business and organised crime at the national, regional and global levels.

The authors of the **first part** lay the theoretical and conceptual foundation for the volume. *Marc Shaw and Alex Goodwin* describe the conceptual challenges of the discussion on organised crime and illicit markets, in which different definitions are used to describe the same phenomena. They explore the differences between “legal” and “illegal” but also the shades of grey in between and show that the state of certain goods can change at different stages of the supply chain: “This interplay between what is ‘legal’ and what is ‘illegal’ is a big part of all illegal flows/markets and their regulation. This is especially noticeable in the case of grey markets when illicit flows (for example of people, gold or timber) converge with and blend into legal flows. (Alternatively, an initially legal good can become illegal when diverted from a legal supply chain).” The authors therefore also advocate an approach that takes into account the actors at the various stages of a shadow supply chain and thus opens up a broader understanding of the various interdependencies in illicit markets. They propose a policy approach that focuses first and foremost on the harm caused by criminal activities in order to outline priorities in dealing with organised crime. The second chapter by *Günther Maihold* investigates the connection between shadow supply chains and criminal markets. He challenges the assumption of a “geographical convergence of illicit flows and criminal networks” in which transnational networks of organised crime “have cast a net of contacts and cooperation around the globe that the

authorities are not able to control”. By using an approach that focuses on various stages of different shadow supply chains, the author is able to show that the individual actors are more diffusely linked and often less connected than the literature suggests. While there are linkages between powerful actors at various points, there are also different supply chain linkages that are less entangled and follow a cost-benefit logic of the actors. This chapter thus sheds light on the role of actors who are often less in the focus of discussions on supply chains but who are key connection points in transnationally organised shadow supply chains: intermediaries, transporters and criminal diasporas. To minimise the risk of shadow supply chains being established, the author suggests a number of instruments for de-risking supply chains. This could be achieved by market players making their supply chains more transparent and establishing closer relationships with their trading partners.

The **second part** is dedicated to the more classical cases of illicit flows and investigates the links between the Global North and the Global South in these established relationships. The first two chapters focus on the global drug economy, which is considered to be one of the most harmful but also the best studied illicit economy. *Fatjona Mejdini* focuses in her chapter on “one of the most important European suppliers of illicit cannabis throughout the continent for almost two decades”: Albania. She traces the historical development of cannabis cultivation in Albania, which plays a significant economic role in the country, and sheds light on the role of criminal networks that profit from the illegal trade in the drug. The author describes the Albanian government’s efforts to curb trafficking and the associated money laundering as rather timid. Enforcement and interdiction are complicated by the fact that Albanian networks are closely linked to criminal networks from other countries, which enables transnational trafficking. In the second chapter with a focus on drug value chains, *Daniel Brombacher* focuses on the three most relevant plant-based drug economies. He finds the non-convergence of supply and demand and weak deterrence to be key defining structural elements across plant-based drug value chains. While the global drug control regime has come under pressure in recent years, most of the global debate on drugs still relies on a set of standard supply-side indicators. Brombacher argues that supply-side indicators are essentially positivist and are often misinterpreted, which contributes to a distorted understanding of the organisational principles of transnational drug markets. Based on an analysis of structural and actor-based approaches, the chapter concludes that structural factors appear to be essential for understanding how these value chains evolve. In the last chapter of the second part of the book, *Judith Vorrath* investigates

trafficking of Nigerian women and girls to Western and Southern European countries for sexual exploitation. Her chapter focuses on the different stages of this human trafficking and its evolution over time in order to better understand how its peculiar features are embedded in a wider set of dynamics and incentives along the chain. With this particular analytical lens on the linkages between West Africa and Europe, she highlights how illicit and licit aspects converge in the trafficking business and the multi-faceted links involved that are not merely the product of an isolated criminal phenomenon.

The **third part** investigates the illicit trade in goods which have not been the focus of academic and policy debates but have received increased attention in recent years. The first chapter by **Jan Schubert** examines the field of trafficking in cultural objects. This is considered to be one of the most persistent illicit trades, alongside arms and narcotics. The author describes the linkages of transnational organised groups that link actors in Europe – which has one of the most important markets for arts and cultural objects – with actors from the Global South, which is being culturally drained and where the illicit trade in cultural property is being used to fund terrorist activities. In order to tackle the criminal trade in cultural objects, Jan Schubert proposes a holistic approach. The second chapter investigates the trade in substandard and falsified (SF) medicines, which appears to be a very timely topic because the COVID-19 pandemic led to a global surge in SF medicines. **Nbomsai Hagen, Cathrin Hauk and Lutz Heide** show that the increasing complexity of supply chains in a globalised world and the growing popularity of e-commerce provide numerous entry points for illegal medical products in both the Global South and the Global North. The authors argue that constrained access, weak technical capacity and poor governance contribute to the emergence of SF medicines. Because this kind of trade has a multidimensional impact on public health as well as severe economic and socioeconomic consequences, the authors suggest key elements to combat SF medicines: prevention, detection and response with united, global participation of all parties involved. The last chapter in the third part by **Peter Fabricius** looks at illicit financial flows (IFF), focusing on the links between Africa and Europe, which have received increased attention only in recent years. Political decision-makers as well as academics have become sensitised to the problem and are more seriously trying to staunch the flows. On a global level, the G20 and the OECD have been negotiating international rules which aim at preventing multinational enterprises (MNEs) from avoiding taxes by domiciling in tax havens. On the African continent, awareness has also increased, and African countries are trying to increase coordination

to prevent these practices by MNEs, which have serious economic and financial consequences for affected countries. Fabricius argues that crime IFFs (money from crimes such as trafficking of contraband or corruption) could be even more harmful than commercial IFFs such as tax fraud. He argues that more attention is needed in order to combat these practices.

The fourth part of the book focuses on the illicit in natural resource supply chains. *Ina Tessnow-von Wysocki, Dyhia Belhabib and Philippe Le Billon* investigate the linkages between illegal fishing and markets in the European Union. While illegal, unreported and unregulated (IUU) fishing is predominantly occurring in low-income countries in the Global South, target markets are often located in countries of the Global North, including countries in the European Union. The chapter focuses on illegally caught fish within EU markets, analysing the role of different actors in illegal fishing activities and their modus operandi. The authors investigate in particular the case of illegally caught fish from Ghana making its way to the markets of the European Union and provide policy recommendations on how to approach IUU as a problem that puts marine environments and coastal populations at risk. *Inga Carry and Günther Maihold* analyse the illegal flow of timber products from producer countries in the Global South to consumer countries in the Global North. Illegal timber supply chains are characterised by a three-stage process: *harvesting*, during which the timber is illegally cut and transported; *laundering*, i.e. the process of making illegally cut timber indistinguishable from legal timber; and *integration*, whereby the illegal timber is introduced and integrated into the legal global timber supply chain. The authors illustrate this for the case studies of Brazil, Indonesia and Malaysia, which are global hotspots for illegal logging and timber trade. They argue for an integrated criminal justice strategy that, beyond forest management, includes strategies to counter corruption, financial crime and organised criminal networks. In the last chapter of the fourth part, *Lorenzo Bagnoli* follows the path of crude oil that is smuggled from Libya to the EU. According to the author, “[t]he Libyan turmoil is a perfect environment for the growth of organised crime groups. The chess game about the stabilisation of Libya between international actors such as Turkey, Russia, Egypt, the United Arab Emirates and the European Union – and the resulting split of its resources – has so far been another factor of instability”. Bagnoli looks at the connections of different actors involved in the smuggling of oil and focuses on the special role of intermediaries as a link between the Global North and the Global South. In addition, the author discusses the mechanisms that allow the illicit trade to continue despite international attempts to stop it and argues that a discernible unification process is a precondition for tackling

the problem of illegal smuggling in Libya. In many cases, smuggling is the only way to survive, and the current economic situation creates many incentives for people to get involved in illegal economies. Interventions should target legal actors in the Global North and the Global South who facilitate illegal trade rather than focusing on actors who get involved in smuggling in order to survive.

The **fifth part** is dedicated to illicit flows of metals, in particular the supply chain of gold, which also plays an important role in the context of high socioeconomic inequality. *Melanie Müller* investigates the case of South Africa, which has not yet succeeded in formalising artisanal mining. In South Africa, two parallel supply chains exist: the legal supply chain of gold that has developed around industrial mining, making South Africa one of the most important gold exporters on the African continent, and the illegal supply chain of gold from artisanal extraction that plays a central role because it ensures survival for various groups. The chapter explains how gold from artisanal mining – in South Africa that means from illicit or illegal trade – is transferred to the legal supply chain; it shows that legal and illegal practices intersect and that both legal and illegal actors are involved at various stages of the supply chain and thus enable the trade in illicit gold. The chapter further highlights the central role of international trading hubs (such as the United Arab Emirates) as facilitators of illicit gold trade. It highlights the need for a holistic view of supply chains that focuses not only on resource extraction but also on the role of transportation and trade in order to tackle the illicit trade in gold. *Gerardo Damonte and Bettina Schorr* observe similar patterns in the Andean region. They describe the emergence of a hybrid regime in the supply chain of artisanal gold from Peru. Artisanal mining was legalised in 2012, but some artisanal miners operate without a licence or extract gold in prohibited areas. As a result, legal, illegal and informal artisanal gold mining practices coexist and overlap at various points in the supply chain. The authors criticise existing international approaches to regulating gold supply chains as inadequate and argue for an approach that places a stronger emphasis on legal actors involved in illegal practices in addition to illegal practices and actors. In the final chapter of the fifth part of the book, *Stefan Bauchowitz and Leopold von Carlowitz* take a closer look at these international regulatory approaches and describe the development of “an emerging regulatory regime to fight the trade in conflict minerals”. The authors describe the process of due diligence of so-called conflict minerals as a process of “norm diffusion” that first developed as a result of civil society pressure and was later taken up by governmental actors,

culminating at the European level in the adoption of the EU Conflict Minerals Regulation.

The case studies across the five parts show how criminal actors employ different strategies to penetrate the licit economy, exploit weak or absent statehood, subvert public institutions and erode the rule of law in the transit of goods and services through different jurisdictions. The geopolitical calculus in the supply of (European) criminal markets from the Global South consists in using the networked environment of supply chain structures in order to profit from low state surveillance and potentiate the agility of the criminal actors to adapt to and capitalise on the changes in routes and technologies. As criminal groups avoid detection and exploit the differences of applicable national jurisdictions and legal frameworks, the authorities are encouraged to advance their cooperation frameworks beyond traditional ways of sharing information to new levels of interoperability and the confiscation of criminal proceeds. In order to keep pace with the geopolitical patterns of TOC, transnational intelligence is also needed to disrupt and dismantle criminal organisations. New instruments such as digital forensics, open source intelligence and darknet investigations are indispensable for preventing new pathways for illicit flows to the consumer markets and involve the local level in the surveillance operations from the beginning through transparency and due diligence standards. At the same time, the case studies show that enhanced law enforcement efforts as well as addressing legal loopholes created by differences between jurisdictions need to be complemented by new approaches. As much as illicit flows link Europe with the Global South, their social and economic embeddedness, as well as the opportunities and harms they produce differ significantly. Varying shades of grey characterise market structures, but also the geopolitics of the illicit in a wider sense. Therefore, inclusive approaches that engage the authorities at all levels and stages in the shadow supply chains as well as civil society are essential. In order to permit for collective action against organised crime some common ground on key objectives and priorities between partners – whether state or non-state – needs to emerge. Particularly where trade cycles shift objects and assets from licit to illicit and vice versa there might be various entry points for increasing transparency and accountability in market structures that still take into account the livelihood aspect for sections of the population that depend on income from these flows. In other cases, addressing social, economic and political conditions that fuel illicit supply chains with clearly criminal agendas should be part of any response that attempts to be sustainable.

References

- Albanese, Jay (2015): *Organized crime. From the mob to Transnational Organized Crime*. New York: Routledge.
- Andreas, Peter/Greenhill, Kelly M. (eds.) (2010): *Sex, drugs, and body counts. The politics of numbers in global crime and conflict*. Ithaca: Cornell University Press.
- Andreas, Peter (2011): "Illicit globalization. Myths, misconceptions, and historical lessons". In: *Political Science Quarterly*, 126, 3, pp. 403–425.
- Beckert, Jens/Dewey, Matías (2017): *The architecture of illegal markets. Towards an economic sociology of illegality in the economy*. Oxford: Oxford University Press.
- Catino, Maurizio (2019): *Mafia organizations. The visible hand of criminal enterprise*. Cambridge: Cambridge University Press.
- Collins, John (2018): "Rethinking 'flexibilities' in the international drug control system. Potential, precedents and models for reforms". In: *International Journal of Drug Policy*, 60, pp. 107–114.
- CoEU, Council of the European Union (2003): "A secure Europe in a better world. European security strategy. 15895/03, Brussels, 8 December 2003". At: <https://data.consilium.europa.eu/doc/document/ST-15895-2003-INIT/en/pdf> (accessed 7 June 2022).
- Dávila, Anayansi/Magliocca, Nicholas/McSweeney, Kendra/Rueda, Ximena (2021): "Spatialising illicit commodity chains. Comparing coffee and cocaine". In: *Area*, 53, 3, pp. 501–510.
- Dewey, Matías/Dohmen, Caspar/Engwicht, Nina/Hübschle, Annette (2019): *Schattenwirtschaft. Die Macht der illegalen Märkte*. Berlin: Wagenbach.
- European Commission (2021): "Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Strategy to tackle Organised Crime 2021–2025. COM/2021/170 final". At: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021DC0170> (accessed 7 June 2022).
- EU, European Union (2016): "Shared vision, common action: a stronger Europe. A global strategy for the European Union's foreign and security policy". At: <https://op.europa.eu/en/publication-detail/-/publication/3eaae2cf-9ac5-11e6-868c-01aa75ed71a1> (accessed 7 June 2022).
- Europol (2021): *European Union Serious and Organised Crime Threat Assessment (SOCTA). A corrupting influence: the infiltration and undermining of Europe's economy and society by organised crime*. Publications Office of the European Union, Luxembourg.
- Galeotti, Mark (2001): "Underworld and upperworld. Transnational organized crime and global society". In: Josselin, Daphné/Wallace/William (eds.): *Non-state actors in world politics*. London: Palgrave Macmillan, pp. 203–217.

- Gilman, Nils/Goldhammer, Jesse/Weber, Steven (2013): "Deviant globalization". In: Miklaucic, Michael/Brewer, Jacqueline (eds.): *Convergence. Illicit networks and national security in the age of globalization*. Washington, DC: National Defense University Press, pp. 3–14.
- Hall, Tim (2013): "Geographies of the illicit. Globalization and organized crime". In: *Progress in Human Geography*, 37, 3, pp. 366–385.
- Hudson, Ray (2014): "Thinking through the relationships between legal and illegal activities and economies. Spaces, flows and pathways". In: *Journal of Economic Geography*, 14, 4, pp. 775–795.
- Mackenzie, Simon (2002): "Organised crime and common transit networks". In: *Trends & Issues in Crime and Criminal Justice* No. 233. At: <https://traffickingculture.org/publications/mackenzie-s-2002-organised-crime-common-transit-networks-trends-issues-in-crime-and-criminal-justice-no-233-canberra-australian-institute-of-criminology/> (accessed 7 June 2022).
- Magliocca, Nicholas/Torres, Aurora/Margulies, Jared/McSweeney, Kendra/Arroyo-Quiroz, Inés et al. (2021): "Comparative analysis of illicit supply network structure and operations. Cocaine, wildlife, and sand". In: *Journal of Illicit Economies and Development*, 3, 1, pp. 50–73.
- Pearce, Frank/Woodiwiss, Michael (eds.) (1993): *Global crime connections. Dynamics and control*. London: Palgrave.
- Reuter, Peter (1983): *Disorganized Crime. Illegal Markets and the Mafia*. Cambridge, Mass: The MIT Press.
- Stridsman, Mats/Østensen, Åse Gilje (2017): *Shadow value chains. Tracing the link between corruption, illicit activity and lootable natural resources from West Africa*. Bergen: U4 Anti-Corruption Resource Centre, Chr. Michelsen Institute.
- UNGA, United Nations General Assembly (2015): Resolution adopted by the General Assembly on 25 September 2015. Transforming our world: the 2030 Agenda for Sustainable Development. A/RES/70/1, 21 October 2015.
- Van Schendel, Willem/Abraham, Itty (eds.) (2005a): *Illicit flows and criminal things: states, borders, and the other side of globalization*. Bloomington: Indiana University Press.
- Van Schendel, Willem/Abraham, Itty (2005b): „Introduction. The making of illicitness". In: Van Schendel, Willem/Abraham, Itty (eds.): *Illicit flows and criminal things: states, borders, and the other side of globalization*. Bloomington: Indiana University Press, pp. 1–37.
- Von Lampe, Klaus (2012): "Transnational organized crime challenges for future research". In: *Crime, Law and Social Change*, 58, pp. 179–194.
- World Bank (2011): *World Development Report 2011. Conflict, security, and development*. Washington DC.