

# Latin America Organized Crime Study

for the Kingdom of the Netherlands

InSight Crime



## Table of Contents

<b>Introduction</b> .....	<b>3</b>
<b>Latin American TOC and the Netherlands</b> .....	<b>4</b>
<i>The Scale of the Threat</i> .....	<b>4</b>
<i>Is TOC a National Security Threat?</i> .....	<b>6</b>
<b>The Cocaine Trade</b> .....	<b>9</b>
<i>Phase 1: Cocaine Production</i> .....	<b>10</b>
<i>Phase 2: Transport</i> .....	<b>10</b>
<i>Phase 3: Sale</i> .....	<b>11</b>
<b>Cocaine Dynamics and Intervening in the Supply Chain</b> .....	<b>13</b>
<i>Production Dynamics and Intervention Points</i> .....	<b>13</b>
<i>Transport Dynamics and Intervention Points</i> .....	<b>16</b>
<i>Sale Dynamics and Intervention Points</i> .....	<b>25</b>
<b>Criminal Actors and Cocaine Network Dynamics</b> .....	<b>26</b>
<i>The Facilitators: Corruption Networks</i> .....	<b>28</b>
<b>Illicit Finance Flows</b> .....	<b>31</b>
<i>Modus Operandi</i> .....	<b>33</b>
<i>The Role of Economic Weak Spots</i> .....	<b>38</b>
<b>Moving from Reaction to Initiative</b> .....	<b>40</b>
<i>TOC and COVID-19</i> .....	<b>40</b>
<i>Future Trends</i> .....	<b>41</b>
<b>Disrupting TOC and the Cocaine Trade</b> .....	<b>44</b>
<i>National Resilience</i> .....	<b>46</b>
<i>Setting Priorities</i> .....	<b>47</b>
<b>Recommendations</b> .....	<b>51</b>

# 1

## Introduction

There is abundant evidence of the influence and corrosive presence of transnational organized crime (TOC) linked to Latin America and the Caribbean within the Kingdom of the Netherlands.

Some of the more notorious incidents have included the 2012 strafing of a Range Rover with AK-47 assault rifles in Amsterdam, leaving two dead; a severed head left on an Amsterdam street in 2016, a grotesque narco-message; the 2018 murder of an intern, in a case of an underworld killing gone wrong, again in Amsterdam, again with Kalashnikov assault rifles; the 2018 killing of the brother of a key witness against a drug trafficker; and the 2019 murder of a lawyer involved in the same case.

This is but one side of the story, as TOC has two main weapons: violence and corruption. In 2019, 19 police officers were identified as having ties to organized crime, among them a senior official in Utrecht with alleged ties to the Taghi trafficking group.<sup>1</sup> There have been systematic attempts to corrupt Customs (40 have been fired since 2013 in relation to integrity issues)<sup>2</sup> and port workers in Rotterdam.

Yet we believe this is just the tip of the iceberg. Taking into account Dutch police estimates that between 70 and 90 percent of cocaine trafficked into Belgium is then trafficked through the Netherlands,<sup>3,4</sup> then the country has likely become the principal entry point for cocaine into Europe, while Dutch organized crime has become a major player in the global criminal landscape and presides over the biggest cocaine stock exchange outside of the Americas. All of this is dramatic, but it also happens to be true.

---

1 Algemeen Dagblad, “Tientallen foute agenten geschorst,” 15 July 2019.

2 Directoraat Generaal Belastingdienst, “Kabinetsreactie gang van zaken onderzoeken naar corruptie bij de Douane,” 20 November 2019.

3 Dienst Landelijke Informatieorganisatie Politie, “Nationaal dreigingsbeeld 2017: Georganiseerde criminaliteit”, 2018.

4 Nationale Politie, “Questionnaire InSight Crime”, April 2020.



## 2

# Latin American TOC and the Netherlands

The cocaine trade is far and away the most important Latin American criminal economy affecting the Netherlands today. There is also some “blood” gold coming through Kingdom countries and the Netherlands before entering the world market, synthetic drugs, human trafficking and human smuggling are also relevant. Then there are the billions of euros of criminal profits from these TOC activities that are laundered through the Netherlands or Kingdom countries.

This study will focus largely on the cocaine trade, not just because it accounts for the vast majority of TOC activity from the region, but because the criminal infrastructure set up by the cocaine industry is often used by other TOC actors and illicit economies. However, it will also examine money laundering and illicit finance flows, and consider the threat posed by TOC in general.

## The Scale of the Threat

While it is hard to put exact numbers on any criminal economy, we can give some rough estimates of how much money is being generated by the cocaine trade, which can give us an idea of the scale of the problem for the Netherlands.

The way to estimate the drug trade is to try to calculate how many kilos of cocaine pass through the Netherlands, what the wholesale price of the drug is at any given time, and how much of that money ends up staying in the country, feeding local criminal structures.

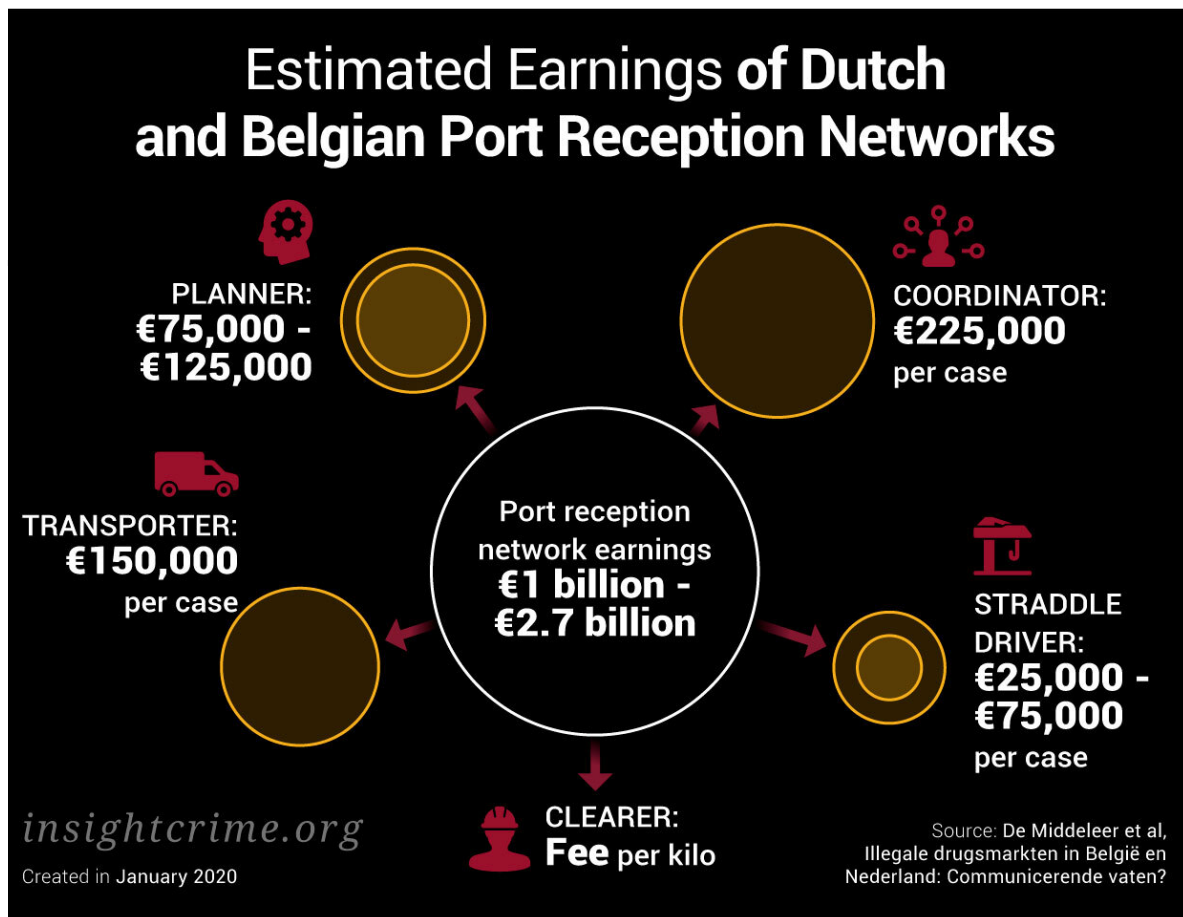
To make this estimate we can use seizure figures. In one sense, the current high seizure rates are a sign of successful law enforcement operations, and there can be no doubt Dutch Customs and other security agencies have registered some important results in this area. However, the Netherlands and Belgium are registering consistently rising seizure rates over an extended period, suggesting traffickers are not changing routes, which they would be expected to do when faced with more effective security measures. Furthermore, cocaine retail data indicates there is high availability of cocaine in Europe, with stable or increasing purity rates and stable or decreasing prices, suggesting increasing volume, rather than simply more effective interdiction.<sup>5</sup>

---

<sup>5</sup> EMCDDA/Europol, “EU Drug Markets Report 2019”, 2019.

Dutch police estimate that in 2019 they seized around 20 percent of the cocaine traffickers tried to move into the country.<sup>6</sup> Senior European police sources from other nations, including Spain,<sup>7</sup> also said they believed they are currently seizing around 20 percent of the flow. Although it is impossible to know the true percentage, this is a figure numerous security and underworld figures on both continents have previously cited as a “rule of thumb” average, and as such will be used here to provide an estimate that gives us some idea of the scale of trafficking. It should also be noted that this estimate is only for cocaine entering through the Dutch-Belgian nexus, and that some of this will be seized further down the supply chain, either in the Netherlands or elsewhere in Europe. Some, according to Europol,<sup>8</sup> will be trafficked on to destinations outside of Europe, such as in Asia or Oceania.

The police believe between 400 and 500 tons of cocaine entered the deltas of Antwerp and Rotterdam in 2019, of which 38 tons were seized in Rotterdam and 62 in Antwerp.<sup>9</sup> Another 1,040 kilos were seized in 2019 at Schiphol airport<sup>10</sup>, which if the same 20 percent seizure rate is applied, adds a potential 4.2 tons to our estimates. Various law enforcement and criminal sources place the wholesale price at between €25,000 and €34,000. Therefore, the wholesale value of can be estimated to have been between €10.1 billion and €13.7 billion.



6 Nationale Politie: Cocaine Intelcel DLIO Landelijke Eenheid, “Interne memo InSight Crime,” 6 April 2020

7 InSight Crime phone interview, Emilio Rodriguez, head GRECO Galicia (Counter drug unit), 3 July 2020.

8 EMCDDA/Europol, “EU Drug Markets Report 2019”, 2019.

9 Nationale Politie: Cocaine Intelcel DLIO Landelijke Eenheid, “Interne memo InSight Crime,” 6 April 2020.

10 Douane, “Seizure Data Schiphol 2019”, 2020.

This is likely to be an underestimate, as some of the cocaine that enters the Netherlands is owned by Dutch TOC, meaning they will earn far more per kilo. Then there is the cocaine sold retail for domestic consumption, again with most earnings going to Dutch criminals. Added to that there are the fees on laundering much of the proceeds of these cocaine dealings. For 2018, the Dutch Financial Investigative Unit (FIU) reported that suspicious financial transactions totaled €9.5 billion.

Therefore, it would not be an exaggeration to state that Dutch organized crime or TOC operating in the Netherlands earned between two and three billion euros from criminal economies linked to Latin America and the Caribbean in 2019. This is a conservative estimate. Compare those earnings to the entire police budget, which in 2019 stood at €5.5 billion, and we get an idea of the scale of the threat facing the Netherlands today.

What kind of criminal infrastructure and payroll can €2 billion buy you? What level of corruption and penetration of state and port organizations can €2 billion achieve?

## **Is TOC a National Security Threat?**

This money from the cocaine trade is not the only source of criminal income that has been strengthening TOC in the Netherlands, which also engages in money laundering, synthetic drugs, human trafficking, and many other criminal economies. The huge profits from these economies increases the risk posed by TOC to the Netherlands, yet unlike terrorism, has not been classified as a national security threat. Yet we believe that TOC today presents a similar and perhaps even greater threat to Dutch National Security than terrorism.

The reasons we believe that TOC constitutes a national security threats are:

- 1. The scale of criminal earnings** and the destabilizing effect this can bring to the Netherlands, as outlined above.
- 2. Violence**, with cases of targeted assassinations of witnesses and lawyers, killings between criminal groups, and innocent bystanders caught in crossfire. Criminal gangs in Curaçao and Sint Maarten have pushed homicide rates to around 20 per 100,000 of the population, compared to the European average of three per 100,000.
- 3. The use of corruption**. There has been a targeting of police, Customs and port officials in the Netherlands by TOC. In the Dutch Caribbean, especially the autonomous nations, there have been several corruption scandals reaching high into government and the security forces. Corruption undermines state legitimacy and public confidence, while hindering economic development.

**4. Terrorism.** There has long been overlap between terrorism and TOC. Profits from drug trafficking feed several terrorist organizations. Within Latin America three groups on terrorist lists profit from the drug trade: Colombia's National Liberation Army (Ejército de Liberación Nacional - ELN),<sup>11</sup> Peru's Shining Path (Sendero Luminoso),<sup>12</sup> and dissidents from the now demobilized Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia – FARC).<sup>13</sup> Criminal infrastructure has been known to move money, secure arms and provide services to terrorist networks.<sup>14</sup>

**5. Contamination of the Dutch economy.** The WODC (Research and Documentation Centre) of the Ministry of Justice and Security conducted analysis of the criminal need for money laundering, placing the Netherlands at 14th among 180 countries in 2014. Between 2004 and 2014, the Netherlands also hovered around the 8th spot globally for how attractive countries are for laundering money, according to the same research.<sup>15</sup> This may be due in part to the Netherlands' prosperity, well-developed financial markets, low corruption and a stable economy, according to the same research, as all of these are as attractive to money launderers as they are to legal businesses.<sup>16</sup> Nevertheless, the Netherlands also offers TOC one of the most prized advantages – high levels of financial secrecy.<sup>17</sup> Field research in the Dutch Caribbean found even greater levels of vulnerability and evidence of TOC money being laundered in the hospitality, banking and construction sectors, as well as on-line gambling linked to the Italian mafia.<sup>18</sup>

**6. Border integrity.** The collapse of Venezuela, where TOC has now penetrated the highest echelons of government, presents the Kingdom of the Netherlands with a direct national security threat. Venezuela is the biggest neighbor of the Dutch Caribbean, with Aruba and Curaçao at particular risk from illegal immigration, COVID-19 infection, weapons and human trafficking, as well as drugs and criminal gangs coming from Venezuela. The islands are ill-equipped to cope with such threats, which grow daily as the Venezuelan economy shrinks, public services collapse and the Maduro government tightens its grip on power.

11 InSight Crime, "Colombia's last guerrillas fight over cocaine hub," 19 March 2018.

12 InSight Crime interview, counter-terrorism official, Lima, Peru, 8 August 2019.

13 InSight Crime, "The Criminal portfolio of the Ex-FARC mafia," 11 November 2019.

14 Crime Terror Nexus, "The Crime Terror Nexus in the Netherlands", 2018.

15 WODC, "Aard en omvang van criminele bestedingen," 1 October 2018.

16 Brigitte Unger, Joras Ferwerda, Ian Koetsier, Bojken Gjoleka, Alexander van Saase, Brigitte Slot, Linette de Swart., "Aard en omvang van criminele bestedingen", WODC, 1 October 2018.

17 Tax Justice Network, "Financial Secrecy Index – 2020 Results," 2020.

18 InSight Crime interview, Dutch security forces, Curaçao, 27 August 2019.

**7. Reputational risk.** The strengthening of TOC within the Netherlands, not just that linked to cocaine, but also to the synthetic drug trade, is now becoming common knowledge. This can potentially damage the good standing of the Netherlands on the international stage.

---



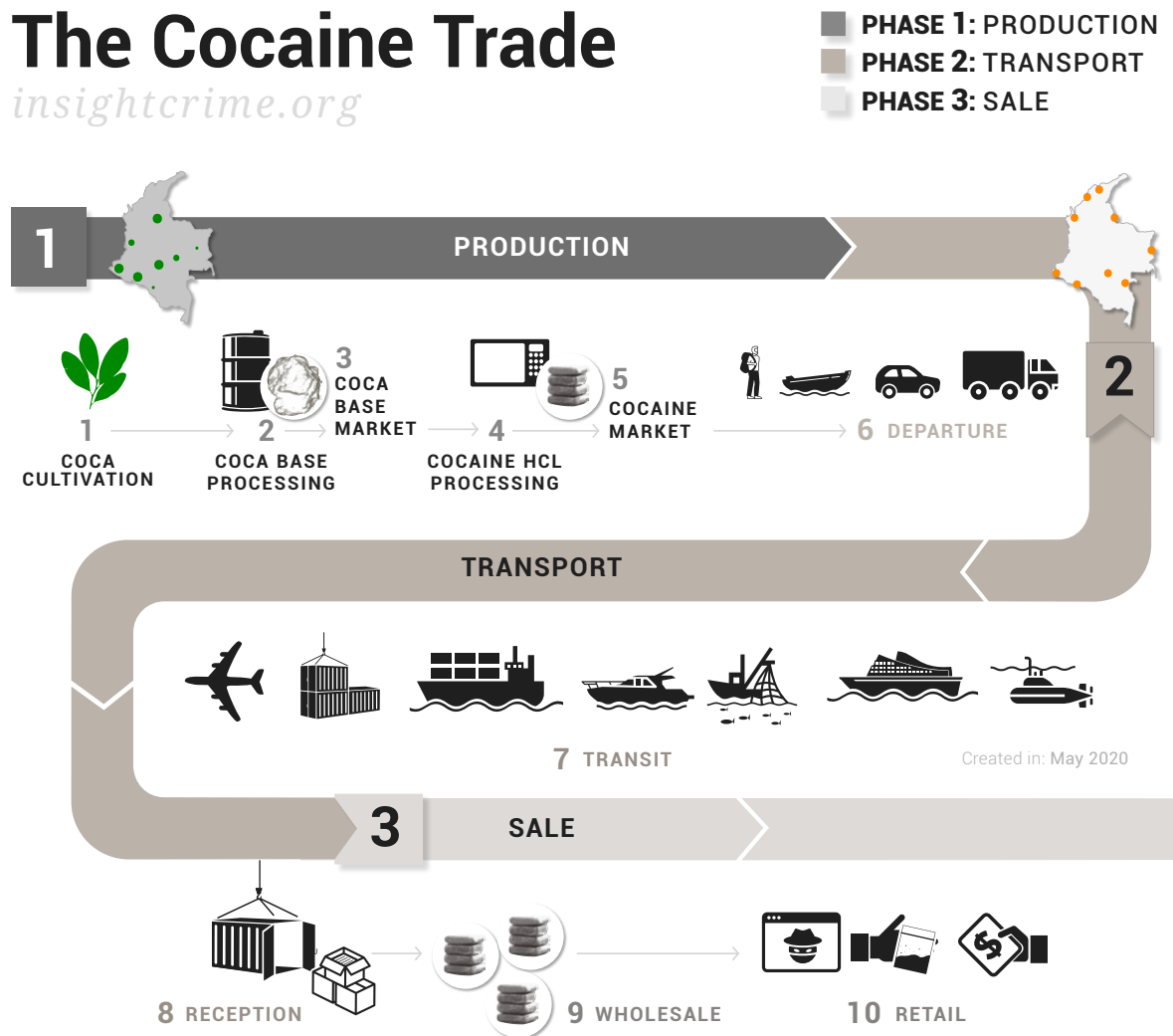
3

# The Cocaine Trade

The cocaine industry is the main focus of this study. It is not only the principal illicit economy in Latin America, it also underpins many other TOC activities and has been the foundation upon which some of the most powerful organized crime groups in the world have been built.

Analyzing the structure and supply chain of cocaine trafficking not only provides understanding of the principal criminal threat to the Kingdom of the Netherlands from Latin America, it will illustrate how other illicit economies function, along with how different criminal structures manage them. Understanding these links in the chain will also prove useful when we come onto disruption strategies to stem the flow of criminal commodities from Latin America into the Netherlands.

The cocaine supply chain is divided into three phases and 10 links. The three phases are: production, transport and sale.



## Phase 1: Cocaine Production

This part of the chain, based in the Colombia, Peru and Bolivia can be broken down into:

- **Coca cultivation** – This is done by “cocaleros” or coca farmers, who earn the least in the entire cocaine supply chain. A hectare of coca can produce up to seven kilos of cocaine a year.
- **Coca base processing** – This is often done by the coca farmers themselves or by specialists who work with different communities of cocaleros. Coca base is made by extracting the alkaloid from the coca leaves in a process using mainly gasoline. This takes place in primitive laboratories often known as “kitchens.”
- **Coca base market** – This is where serious criminal elements get involved in the process. In Colombia and Peru these markets are often run by Marxist guerrillas or heavily armed drug trafficking organizations (DTOs). These groups often have a monopoly over the drugs at this point. Coca base is sold by the kilo and a good chemist can get a kilo of cocaine from a kilo of high purity base.
- **Cocaine hydrochloride processing** – This takes place in crystalizing laboratories, where precursor chemicals are used to process coca base into cocaine hydrochloride (HCL). Cocaine laboratories are usually situated near the coca-growing regions, or near the departure points where the drugs will be dispatched as they begin their journey to Europe. These labs are often run by specialist contractors, who may provide services to a variety of different DTOs. You may sometimes find representatives from TOC groups in the labs, checking the purity of the cocaine they are set to buy.
- **Cocaine market** – This is where cocaine, ready for export, is sold. These may be in the coca-growing region, in nearby cities, at departure points like ports, or sometimes they are even in foreign cities, for example Panama City. If the cocaine markets are near the production zones, they will likely be protected by the same actors as the drug labs and coca base market.

## Phase 2: Transport

This is the most lucrative part of the cocaine supply chain. The criminal structures buy a kilo of cocaine for between \$2000 (€1800) and \$3000 (€2700) in Colombia, Bolivia and Peru, and move it to the wholesale market in the Netherlands, where that same kilo is worth around \$32,000 (€29,000). Traffickers are making up to 1,000 percent profit.

The transport phase has three links:

- **Departure** – Once a cocaine consignment has been put together in the production nation, it will be moved to a departure point. This might be a border crossing, or an illegal airstrip in the jungle. It might be a marina, fishing port, or a deserted beach. If it is heading directly to the Netherlands, it will most likely be a port, where traffickers will aim to contaminate a container heading to Rotterdam or Antwerp. These departure points will be protected by criminal groups, and likely by corruption networks that ensure consignments leave unmolested.
- **Transit** – Most containers coming from producer countries, especially Colombia, are already flagged as high risk by Dutch authorities, and will be subject to greater scrutiny. So traffickers will use a variety of transit nations in the journey to the Netherlands, looking to hide the drugs in boats, planes or containers that cannot be traced directly back to any of the cocaine producing nations. Every time the cocaine passes from one stage of this journey to the next, it passes through a different set of hands. Protection and corrupt officials are usually needed at each handover, so it can continue its journey without being seized.
- **Reception** – This is the point that the cocaine touches Dutch soil, either through one of the ports, the airport, or, if coming from another part of Europe, by road. Again, the main reception points for cocaine reaching the Netherlands are Rotterdam and Antwerp. While Dutch organized crime can be involved further up the criminal chain, this is the point where it dominates the cocaine business. Dutch criminals will collect the cocaine consignment from its arrival point, take it to a safe house and protect it until it is sold or continues its journey.

## Phase 3: Sale

The cocaine has arrived in the Netherlands and managed to evade interdiction. This is the point where a large percentage of sales takes place. The sales phase can be broken down into two components: the wholesale market and retail distribution.

- **The wholesale market** – When large cocaine shipments arrive in the Netherlands, they are taken to a “safe house” or warehouse. The loads are then broken down into different batches for different clients. The safe house might also act as the wholesale marketplace.<sup>19</sup> This is one of the main handover points between suppliers and buyers in the entire cocaine chain. The service provider nodes at this point are usually Dutch criminals, although the representatives of the sellers – often Latin American – may also be present in the room, as well as the buyers, who are mainly from European mafias.<sup>20</sup>

---

<sup>19</sup> Dienst Landelijke informatieorganisatie Politie, “De doorvoer van cocaine via Nederland,” July 2018.

<sup>20</sup> Ibid.

- **Retail distribution** – A small percentage of the cocaine arriving in the Netherlands is intended for the domestic market. Cocaine at the retail level is divided into a market for crack cocaine and powder cocaine. This market tends to be fed not by the multi-ton shipments coming in through the ports in containers, which are usually headed for the wholesale market, but drugs coming in via Schiphol with human mules and air cargo, as well as consignments landed in leisure boats. The criminal groups which handle this are almost exclusively Dutch networks, which often sell a variety of different illegal drugs.<sup>21</sup>
- 

<sup>21</sup> Ibid.



# 4

## Cocaine Dynamics and Intervening in the Supply Chain

We do not want to wait until the cocaine reaches Dutch soil to act; upstream disruption is key. With the right strategy in place, the Dutch government can be proactive in the Production and Transport phases of the cocaine supply chain, and so squeeze the flow of drugs before they reach the Netherlands. Therefore, we will return to look at the links in the supply chain in all three phases and explore opportunities for intervention.

### Production Dynamics and Intervention Points

There has been a significant increase in efficiency in the production phase of the cocaine trade. New strains of coca have been developed that have greater alkaloid content and can be harvested up to six times a year. HCL laboratories have also become very efficient, maximizing the alkaloid extraction process and producing the highest purity cocaine.

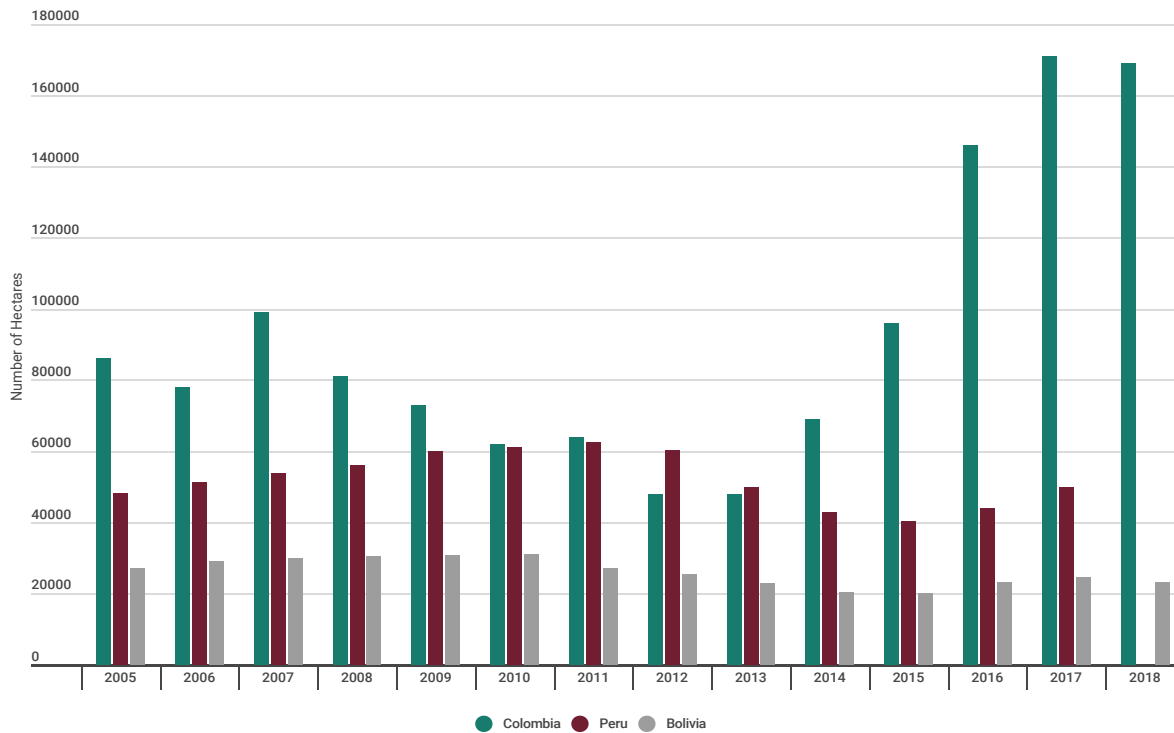
At this moment, more cocaine is being produced than ever before. In 2017, the last year where the United Nations Office on Drugs and Crime (UNODC) carried out monitoring in all three producer countries, the production estimate was an all-time high of 1,976 tons. That number has only grown since. Chemical analysis of samples of seized drugs showed 90 percent of cocaine entering the Netherlands was from Colombia (which produced 1,120 tons in 2018), while in Belgium, Colombian cocaine accounted for 55 percent, with 26 percent from Peru, 7 percent from Bolivia and the rest unknown.<sup>22</sup>

---

<sup>22</sup> EMCDDA/Europol, “EU Drug Markets Report 2019,” 2019.

# Evolution of Coca Cultivation in Colombia, Peru and Bolivia

*insightcrime.org*



Made with infogram

Intervention is possible at each of the five links in the Production phase, but the feasibility of doing so varies:

- **Coca cultivation** - This is currently at the heart of Colombia's anti-narcotics strategy and was the basis of the multi-billion-dollar US anti-narcotics aid program 'Plan Colombia,' which started in 1999. The premise is a simple one. If you ensure no coca is grown, then you stamp out the cocaine trade before it even starts. However, Bolivia, Colombia and Peru are each at least 26 times bigger than the Netherlands. Large parts of these countries have little to no state presence, nor road infrastructure. In Colombia and Peru, swathes of territory are controlled by non-state armed actors, like Marxist guerrilla groups. To circumvent some of these challenges, the Colombian government, under US pressure, began aerial spraying of coca crops with glyphosate chemicals, which kills all plant life. This had a temporary impact in Colombia, until coca farmers set out much smaller fields (the planes need a target of at least three hectares) and the drug crops appeared in many different places in the country, effectively neutralizing much of the advantage of using aerial spraying. In 2015, aerial spraying was banned on health grounds, but the

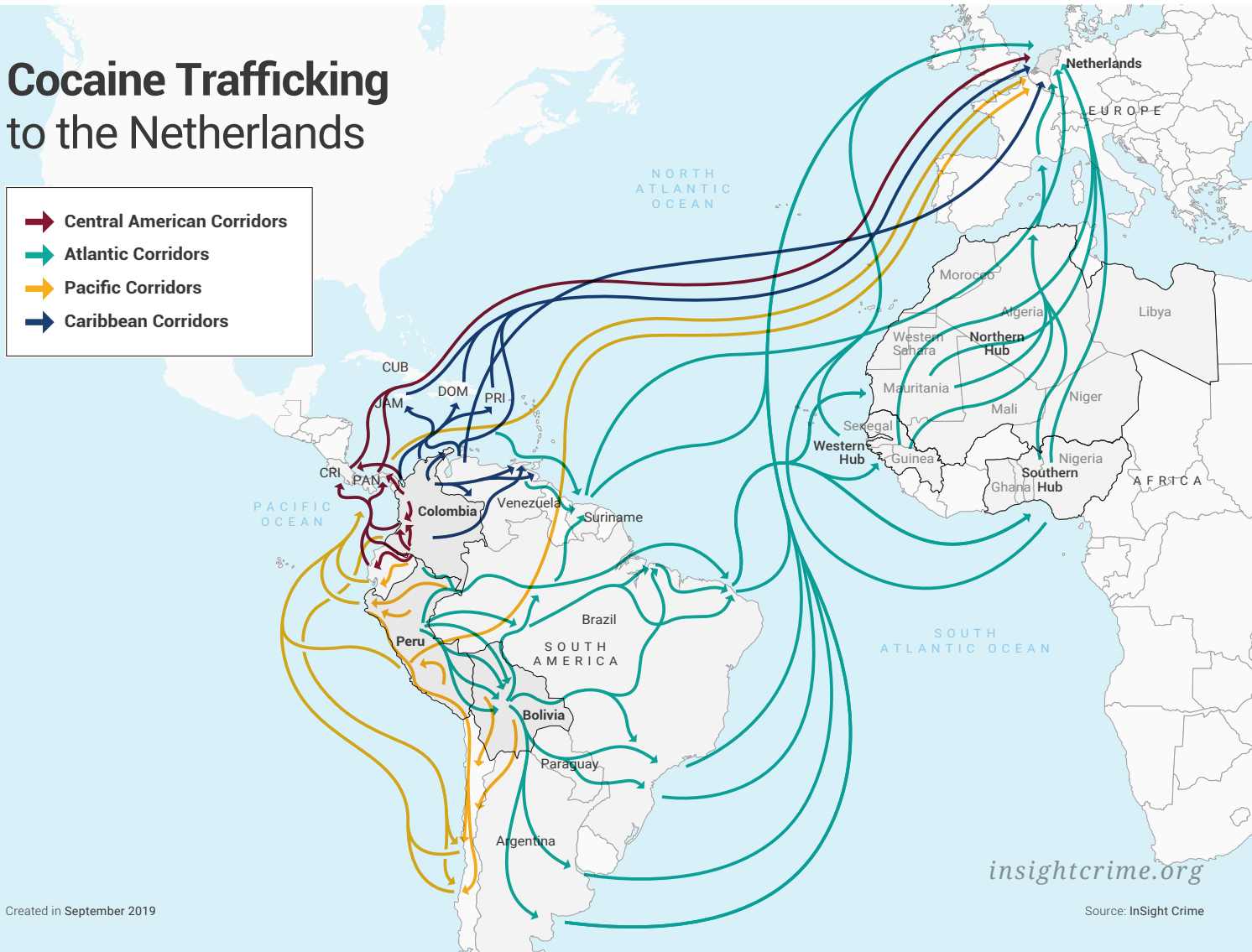
current government of President Iván Duque plans to restart it in 2020. The most lasting success in controlling coca crops has been offering cocaleros alternative livelihoods and supporting them as they switch to legal crops. However, success here has also been mixed as many of the coca growing areas are in remote parts of the country, where the transport of legal crops to market is more expensive than the sale price. Also, many coca-growing areas are dominated by illegal actors who block alternative development programs and pressure local farmers into growing coca. There are opportunities here for the Dutch government, be they supporting eradication programs or smaller scale, longer-term projects that involve vulnerable communities that have expressed a sincere desire to leave drug crops behind. However, these are long-term investments. Short-term intervention opportunities at this link in the chain are limited.

- **Coca base processing** – Anti-narcotics police and security forces have long targeted the “kitchens” where coca leaves are turned into base. However, these are very rudimentary facilities, which cost little to set up, are usually hidden deep within the jungle and are often run by the coca farmers, not organized crime structures.
- **Coca base market** - This link in the chain is usually run and protected by heavily armed DTOs or rebel guerrillas. These groups have been a priority target of the Colombian and to a lesser extent, the Peruvian, security forces. Attacking these links in the chain is a heavily militarized and purely repressive operation. These campaigns are often associated with human rights abuses and even extra judicial killings. The Dutch government would need to proceed with extreme caution if it wanted to intervene at this link in the chain.
- **Cocaine hydrochloride processing** – There have been campaigns targeting this link in the chain, identifying and arresting the chemical experts that run the laboratories and the specialized service providers that tend to dominate this part of the business. Controlling precursor chemicals has also been a central pillar of squeezing this link in the chain, and there are certainly opportunities here. However, the drug trade has been very adept at circumventing controls on precursors and finding alternatives, while the labs are now usually very mobile, well-hidden and protected.
- **Cocaine market** – This is the point where TOC really gets involved, including Dutch criminal structures. It is perhaps more constructive to think of this as a negotiating point rather than purely as a place, especially as the cocaine itself may be far from the venue where the deals are made. This link in the chain is most often handled by brokers, who are the key elements of any criminal chain and whom we will deal with more in the next section.

## Transport Dynamics and Intervention Points

To reach the Netherlands, cocaine must travel from production zones and cross the Atlantic Ocean either by air or sea. InSight Crime has identified 17 principal trafficking corridors into the Netherlands from the cocaine producing nations of Colombia, Peru and Bolivia. While routes and modus operandi continually shift, looking back over the last 30 years, most corridors remain consistent, providing a start point for any intervention or disruption matrix.

### Cocaine Trafficking to the Netherlands



Created in September 2019

Source: InSight Crime

For each of the three links in the transport chain – departure, transit and reception – traffickers must balance the costs and complexity of methods against the likelihood of being detected. Here are the main methods:



Method	Description	Use in Dutch routes
<b>Trafficking by land</b>		
Modified vehicles	Transport networks use a variety of modified vehicles with hidden compartments for drugs, including cars, motorbikes, produce trucks, gasoline tankers and even public transport. <sup>23</sup>	Used on overland routes throughout both Latin America and Europe.
<i>Mochileros</i> (backpackers)	Traffickers recruit locals to carry backpacks of drugs along trails that pass through inaccessible terrain.	This method is prevalent in two regions: the Darien Gap, which separates Colombia from Panama and the VRAEM in Peru.
<b>Trafficking by water</b>		
Cargo ships	Drugs are hidden in cargo, in the structure of shipping containers or in hidden sections of the ships themselves.	Maritime routes from Latin America and the Caribbean to Europe.
Parasites	Sealed packets of cocaine are attached to the hulls or helms of ships.	Maritime routes within Latin America and the Caribbean and to Europe. Recent cases indicate use in Peru and Ecuador. <sup>24</sup> Also used in transit, with cases showing use between Colombia and Costa Rica. <sup>25</sup>

<sup>23</sup> InSight Crime interview, military intelligence official, Quito, Ecuador, 24 January 2019.

<sup>24</sup> InSight Crime, “Peru, Ecuador Police Divers Target Drugs Hidden on Ship Hulls,” 3 September 2019.

<sup>25</sup> InSight Crime interview, Counter Narcotics Authority, San José, Costa Rica, 19 February 2020.

Torpedoes	Metal tubes packed with drugs are towed behind boats, sitting below the waterline. They are cut loose if authorities approach, then later retrieved using GPS equipment to locate them.	Torpedoes are most commonly found in dispatches leaving Colombia's Pacific and Caribbean coasts, heading to Central America or the Caribbean. However, there have been cases involving boats crossing the Atlantic to Europe. <sup>26 27</sup>
Self-propelled semi-submersibles (SPSS)	SPSS are constructed from fiberglass. Around three quarters of the vessel sits beneath the waterline. They can carry up to 10 tons of cocaine. <sup>28</sup>	SPSS are most commonly found in dispatches from Colombia's Pacific coast to Central America. Recent discoveries suggest they are crossing to Europe from Suriname and Brazil
Fully submersibles	Fully submersible metal vessels can travel below the surface. Due to the expense and logistical challenge of construction they are rarely employed or at least rarely discovered.	Fully submersibles have been discovered in the Pacific regions of Colombia and Ecuador.
Pleasure craft	Yachts and other recreational sailing craft can carry over a ton of cocaine at a time and move disguised among the thousands of pleasure craft that traverse the Caribbean and the Atlantic each year.	Pleasure craft are used within the Caribbean and along popular routes from Latin America to Europe. <sup>29</sup>

<sup>26</sup> InSight Crime, “[Why Colombia Traffickers Love High-Tech ‘Narco Torpedoes,’](#)” 15 October 2016.

<sup>27</sup> InSight Crime interview, Armed Forces, Bahía Malaga, Buenaventura, Colombia, 6 April 2018.

<sup>28</sup> Vice, “[La caza de los narcosubmarinos,](#)” 27 August 2015.

<sup>29</sup> InSight Crime interview, Security and Crimes expert, Paramaribo, Suriname, 4 March 2020.

<p>Go-fast boats</p>	<p>Speed boats that try to outrun or avoid naval patrols. Most go-fast can carry up to a ton of cocaine.</p>	<p>Go-fast boats are one of the most common methods used to dispatch cocaine from Colombia's Pacific coast to Central America, and from the Caribbean coasts of Colombia and Venezuela to Central America, and Caribbean islands. They are also used between Morocco and Spain.</p>
<p>Fishing boats and other mid-sized vessels</p>	<p>Fishing boats use the cover of being out on fishing trips to move drugs. In Ecuador, fishing vessels not only carry drugs, but can be used as refueling vessels for go-fast boats, waiting at pre-agreed coordinates.</p>	<p>Fishing boats are most commonly used along Colombia's Pacific coast, heading towards Central America, but are also used to move drugs from Venezuela to Suriname.<sup>30</sup> The motorboats move from Ecuador's Pacific coast to Central America. Fishing boats, as well as vessels such as tug boats and maintenance vessels also cross the Atlantic, often unloading at sea into smaller vessels.</p>
<p>Low-Profile Vessels (LPV)</p>	<p>Modified boats that are usually covered and often sit at the waterline to make them more difficult to detect.</p>	<p>LPVs are used between the Colombian and Ecuadorean Pacific coasts and Central America, and from the Colombian and Venezuelan Caribbean coasts to Central America and Caribbean islands.</p>
<p>Cruise ships</p>	<p>Cruise ship crew and smugglers posing as passengers move small quantities of drugs between cruise ship stops.</p>	<p>Mainly within the Caribbean region.</p>

<sup>30</sup> InSight Crime interview, armed forces, Paramaribo, Suriname, 6 March 2020.

Trafficking by air		
Air cargo	Traffickers hide drugs in air cargo, or cargo equipment such as AKE (Unit Load Device) containers, <sup>31</sup> and the metal pallets used to transport containers. <sup>32</sup>	Direct air routes from Latin America, the Caribbean and Africa to Europe.
Drug mules	Mules swallow drug packets or conceal them in their luggage or on their bodies.	Direct air routes from Latin America, Caribbean and Africa to Europe, but above all between Curaçao or Suriname and the Netherlands. Large numbers of mules also leave French Guiana for Paris, from where part of the cocaine finds its way to the Netherlands. <sup>33</sup>
Courier mail	Small quantities of drugs are trafficked hidden in air mail.	Direct air routes between Latin America and Europe.
Clandestine flights	Single motor light aircraft, often modified to carry more drugs and fuel, can carry between 400 and 700kg of cocaine. Twin motor aircraft have greater range and capacity and can cross from South America to West Africa. Most use clandestine or improvised airstrips but they may also drop packages off shore in a method known as “bombing.” <sup>34 35</sup> Drugs are then collected by boat.	Clandestine flights are most commonly used to move drugs out of Peruvian production zones into Bolivia or Brazil; for internal transit in Brazil and Venezuela; between Bolivia or Paraguay and Brazil; between Venezuela and the Caribbean as well as Central America; and between Brazil and Suriname; <sup>36</sup> and across the Atlantic to West Africa.

31 InSight Crime interview, Curaçao security forces, Curaçao, 27 August 2019.

32 InSight Crime interview, anti-narcotics prosecutor, Panama City, Panama, 26 November 2019.

33 EMCDDA/Europol, “EU Drug Markets Report 2019,” 2019.

34 El Diario, “A la cacería de las narcoavionetas,” 25 April 2019.

35 El Telégrafo, “Una fiscal sospechosa de ayudar a narcos quedo con prisión preventiva,” 2 February 2018.

36 InSight Crime interview, air traffic controller, Paramaribo, Suriname, 3 March 2020.



Charter flights	Private or charter aircraft are bought or hired and sent from Latin America to Europe with drugs hidden on board.	Cases have been detected involving flights from Colombia and Uruguay <sup>37</sup> to destinations including the UK, <sup>38</sup> France and Switzerland. <sup>39</sup> There are suspected cases from the Dutch Caribbean, especially departing from Sint Maarten, although it is not confirmed if these travel directly to Europe. <sup>40</sup>
-----------------	---	---

While in the early days of the cocaine trade, the Medellín Cartel preferred the use of aircraft to move large drug consignments, today around 80 percent of drugs are moved via maritime traffic. The single most important of these transport methods for moving bulk cocaine consignments into the Netherlands is container shipping. Rotterdam and Antwerp, as the two busiest ports in Western Europe, are the chokepoints for cocaine entering the Netherlands, with seizures reaching a record high in 2019 of just under 100 tons.

There are a lot of clearly identifiable intervention points when looking at maritime, and especially container, transport, as ports are the principal departure, transit and reception points. However, an intervention strategy cannot be built solely around the container trade, as criminals can, and will, switch modus operandi as soon as they see Dutch resources being thrown at ports and containers.

**Departure** - For departure points along borders or jungle airstrips in producer nations, the opportunities for intervention are few. However, when we look at ports and airports, there are opportunities to work with law enforcement, customs, and terminal authorities in the production nations, but also via private partnerships between Dutch and Latin American airports and ports, which can develop information-sharing mechanisms, while improving screening, vetting and technological capacity.

**Transit** - As in departure points, informal handover and dispatch points at sea or within nations are hard to identify, and therefore intervene in, without specific intelligence. However, when cocaine consignments pass through normal transport infrastructure like airports or ports, interdiction operations become feasible, depending on the transit nation's capacity and willingness to co-operate with Dutch authorities.

37 Subrayado, "Europol sospecha de sobornos en Uruguay para dejar salir 600 kilos de cocaína del aeropuerto," 26 July 2019.

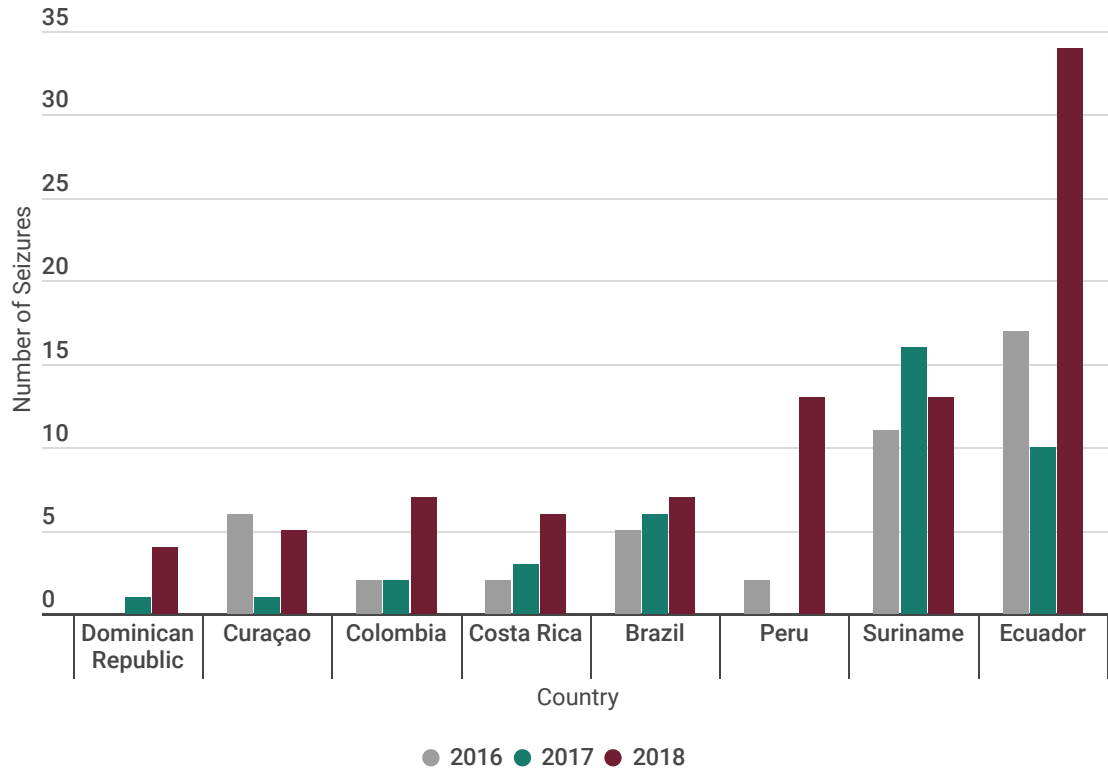
38 InSight Crime, "Huge UK cocaine seizure on private jet signals traffickers growing boldness," 7 February 2018.

39 EMCDDA/Europol, "EU Drug Markets Report 2019," 2019.

40 InSight Crime interview, Dutch armed forces, Curaçao, 27 August 2019.

Dutch customs have collected data on seizures and the point at which they believe containers were “contaminated.” For Rotterdam, the Ecuadorean port of Guayaquil is a major dispatch point.

## Cocaine Seizures in Dutch Ports per Ship Departure Country *insightcrime.org*

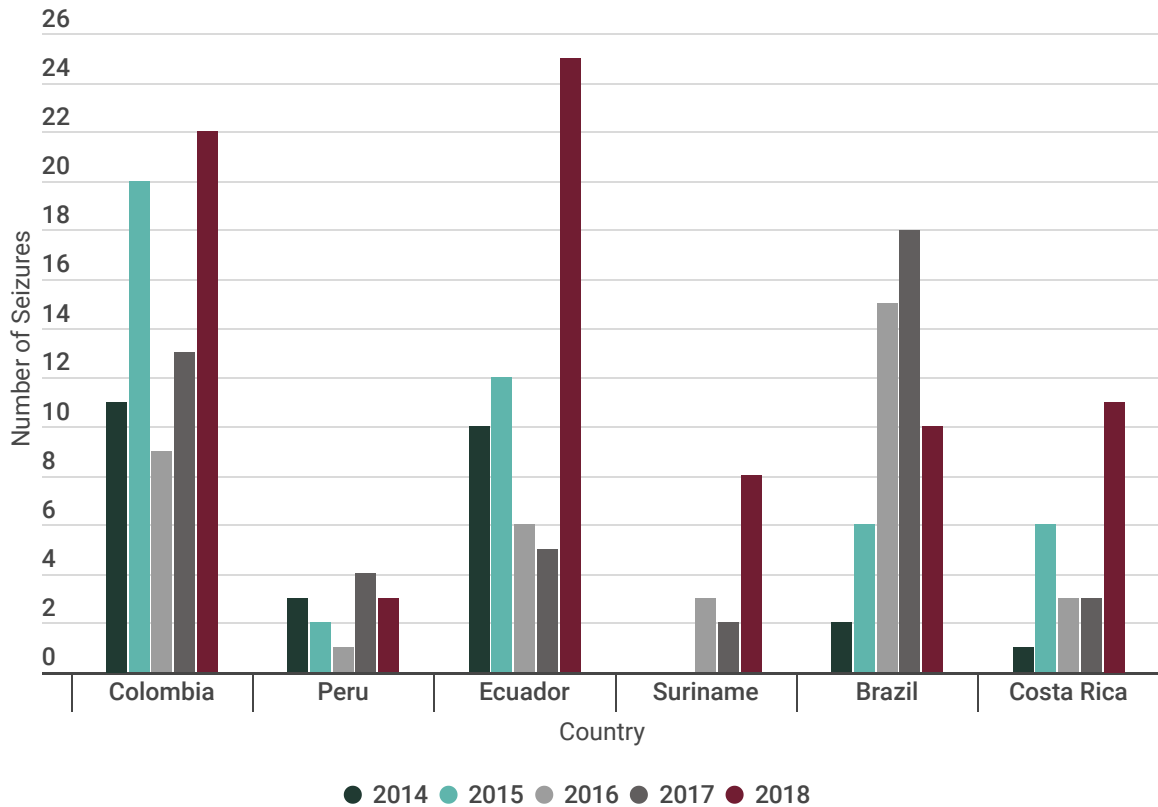


Source: Dutch Custom Seizure Data

Created in January 2020

The same exercise was done for seizures in Antwerp, revealing different variations on a similar story:

## Cocaine Seizures in Belgian Ports per Ship Departure Country *insightcrime.org*



The seizure graphics do not reflect the Europol assertion that anything up to 90 percent of cocaine shipments from South America to Europe now depart from Brazil. While we believe this number is too high, there is no doubt that Brazil is currently one of the principal transit nations and dispatch points for European routes, fueled in part by the evolution of the country's principal criminal network, the First Capital Command (Primeiro Comando da Capital - PCC).<sup>41</sup>

**Reception** - This is the point that the cocaine touches Dutch soil, offering far more opportunities to intervene. Here is where Dutch criminal networks tend to dominate, and where a national rather than an upstream strategy takes effect. The Netherlands is not a big country and the transport infrastructure upon which traffickers depend is concentrated in key areas. There are already a large number of interdiction and anti-corruption strategies in place at these locations, but there is certainly room for improvement.

<sup>41</sup> InSight Crime, "First Capital Command – PCC," 9 July 2018.

# Principal Dutch Reception Points

## 1. Rotterdam Port area

Rotterdam is the main point of arrival for cocaine in the Netherlands. Next to Europe's biggest port, there are several other ports in the area: Dordrecht, Vlaardingen, and Moerdijk, the last of which has been used for cocaine smuggling in the past.

## 2. Antwerp

Europe's second busiest port has seen more cocaine seizures than anywhere else in Europe in recent years.

## 3. Zeebrugge

Foreign seizures in containers destined for Zeebrugge suggest that Belgium's second biggest port, is increasingly important to drug traffickers.

## 4. North Sea Port area

Vlissingen is likely the third most important port of reception for cocaine bound for the Netherlands. Smaller ports in the Westerschelde, such as Terneuzen, and the more inland port of Gent, have also been used for the cocaine trafficking.

## 5. North Sea Canal area

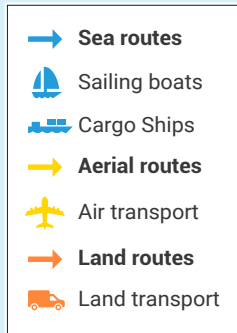
This region includes Amsterdam, which is Europe's fourth largest port, as well as the smaller ports of IJmuiden, Beverwijk, and Zaanstad. Seizures have been made in Amsterdam and IJmuiden.

## 6. Inland ports

Reception networks increasingly operate in inland ports. Many containers arriving in Rotterdam are transferred directly onto smaller ships that continue upriver and unload at inland ports such as those along the Lek, Waal and the Maas.

## 7. Drop offs at sea

Drugs are trafficked through small ports such as Urk, Harlingen and Den Helder using a "drop off" method, in which shipments are switched from container ships to smaller vessels like sailing or fishing boats once they arrive in European waters.



## 8. Schiphol Airport

Drug mules are caught almost daily entering Europe's third busiest airport, while cocaine is also trafficked via air freight entering the airport.

## 9. Secondary and foreign airports

Secondary airports like Maastricht Aachen Airport have seen significant seizures recently. Mules also fly to foreign airports, for example in Germany or France, after which drugs are transported to the Netherlands over land.

## 10. Zaventem Brussels Airport

Belgium's main airport has been used to import cocaine by mule or air cargo.

## 11. Land borders

Cocaine enters by land via other European countries. The most important transit nation is Spain, where cocaine either arrives in large container ports such as Algeciras and Valencia, or is transported by go-fasts travelling from Morocco to the Spanish Costa del Sol.

## Sale Dynamics and Intervention Points

As these occur within the Netherlands, they are not in our area of expertise, so our comments will be brief. What is clear is the Netherlands now acts as one of Europe's most important cocaine stock exchanges, as well as being a significant retail market.

- **Wholesale** – Like the cocaine markets within Latin America, wholesale can occur in safe houses where cocaine shipments have been collected, or happen at a negotiating point away from the drugs themselves. At this link, sophisticated criminal infrastructure is now in place, and Dutch criminals play the major role. Here is where supply brokers from Latin America and demand brokers representing European mafias will often meet in the same room, with Dutch criminal structures acting as hosts after delivering cocaine loads that have arrived in the Netherlands. Cocaine trafficked through the Netherlands has been discovered in every country in the EU and as far afield as the Middle East, Australia and Russia. Germany, Scandinavia, and the United Kingdom are the most common export destinations.<sup>42</sup> There are many different ways to disrupt, dismantle and destroy this criminal infrastructure.
- **Retail** – Retail in the Netherlands takes place throughout urban centers, with the biggest market being Amsterdam.<sup>43</sup> The market appears to be growing. The drug is easily accessible,<sup>44</sup> and cocaine use increased every year between 2014 and 2017. In 2014 there were 170,000 estimated users, which by 2017 had grown to an around 250,000 users.<sup>45</sup> Retail sales take place at distribution points like nightclubs, but more commonly involve a delivery service, increasingly organized using secure communications like WhatsApp and Signal. The Netherlands has also been identified by the European Monitoring Centre for Drugs and Drug Addictions (EMCDDA) as one of Europe's main distribution hubs for dark net cocaine sales networks, which deliver to other European countries as well as locally.<sup>46</sup> Dutch criminal networks dominate this link in the cocaine supply chain.

---

<sup>42</sup> Dienst Landelijke informatieorganisatie Politie, “De doorvoer van cocaine via Nederland”, July 2018.

<sup>43</sup> Pieter Tops and Jan Tromp, “De achterkant van Amsterdam,” 2019.

<sup>44</sup> WODC/Trimbos Instituut, “Nationale Drug Monitor – Jaarbericht 2018,” 2018.

<sup>45</sup> WODC/Trimbos Instituut, “Nationale Drug Monitor – Jaarbericht 2018,” 2018.

<sup>46</sup> EMCDDA, “COVID-19 and drugs: Drug supply via darknet markets,” May 2020.

# 5

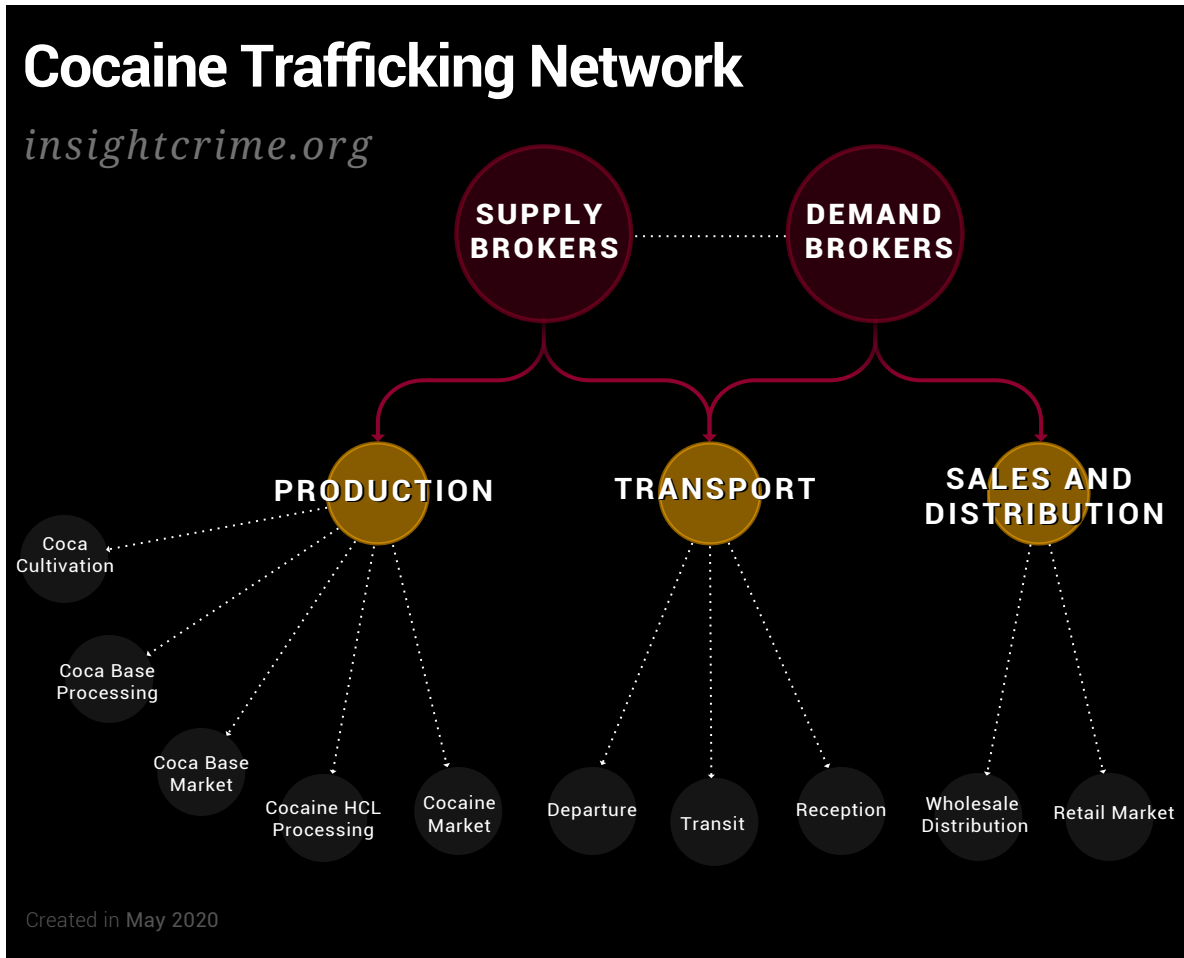
## **Criminal Actors and Cocaine Network Dynamics**

The criminal structures that managed the cocaine trade and Latin American TOC have evolved greatly since the Medellín and Cali cartels first emerged in the 1970s. This first generation of Colombian DTOs ran every link in the cocaine supply chain, from sourcing coca cultivation to retail sales in the United States. Today, these monolithic, hierarchical cartels have been replaced by fluid and dynamic networks, which are often formed temporarily on a particular route or even for a one-off shipment. They rely on sub-contracting out the work of producing and moving drugs in each of the three phases of the supply chain.

This form of operating offers key advantages to drug traffickers: they are no longer as vulnerable to “decapitation strategies” – the targeting of top-level leaders – as no operation is dependent on one organization or leader. They are also less vulnerable to the loss of operatives further down the chain, where strict compartmentalization means few workers can provide information on other nodes, let alone the wider networks. These networks are supremely agile and constantly changing, making building long-term investigations and strategic planning more difficult for the authorities.

However, this way of working also has its disadvantages. Logistically, setting up a trafficking network now requires many more moving parts and different actors to organize and control, with each new actor adding a new layer of risk to the operation, and therefore opportunities for disruption and infiltration. These arrangements also raise issues of trust and reliability, as actors are no longer part of the same organization. As such, power in today’s cocaine trade lies not with those with the most weapons and the reputation for fearsome violence, but with the operators with the best logistical capacity and reputation for delivering.

At the heart of this criminal panorama lie the transnational brokers who supervise networks and put the big loads together – the supply brokers in the Americas, and the demand brokers in Europe.



There is a notable trend towards what InSight Crime terms “invisibles” – low-profile traffickers who do not head mafias or armed groups but instead operate behind a legal façade and move freely among local elites.<sup>47</sup> These traffickers rely on contacts and network building instead of commanding hierarchical criminal organizations, and they favor corruption over violence. In some cases, these actors have a long history in the drug trade, having survived by avoiding the ostentatious behavior that led to the downfall of their associates.<sup>48</sup> In other cases, they belong to a younger generation, although they often have familial ties to organized crime.<sup>49</sup>

The evolution towards this modality has been accompanied by a “democratization” of the drug trade, with a growing number of small scale traffickers entering the trade at different links instead of a concentration of trafficking in the hands of a few powerful organizations.<sup>50</sup> This means that smaller scale European buyers now appear in places like Medellín to negotiate the purchase of cocaine at source, something which was unthinkable a decade ago.

47 Jeremy McDermott, “La nueva generación de narcotraficantes colombianos post-FARC: ‘Los Invisibles’,” InSight Crime, 14 March 2018.

48 Jeremy McDermott, “The Invisible Drug Lord: Hunting the Ghost,” InSight Crime, 29 March 2020.

49 Jeremy McDermott, “La nueva generación de narcotraficantes colombianos post-FARC: ‘Los Invisibles’,” InSight Crime, 14 March 2018.

50 Ibid.



Dutch nationals are among the most important demand brokers in Europe, according to underworld and police sources,<sup>51</sup> and have been operating at the upper echelons of the transnational cocaine trade since as far back as the 1980s. These brokers have demonstrated the capacity to put together shipments in Latin America and coordinate their transport to Europe, either directly into the Netherlands or via other countries. According to Dutch police sources, Dutch criminals operating in the cocaine trade can be found in the production nations of Colombia, Peru, and Bolivia, as well as in transit nations of Ecuador, the Dominican Republic, Brazil, and Suriname.<sup>52</sup> The notorious Dutch-Moroccan Taghi group is a prime example of a transnational Dutch network.<sup>53 54</sup>

## The Facilitators: Corruption Networks

While violence is still a major part of the TOC business, corruption is becoming the preferred tool, as it attracts less attention and tends to be much more effective in the long term. Corruption nodes and networks, as well as the criminal actors who facilitate them, are of huge importance, and form one of the biggest obstacles to successful intervention and disruption by authorities.

TOC seeks to compromise several key institutions:

- **Security and law enforcement services** - Above all the police, military and customs, the main bodies dedicated to fighting TOC. Basic corruption practices involve paying members of these organizations to give warnings about operations and investigations, or to look the other way as shipments are moved.<sup>55</sup> However, sophisticated corruption networks can go much further, diverting or sabotaging law enforcement operations in order to facilitate the passage of shipments,<sup>56</sup> or actively participating in trafficking by guarding or escorting drugs, providing personal security for traffickers, or even carrying out assassinations.<sup>57</sup> The most extreme example of this is organized crime structures embedded within the state, with Venezuela the prime example in Latin America.<sup>58</sup>
- **The judicial sector** – Here TOC operatives can bribe prosecutors or judges. If caught at the right moment in proceedings, corrupt prosecutors can divert, delay or kill off an investigation. Judges can be bribed to simply

---

51 Nationale Politie: Cocaine Intelcel, “Interne memo InSight Crime,” 6 April 2020.

52 InSight Crime electronic correspondence, Nationale Politie, Netherlands, April 2020.

53 Zurnal, “Povezani sa italijanskom i južnoameričkom mafijom,” 1 August 2019.

54 Wil Thijssen, “Wie is Ridouan T., die vermoedelijk achter een reeks liquidaties zit?,” de Volkskrant, 29 March 2018.

55 InSight Crime, “Cocaine Trafficking via Ecuador: The Colombian Connection,” 2019.

56 Ibid.

57 Mimi Yagoub, “Dominican Republic’s Former Anti-Drug Chief Sentenced to 20 Years,” InSight Crime, 22 September 2016.

58 Venezuela Investigative Unit, “Venezuela: A Mafia State?,” InSight Crime, 16 May 2018.

acquit or, more commonly, rule that the prosecution has not proven the case.<sup>59</sup> Peru offers a prime example of such high-level corruption networks in the “White-collars of the Port” case, which uncovered a corruption network that aided drug traffickers. This involved Supreme Court judges, Superior Court judges, prosecutors, and members of the National Council of the Magistracy (Consejo Nacional de la Magistratura - CNM).<sup>60</sup> The prison service is also not exempt, as if criminals are actually sentenced, they want to be able to live comfortably and conduct their operations from behind bars.

- **The transport sector** – The criminal actors running dispatch nodes at ports and airports will seek to recruit baggage handlers, cleaners, supervisors, stevedores, security guards, winch operators,<sup>61</sup> truck drivers, shipping company or port terminal officials, and even entire ship crews – anyone who can help get drugs in and out of these installations. In the Peruvian port of Callao, near Lima, for example, the Barrio King gang maintained tight control over the leaders of stevedore crews, who recruited and organized the workers, ensuring they could get drugs into the port and then contaminate containers at will.<sup>62</sup> The Netherlands has not escaped this type of corruption, with the recruitment of dockworkers with access to containers, winch operators,<sup>63</sup> who can position the containers,<sup>64</sup> and employees of container companies with systems access who can track the location of containers, steal security information and make containers “disappear.”<sup>65</sup>
- **The political arena** – Politicians can influence government institutions at local and national level, making them very attractive targets for corruption. They can offer protection, provide logistical support for trafficking activities, facilitate businesses transactions, and expedite money laundering opportunities,<sup>66</sup> as well as influence national debate and voting on issues relevant to criminal activities. The dream of any TOC network is to get a minister or even president on the payroll. While expensive and difficult, gaining access to this level of power can protect criminal operations from state actors. Campaign contributions have been a common way for TOC to engage with politicians. TOC distortion of the democratic process is not restricted to providing outside funding to chosen political candidates, but also through controlling campaign activities, overseeing voter fraud,

---

59 InSight Crime interview, Dimitri Barreto, security and justice editor, El Comercio, Quito, Ecuador, 24 January 2019.

60 Jacqueline Fowks, “El escándalo de corrupción de la justicia peruana alcanza al fiscal general recién elegido,” El País, 22 July 2018.

61 InSight Crime, “Cocaine Trafficking via Ecuador: The Colombian Connection,” 2019.

62 InSight Crime interview, anti-narcotics ports and airports unit officials, Lima, Peru, 7 August 2019.

63 Richard Staring et al., “Drugscriminaliteit in de Rotterdamse haven,” 2019.

64 InSight Crime, “Cocaine Trafficking via Ecuador: The Colombian Connection,” 2019.

65 HLN, “Proces gestart tegen bende die hackers inschakelde om codes van havencontainers te kraken,” 2 May 2018.

66 InSight Crime interview, Prosecutor Mauricio Boraschi, San José, Costa Rica, 18 February 2020.

and even intimidating opponents and voters. This kind of activity has been commonplace in Colombia, where warring factions involved in drug trafficking brutally manipulate voting. This was most clearly illustrated with the “para-politics” scandal, where members of drug trafficking paramilitary groups of the United Self-Defense Forces of Colombia (Autodefensas Unidas de Colombia – AUC) managed to “buy” up to 30 percent of Congress.<sup>67</sup> There have even been examples of presidents being corrupted. In Peru there was the “narco-pardons” scandal in which then President Alan Garcia allegedly took bribes to issue pardons or sentence reductions, including for noted drug traffickers.<sup>68</sup> Garcia later committed suicide as police were poised to arrest him.<sup>69</sup>

---

<sup>67</sup> Sibylla Brodzinsky, “Colombia’s ‘parapolitics’ scandal casts shadow over president,” *The Guardian*, 23 April 2007.

<sup>68</sup> Marguerite Cawley, “Can Peru Congress Make Narco-Pardons Case Against Ex-President Stick?,” 12 June 2014.

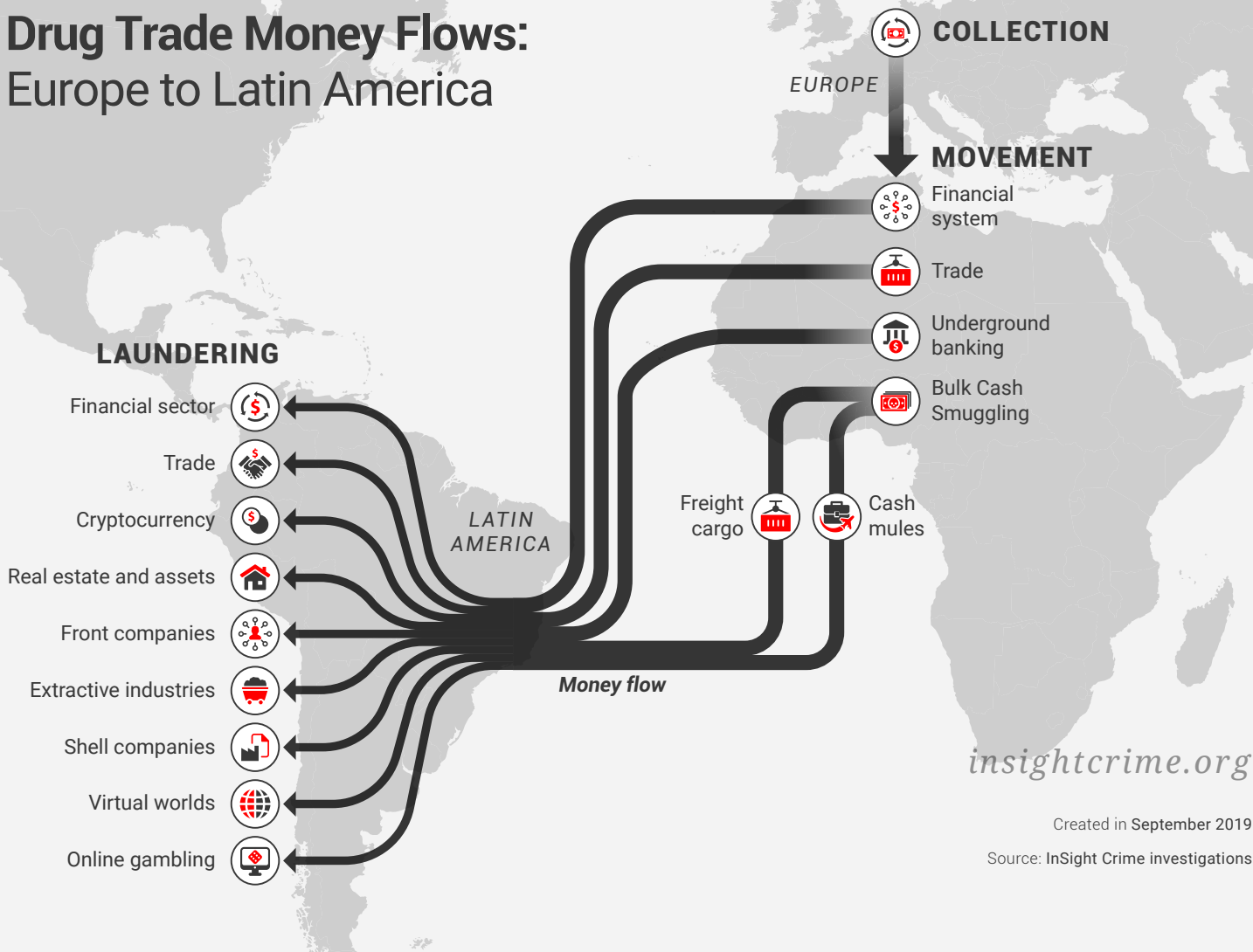
<sup>69</sup> Daniela Guzman and John Quigley, “Peru’s Ex-President Dies in Suicide as Police Raid His Home,” *Bloomberg*, 17 April 2019.

# 6

## Illicit Finance Flows

As challenging as moving cocaine to market is, the movement of money in the other direction, from markets back to producers, is perhaps more complex still. The circulation and integration of dirty money keeps the drug trafficking chain lubricated, lets criminals pay for protection for their shipments, or secure immunity from prosecution; it allows them to afford the technologies that keep them ahead of the authorities; and the weapons that keep their rivals and security forces at bay.

### Drug Trade Money Flows: Europe to Latin America



Although the Netherlands has a robust anti-money laundering framework, it is identified by the US State Department as a “major money laundering jurisdiction”<sup>70</sup> and ranked in 8th position in the Tax Justice Network’s 2020 Financial Secrecy Index.<sup>71</sup> This should be a cause for concern.

Money laundering and illicit financial flows represent one of the biggest challenges for TOC operations, and so present a variety of opportunities for intervention and disruption. It is a specialized role in organized crime, requiring a high degree of technical knowledge. Some criminal networks may employ their own dedicated launderers, but many use independent specialists. In some cases, these specialists are criminals, well aware of the source of the money, while in others they may be unscrupulous but legal actors who are comfortable working in legal grey areas. These include lawyers, investment bankers, stock brokers, foreign currency brokers, and businessmen from all different sectors.

Illicit finance flows can also be divided up into three phases: collection; movement; and laundering.

- **Collection** - Money from street level drug sales or other criminal activities must be consolidated and prepared for either movement or immediate laundering. This commonly involves collecting and storing the cash and then changing it into high-denomination bills or foreign currency, ready for moving or depositing it into the financial system without drawing attention. To do this, criminal networks use techniques such as “structuring,” which avoids making deposits or transfers in quantities that would require a report to be filed, and “funnel accounts,” where members of a network make numerous deposits into one or various accounts from different branch locations and then withdraw the money elsewhere, usually shortly after it is deposited.<sup>72</sup>
- **Movement** - This is the form in which payments for drugs or other criminal commodities or services are made. There are several main ways of moving dirty money. The first is bulk-cash smuggling, where the physical cash is smuggled using cash mules or cargo movements. The second is trade-based money laundering (TBML), in which criminal profits are invested in shipments of goods that are then sent as payment. Today’s TBML networks are highly sophisticated, involving complex webs of import-export businesses that stretch around the world. They use underground banking, cash purchases and manipulation of the financial system to move money, and networks of front companies to provide a legal façade for their activities. The process may involve multiple transactions, with goods resold and the profits invested in new products. The third is via the global financial system. Criminals wire funds through a series of accounts at various banks across the globe, sometimes disguising them as payments for goods and services.

---

70 <https://www.state.gov/wp-content/uploads/2020/03/Tab-2-INCSR-Vol-2-508.pdf>

71 Tax Justice Network, “Financial Secrecy Index”.

72 United States Treasury, “National Money Laundering Risk Assessment – 2018,” 2018.

Cryptocurrencies and online financial transactions are also increasingly used. In addition, TOC uses underground banking, in which deposits made with illegal banking operations in one part of the world can be withdrawn at another “branch” in a different country. Finally, payments can be made with assets, such as vehicles, properties and even works of art.

- **Laundering** - This is the moment dirty money is integrated into the legal economy, either after movement to Latin America and the Caribbean or directly within Europe. Money launderers use a broad range of techniques to conceal illicit finances. At the lower levels of sophistication, criminals make asset purchases with straw buyers or buy front companies, which then use fraudulent book keeping to incorporate the illegal profits. At the upper end, sophisticated financial networks use offshore banking and shell companies to conceal dirty money. Favorite money laundering techniques involve construction, the hospitality industry and mineral trading, as well as agriculture and ranching. The preference is for cash businesses. In Brazil for example, organized crime uses transport companies, cleaning services, catering and security companies,<sup>73</sup> as well as car concessions,<sup>74</sup> concerts and public events.<sup>75</sup> The hospitality businesses, real estate, foundations and the financial sector are common targets in the Netherlands. An example here was the 2018 case where the ING Groep NV was fined €775 million after failing to prevent the laundering of hundreds of millions of euros through its clients’ accounts.<sup>76</sup>

## **Modus Operandi**

There are numerous options for criminals seeking to move and launder money made by organized crime operating in Dutch territories, from low-tech smuggling to highly complex and sophisticated transnational financial schemes. While some of these are specific to the different components of the illicit finance chain, others can be repurposed to either moving or laundering money.

---

<sup>73</sup> InSight Crime interview, expert on the PCC, São Paulo, Brazil, 23 April 2019.

<sup>74</sup> InSight Crime interview, Security Forces, Matto Grosso do Sul, Brazil, 10 October 2019.

<sup>75</sup> InSight Crime interview, delegate of the federal police, Foz do Iguaçu, Brazil, 10 April 2019.

<sup>76</sup> Reuters, “[Dutch bank ING fined \\$900 million for failing to spot money laundering](#),” 4 September 2018.

<b>Method</b>	<b>Description</b>	<b>Use in Dutch routes</b>
<b>Bulk cash smuggling</b>	Physical cash from drug sales is smuggled using cash mules that fly on commercial aircraft, hidden in cargo movements or transported in clandestine vehicles, such as light aircraft or boats.	Bulk cash smuggling is common throughout both Europe and the Americas, but is especially prevalent in drug producer countries such as Colombia and Peru, where it is used to pay production and transport costs. Dollarized economies like Ecuador, Panama, El Salvador and increasingly Venezuela, allow such bulk cash to be injected into the economy or washed straight away without the need to change currency.
<b>Trade-based money laundering (TBML)</b>	Using underground banking, cash purchases and manipulation of the financial system, TBML networks use drug profits to purchase shipments of any type of accessible and easy to sell on product, which are then shipped around the world as payment for drug consignments. Profits are multiplied through the use of contraband or counterfeit goods or through false invoicing.	TBML is often routed through Asia, especially China. In the Americas, the entry and trading points are often focused around major ports such as Guayaquil, Ecuador, and Buenaventura, Colombia, and in Free Trade Zones, such as at Colón in Panama, and on Curaçao and Aruba.
<b>Financial sector</b>	Illicit funds are moved through the financial system using the purchase and sale of investment instruments, by wiring them through a series of accounts at various banks across the globe, often disguised as payments for goods and services, or using “structuring” - making deposits or transfers in quantities below reporting thresholds.	Drug money moves through the financial system all around the globe, but is especially prevalent in fiscal paradises, and countries with high levels of financial secrecy or corruption, including numerous Caribbean nations, Panama, Suriname, China, and the Netherlands.



<p><b>Shell companies</b></p>	<p>Shell companies are businesses legally established but serving no purpose other than to hold, move or launder money. Their legal representatives will often be recruited from poor communities, and their addresses may be a residential property, a lawyer's office or a random address with no connection to the launderers.</p>	<p>Shell companies are used throughout the region but are especially prevalent in fiscal paradises and countries with high levels of financial secrecy, where there is extensive infrastructure providing these services. This is especially the case in numerous Caribbean nations as well as Panama.</p>
<p><b>Underground banking</b></p>	<p>Traditional underground banking involves deposits made with trusted brokers in one part of the world, then withdrawn from their associates in another, without the money itself actually moving. More sophisticated schemes manipulate businesses' need for foreign currency, such as in the Black Market Peso Exchange (BMPE) or overlap with TBML schemes.</p>	<p>Amsterdam is a global hub for underground banking, although concrete links between the sector in Amsterdam and the Latin American drug trade have yet to be established. Underground banking networks are also prevalent in the Dutch Caribbean, while BMPE schemes are common in Colombia.</p>
<p><b>Front companies</b></p>	<p>Front companies are legally established businesses that are used to commingle illicit proceeds with the earnings from legitimate business operations in order to disguise the "dirty" money. These companies are mostly cash or services-based businesses, as this facilitates fraudulent bookkeeping.</p>	<p>Front companies are commonly used by criminal networks throughout both Europe and the Americas.</p>

<p><b>Real estate and assets</b></p>	<p>Illegal profits are invested in assets, most commonly properties, land, or vehicles. They are purchased using straw buyers, with payments often made through numerous small deposits from different sources into the sellers account.</p>	<p>Real estate and assets are commonly used to launder money throughout both Europe and the Americas.</p>
<p><b>Informal financial sector</b></p>	<p>High-interest loan sharking and informal currency exchanges are used to launder dirty money.</p>	<p>Loan sharking involving small loans at high interest is especially prevalent in Colombia, where it is known as “gota a gota”. Colombian networks are exporting the practice around the region. Currency exchanges are a concern around the region.</p>
<p><b>Extractive industries</b></p>	<p>Money is laundered by purchasing then laundering and trading black market minerals, above all gold, investing in legal or illegal mines or in mining infrastructure and equipment such as processing mills or backhoes, and by financing illegal mining through informal loans.</p>	<p>Laundering through illegal mining is rife in Colombia and Peru, where there are huge illegal gold industries, and is on the rise in Ecuador, Suriname and Venezuela.</p>
<p><b>Virtual Cyptocurrency</b></p>	<p>Criminals can purchase cryptocurrency online using anonymous prepaid credit cards, using bitcoin ATMs, or by using cash along with stolen or false identity details at unregistered currency exchanges. They can then store and globally transfer their profits anonymously and easily, or use them to anonymously purchase goods for resale in TBML schemes.</p>	<p>This is a growing concern around the region, with cases already identified in Colombia and Costa Rica.</p>

<p><b>Virtual worlds and gaming</b></p>	<p>Organized crime creates player accounts under fake or stolen identities to purchase in-game commodities in virtual world games using stolen or anonymous pre-paid cards, moving the commodities around between their accounts or selling them to other players, then redeeming them back as “clean” money, usually by selling them for bitcoin on the Dark Web at discounted rates. In drug trafficking cases, criminal networks may also transfer virtual currency to associates in different countries through the virtual world.</p>	<p>This is a global and difficult to trace phenomenon but has been highlighted as a concern by authorities in the Dutch Caribbean.</p>
<p><b>Transaction/merchant-based laundering</b></p>	<p>Drug money is laundered by making fake purchases using pre-paid cards on fictitious airline and hotel websites owned by trafficking networks.</p>	<p>This practice has become common in Central America, the Caribbean and Mexico.</p>
<p><b>Online gambling</b></p>	<p>Criminal groups bet dirty money to win clean money back in unregistered online casinos which do not require identity verification. As casino winnings are paid in a single lump sum including deposit and winnings, a gambler can deposit thousands of dollars, play with a very small portion of it and then simply withdraw whatever is left, claiming it as winnings.</p>	<p>This has been identified as a major concern in the Dutch Caribbean, especially Curaçao.</p>

<b>Parallel currencies</b>	Assets such as works of art, properties and luxury vehicles are sometimes used as payment for drugs or criminal services. There have been cases of traffickers being paid in properties, which overlap with money laundering operations in developments like condominiums. In many countries, the purchase and sale of properties is not registered or monitored nationally, just by local notaries, therefore, this is very hard to track. Art has long been an underworld currency, and again is hard to track, with specific artworks only appearing on the radar when it is put up for sale at an auction house. By this time, it may have passed through many different hands as a form of payment.	The use of parallel currencies is a concern around the region
----------------------------	--	---

## The Role of Economic Weak Spots

There are some places that present ideal conditions for money laundering in its various different guises, which we describe as economic weak spots. These provide important targets for intervention and disruption strategies.

Economic weak spots include Free Trade Zones, fiscal paradises, and highly corrupt countries with no financial checks or reporting procedures. The low levels of regulation and high levels of financial secrecy in these weak spots facilitate TBML, bulk cash smuggling, manipulation of the financial system and the establishing of shell companies. Free Trade Zones are especially important conduits for TBML and bulk cash smuggling, as there are minimal controls and even less oversight over the movement of goods and money. Furthermore, in most free zones, almost anyone can bring in goods on behalf of someone else without disclosing the Ultimate Beneficial Owner. And there are no obligations for operators to carry out the type of customer due diligence normally required under anti-money laundering (AML) frameworks.<sup>77</sup>

<sup>77</sup> InSight Crime interview, international intelligence official, Panama City, Panama, 29 November 2019.

Fiscal paradises, meanwhile, offer sophisticated – and usually legal – laundering infrastructure and services, along with something even more highly prized by organized crime – secrecy.

The original, and still one of the most persistent, economic weak spots in Latin America, is Panama, which is both a fiscal paradise and boasts the second biggest Free Trade Zone in the world. Panama's laws governing financial secrecy, opening corporate entities and avoiding taxes, created an ideal environment for criminals looking to move or conceal money.<sup>78</sup> The Free Trade Zones in Curaçao and Aruba should also be of concern as they lie within Kingdom territory. Here, Dutch investigators have detected schemes to move and launder “dirty money” that bridge Latin America and the Netherlands.<sup>79</sup>

---

<sup>78</sup> Joshua Berlinger, “4 razones por las que Panamá se utiliza como paraíso fiscal,” CNN Español, 7 April 2016.

<sup>79</sup> InSight Crime interview, Curaçao security forces, Curaçao, 28 August 2019.

# 7

## Moving from Reaction to Initiative

Governments have traditionally been condemned to play catch up with TOC, lagging a couple of steps behind what is the most agile business in the world. That must stop. The Dutch government must not only understand the current TOC dynamics in Latin America and the Caribbean, it must also be able to identify trends and anticipate how TOC is going to react in current and future scenarios. TOC is like water: it follows the path of least resistance. Simply placing obstacles in its path will only prompt it to move elsewhere. That elsewhere must be determined before any barrier is put in place if there is to be a sustainable reduction in the flow of cocaine heading to the Netherlands.

### TOC and COVID-19

The coronavirus crisis has affected every business, legal or illegal. The situation is dynamic, and fluid and the impact has been felt in very different ways in the different countries and regions along the supply chain. The Dutch government must analyze the situation not only in the Netherlands but also elsewhere in Europe and in Latin America and the Caribbean, and anticipate how it might affect TOC and how it can design a strategy accordingly.

Production, occurring in the remoter parts of Colombia, Peru and Bolivia has been little affected by the COVID-19 crisis, and any disruption has been localized and is likely to be temporary. Where there has been a serious impact is on the transport phase of the supply chain. Due to the reduction in the legal commercial flow of goods, DTOs find less volume of traffic in which to hide their cocaine.

The use of air mules to move drugs has all but disappeared and air cargo is much reduced. There is less clarity over the use of maritime routes favored for large scale cocaine consignments, with some regions reporting a reduction where others say it has been unaffected. The start of the pandemic saw a glut of large seizures, suggesting traffickers were willing to take bigger risks to move their shipments. However, container shipping, especially of the perishable goods favored by traffickers, has been one of the least affected transit sectors as European countries have sought to ensure food imports from Latin America continue.<sup>80</sup> Evidence of the interruption in the flow of cocaine to Europe can be seen in reports of a jump in wholesale prices in

---

<sup>80</sup> Francesco Guarascio, “Europe flooded with cocaine despite coronavirus trade disruptions,” Reuters, 30 April 2020.

parts of Europe from around €25,000 a kilo to €37,000.<sup>81</sup> Street sale prices have also increased by as much as 30 percent.<sup>82</sup>

National lockdowns have seen dealers employ ever more creative solutions to avoid restrictions, as well an increase in delivery services over street sales.<sup>83</sup> While these are temporary measures, they are likely to accelerate the already evident trends towards greater use of deliveries and dark net sales.<sup>84</sup> Here is an area where law enforcement in the Netherlands could increase efforts.

There may be an increase in the use of other shipping methods to cross the Atlantic, to compensate for the drop in legal commerce. The use of fishing vessels, pleasure craft and submersibles will likely increase the longer that legal shipping activity is curtailed. The Dutch government should step up monitoring of this and incorporate it into its disruption strategy.

In the meantime, when traffickers cannot find reliable alternatives, they are likely to stockpile the drugs to wait for an opportune moment to move them. This could lead to substantial cocaine stashes set up all along the supply chain, providing major opportunities for seizures.

COVID-19 is also creating difficulties in laundering and moving cash. Many businesses used to launder money are temporarily closed due to restrictions, and travel bans make it more difficult to move cash in bulk. This might explain the several large cash seizures made in May, which included €12,5 million found in a house in Eindhoven.<sup>85</sup>

As the worst of the pandemic passes, there is a risk that TOC will emerge stronger, richer and more powerful. Although it is the countries with the lowest resilience to both the pandemic and to organized crime that are most vulnerable, this could also have implications for the Netherlands and for the Dutch Caribbean. In the aftermath of the crisis, governments are likely to dedicate attention and resources to rebuilding economies and dealing with lingering social and health issues, allowing TOC more freedom to operate without interference. Furthermore, criminal actors may soon be among the few that retain wealth and liquidity, allowing them to buy an even bigger stake of a legal economy that will be desperate for investment.<sup>86</sup>

## Future Trends

There are few indications that the record levels of cocaine production are going to be seriously dented any time soon. While President Duque of Colombia has put coca eradication, including the reintroduction of aerial spraying, at the heart of his security

---

81 Cecilia Anesi, Giulio Rubino, Nathan Jaccard, Antonio Baquero, Lilia Saúl Rodríguez, and Aubrey Belford, “What Lockdown? World’s Cocaine Traffickers Sniff at Movement Restrictions,” OCCRP, 20 May 2020.

82 Ibid.

83 Ibid.

84 Europol/EMCDDA, “EU Drug Markets Impact of COVID-19,” May 2020.

85 Charlotte Waaijers, “Miljoenen aan contant geld hoopt zich bij criminelen op door coronacrisis,” NOS, 29 May 2020.

86 Pauline Valkenet, “De maffia maakt een comeback in Italië,” Het Parool, 8 May 2020.



policy, this will not impact production in any meaningful way until the second half of 2021, if at all. His attempts to broaden forced eradication policy while reducing investment in voluntary substitution and alternative livelihoods risk repeating the mistakes of the past, and will likely not change long-term coca cultivation and cocaine production levels.<sup>87</sup>

Bolivia and Peru are in the grip of political instability, which has forced policies that tackle drugs and TOC far down the list of priorities. This means that any short term reduction in coca cultivation achieved in Colombia will likely be offset by increases in cocaine production in Peru and Bolivia.

In the transit link of the transport phase, there are two routes that are seeing growing drug flows: Venezuela and the Amazon corridor. The crisis in Venezuela has deepened the ties between the state and organized crime, turning this troubled Andean nation into one of the region's most important cocaine hubs. With little sign of the Maduro administration relinquishing power – and little sign of an economic recovery – this trend is set to continue.

The corridor channeling Colombian and Peruvian cocaine along the Amazon to departure points in north Brazil and Suriname meanwhile, is a route that appears to be underestimated by authorities – representing an opportunity for traffickers to increase flows with a minimal risk of disruption. The role of Brazil as the principal bridge to Europe seems set to continue. With the change in government in Suriname though, there are opportunities for the Dutch government to engage with state actors to stem the flow of cocaine here.

The search by the smarter DTOs for new dispatch points that attract less attention will continue. Perhaps the highest risk is posed by secondary ports in countries already used for trafficking. In Brazil, seizures show more cocaine being sent from the secondary ports of Paranagua, Itajaí, Natal, Ceará, among others.<sup>88</sup> Another option could be offered by the new deep-water port of Posorja in Ecuador, which started operations in August 2019 and will take on part of the cargo transshipment business currently in Buenaventura, Colombia. Should drug trafficking networks turn their attention to Posorja, this could potentially reconfigure the criminal landscape in the Pacific.<sup>89</sup>

The same logic applies to the reception link in the chain. Secondary ports in the Netherlands, in particular Vlissingen and Amsterdam, where the latter is getting a new sea lock, could be set for an increase in drug flows.

Outside of the more commonly used trafficking nations, there are numerous other options that traffickers have been turning to. The port of San Antonio in Chile is one such target. Authorities in Peru suspect that 20 tons of cocaine intercepted in

---

87 InSight Crime, “Duque ‘Has Done Nothing for Us,’ Says Trump,” 6 April 2019.

88 InSight Crime electronic correspondence, customs officials, Brazil, 2019.

89 InSight Crime interview, port security officer, Guayaquil, Ecuador, 27 November 2019.

several shipments over the first half of 2019 were dispatched from San Antonio.<sup>90</sup> There are also indications that Argentina<sup>91</sup> and Uruguay<sup>92</sup> are increasingly used by traffickers,<sup>93</sup> as again they are not seen as high-risk contamination points.

---

---

90 InSight Crime interview, anti-narcotics ports and airports unit officials, Lima, Peru, 7 August 2019.

91 La Gaceta, “Argentina corta la ‘ruta sur’ de la cocaína hacia Europa,” 24 October 2017.

92 El Clarín, “Alarma en Montevideo, Uruguay: ¿Nueva ruta de los narcos para enviar droga a Europa?,” 30 September 2019.

93 La Gaceta, “Argentina corta la ‘ruta sur’ de la cocaína hacia Europa,” 24 October 2017.

# 8

## Disrupting TOC and the Cocaine Trade

The Netherlands must raise the costs and risk of doing business through its territory. Over recent years the risks and costs have been going down, ensuring that the Netherlands – when taking into account cocaine trafficked through Belgium – has likely displaced Spain as the principal entry point for cocaine into Europe.

Narrowly targeted interventions in drug trafficking routes can lead to temporary disruptions in the supply chain, but traffickers quickly adjust. The primary result is the “balloon effect,” where exerting pressure in one area simply displaces activity to another.

Therefore, an integrated, detailed and far-reaching disruption strategy should be developed by the Dutch government, both upstream – including the Dutch Caribbean – and at national level. It should be built around four main components, using the cocaine supply chain as guide for other TOC activities:

- 1. Analyzing trafficking corridors** and relevant geography in the three phases and 10 links in the cocaine chain, which is also relevant for other TOC activities. This allows a more strategic approach as to which routes can be hit at several links in the chain, or where alternative trafficking options can be closed off before criminals are able to exploit them. While this predominantly concerns the drug trade, it can also be applied to routes moving other contraband, such as illegal gold or arms.
- 2. Targeting Criminal Networks.** Strategies seeking to simply capture leaders have proven to have limited impact. It has often simply led to an atomization of organized crime and decentralization of power in the underworld. The criminal infrastructure that supported and sustained these actors has remained in place even as kingpins are taken down, allowing new actors to emerge to fill any vacuum, and for business to continue uninterrupted. In order to address this, attempts to combat criminal actors should target not only the illegal networks themselves but also the criminal eco-systems in which they operate.
- 3. Targeting Financial Flows.** Individual money laundering investigations and prosecutions impact illicit finance flows in the same way that targeting individual traffickers impacts the flow of drugs – gains are usually temporary and limited. For a longer term impact, the space for illicit finance to flow must itself be reduced. This can be achieved by first strengthening the

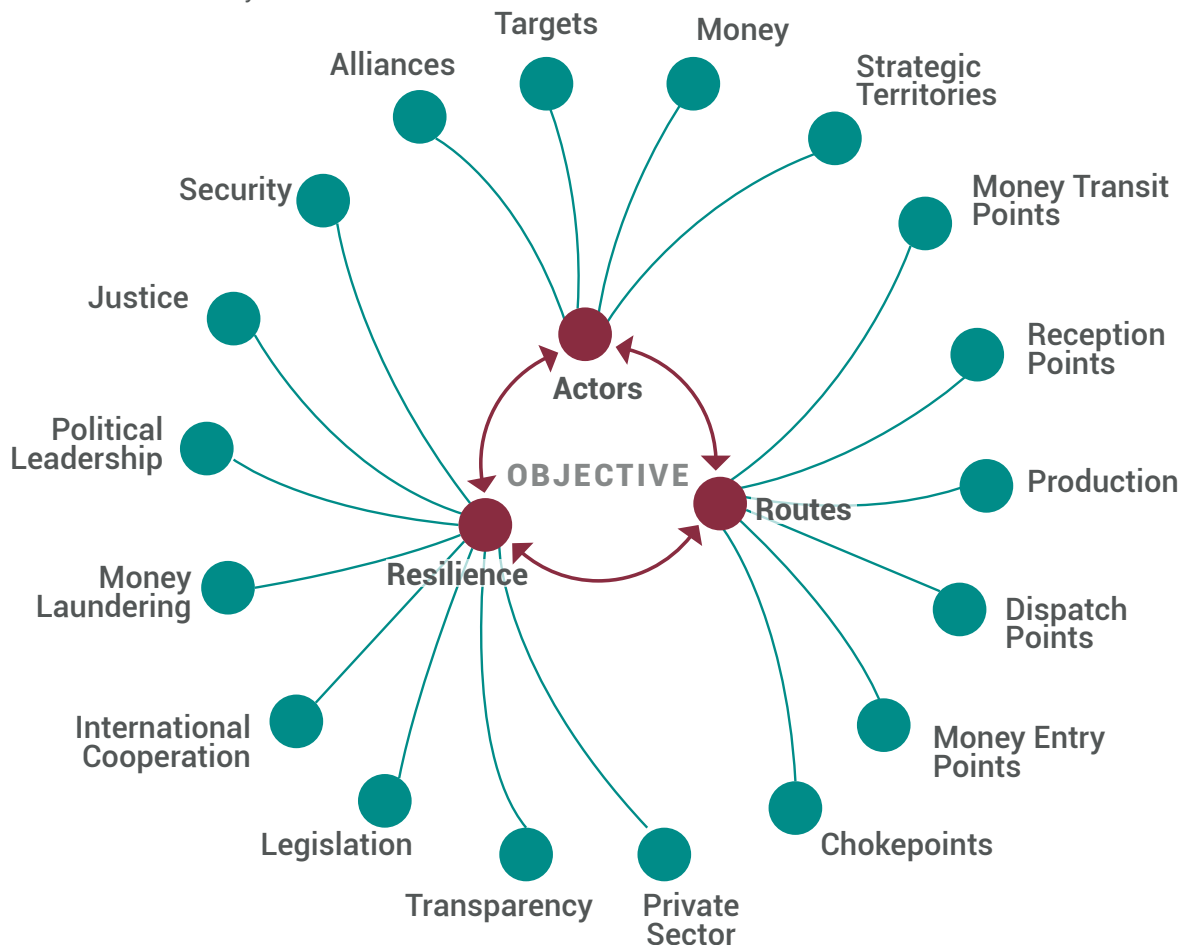
anti-money laundering (AML) framework and ensuring that institutions are strong enough to implement this framework, and then ensuring that the Dutch government and its partners have strong investigative units and judicial systems in order to successfully prosecute violators.

**4. Building National Resilience.** The key to successful, sustainable disruption of TOC and the cocaine trade is combining targeted and integral interventions in the areas above with efforts to build national resilience. National resilience is the capacity of a country to tackle TOC in all of its different forms. This is a key contributor to preventing the recycling of actors and criminal dynamics. We have grouped ways to build resilience in the Netherlands, the producer nations and the transit countries. (See section below on National Resilience).

The message of the disruption strategy must be clear: If you conduct TOC within the Kingdom of the Netherlands, you will face coordinated, implacable and constant prosecution in whatever part of the world you may operate and reside.

## The Disruption Matrix

Created in February 2020



## National Resilience

Transnational organized crime is able to operate with such success due to the low state resilience and resistance to its operations and influence in many countries throughout Latin America and the Caribbean. Countries with weak or corrupt institutions not only lack the capacity, resources and political will to combat organized crime, but sometimes have a vested interest in allowing its presence. They allow criminal groups to control territory, establish criminal infrastructure and operate with impunity.

In contrast, countries with greater resilience to TOC have a higher capacity for drug interdiction, building investigations and prosecuting cases, rooting out corruption, and tackling the socio-economic weaknesses that allow organized crime to take root. There is often a much lower level of tolerance for criminal activity and corruption in these nations, as well as a strong civil society that holds government accountable.

Resilience can be built in many different ways. Legislative frameworks, for example, provide the tools required to tackle organized crime, such as penal codes and anti-money laundering frameworks. Institutional strength determines the capacity of security and judicial institutions to combat organized crime, particularly the establishment of specialized units like anti-narcotics police and dedicated organized crime prosecutors. At the top, in a democratic government, there should be transparent leadership, promoting a healthy civil society and a private sector that takes an aggressive stance against criminality and corruption. The greatest deterrent to transnational organized crime and the drug trade is high national resilience.

Here are some of the principal elements contributing to a high national resilience to crime:

- **Effective criminal justice system**: where the penal code, the legal system and the staff ensure the efficacy of the justice system and lower impunity rates for organized crime.
- **Strong money laundering framework**: bodies that facilitate the detection and prosecution of money laundering and illicit finance flows.
- **Complete legislative framework**: laws that strengthen the state's capacity to combat organized crime.
- **Political will and leadership**: ensuring strong policies against TOC and zero toleration of corruption.
- **International cooperation**: commitment to bi- or multilateral agreements or interventions against TOC.
- **Healthy civil society**: strong and independent institutions such as an investigative press and watchdog organizations.

- **Vigorous private sector**: businesses united in resistance to the distorting influence of organized crime and money laundering, willing to fully cooperate with the government in strengthening the legal economy.
- **Full transparency**: Access to information about government operations and key data, such as security statistics.

## Setting Priorities

The limited resources and capacity of the Netherlands to disrupt TOC and the cocaine trade makes setting strategic priorities a core part of disruption planning. For this, the potential impact of any intervention must be balanced against its feasibility and cost. The ideal must be to target chokepoints, be they geographical in terms of the routes into the Netherlands, or in terms of criminal nodes. Attacking such chokepoints can affect various different criminal networks at the same time.

Using the cocaine chain to design a disruption strategy, the production phase provides room for maneuver, but it requires longer term and more expensive interventions. It is also utterly reliant on the relationship with the three producer nations, Colombia, Bolivia and Peru.

There are more opportunities for systematic disruption strategies in the transport phase. Since the vast majority of cocaine entering the Netherlands is trafficked via container shipping, the departure and dispatch points are, in many cases, large ports across Latin America and the Caribbean. Here, there are clear targets, although each presents significant challenges.

The passage of drug shipments through transit countries meanwhile, sees cocaine consignments often pass through many countries and many sets of criminal hands. Each one of the transit nations and criminal nodes must be identified and clearly profiled. Then, strategies must be put into place, working with local governments, to target this criminal infrastructure and, where possible, dismantle it.

The last link in the transport chain, reception, is where the Dutch government has complete control of strategy and operations, as this is where the criminal operations touch home turf. However, by the time cocaine reaches Rotterdam port, the runway of Schiphol airport, the motorway from other parts of Europe, or Dutch waters, its journey should have been charted from departure in the production nation and its criminal handlers identified. A seizure, while a solid result and a great newspaper headline, may do little in itself to disrupt the criminal enterprise behind it.

The third phase of the cocaine chain, sale, is conducted on Dutch soil, so disruption should be easiest to plan and execute. Yet the development of criminal infrastructure in the Netherlands has been the principal reason that the country has become the main wholesale market for cocaine in Europe. Without tackling this, all the upstream disruption will have little impact.

In the current model of criminal sub-contracting, the brokers are the most important players, not the gun-toting protection nodes that capture the public imagination. Brokers are the highest impact targets as they are the most difficult actors to replace and their removal in some cases can lead to huge changes in trafficking and underworld dynamics.

## Shipping Ports in the Americas: Trafficking Hotspots

*insightcrime.org*

Container shipping ports are the main dispatch points for cocaine trafficked from Latin America and the Caribbean to the Netherlands. They can be categorized as established hotspots, where trafficking is long-standing, new hotspots, where it has emerged in recent years, and potential hotspots, which could be the next trafficking hubs.

- Established Hotspots**
  - 1. Port of Callao, Peru
  - 2. Port of Guayaquil, Ecuador
  - 3. Port of Buenaventura, Colombia
  - 4. Port of Turbo, Colombia
  - 5. Ports of Colón, Panama City
  - 6. Port of Santa Marta, Colombia
  - 7. Port of Cartagena, Colombia
  - 8. Port Multimodal Caucedo, Dominican Republic
  - 9. Port of Willemstad, Curaçao
  - 10. Port of Paramaribo, Suriname
  - 11. Port of Santos, Brazil
- New Hotspots**
  - 12. Port of Piura, Peru
  - 13. Port of Limón, Costa Rica
  - 14. Port of Natal, Brazil
  - 15. Port of Paranaguá, Brazil
  - 16. Port of Itajai, Brazil
- Potential Hotspots**
  - 17. Port of San Antonio, Chile
  - 18. Port of Posorja, Ecuador
  - 19. Port of Kingston, Jamaica
  - 20. Port of Belém, Brazil
  - 21. Port of Ceará, Brazil
  - 22. Port of Recife, Brazil
  - 23. Port of Salvador, Brazil
  - 24. Port of Rio de Janeiro, Brazil
  - 25. Port of Buenos Aires, Argentina
  - 26. Port of Montevideo, Uruguay



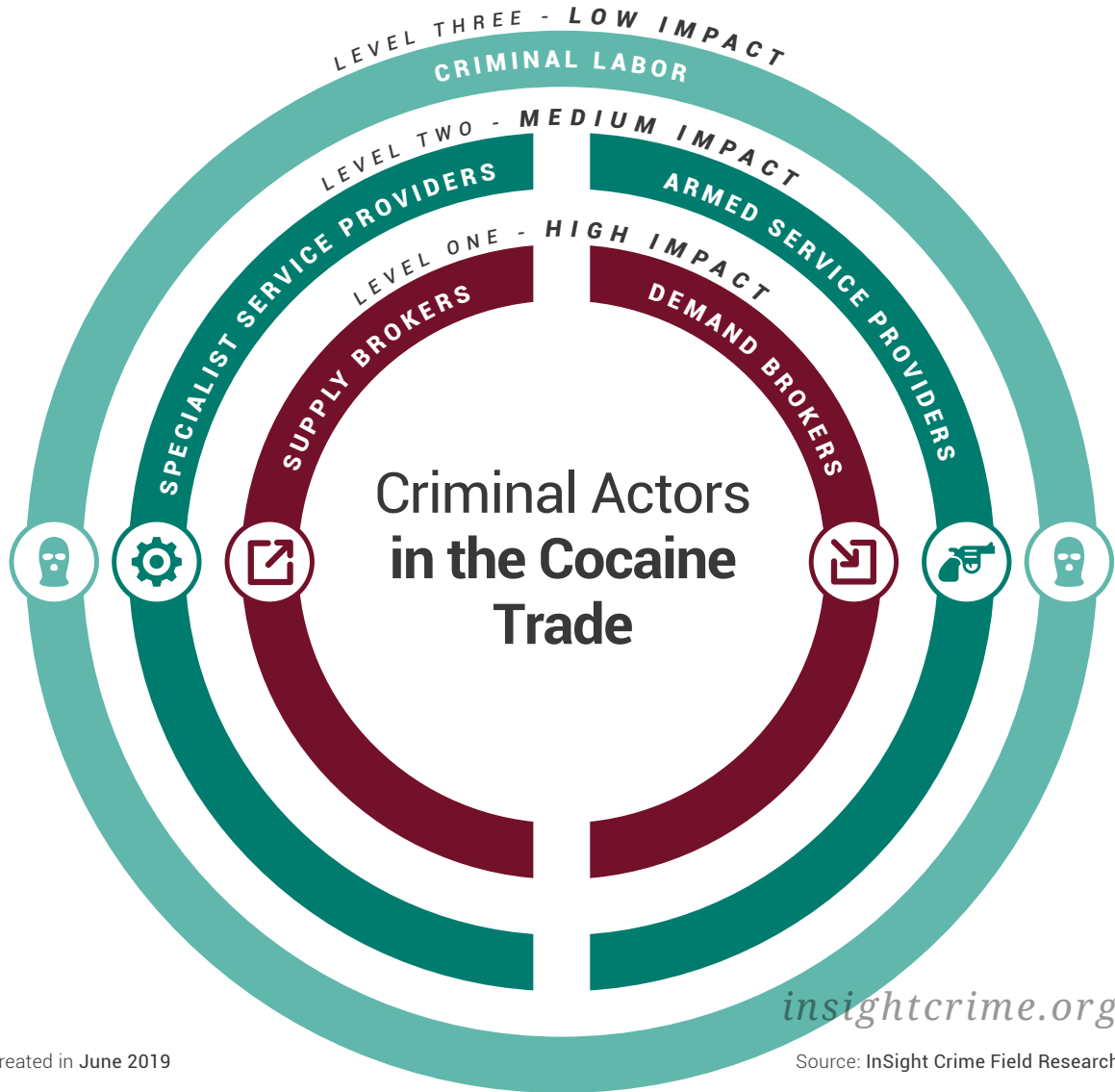
Source: InSight Crime Investigations

May 2020

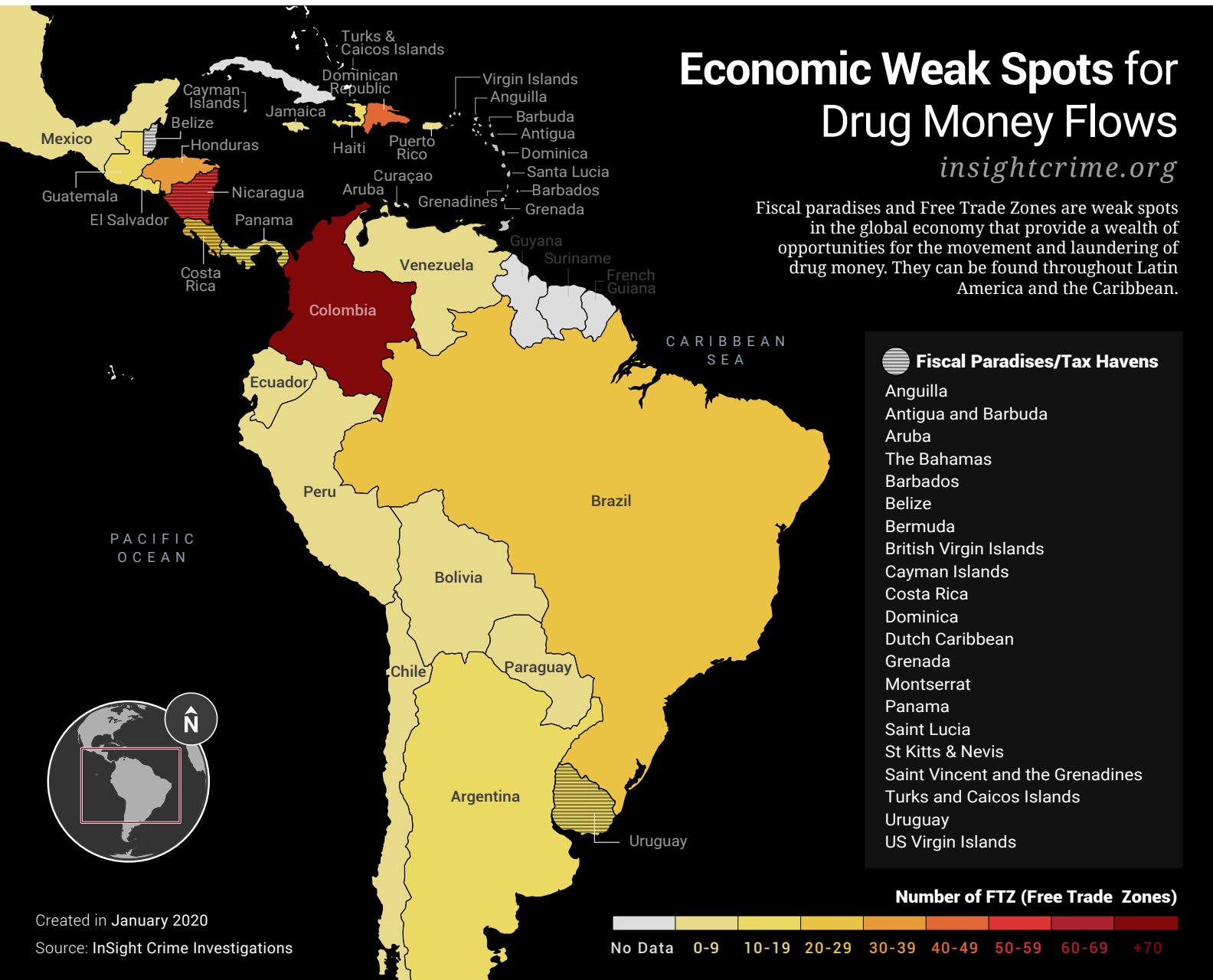
Targeting the criminal service providers that brokers contract to carry out specific tasks in the supply chain offers a medium potential impact on trafficking. They often have high levels of experience and expertise in their respective areas and can be powerful operators on a local level. However, dismantling such nodes usually only offers a short-term disruption to the supply chain, as they are either replaced by new actors or the remnants and associates of these organizations rebuild or form new nodes dedicated to the same task.



The bottom rung of the cocaine trade hierarchy, the criminal labor force, accounts for the largest proportion of those arrested, but the impact of targeting them is minimal. They are low-paid, largely unskilled and easily replaced. Furthermore, they rarely have any knowledge about who they are working for or the trafficking operation itself beyond their own role.



Drug trafficking organizations watch very carefully how national and international law enforcement target their operations. They are prepared to accept significant losses, as their profit margins are very high. Once traffickers themselves have been identified, perhaps publicly named and shamed (the use of media organizations to expose criminal networks is an effective tool), then life becomes uncomfortable for them and their options more limited. Add to this a systematic targeting of their money and assets, and that discomfort turns into real pain. This is when traffickers begin to show a willingness to negotiate, where different elements of a network can be identified, their corrupt partners in government exposed, and the intelligence necessary to create major disruption can be gathered.



The map above illustrates the concentration of Free Trade Zones around the region, alongside a list of countries considered Fiscal Paradises or tax havens

Hitting illicit finance flows is one of the ways to have the greatest impact on TOC. Here, disruption strategies must target economic weak spots such as fiscal paradises, Free Trade Zones and highly corrupt countries, as well as identifying individual banks, companies, lawyers' offices, accounting firms and other financial vehicles that move and clean money for top level traffickers.

The key to any successful disruption strategy lies in the collection of intelligence and the agility to act swiftly on that intelligence, allowing the Netherlands to bring its scarce resources to bear at exactly the right place, at the right time, and working closely with allies.

# 9

## Recommendations

**1. Make the fight against TOC a national priority** - If you take just one thing from this report it should be that the strengthening of TOC in the Netherlands is a fact, not a possibility, and it constitutes one of the principal threats to Dutch national security. Latin America is replete with examples of countries whose complacency allowed TOC to take root and which have suffered dire consequences as a result. As part of this recommendation we would suggest classifying TOC as a national security treat. This would allow the Netherlands to take the lead in the Kingdom, as under the Charter for the Kingdom, The Netherlands is responsible for not only foreign policy but defense and national security of the autonomous countries. This could circumvent some of the sovereignty issues that will inevitably arise, although it would require the consent of the autonomous nations.

**2. Unity of approach** - An integrated ‘whole of government’ approach is needed if there is to be any sustainable and long term impact on the multitude of challenges that TOC presents to the Netherlands, which are social, political, economic, criminal and reputational. This is not just a law enforcement problem.

**3. A lead organization in the fight against TOC** - At the moment there are several different Dutch agencies attacking different aspects of TOC independently, without sufficient coordination. There is not even unity of effort in the principal agency in the struggle against TOC and drug trafficking: the police. We saw Customs and the HARC team doing an amazing job with interdictions in Rotterdam. However, seizures in isolation do little to impact wider TOC networks and the information they uncovered was not usually developed or passed on to allow for the tracking and dismantling of the international criminal networks behind the drug consignments. The police in Amsterdam face constant TOC threats, yet know little of what is going on in the rest of Europe, let alone Latin America. Everything must be coordinated, and all the different Dutch agencies tackling the many different aspects of TOC must be connected and work together.

Serious steps have been made in the past year for a more integrated approach, including the appointment of a general directorate for undermining. The most important development is the creation of the the Multidisciplinary Intervention Team (MIT), which is designed to address exactly this issue. We had excellent meetings with some of the minds behind the design of the MIT, who were well aware of the huge challenges they face. The way that the MIT evolves will have a huge influence on whether the strategy to tackle TOC threats to the Kingdom of the Netherlands is successful.

The thinking behind the creation of the MIT is to bring together different law enforcement agencies and put them under one roof; sharing intelligence, preventing

duplication of effort, and coordinating efforts both nationally and internationally. This was announced during the course of our investigation and would have been our principal recommendation. Now that it is in under construction, some of the challenges are: the sharing of information, especially with external agencies, which due to new EU privacy laws and other legal obstacles is no small task (this will be especially challenging when seeking to incorporate the autonomous nations of the Kingdom); ensuring that the MIT has a wide international focus, and is not focused exclusively on the Netherlands; ensuring the design and charter of the MIT shields the body from political pressures and prevents competition between the different component agencies; and finally ensuring there is effective oversight.

Under the Dutch system, the Public Prosecution Service (Openbaar Ministerie), is responsible for directing the police in terms of initiating investigations. With this in mind, the Public Prosecution Service needs a broader strategic understanding of TOC and its workings in order to better determine priorities. Perhaps this can be achieved within the framework of the MIT.

**4. Intelligence** - The development of an effective strategy against TOC succeeds or fails based on one element: intelligence. The Netherlands has limited resources and a huge amount of territory to cover in any integrated strategy to tackle TOC threats, especially with an upstream disruption element. Scarce resources must be brought to bear in the right place, against the right actor, at the right time, and with laser precision. This can only be achieved through intelligence.

Intelligence is of little use sat on an encrypted hard drive deep in a secure facility. Intelligence must be shared, and turned into strategy and operations, which in turn should yield more intelligence, thus creating the virtuous circle of greater knowledge, more refined and evolving strategy, and a faster pace of operations. The collection of information and its analysis should reach the point where predictive analysis can be produced, allowing the Netherlands to move beyond reacting to TOC to being able to predict what it will do in the face of any new measures introduced, enabling Dutch law enforcement and its international allies to lie in wait.

We recommend that there are two levels of intelligence: the operational level run by MIT, which they are currently calling the Strategic Intelligence Unit (SIU). This will pool all the different information being gathered by its component elements, which will likely be sensitive, tactical intelligence on people of interest, routes, corruption etc., that must be handled by law enforcement and security force personnel.

In addition to this, we believe there should be an outside think tank, strategic analysis body, or organized crime observatory that is separate from the MIT.

We need to outthink the criminals and to do so, we need to think well outside the box. This type of thinking and analysis cannot be left just in the hands of law enforcement. Other Dutch institutions must be part of this body as well as non-state actors. The other government institutions should include:

- **Ministry of Finance:** The fight against illicit financial flows is one of the most important fronts in the entire struggle against TOC. And it could be the most effective. Furthermore, the Dutch Customs agency, which plays a central role in interdictions and seizures both upstream and in the Netherlands, is also part of the ministry.
- **Ministry of Foreign Affairs:** Keeping upstream disruption strategy and thinking up to date requires information and analysis on changes in government in Latin America and the Caribbean, as well as the negotiation of the agreements with different partners. Identifying opportunities with changes in government in the region should be the work of the MFA.
- **Ministry of Defense:** The Dutch armed forces, the Military Intelligence and Security Service (MIVD) and the Marechaussee can all play a key role in anti-narcotics efforts. In the Dutch Caribbean much of the work done by the military is already focused on counter narcotics, while the information shared by US Southern Command is crucial to any Dutch disruption strategy. Furthermore, there is also a substantial overlap between organized crime and other areas of concern for national security, in particular terrorism.
- **Ministry of Interior and Kingdom Relations:** The Dutch Caribbean should be a key element in the disruption strategy, with constant exchange of information with the island municipalities and autonomous nations. In addition, the General Intelligence and Security Service may well have much to offer on TOC as part of its regular intelligence gathering activities.
- **Ministry of Justice and Security:** The ministry is already heavily represented in the MIT agencies, but should also be contributing strategic level thinking, not just the tactical level operations of law enforcement bodies. The creation of a General Directorate for Undermining in September 2020 is a good step in this regard.
- The **local governments** of Rotterdam and Amsterdam should also be involved, and perhaps other parts of the Netherlands that act as operational centers for organized crime.

However, the net must be cast much wider than just government bodies, there must also be outside perspectives. Other players should include:

- **Academia:** Top experts in this field, both in the Netherlands and beyond, should become contributors to the strategic think tank to bring an outside perspective.

- **NGOs:** There are many NGOs working on different aspects of TOC and its effects on civil society, both in Latin America and in Europe. This should not be an afterthought, as the strengthening of civil society actors is a key way to build resilience to TOC at home and abroad. This could also become a component of Dutch foreign aid.
- **Investigative journalism:** Investigative journalists and media outlets across the world have a unique and deep understanding of criminal dynamics in their respective countries. This resource must be tapped into.
- **International law enforcement experts:** There are many policemen, soldiers and politicians who have had to face similar threats to those currently confronting the Netherlands. We can learn from their mistakes as well as their successes.

This strategic think tank should not be under law enforcement or political direction. Instead, a civilian should be put in charge – someone who can shepherd many different people from many different backgrounds and nations, who can act without interference from any government or political interests, and make recommendations based only on what the data and corresponding analysis shows.

Another take on this, given the overwhelming importance of the cocaine trade in terms of the TOC threats to the Netherlands, might be the establishment of a cocaine observatory to maintain and update an intervention matrix and identify disruption opportunities in all links of the drug trafficking chain. Such a body could monitor production, transit and sale of cocaine in the Kingdom of the Netherlands, and identify the different criminal networks involved. It should also identify opportunities for the Ministry of Foreign Affairs and its regional embassies to adapt to or capitalize on the changing political situations in Latin America and the Caribbean. The data collected by this Observatory needs to go back 30 years, so as to be able to track patterns and the evolution of the cocaine trade. This will help with predictive analysis.

**5. Tackling Dutch criminal infrastructure** - While we are not experts on organized crime within the Netherlands, over the last year of investigation it has become clear that there is not a complete understanding of Dutch organized crime, both national and transnational, and its connections with Latin American and other European criminal enterprises. What is evident is that the evolution of the country as the principal European entry point and exchange for cocaine,<sup>94</sup> has led to the creation of significant criminal infrastructure, which likely earns in excess of a billion euros a year. This Dutch criminal infrastructure has transnational reach, and there are signs it is moving upstream in search of ever greater profits. One of the biggest cocaine seizures ever made in Spain – the 6.3 tons seized in Malaga in October 2018- was being handled by a Dutch criminal network. The Taghi drug trafficking organization had operatives working closely with local associates in Colombia and Suriname. The more powerful, sophisticated and global Dutch TOC becomes, the greater the threat it presents to the Kingdom of the Netherlands, and the harder it becomes to dismantle.

---

94 When taking into account cocaine trafficked through Belgium

As has been shown in Latin America time and again, targeting individual criminals or criminal groups has little long-term impact, and often even leads to greater violence as lieutenants fight for the top job. If the Dutch state is to avoid making these same mistakes in the Netherlands, then it must develop strategies aimed at analyzing, investigating and dismantling not only specific TOC and drug trafficking networks active in the country, but also the broader Dutch criminal infrastructure that supports them, which if left intact would likely facilitate the emergence of new or regenerated groups.

**6. Giving law enforcement more tools** - The United States owes some of its greatest results in dismantling TOC networks to its management of criminal informants and the flexibility within the US justice system to offer “deals” to criminals who cooperate and give up their partners, networks, assets, and criminal infrastructure. We understand why, after the 1993 IRT Affaire, more controls were placed on the police and clandestine operations, and indeed the US system of offering attractive deals to major traffickers has led to some highly controversial outcomes. However, due to the effectiveness of undercover operations and the recruitment of criminal sources, more emphasis should be put on the use of criminal informants, plea bargaining and witness protection to give greater options to criminal investigations. This must take place under the strictest oversight.

**7. Strengthening anti-money laundering measures and financial investigation** - Numerous nations around Latin America and the Caribbean lack basic mechanisms and frameworks for preventing the movement and laundering of drug money and other illicit funds. While some of these issues are complex, in many cases simple changes implementing existing international frameworks could have a significant impact. Each channel for the movement of illegal money that is restricted, increases the costs and risks for organized crime. A more targeted response likely to have a greater impact could be developed by focusing on the global economic weak spots of fiscal paradises, Free Trade Zones, and highly corrupt countries. While international mechanisms such as the Financial Action Task Force (FATF) and its regional associates are useful tools, their impact may also be limited in countries with little will to reform. However, political and economic pressure has also proven a powerful weapon, as demonstrated by Panama, which is slowly reforming in an attempt to shed its infamous reputation, and more recently in the Dominican Republic, where US pressure played an important role in bringing in game changing anti-money laundering legislation.

However, the Netherlands itself is frequently identified as a global hub for illicit finance flows. The ING money laundering scandal which resulted in a 775 million euro fine in 2018, was a great blow to the reputation of the Dutch financial system. Indications are that the flow of illegal funds through Dutch banks is still in the billions of euros, while some of the banks and business sectors in the Kingdom are woefully compromised. The Netherlands will struggle to convince other nations to reform if it cannot point to its own success in tackling these issues.

**8. Upstream Disruption** - Organized crime today is increasingly multinational, and so should the response be: Rotterdam and Schiphol cannot be the front lines in the struggle against TOC. By the time drugs or other trafficked commodities from



Latin America and the Caribbean have hit Dutch soil it is too late for an effective strategic response, so upstream disruption must be a key tool in this struggle. Along criminal supply chains there are dozens of possible intervention points for the Netherlands at the production, transport and sale phases. These must be squeezed in order to stem the flows of drugs and other contraband out of Latin America. This has huge implications in terms of a detailed monitoring of the events in Latin American and the Caribbean, being able to process and analyze such events, and most importantly, identifying the opportunities they present to disrupt the criminal networks that threaten the Netherlands. This brings us back to the intelligence and analytical recommendations.

**9. Improving and leveraging international cooperation** - Multinational cooperation is essential to maximizing upstream disruption and must be the starting point of any strategy. This will require the construction of a network of allies in security, justice and political institutions in Latin America and the Caribbean.

This should include efforts to further strengthen cooperation with the following strategic partners:

- **The United States:** The United States' "war on drugs" approach has proven incapable of finding long-term, sustainable solutions to the issue of TOC and the harm it causes, and it is not a model the Netherlands should seek to emulate. However, the approach does mean that the United States has enormous experience in and dedicates immense resources to fighting TOC in the Americas. It has built a network of its own agencies and assets working with vetted and funded local units around the region that has an unrivaled capacity in two key areas: interdicting drugs and dismantling TOC networks. As such, a strong relationship with the US is key to a successful upstream disruption strategy as it would provide many of the benefits of this infrastructure and capacity without the Netherlands having to commit to the same path. The Dutch government needs to explore this relationship far more than it currently is. Agreements to allow for the sharing of intelligence should be negotiated with US Department of Justice agencies like the Drug Enforcement Administration (DEA), and with the Department of Homeland Security, as Homeland Security Investigations (HSI) are also on the frontlines of criminal investigations. However, in order for this to be an attractive arrangement for the United States, Dutch authorities must have their own house in order and be able to provide US agencies with information on Dutch traffickers operating globally (and therefore of relevance to US investigations) and on the activities of TOC networks in the Kingdom. It should make no difference to the Dutch government if its criminal targets are arrested and convicted by the US - let them take the credit and foot the bill for trial and incarceration. The only important issue is that key criminal actors involved in TOC activities into the Netherlands are removed from the board.

- **The European Union:** While there are fewer EU counter-narcotics and police resources in Latin America and the Caribbean, there are some, and the EU remains an important player for upstream work. Also the importance of European mafias operating in the Netherlands cannot be understated, so closer work with Europol and the other multilateral mechanisms identified in this report will be of great value. Perhaps even more relevant is the fact that there are EU funds for joint police investigations that the Netherlands has not taken full advantage of. Based on the results of this study, joint operations with Spanish and Italian police could have a significant impact in tackling European organized crime operating in the Netherlands or feeding the cocaine pipeline through the country. In addition, several of the Balkan nations of interest, including Albania, are official candidates to join the EU, which means cooperation from the security agencies of these states would likely be forthcoming.
- **The United Kingdom:** While the UK is no longer part of the EU and has drawn down some of its upstream infrastructure, it remains an important ally for the Netherlands. Much of the drugs on British streets come from, or via, the Netherlands. The British still have significant capacity in Latin America and the relations between Dutch police and the National Crime Agency (NCA) are very good. More could be done to take advantage of this relationship and pool scarce resources in investigating criminal networks that threaten both nations.
- **The United Nations:** The Netherlands is already working with the United Nations Office on Drug and Crime (UNODC) in areas such as the Container Control Program (CCP). There are UNODC offices throughout Latin America and the Caribbean investigating different aspects of TOC that could be of immense value to the Netherlands in terms of information gathering and analysis.
- **Latin American nations.** The Netherlands has excellent relations with most nations in the region, in particular with Colombia, with which it has developed an effective partnership in fighting TOC. Yet more effort must be made in developing strong relationships, enshrined in formal agreements that can survive changes in government, that allow for effective interventions against TOC in producer and transit nations in the region. Offering the “tool box” of proven TOC policies and measures (see below) along with aid could stiffen the resilience of many nations in the region, making them less open to forming part of the TOC supply chain to the Netherlands, or hosting the criminal actors who manage them. As well as Colombia, Brazil, Peru, Costa Rica, Panama, Ecuador, and the Dominican Republic have governments that might well be open to closer working relationships with the Netherlands.

**10. Incorporate foreign aid programs into disruption strategy and the fight against TOC**

- The Netherlands delivered over €4.7 billion in overseas development aid in 2019. The 2020 budget is €4.48 billion. Much of this is dedicated to building up of democratic institutions, promoting human rights and peace building. All of these are threatened by TOC. TOC should be a key consideration in the granting of foreign aid, ensuring nations build up their national resilience to criminal activities. Latin America is not a focus region for Dutch foreign aid, and this might need to be reviewed. National resilience does not just involve justice and security forces, but also ensuring a free press, government transparency, strong civil society groups, knowledge and respect of human rights etc. This spending should be an intricate part of the Dutch strategy to fight TOC. There might also be a benefit to having a more agile foreign aid program, something akin to the US Office of Transition Initiatives (OTI), or the UK Conflict Stability and Security Fund (CSSF) to be able to fund initiatives in a timely and flexible manner.

There should also be a TOC component in any socio-economic investments or aid. The links between conditions such as poverty, inequality and poor public services and the presence of organized crime are indisputable, but also complex and deep rooted. Tackling these issues in Latin America is an enormous undertaking and would take long-term sustained investment, from which results would only emerge slowly and gradually. Given the limited resources and capacity available, such interventions should be carefully targeted in areas where they could have a significant and measurable impact against TOC.

**11. Prioritize anti-corruption efforts** - Latin America, besieged by the cocaine trade for decades, has seen many of its institutions corroded, if not captured, by corruption and this can severely undermine disruption efforts, both on an operational level and when it comes to building resilience. Both the short and long-term success of any intervention depends heavily on the ability to tackle this, so any strategy should include a strong anti-corruption component.

At the operational level, this means careful vetting of local partners, and cooperation in anti-corruption investigations on both a national level and in key strategic areas. Furthermore, steps must be taken to build resilience against corruption nationally and internationally. Upstream, this could include predicating any aid, investments, or trade agreements on the implementation of robust anti-corruption mechanisms. In many countries in the region, there are corrupt players seen as “untouchables,” which erodes faith in the rule of law and creates an atmosphere of impunity. But they are vulnerable to international pressure.

Although the Netherlands already has an Anti-Corruption Center, we saw little sign of any significant impact of this unit upstream in Latin America and the Caribbean, where Dutch officials based in the region almost universally identified corruption as one of the biggest obstacles to both carrying out successful investigations with local partners and to making long-term progress in security issues. Perhaps the scope of the Anti-Corruption Center could be expanded, or alternatively a unit dedicated to TOC related corruption could be established within the framework of the MIT.

Either way, the focus should be on investigating organized crime related corruption in the Netherlands while also building a network with specialist anti-corruption and organized crime security and justice units in Latin America and the Caribbean.

**12. Chemical testing for seized cocaine** - Part of the intelligence needed is to be able to constantly test the origins of the cocaine seized in the Netherlands. This will provide valuable information on where the cocaine is coming from, provide steers on how the disruption strategy in the production phase of the cocaine supply chain can be amended or adapted, and help identify the networks that move the drugs. The United States regularly does this. If the Netherlands does not want to set up this capacity itself, perhaps it can come to an arrangement with the relevant agency in the United States.

**13. Incorporating the Kingdom countries in the Caribbean into the TOC strategy** - We believe that the entire Kingdom of the Netherlands should be incorporated into the national and transnational TOC strategy, despite the complications this might present. The strongest reason for this is that the Netherlands must lead by example, and all of the Kingdom countries must have the national resilience, transparency and commitment to combatting TOC that it is encouraging regional allies to develop. We recognize that there are existing mechanisms, agencies and strategies dedicated to this task, and that some of these, such as the Recherchesamenwerkingsteam (RST) have yielded impressive results. However, there remains a substantial gap between the aims of these strategies and the reality on the ground, where political, diplomatic, budgetary, legislative and other issues hamper their efficacy. These issues are numerous, complex and often deep-rooted but they are not intractable, and addressing them in order to develop a functioning strategy involving Kingdom institutions that see each other as trusted partners in tackling TOC should be a priority.

Suriname, while no longer part of the Kingdom, is also an important link in the TOC chain into the Netherlands and must be a strategic priority. The recent electoral defeat of Dési Bouterse offers the Netherlands a great opportunity to disrupt TOC activity in Suriname and create greater national resilience, which will strengthen democracy and transparency while undermining corruption. The Dutch Caribbean is also hugely vulnerable to the crisis in Venezuela. This troubled Andean nation has become a focus and operating base for TOC, and, as the biggest neighbor to the Dutch islands, is a huge foreign policy, as well as criminal challenge.

**14. Creating the “toolbox” of instruments to fight TOC** - The above measures, along with the successful measures and mechanisms the Dutch state already has in place, should be combined into an anti-TOC “toolbox” including legislation, international cooperation agreements, relevant technology, specialized law enforcement and judicial units, anti-corruption initiatives, the development of civilian watchdog organizations, policies to strengthen key civil society actors, in short the ‘whole of government’ approach that we are advocating. This “toolbox” should be developed in the Netherlands, but then also be applied in the Kingdom countries and with allies in Latin America and the Caribbean. Introducing these tools as a package could be a part of overseas development programming. Furthermore, the

strategic think tank outlined above could be used to study best practices, or “what works” policies from different parts of the world with a view to their adoption and implementation with the Kingdom and allied nations.

**15. Partnering up with the private sector** - The Dutch government does not have to shoulder the burden of tackling TOC alone. Much of the heavy lifting can be done by elements of the private sector that have a vested interest in tackling the criminality that threatens their businesses. Direction, incentives and facilitation on the part of the government are necessary to prompt key private sector actors into becoming part of the legal network tackling the criminal networks. The banking system is an obvious partner, but also port authorities. Rotterdam has already expressed a willingness to work with ports in Latin America and the Caribbean, sharing information in real time, providing technology to stiffen resistance to TOC infiltration etc. This could be crucial to upstream disruption, helping regional ports close obvious loopholes used by TOC to infiltrate and contaminate containers.

In addition, the private sector could be mobilized for targeted socio-economic interventions. This could be particularly effective in production zones, for example, by facilitating or offering incentives for private sector actors to provide market outlets for coca farmers participating in substitution programs. Marketing such products as premium ethical consumer brands in the vein of Fair Trade products could go a long way towards solving the problem at the heart of most substitution programs – making legal work competitive with illegal – and at minimal cost to the Dutch state.

**16. Design and implementation of a detailed disruption matrix and strategy** - The factors outlined above should be distilled into a strategy that attacks TOC at all the different links in the supply chain in manner that is agile, innovative and takes the initiative back from criminal networks. The successful implementation of such a strategy could have high impact within 18 months, raising the risks and costs for TOC seeking to use the Kingdom of the Netherlands. Disrupting the cocaine chain in its three phases using upstream as well as national strategies will stem the flow of cocaine from Latin America and starve Dutch criminal structures of one of their biggest earners. The smooth running and analysis of the MIT and the strategic think tank will allow the Dutch state to anticipate how national and transnational organized crime and might seek to diversify their criminal portfolio, and then neutralize any attempts by criminal elements to augment their earnings via other illegal economies. A systematic plan of action targeting illicit financial flows could hit criminal structures where it hurts them most, making the Netherlands an unattractive venue for money laundering, while raising the credibility and reputation of the Dutch financial system. This would hopefully attract more legitimate business by providing a gold standard of efficiency and regulation. Such an undertaking cannot be left to the private sector and banking institutions, which have frequently displayed huge deficiencies in their oversight and monitoring mechanisms.

**17. Changing the evaluation and measurement of results and strategy** - The “traditional” measurements of success against TOC - kilos of drugs seized, high profile arrests, and assets seized - needs to be revised. Seizures in particular are not an indication of long term damage to TOC networks. If seizure

rates move above 25 percent, criminal networks simply switch routes, according to British and Dutch law enforcement sources, who spoke to InSight Crime on condition of anonymity. As such, consistently rising seizures over an extended period— such as has been seen in recent years in both Rotterdam and Antwerp – as opposed to fluctuating seizures as traffickers respond to more effective security suggest not that TOC is suffering from these operations, but that the flow of drugs is increasing. As noted previously, this hypothesis is further supported by Europe-wide indicators of a high availability of cocaine, such as stable or rising purity levels, and stable or falling prices.<sup>95</sup>

These measurements have immense value in evaluating policy and results, but need to be complemented by a series of other indicators, reflecting the complexity of the challenges posed by TOC to the Netherlands, especially when we incorporate an upstream disruption model. Harm reduction, political stability, conflict and homicide reduction, promoting human rights and the strengthening of civil society and national resilience to TOC, should also feature prominently in any evaluation of policy. This would jive perfectly with much of the Netherlands’ foreign aid programming, which has many of these priorities at its heart.

**18. Explore alternatives to the prohibition paradigm** - No nation can decriminalize the production, transport, sale and consumption of narcotics in isolation and hope to change criminal dynamics. However, there are still things that can be done here and the Netherlands has traditionally shown itself to be open to challenging purely prohibition norms. There are ways, for example, to allow for the legal international sale of not cocaine but coca, which can be used for a myriad of non-psychoactive products from teas to topical balms, potentially offering coca farmers legal outlets for their product. The example of CBD, a non-psychoactive cannabis extract, might offer some precedent. Since the path was opened for commercial CBD sales in the United States and other countries, this has rapidly become a booming billion-dollar business. If this model could be replicated on even a much smaller scale, it could seriously undermine cocaine production and raise costs for TOC.

---

<sup>95</sup> EMCDDA/Europol, “EU Drug Markets Report 2019”, 2019.