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United Nations Office on Drugs and Crime

Transnational Organized Crime in the Pacific: Expansion, Challenges and Impact

October 2024

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Acknowledgements

Preparation of this report would not have been possible without data, information and intelligence shared by national authorities and regional organizations in the Pacific, international partners, and other organizations. This study was conducted by the UNODC Regional Office for Southeast Asia and the Pacific (ROSEAP) with the support from the Research and Trend Analysis Branch, Division for Policy Analysis and Public Affairs (DPA) of UNODC Headquarters. UNODC thanks national authorities and regional organizations for the support provided throughout the development of the report. The preparation of the report was financially supported by the Government of Australia and the Government of France.

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UNITED NATIONS OFFICE ON DRUGS AND CRIME
Southeast Asia and the Pacific

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Abbreviations and Acronyms

AFP	Australian Federal Police
AML	Anti-Money Laundering
APG	Asia Pacific Group on Money Laundering
ARQ	Annual Reports Questionnaire
CFT	Combating the Financing of Terrorism
CITES	Convention on the International Trade in Endangered Species of Wild Flora and Fauna
CNMI	Commonwealth of Northern Mariana Islands
DAINAP	Drug Abuse Information Network for Asia and the Pacific
DNFBP	Designated Non-Financial Business and Profession
EDD	Enhanced Due Diligence
EEZ	Exclusive Economic Zone
FFA	Forum Fisheries Agency
FIU	Financial Intelligence Unit
GDP	Gross Domestic Product
Ha	Hectare
HHS	Household survey
IFF	Illicit Financial Flows
IPI	Imperial Pacific International
IUU	Illicit, unregulated and unreported (fishing activities/crimes)
NPS	New psychoactive substances
NZPOL	New Zealand Police
OFAC	Office of Foreign Assets Control
OMCG	Outlaw Motorcycle Gang
PICP	Pacific Islands Chiefs of Police
PICT	Pacific Island Country/Territory
PIDC	Pacific Immigration Directors' Conference
PIFS	Pacific Islands Forum Secretariat
PILON	Pacific Islands Law Officers' Network
PTCCC	Pacific Transnational Crime Coordination Centre
PTCN	Pacific Transnational Crime Network
RFMO	Regional Fishery Management Organisation
RSIPF	Royal Solomon Islands Police Force
SEZ	Special Economic Zone
SIFIU	Solomon Islands Financial Intelligence Unit
SPC	Secretariat of the Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
STR	Suspicious Transaction Report
TCU	Transnational Crime Unit
TCSP	Trust and Company Service Providers
TIP	Trafficking in Persons
TOCTA	Transnational Organized Crime Threat Assessment
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime

VASP	Virtual Asset Service Provider
VMS	Vessel Monitoring System
WCPFC	Western and Central Pacific Fisheries Commission

Executive Summary

Nature of Transnational Organized Crime in the Pacific

Evolving threat of organized crime

The transnational organized crime threat environment in the Pacific is evolving faster than in any previous point in history, with many Pacific Island Countries and Territories (PICTs) facing a range of intensifying challenges. While trans-Pacific drug trafficking has been a particularly prominent issue, the overall

landscape is continually shifting as powerful criminal actors adapt to new opportunities, form partnerships, and leverage emerging technologies and business models.

The PICTs are situated along a vast maritime corridor utilized for legitimate trade between major economic markets on the Pacific rim while also being surrounded by some of the world's largest and most lucrative markets for illicit activity and commodities. Together with the region's porous coastlines and advancements in aerial and maritime mobility, trade integration,

Figure 1. Shared characteristics among Pacific Island Countries and Territories that can enable transnational organized crime

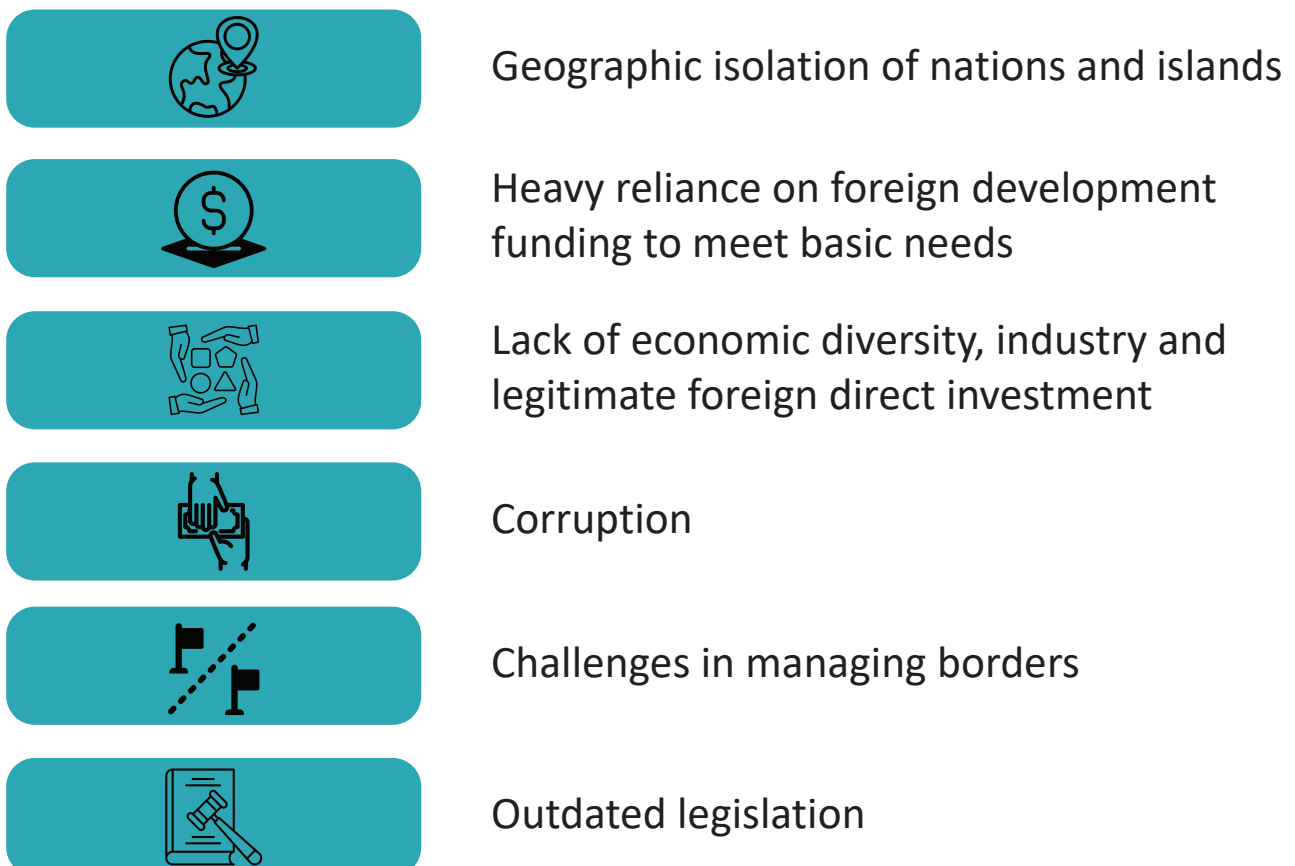
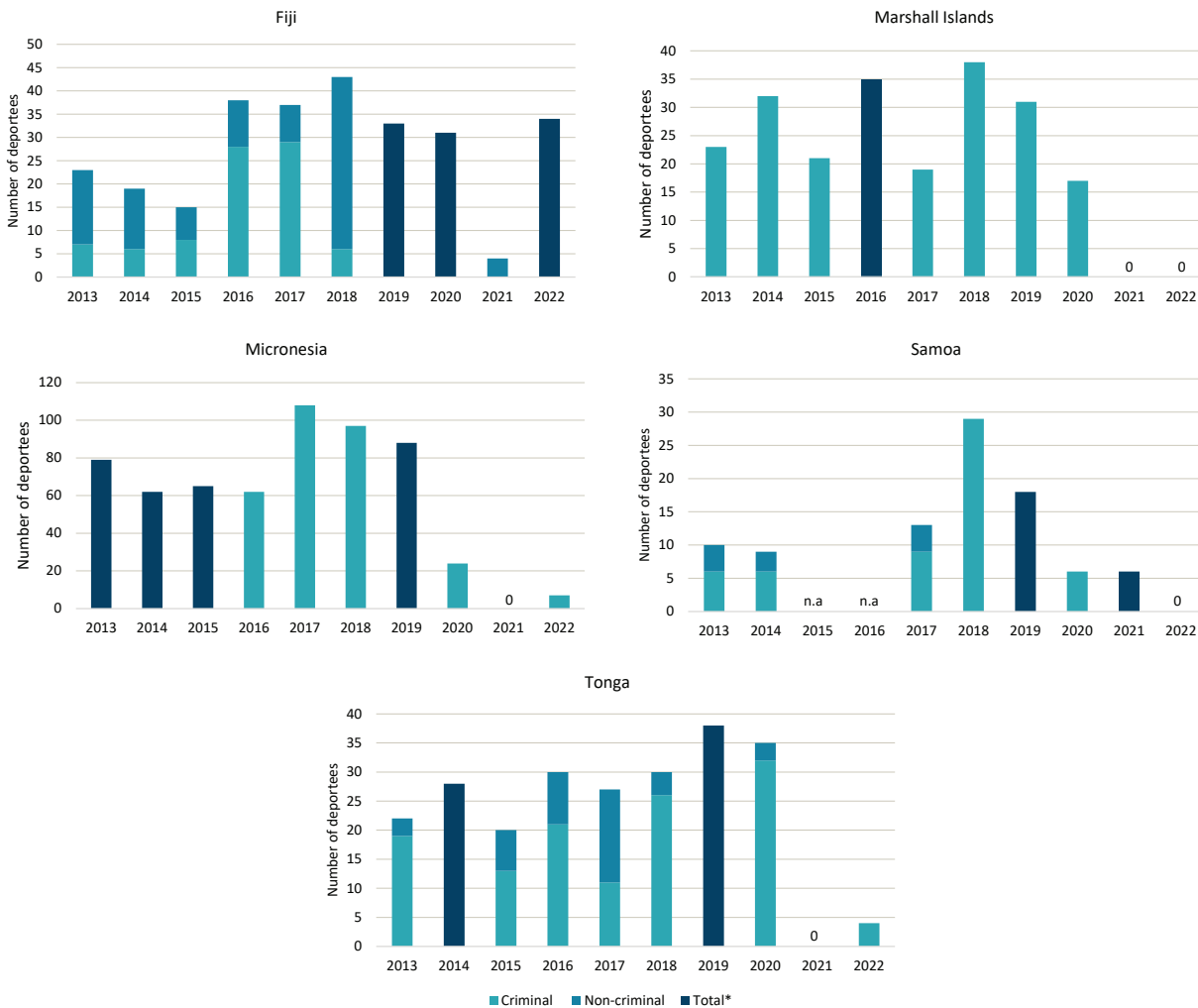


Figure 2. Total number of deportees from the United States to Fiji, Marshall Islands, Micronesia, Samoa and Tonga, 2013 – 2022



*Note: Total number of deportees was provided without disaggregation into criminal and non-criminal categories.
Source: U.S. Department of Homeland Security, "Office of Homeland Security Statistics," 2023.

and physical and digital connectivity, implementing sufficient law enforcement and regulatory strategies has proven challenging for governments. At the same time, these factors have provided new opportunities for powerful transnational criminal networks to target vulnerabilities in their ability to effectively monitor, detect, prevent and address illicit goods and criminal activities.

The thriving criminal ecosystem in the Pacific has attracted powerful transnational criminal networks from different corners of the world, and there are growing concerns that parts of the region may mature

into key nodes and footholds targeted by criminal groups engaged in a range of illicit activities. In most cases, foreign criminal actors have come to dominate the space, eager to acquire market share and expand their spheres of influence. This has come to include drug cartels from the Americas, who first introduced methamphetamine into the Pacific, alongside violent outlaw motorcycle gangs (OMCGs) from Australia and New Zealand, well-networked criminal returnees, and highly entrepreneurial Asian criminal networks boasting diversified business portfolios, including drug and human trafficking, illegal resource extraction, online gambling, cyber-enabled fraud, and money

laundering, alongside various licit business lines. As several high-profile cases examined in this report highlight, leaders of these criminal enterprises have been able to successfully navigate the licit and illicit economies of the Pacific, despite the international community's efforts to draw greater attention to their activities. This has left them largely unchallenged and able to reap the benefits of connections with local influential figures.

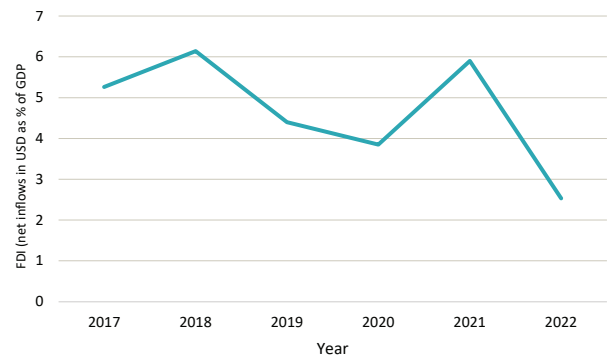
Corruption as an enabler of transnational organized crime

The intensifying transnational organized crime situation in the Pacific has been further compounded by high levels of corruption in some PICTs. Corruption exists in many sectors and in various forms across the Pacific, representing a key facilitator and source of serious crimes and illicit proceeds. Among the most vulnerable sectors across the region include natural resources (extractive industries including forestry, fisheries, minerals and petroleum), public administration and services (land and titles administration, police and customs), overseas development aid, and offshore banking. Bureaucracies of many PICTs are also susceptible to corruption at senior levels, evidenced by several recent high-profile corruption-related arrests examined in this report. While the extent and nature of corruption varies across the PICTs, many countries share common forms of corruption, including bribery, cronyism, and political corruption.

Increased economic fragility as a risk for criminality

Attracting new Foreign Direct Investment (FDI) inflows has proven a major challenge for the small and remote island countries and territories of the Pacific. Transnational organized crime groups operating in the region have actively exploited these needs and vulnerabilities, many of which were also compounded by the economic impact of the COVID-19 pandemic. By presenting themselves as legitimate investors seeking to establish or expand their businesses, criminal networks have been able to consolidate their presence in the Pacific, luring in local influential actors to provide their access and a safe and effective operating environment.

Figure 3. Levels of FDI in the Pacific Region (net inflows as % of GDP), 2017 – 2022



Source: International Monetary Fund, "International Financial Statistics and Balance of Payments databases"; World Bank, "International Debt Statistics"; World Bank and OECD, "GDP estimates," 2022.

In doing so, foreign organized crime groups have been observed deploying a hybrid approach to mask their criminal operations and associated money flows as legitimate business interests and investments. Foreign criminals have been attracted by favourable tax regimes and weak monitoring and enforcement capabilities, and, in certain cases, have co-opted local officials as key partners and enablers through illicit enrichment.

Targeting of casino, junket, and hospitality industries by Asian organized crime

While authorities have observed several sectors being targeted by transnational criminal networks, this has been most visible in the development of casinos, junkets and hotel resorts used to conceal a wide range of illicit activities and expand influence in the region. The casino industries of several PICTs are steadily growing, presenting opportunities for transnational organized crime groups to launder proceeds of crime.¹ At the same time, this modus operandi, which initially proliferated in Southeast Asia before being observed entering into several PICTs, has proven highly effective in providing organized crime with a cover and venue for various illicit business lines including drug trafficking, human trafficking, underground banking, and various forms of cyber-enabled crime, alongside providing a base where criminal groups convene. For this reason, casinos in most jurisdictions across the

¹ AUSTRAC, "Remittance Corridors: Australia to Pacific Island Countries - Money Laundering and Terrorism Financing Risk Assessment," 2019. Accessed at: <https://www.austrac.gov.au/sites/default/files/2019-06/remittance-corridors-risk-assessment.pdf>.

Asia-Pacific region are considered underregulated and high risk, characterized by low levels of awareness and understanding of related money laundering, terrorist financing and other organized crime-related risks.^{2,3}

Drug Trafficking

The illicit drug landscape in the Pacific Islands has changed rapidly in recent years, and transnational organized crime groups are targeting the region as an increasingly important transit route for the trafficking of methamphetamine and cocaine to and from neighbouring regions. Whereas the Pacific has been mainly a thoroughfare for large amounts of cocaine from the Americas, law enforcement agencies are now making more significant seizures of crystal methamphetamine originating in the Americas and East and Southeast Asia and coming through the Pacific towards the Australian and New Zealand markets. There are some drug trafficking routes connecting the Pacific to Europe. The Pacific region is situated between the two main global source subregions of methamphetamine, Southeast Asia and North America, and notable developments observed in the drug markets of these subregions have significant implications to PICTs considering the firmly established interregional drug trafficking routes transiting the Pacific.

The increase in traffic has also led to a spillover in domestic markets in the Pacific, and authorities in some countries have observed a rise in the availability and use of drugs, particularly methamphetamine. Local agencies have observed that non-medical drug use is causing serious harm to some users, with increases in domestic violence risks, sexual violence, child neglect, mental and physical health issues, and poor educational and employment outcomes in some Pacific countries. Although the size of the synthetic drug market in the Pacific region is small, the expansion of the market in several countries is also making PICTs an increasingly attractive destination for organized crime groups. The Pacific Islands Forum has identified the importation, transshipment, precursor trafficking, domestic trafficking and use of drugs as the most prevalent transnational criminal activity in the region.

² Deloitte, “AML risks and failures in Asia Pacific Gambling Hubs,” March 2023.

³ Financial Action Task Force, “Asia Pacific Group on Money Laundering, Vulnerabilities of Casinos and Gaming Sector, FATF Report,” March 2009.

Growing impact of drug trafficking on countries targeted as key transit points

The Pacific Island countries most impacted by the increase in illicit drug flows through the Pacific region are Papua New Guinea and Fiji, and to a lesser extent Tonga, based on seizure data. Recent drug-related cases reported from Papua New Guinea, Fiji, and Tonga also strongly indicate that drug use as well as wider organized crime activities are expanding rapidly. Regional authorities report seeing some evidence of methamphetamine use and the early signs of local criminal syndicates in American Samoa, Samoa, New Caledonia, Marshall Islands, Palau, and Solomon Islands.

Papua New Guinea is a key transit and storage point for the transport of cocaine and methamphetamine trafficked into Australia and within the Pacific region, making the country an important hub for interregional trafficking. Transnational organized crime groups are taking advantage of Papua New Guinea and the Torres Strait’s unique geographic characteristics, including its proximity to Australia’s Northern Peninsula and porous borders, with free movement throughout the Torres Strait Protected Zone. Papua New Guinea is also highly likely an attractive location for organized crime groups seeking to import drugs in light aircraft into Australia and to other markets in the region, particularly via the ‘black flight’ method, whereby traffickers use small aircraft to fly undetected into certain areas, mostly using remote unmonitored airstrips to pick up and deliver illicit drugs.

Fiji also appears to be growing in importance as a regional hub for drug trafficking and an emerging base for transnational organized crime networks. In January 2024, Fijian authorities made massive methamphetamine seizures totaling 4.8 tons; the seized methamphetamine originated in Mexico. Five known related shipments had previously transited through Fiji. Nadi is believed to be the primary transit point in the Pacific, and trafficking groups bring their yachts from Tonga to Fiji, where the drugs are transferred to another vessel for further trafficking.

Fijian police have reported an increase in cases involving drugs, such methamphetamine and cocaine since 2018. In 2023, the number of drug arrest cases involving the three drugs more than tripled,

Map 1. Identified trafficking routes of methamphetamine impacting the Pacific

Note: Flow arrows represent the general direction of trafficking and do not coincide with precise sources of production or manufacture, are not actual routes, and are not weighted for significance/scale. Boundaries, names and designations used do not imply official endorsement or acceptance by the United Nations.

Source: UNODC elaboration of national data and reports from origin, transit and destination countries.

and amounted to 132 cases, the majority of which were believed to have involved methamphetamine. In Tonga, methamphetamine has been the most frequently used drug for the past five years, according to expert perception, and use of the drug has led to a rise in mental health patients.

Emerging drug trafficking routes across the Pacific

Drug trafficking in other countries of the Pacific region has been observed, but at considerably lower levels than in Papua New Guinea, Fiji and Tonga. For instance, criminals are reported to be using Samoa to transport methamphetamine through the Samoan islands to Australia, and Samoan authorities have seized larger amounts at a more frequent rate than in the past. There have also been some shipments of cocaine and methamphetamine, including washups discovered by authorities, observed transiting through Micronesia, Kiribati, Nauru, Vanuatu, Solomon Islands,

Marshall Islands. In Palau, the scale of the drug market is rather small, but some transit traffic has been detected and authorities have reported higher levels of methamphetamine seizures in recent years. Most of the arrests related to methamphetamine during the past five years or so have involved Palauan air passenger couriers smuggling the drug in their luggage or body primarily from the United States and the Philippines. Although Vanuatu's domestic synthetic drug market remains limited, foreign drug traffickers are reported to be among the numerous criminals that have exploited the country's citizenship by investment scheme, which allows foreigners to purchase Vanuatuan citizenship and obtain a passport without having to set foot in the country.

Most of the crystal methamphetamine sold in French Polynesia originates from laboratories in Mexico and is imported from the United States, according to analysis of the judicial files of traffickers and expert interviews. Many traffickers take advantage of air links

to Los Angeles and, to a lesser extent, Hawaii, where crystal methamphetamine is more expensive, but where many Tahitians have family or friends. While some imports from Asia have been observed, this phenomenon remains marginal, due to the absence of direct air links and because few traffickers have the necessary relational and commercial networks to set up such trafficking.

Synthetic drug production and emerging precursor flows through the Pacific

Methamphetamine production is rare in the Pacific region, but several PICTs, including Fiji, French Polynesia, and Papua New Guinea, have reported seizures of small-scale clandestine methamphetamine laboratories in recent years; and there is some evidence of local networks operating 'recook labs', where they mix crystal methamphetamine from Mexico or Southeast Asia with other ingredients to make it cheaper for the local market. Law enforcement officials have recently observed the movement of precursors used in the manufacture of methamphetamine and fentanyl from Asia toward the Americas; however, only a small number of cases have been detected.

Expanding influence and reach of drug trafficking networks targeting the Pacific

Organized crime groups based in Australia and New Zealand, including OMCGs, are increasingly engaged with Pacific regional criminal syndicates in the trafficking of both cocaine and methamphetamine. Previously, these OMCGs operated directly from Australia with their counterparts in South America, Central America, and Asia. They have now expanded their presence in the Pacific, which has enabled them to increase the volume of drugs trafficked into and through the region, reaching Australia and New Zealand. In addition, criminal gang deportees with links to organized crime groups in Australia, New Zealand and the United States are introducing these networks to some Pacific countries.

Organized crime groups based in North and South America continue to transport large amounts of methamphetamine and cocaine through the Pacific to Australia and New Zealand. Canadian law enforcement authorities, as reported in the media, have identified several organized crime groups, including Sam Gor, the Angels, the U.N. Gang, the Sinaloa cartel and

Middle Eastern crime groups, that are collaborating to smuggle substantial loads of methamphetamine and cocaine into Oceania through the South Pacific. New Zealand authorities have observed a growing influence by Mexican and South American drug trafficking groups since the mid-2000s in relation to methamphetamine and cocaine trafficking, based on strong links created by criminal deportees and their extensive connections. Concealments from Mexico have grown more complex, reflecting an expansion in traffickers' means, sophistication, and commitment to the Australian drug market. Some organized crime groups trafficking methamphetamine to New Zealand also have established networks at airports in North America and Southeast Asia. Additionally, there are instances of opportunistic trafficking by both local and international smugglers that are not linked to larger trafficking syndicates.

Sophisticated drug trafficking methods

Maritime shipments may be transported in shipping containers on cargo ships, in sea caches and on cruise ships. The use of yachts and pleasure craft to smuggle drugs between Fiji and other parts of the Pacific has also been observed. Some quantities are also trafficked into and through the Pacific in air cargo and smaller amounts by air passenger couriers. Methamphetamine and cocaine seized along the Pacific route have been found concealed in machinery and spare parts, and in a variety of commercial products, including audio speakers and food products such as instant noodle packages. Fiji police for example have detected smuggled drugs and controlled steroids concealed in packages of pungent goods such as coffee.

Most trafficking incidents or suspected incidents both in New Zealand and Australia have used the 'vessel to vessel transfer at sea' methodology. The 'mothership' in these cases was typically a foreign-flagged yacht or fishing vessel, while the receiving 'daughter-ship' was a smaller local yacht or fast-moving power craft, capable of carrying illicit drug loads of at least 500 kg. Parties involved in 'ship-to-ship' transfers may or may not come within physical contact of each other. Shore-based parties require launch sites onshore, which are likely to be in remote areas where organized crime groups or their associates have influence. In addition, Pacific law enforcement authorities have also identified the 'black flight method', whereby traffickers use small aircraft to fly covertly into specific areas, primarily

utilizing remote or unmonitored airstrips to drop off and collect drugs.⁴

Growing public health challenges due to drug use

In addition to a destabilizing effect on the security and governance of the Pacific region, the expanding regional drug market is having outsize adverse health and social impacts on relatively small populations. The situation has led to an increase in crimes. Some law enforcement officials in the Pacific have shared that increases in the supply of methamphetamine have further constrained their national public health systems due to the rise in the number of people admitted to hospitals due to psychosis symptoms, believed to be associated with methamphetamine use. There has also been a disproportionate impact on women and children, some of which are reportedly being forced to sell drugs.

Trafficking in persons and smuggling of migrants

Forced labour, sexual exploitation and migrant smuggling challenges

The Pacific Island countries are a source, transit, and destination points of trafficking in persons, in particular for forced labour and sexual exploitation. Victims of forced labour, many of whom are from the region itself as well as Southeast and South Asia, are typically found in the fishing, hospitality, domestic, or agricultural industries. Working conditions on fishing vessels operating in the Pacific can often be characterized by long hours, poor living and working conditions, low pay, high levels of risk, and extended time at sea. Individuals employed on these vessels may also experience labour rights violations and human trafficking, particularly concerning illegal, unreported, and unregulated (IUU) fishing. The Pacific Islands also serve as countries of recruitment or origin of trafficking in persons flows towards other countries in Oceania and Southeast Asia, typically for forced labour in the agriculture sector.

⁴ Royal Papua New Guinea Constabulary, "Aircraft on illegal drug run into PNG seized – five suspects caught in Australia," 13 April 2023. Accessed at: <https://www.rpngc.gov.pg/aircraft-on-illegal-drug-run-into-png-seized-five-suspects-caught-in-australia/>.

Sexual exploitation occurs in cities or tourist areas, and not only women but children are also found as victims. Commercial sexual exploitation of children has occurred in Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Vanuatu, and there have been several sex trafficking cases reported in Fiji and Marshall Islands. Fijian children are reportedly trafficked domestically for sexual exploitation, forced labour, particularly in agriculture and retail, and forced criminal activities. There have also been reports of commercial sexual exploitation of children in Solomon Islands and trafficking in the fishing sector in Tonga. Some of the trafficking of children for sexual exploitation in the Pacific is reported to have been facilitated by family members. Some children in urban areas are trafficked and exploited in street vending, scavenging or scrap collecting, and domestic work. Children, particularly girls, may be at a higher risk of trafficking for forced marriage.

Some countries and territories of the Pacific have been used as destinations for smuggling of migrants from Asia. Organized crime groups use visa-free status given to certain nationalities to facilitate migrant smuggling, and sometimes these smuggled migrants face life-threatening situations during their journeys, including dangerous situations at sea. For instance, since 2022, authorities have made several arrests of Chinese migrants along this route for attempting illegal entry into Guam in search of work, primarily from Saipan.

Pacific as both destination and origin of trafficking in persons

Since 2017, there has been a notable increase in foreign workers from Bangladesh, India, Pakistan, Nepal, Sri Lanka and other countries in Asia in Fiji. Some of these workers may fall victim to trafficking in persons while looking for labour migration opportunities, particularly when they are deceived by recruiters. Undocumented workers from Bangladesh, China, Nepal, the Philippines, Thailand, and Viet Nam pay thousands of dollars in recruitment fees and willingly migrate to Palau for purported jobs in domestic service, agriculture, the hospitality industry, or construction. However, some migrants are exploited in conditions substantially worse than what had been presented in contracts or recruitment offers, and some have become trafficking victims.

Map 2. Identified flows of trafficking in persons and smuggling of migrants in the Pacific

Note: Flow arrows represent the general direction of trafficking or smuggling, are not actual routes, and are not weighted for significance/scale. Boundaries, names and designations used do not imply official endorsement or acceptance by the United Nations.

Source: UNODC elaboration of national data and reports from origin, transit and destination countries.

Small numbers of victims from the Pacific have been detected in situations of trafficking in other countries in Oceania, including Australia and New Zealand, as well as in Asia, including China, the Philippines and Thailand, and in the United States. Flows to Europe are much smaller or far less detected.

Emerging role of transnational organized crime in trafficking in persons and smuggling of migrants

Although definitive evidence of organized crime involvement in trafficking in persons and migrant smuggling in the Pacific region is limited, numerous law enforcement interviews and media reports suggest that transnational organized crime is a contributing factor. A human trafficking network operating in Saipan is implicated in other forms of transnational organized crimes, including migrant smuggling and

money laundering. A large casino complex in Saipan was built with a crew of hundreds of Chinese, many working illegally on tourist visas. Some workers died and many more workers suffered severe injuries resulting from falls and electric shocks, prompting an FBI investigation into the labour conditions. Evidence of illicit activity by a large transnational organized crime group also has been evident in Fiji, involving a Chinese national with suspected ties to organized crime groups active in Fiji. In Micronesia, a few suspected cases of trafficking in persons are reported each year, many of which appear to be connected to trafficking of local women and girls for sexual exploitation in the proximity of the domestic commercial fishing industry. Local women and girls and foreign women also have been identified as trafficking victims in recent years in Fiji, Palau, Marshall Islands, and Solomon Islands.

A growing concern is the infiltration of organized crime groups from outside the region, mainly from East Asia to the Pacific. These criminal groups are expanding their illicit activities in several countries and territories of the Pacific, including trafficking in persons and smuggling of migrants, often in relation to other crimes such as illegal gambling and money laundering.

Push factors and enablers for trafficking in persons in the Pacific

Several push factors for trafficking in persons and smuggling of migrants are observed in the Pacific. In particular, a large number of people in the Pacific have been displaced due to natural disasters and civil unrest, or tribal warfare in recent years, and the economic downturn caused by the COVID-19 pandemic jeopardized many people's livelihoods. This situation creates a pull for vulnerable persons forced to re-locate or seek safety who are vulnerable to exploitation by organized crime for trafficking in persons and smuggling of migrants.

Crimes that affect the environment

Rising threat: wildlife trafficking, timber trafficking and fisheries exploitation

The Pacific region is increasingly vulnerable to crimes that affect the environment, including crimes relevant to wildlife trafficking, timber trafficking, and fisheries sector. These activities pose serious risks to the region's biodiversity, economic stability, and the livelihoods of local communities. However, the absence of a universally accepted definition of crimes that affect the environment complicates monitoring, enforcement, and international cooperation, making it difficult to effectively combat these crimes.

Crimes that affect the environment in the Pacific are often linked to the illegal extraction of valuable natural resources from Pacific Island countries, which are home to some of the world's most delicate ecosystems. Organized crime groups exploit these resources—such as wildlife, timber, and marine life—due to their high demand in global markets. The illicit trade undermines conservation efforts and contributes to the decline of endangered species, particularly those unique to the region.

Wildlife trafficking is one of the challenges impacting both socio-economic activities and ecological systems of the region. The illegal trade of high-value wildlife products, driven by cultural, culinary, and medicinal demands, exploits regulatory gaps, leading to significant declines in species populations and ecosystem damage.⁵ An example of a species that is trafficked from PICTs is the white teatfish (*Holothuria fuscogilva*), an Appendix II species under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) sea cucumber species.⁶ This sea cucumber species is considered treasures of the sea in some regions of the world. They are particularly valued in East Asian markets for their culinary and medicinal properties, fetching market prices ranging from US\$ 294 to US\$ 401 per kilogram in 2022.⁷ Notably, the market value appears to have increased significantly between 2016 and 2022, with the average price in Guangzhou markets at US\$ 154 per kg dried and a maximum of US\$ 219 per kg dried in 2016, making this sea cucumber a lucrative commodity for both legal and illegal markets.⁸ Samoa and Palau authorities each has seized sea cucumber planned for illegal export to East Asian markets in 2020.⁹ Due to the popularity, some wild sea cucumber populations have faced substantial declines. Species such as the white teatfish and two black teatfishes (*Holothuria nobilis* and *Holothuria whitmaei*) have witnessed population declines ranging from 50-90 per cent over the past 25 years.¹⁰ It is worth noting that out of the 1,200 known sea cucumber species, only around 70 are involved in international trade, with the aforementioned species being among the most desired and, consequentially, valuable.¹¹

5 UNODC, "World Wildlife Crime Report," 2024.

6 CITES, "CoP18 Listing of Valuable Teatfish and Cedrela Species in CITES Appendix II Enters into Force," 2022. Accessed at: https://cites.org/eng/teatfish_cedrela_listing_AppendixII_CITES_28082020.

7 Steven W. Purcell et al., "Commercially Important Sea Cucumber of the World," FAO, 2023. Accessed at: <https://openknowledge.fao.org/server/api/core/bitstreams/aa81298b-5d93-42d8-a0fa-b35172c3404b/content>.

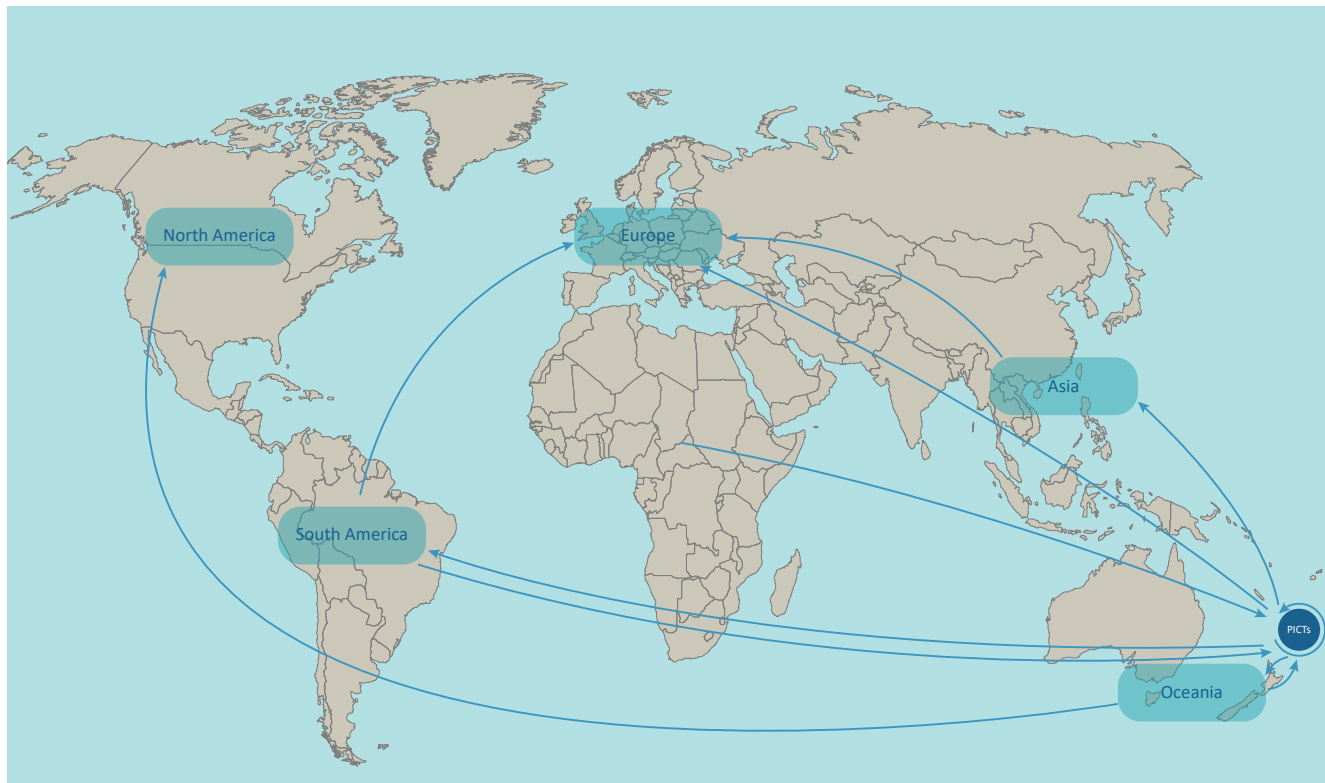
8 Ibid.

9 RNZ, "Samoa Businessman Pays Fine for Harvesting Sea Cucumber for Trade," 2020. Accessed at: <https://www.rnz.co.nz/international/pacific-news/420826/samoa-businessman-pays-fine-for-harvesting-sea-cucumber-for-trade>; Bernadette Carreon, "Tiny Pacific Nation of Palau Detains 'illegal' Chinese Fishing Vessel," *The Guardian*, 2020. Accessed at: <https://www.theguardian.com/world/2020/dec/15/pacific-nation-of-palau-detains-chinese-fishing-crew>.

10 CITES, "Additional Information for CITES COP 18 Proposal 45: Identification of Teatfish in Trade," 2019. Accessed at: <https://cites.org/sites/default/files/eng/cop/18/inf/E-CoP18-Inf-041.pdf>.

11 Ibid.

Map 3. Identified wildlife trafficking flows involving PICTs based on reported cases, 2016-2022, by region



Note: Flow arrows represent the general direction of trafficking or smuggling, are not actual routes, and are not weighted for significance/scale. Boundaries, names and designations used do not imply official endorsement or acceptance by the United Nations.

Source: UNODC elaboration of national data and reports from origin, transit and destination countries.

The trafficking of timber encompasses a broad range of illegal activities associated with the import, export, distribution, and sale of timber, driven by personal gain or benefiting others. Despite attempts to regulate endangered species through CITES, much of the timber trade escapes these controls, governed by varied and complex national laws. In 2020, global timber exports totaled 300 million/m³, valued at US\$ 51 billion, with significant contributions from countries like Papua New Guinea. Papua New Guinea alone experienced major deforestation, losing 1.87 million hectares of tree cover from 2001 to 2023, and its timber exports surged to 3.2 million m³ in 2022, generating US\$ 736 million. Illegal logging persists due to high demand, with common issues including logging outside concessions and in protected areas, corruption, and inadequate enforcement.

The fisheries sector of the Pacific is impacted by illegal fishing and associated crimes. In 2022, global wild capture fisheries production was 92.3 million tons, with aquatic product trade valued at US\$ 195 billion.

Illegal fishing undermines fisheries management and results in substantial economic losses. Based on the volume of harvest or transshipment involving illegal fishing, these losses are estimated at US\$ 333.5 million annually between 2017 and 2019. Criminal networks engage in illegal activities such as tax evasion, money laundering, and corruption, undermining governance and environmental protection. Foreign fishing vessels, often operating under flags of convenience, exacerbate these issues by introducing non-native species, causing marine pollution, and complicating regulatory enforcement.

Other environmental threats in the Pacific: pollution crimes, hazardous waste, and illegal resource exploitation

Other crimes affecting the environment of the region, such as pollution crimes, have profound consequences for climate change. Organized crime groups exploit the profitability and lower risks of these activities, significantly impacting the illegal trade of

ozone-depleting substances (ODS) and hazardous waste. These networks exploit enforcement gaps and regulatory weaknesses, complicating global efforts to eliminate harmful substances under agreements like the Montreal Protocol. They also engage in illicit dumping of toxic waste, often in remote areas to evade detection. Deficient waste management in the Pacific exacerbates the problem, with significant plastic waste entering marine environments due to inadequate infrastructure. Additionally, emerging threats from illegal deep-sea mining and gold trafficking further undermine environmental protection, with activities often conducted without proper permits or in prohibited areas, leading to severe ecological and economic consequences.

Money Laundering

Evolving money laundering threats

Money laundering exists across a number of sectors in the PICTs, and in recent years has evolved from being primarily national in nature to now increasingly having a transnational dimension. In other words, most Pacific nations now face a broad range of growing transnational organized crime and related money laundering challenges and threats. This includes illicit proceeds generated from crimes including corruption, human trafficking and migrant smuggling, cyber-enabled fraud, and those associated with criminal practices within the region's lucrative extractive industries, bringing with them considerable money laundering risk.

As a region, the Pacific faces increased targeting from a variety of transnational organized crime groups which, together with high levels of domestic corruption, economic globalization, and rapid development of information technology, serve as key drivers and facilitators of money laundering in many PICTs. At the same time, various socio-economic and cultural characteristics, geographic remoteness, limited law enforcement and regulatory enforcement capacity, and provision of offshore financial services increases attractiveness of the Pacific to transnational organized crime and related money laundering.

Regional Financial Intelligence Units and the Asia Pacific Group on Money Laundering (APG) have identified a range of common money laundering typologies in the PICTs. These included in 2019

cash smuggling; wire transfers; structured cash deposits and the use of remittances. The APG has also highlighted an increasing presence of organized crime groups operating in the PICTs, including those with strong local and familial connections as well as foreign criminal networks,¹² providing a conducive environment for moving illicit funds in and out of the region.

Most PICTs are also characterized by their significant informal sectors and cash-based economies. This reliance on cash transactions can pose challenges as they tend to operate outside any regulatory oversight, thereby allowing for greater anonymity and making it easier for illicit funds to enter the formal financial system without detection. Like many developing economies, the PICTs face challenges related to inadequate anti-money laundering (AML) regulations and under-resourced Financial Intelligence Units (FIUs) and investigative agencies, making them attractive transit economies and destinations for proceeds of crime.

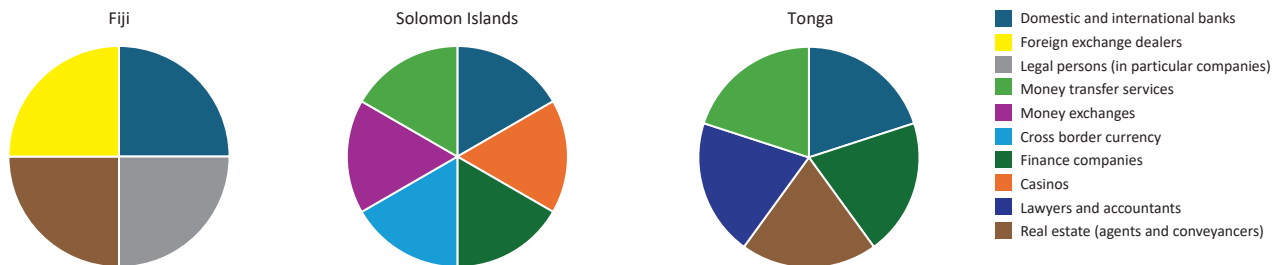
Absence of essential preconditions for effective anti-money laundering

Despite facing increasing targeting from a variety of transnational organized crime groups, most PICTs continue to lack the essential preconditions for effective anti-money laundering systems. For instance, many PICTs have not undertaken any money laundering investigations or prosecutions in recent years. While this reflects, to some extent, comparatively low levels of domestic proceeds-generating crime, it also relates to a decision by Pacific authorities to concentrate relatively scarce investigative resources on investigating predicate offences and seizing related proceeds of crime, as well as, in some countries, lower penalties for money laundering when compared to other serious offences.

Limited resources, capacity and awareness in the PICTs have significantly impeded financial investigations, increasing both the vulnerability to and likelihood of financial crime not being properly detected or reported within the region. Both public and private sector agencies and stakeholders in the Pacific lack a clear and informed understanding of the principal money laundering risks. Many of these risks have been

¹² APG, "Yearly Typologies Report: Methods and Trends of Money Laundering and Terrorism Financing," 2019.

Figure 4. Highest level money laundering vulnerabilities in Fiji, Solomon Islands, and Tonga



Source: Mutual Evaluation Reports of Fiji, Solomon Islands and Tonga.⁸

further compounded by limited law enforcement and regulatory enforcement capacity, weak or absent due diligence processes, provision of offshore financial services and minimal beneficial ownership requirements.

Pacific Island nations generally make limited use of financial intelligence for money laundering and predicate crime investigations, although the number of disseminated reports appears appropriate when considering the context and size of small island nations. At the same time, while some FIUs have been improving the quality of their financial intelligence, the understanding of the benefits and use of financial intelligence of law enforcement agencies in some PICTs remain limited, while also lacking resources and capacity to act on it. Most also do not undertake a proactive approach to carrying out parallel financial investigations on predicate and related money laundering offences.

Money laundering vulnerabilities associated with fisheries, logging and casino sectors

Illegal logging and fishing are the two forms of crimes that affect the environment that are believed to produce the largest amount of criminal proceeds originated in several PICTs, particularly in Papua New Guinea, Solomon Islands, Fiji, Micronesia, and Vanuatu. However, the proceeds of illegal logging and fishing accrue in other countries due to the heavy involvement of foreign companies and exported goods in these sectors. The corresponding money laundering risk is assessed to be high, with illicit proceeds generated from these activities considered to be among the highest proceeds generating offences in many parts of the region.

In some PICTs, there is very little supervision or regulation of designated non-financial businesses and professions (DNFBPs) and few requirements to undertake money laundering and terrorist financing risk assessments, contributing to a generally low understanding of related risks and some DNFBPs having no understanding of their obligations at all. This is in part due to a lack of supervisory resources and direction, with many PICTs regularly submitting few or no suspicious transaction reports (STRs) related to DNFBPs. In some cases, however, the relatively small number of DNFBP-related STRs has been found to partly match respective risk profiles.

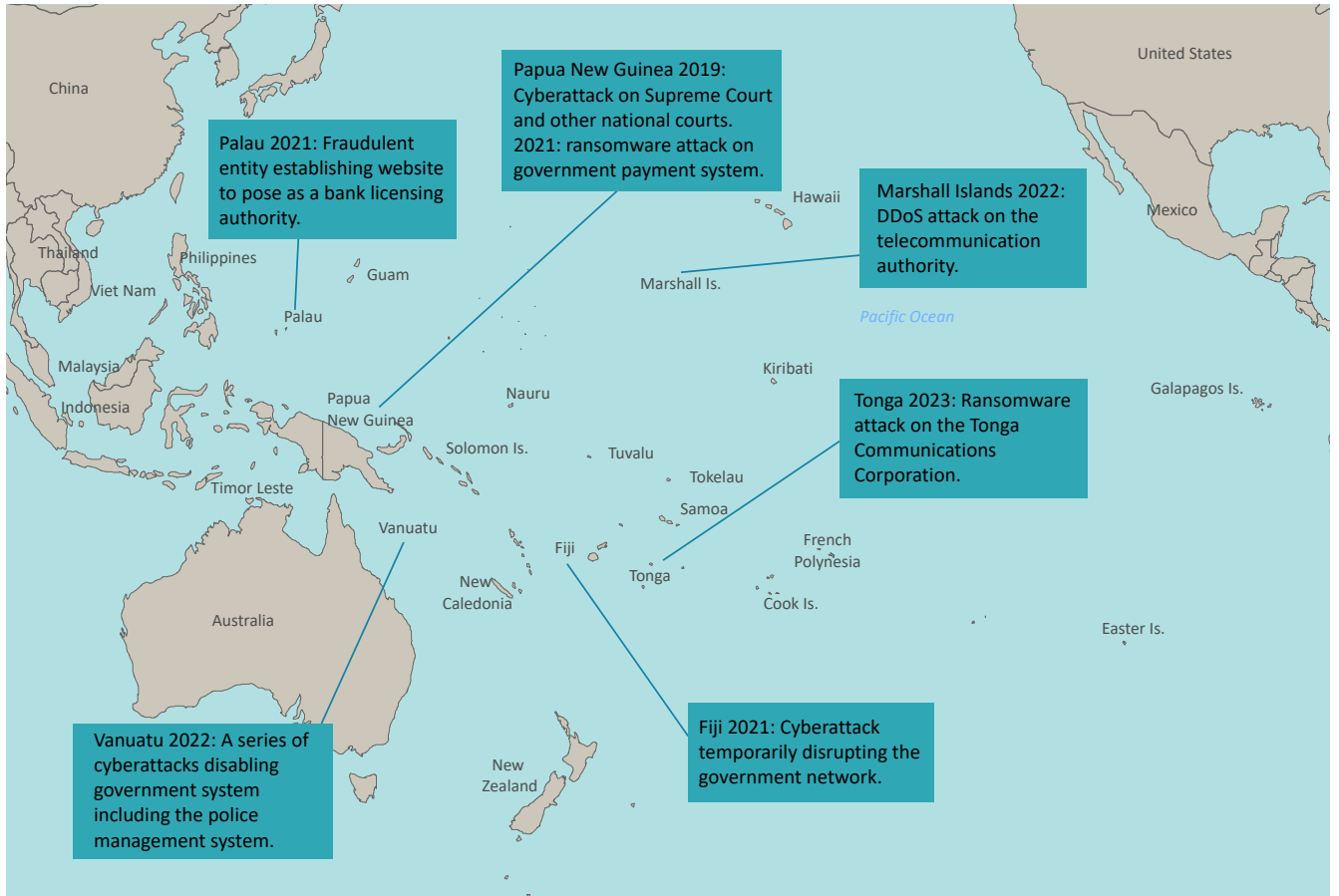
Several PICTs also experience growth in their respective casino sectors, posing opportunities for transnational organized crime groups to launder proceeds of crime. The sector is generally considered underregulated and high risk across the region, characterized by low levels of awareness and understanding of related money laundering, terrorist financing and other organized crime-related risks, with several high-profile cases indicating targeting by organized crime.

Technological innovation and rise of online mobile payments and internet banking

Although most PICTs remain largely cash-based economies, many are gradually moving towards being more reliant on electronic transactions. While this development, together with the broader impact of mobile internet connectivity, is seen as a major positive for the region capable of spurring economic development and alleviating poverty, it also presents unique challenges and opens up new avenues of potential money laundering and other financial crime risks that require mitigation.

¹³ Central Bank of Solomon Islands, "National Risk Assessment," September 2017. Accessed at: <https://www.cbsi.com.sb/wp-content/uploads/2021/11/SI-NRA-Public-Version-18-September-2017.pdf>

Map 4. Identified major cyberattacks on national infrastructure in the Pacific



Note: Boundaries, names, and designations used do not imply official endorsement or acceptance by the United Nations.
 Source: UNODC elaboration based on sources obtained from multiple channels.

Figure 5. Financial crime risks associated with increasing mobile payments and internet banking in the PICTs



Cybercrime

Cybercrime and legislative challenges in the Pacific region: Adapting to technological advances and threats

The Pacific region is increasingly vulnerable to cybercrime as the integration of technology into criminal activities expands. Recent years have witnessed a surge in cyberattacks against critical national infrastructures across PICTs. For instance, the Supreme Court and national courts of Papua New Guinea were hit by multiple cyberattacks in 2019.¹⁴ In 2021, Papua New Guinea’s government payment system was hit by ransomware, Fiji’s GovNet experienced a cyberattack that temporarily disrupted the government’s network, and Palau faced an incident

¹⁴ Papua New Guinea, Centre for Judicial Excellence, “Introductory Training Course on Cybercrime and Electronic Evidence for Judges (online),” 8 – 9 June 2021. Accessed at: <https://pngcje.gov.pg/wp-content/uploads/2021/12/Cybercrime-Electronic-Evidence-Training-Webinar-Judges.pdf>.

involving a fraudulent entity posing as a bank licensing authority. The following year, Vanuatu's government systems, including its police management system, were disabled by a series of cyberattacks and the Marshall Islands Telecommunications Authority suffered a DDoS attack. In 2023, the Tonga Communications Corporation experienced a ransomware attack. These examples represent only a small fraction of the much broader range of victimization currently being experienced in the Pacific. As the region develops its approach to cybersecurity and countering cybercrime, vulnerabilities can and have been exploited.

The response to this threat is inconsistent across the region. While some Pacific nations have implemented or are in the process of developing comprehensive cybercrime legislation, others rely on outdated or fragmented legal frameworks. For example, Fiji, Vanuatu, and Papua New Guinea have established national cybercrime laws, whereas countries like Solomon Islands and Tuvalu are still in various stages of legislative development. This patchwork of regulations and policies creates gaps in cybersecurity preparedness and response.

Cyber-enabled crimes, including online fraud, scams, and child exploitation, are prevalent and growing, driven by increasing internet penetration and smartphone adoption. These technological advances, while beneficial, have also exposed new vulnerabilities, making it easier for cybercriminals to exploit individuals and institutions. The rise in cyber-enabled crimes is compounded by inadequate awareness, ineffective reporting mechanisms, and insufficient data collection, which hinder efforts to develop effective countermeasures.

Introduction

This report, the Transnational Organized Crime Threat Assessment for the Pacific (Pacific TOCTA), is one of a series of transnational organized crime threat assessments conducted by UNODC, developed within the framework of the UNODC Transnational Organized Crime Project for the Pacific, initiated in 2022. It aims to provide a thorough and timely update to the previous report published in 2016.¹

Similar to other countries and regions, Pacific Island Countries and Territories (PICTs)² have experienced rapidly evolving economic and social changes. Factors such as increased connectivity, technological advances, and notable developments in the organized crime landscape of neighbouring regions have significantly impacted the Pacific. It is crucial to stay abreast of the current dynamics of transnational organized crime and its impacts on the Pacific region to ensure that policy responses and countermeasures are aligned with the present state of transnational organized crime.

This report also seeks to support the Boe Declaration on Regional Security, adopted in 2018 by leaders of the Pacific Island Forum (PIF) amid growing transnational organized crime challenges.³ Aimed at addressing the multifaceted security challenges facing the Pacific region, the Declaration recognizes transnational organized crime as one of the major security threats. Article VII, paragraph 3, of the declaration “affirms an

¹ To access the previous Transnational Organized Crime Threat Assessment for the Pacific report, see: https://www.unodc.org/roseap/uploads/archive/documents/Publications/2016/2016.09.16_TOCTA_Pacific_web.pdf.

² For the purpose of this report, PICTs include the following countries and territories: American Samoa, Cook Islands, Fiji, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Solomon Islands, Samoa, Tonga, Tuvalu, Vanuatu, French Polynesia, and New Caledonia.

³ To access the Boe Declaration on Regional Security, see: <https://pacificsecurity.net/wp-content/uploads/2021/02/Boe-Declaration-on-Regional-Security.pdf>.

expanded concept of security that addresses a wide range of security issues in the Pacific region, both traditional and non-traditional, with an increasing emphasis on transnational organized crime.” This represents the collective desire and shared responsibility of PICTs in addressing challenges posed by transnational organized crime and serves as a guiding framework for this report.

The report presents current information from PICTs and incorporates insights from countries outside the region that are directly connected to Pacific dynamics. By including diverse perspectives and conducting focused interviews with experts, the report highlights the impacts of organized crime that extend beyond regional boundaries. A thorough analysis of secondary sources has been conducted to identify potential areas of concern and to provide a well-rounded and insightful perspective on the multifaceted challenges posed by transnational organized crime in the Pacific.

Rapidly evolving transnational organized crime landscape in and around the Pacific and its impact

Surrounded by major suppliers and markets for illicit commodities in neighboring regions of Asia and the Americas, the Pacific has long been targeted by transnational organized crime groups as a major transshipment point.⁴ As such, transnational organized crime is not a new phenomenon in the Pacific. What has changed, however, is the magnitude of transnational organized crime impacting the Pacific. For instance, in January 2024, authorities of Fiji seized a record 4.8

⁴ UNODC, “Synthetic Drugs in East and Southeast Asia: Latest Development and Challenges,” May 2020.

Map 1. Geographical locations of Pacific Island Countries and Territories



Note: Boundaries, names, and designations used do not imply official endorsement or acceptance by the United Nations.

tons of crystal methamphetamine (see photo).⁵ This case demonstrates the unprecedented scale of drug trafficking in the Pacific, and the involvement of a powerful organized crime group with the means to arrange such a large shipment.



Copyright: Fiji Police Force.

⁵ UNODC official communication with the Fijian law enforcement officials, May 2024.

Organized crime groups mainly use the PICTs as a transit route, but also increasingly as destination sites more recently as well. These criminal organizations strategically target the markets within their boundaries but also lucrative markets in Australia and New Zealand, where the street value of illicit commodities, notably methamphetamine and cocaine, is among the highest in the world (see Figure 1 and Figure 2). At the same time, there is no sign of slowing down in the expansion of methamphetamine and cocaine markets in Australia and New Zealand. For instance, the wastewater analysis of methamphetamine use in Australia between August 2022 and August 2023 shows 10 tons of the drug consumed in the country, increased by 1.5 tons compared to the preceding period.⁶ Cocaine use was also reported to have

⁶ Australian Criminal Intelligence Commission (ACIC), "National Wastewater Drug Monitoring Program - Report 21," March 2024. Accessed at: <https://www.acic.gov.au/sites/default/files/2024-03/Wastewater%2021%20FOR%20WEB2.PDF>.

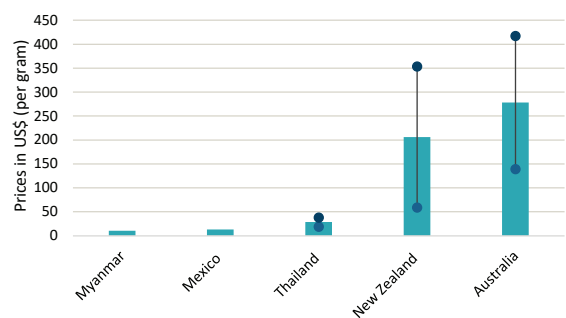
increased in all sites but one tested in Australia during the same period.⁷ Considering both high demand and prices of methamphetamine and cocaine in Australia and New Zealand, transnational organized crime groups will continue to push substantial quantities of drugs, some of which will be transshipped through the Pacific. Additionally, the Pacific has increasingly been targeted as a destination for methamphetamine as observed in several PICTs, in particular Fiji, Papua New Guinea and Tonga.⁸ This trend is certainly a worrying but anticipated development, as there have been many instances of growing illicit drug markets in countries located along major drug trafficking routes.⁹

The expansion of the illicit drug market in several PICTs poses a significant public health concern particularly due to a lack of treatment facilities and specialized personnel for drug treatment. A civil society organization focused on drug prevention in Fiji has reported a rapid increase in the non-medical use of drugs, in particular methamphetamine, within the country.¹⁰ The organization has further noted that the increase in drug use among the youth population is of particular concern.¹¹ Additionally, according to the Ministry of Health and Medical Services of Fiji, the number of new HIV cases during the first six months of 2024 reached 552, which marks 33 per cent higher than the total recorded in 2023.^{12,13} The Ministry has further noted that 85 out of 552 cases were attributable to injecting drug use,¹⁴ representing 15 per cent of the total cases.

Transnational organized crime groups targeting the Pacific are adaptive and continue to use sophisticated measures to conceal and transport their illicit commodities and evade law enforcement detection. One example is the 'black flight' method, whereby traffickers use small aircraft to fly undetected into certain areas, mostly using remote makeshift or

unmonitored airstrips to pick up and deliver drugs.¹⁵ In March 2023, authorities in Australia seized 71 kg of crystal methamphetamine en route to Australia via small aircraft.¹⁶ This was not the first reported attempt of organized crime groups operating in the Pacific using the 'black flight' method. In 2020, Papua New Guinea authorities seized a 'black flight' carrying 550 kg of cocaine sourced from Latin America, which attempted to depart Papua New Guinea but crashed during takeoff, leading to the arrest of the pilot.¹⁷ Transnational organized crime groups increasingly use sophisticated methods, including underwater drones and submarines, to transport cocaine along the Pacific coast of the Americas. While there have been no officially reported cases involving submersible watercraft transporting cocaine in the Pacific, the authorities of PICTs should be alerted to these advanced drug trafficking methods from the source regions of cocaine.

Figure 1. Retail prices of crystal methamphetamine and cocaine in Australia, New Zealand and select countries, 2022



Note: The high-low bars represent the upper and lower limits of the price range for those countries which reported such range in addition to the typical price; data in the table are not adjusted with purities. For the purpose of this figure, a mid-point of upper and lower limit was used for Australia.

Source(s): UNODC, Responses to Annual Report Questionnaire, 2023; Interview with New Zealand Drug Intelligence Bureau (NDIB).

⁷ Ibid.

⁸ For more information, see the 'Drug Trafficking' chapter of this report.

⁹ UNODC, "Synthetic Drugs in East and Southeast Asia: Latest Development and Challenges," May 2020.

¹⁰ Interview #61.

¹¹ Ibid.

¹² The Ministry of Health and Medical Services, Fiji, "Updated HIV / AIDS Stats, Press release," August 2024. Accessed at: <https://www.health.gov.fj/Portal/press-release/>.

¹³ In the same press release as above, the Ministry has indicated that the increase may have been due to its strategies to improve national testing and enrollment into care for HIV.

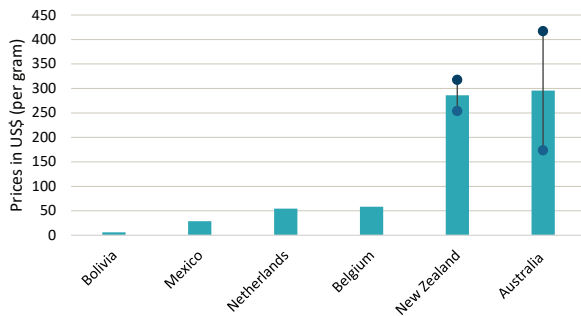
¹⁴ Ibid.

¹⁵ Royal Papua New Guinea Constabulary, "Aircraft on illegal drug run into PNG seized – five suspects caught in Australia," April 2023. Accessed at: <https://www.rpngc.gov.pg/aircraft-on-illegal-drug-run-into-png-seized-five-suspects-caught-in-australia/>.

¹⁶ Ibid.

¹⁷ Australian Federal Police, "Five arrested over black flight loaded with meth," March 2023. Accessed at: <https://www.afp.gov.au/news-centre/media-release/five-arrested-over-black-flight-loaded-meth>.

Figure 2. Retail prices of cocaine in Australia, New Zealand and select countries, 2022



Note: The high-low bars represent the upper and lower limits of the price range for those countries which reported such range in addition to the typical price; data in the table are not adjusted with purities. For the purpose of this figure, a mid-point of upper and lower limit was used for Australia and New Zealand.

Source: UNODC, Responses to Annual Report Questionnaire.

The sophistication of organized crime groups is not limited to their trafficking methods but also to the expansion of their illicit business portfolio by masking their criminal operations as legitimate businesses. One example in the Pacific is the establishment of cyber-enabled scam centers. In recent years, authorities of Palau and Fiji reported identifying scam compounds set up by Asian organized crime groups which were masked as call centers.^{18,19} In addition, known organized crime group members and individuals with criminal backgrounds have been active in the Pacific to exploit the region for their illicit business.²⁰

Overall, the rapidly evolving transnational organized crime landscape in and around the Pacific is a serious concern. The Pacific finds itself caught in the midst of the expanding global methamphetamine and cocaine markets, and the impact is becoming increasingly evident. Given the vast scale of these global drug markets, the power wielded by organized crime groups involved in trafficking is substantial and extends across borders. At the same time, their influence is undermining governance and the rule of law across the region.

18 Interview #21.

19 National Parliament hearing of Fiji, "Repatriation of Chinese Nationals 2017 (Question No.60/2024)." Accessed at: <https://www.facebook.com/watch/?v=3709482682662038>.

20 For more information, see 'the Nature of Transnational Organized Crime in the Pacific' of this report.

Economic sectors shaping the dynamics of the Pacific crime landscape

The PICTs have a diverse demographic composition, including varying social structures, languages, and historical relationships among the nations. This diversity is evident across the population spectrum, ranging from Papua New Guinea with a population of over 10 million²¹ to Tuvalu with 12,000 people.²² The dispersed locations of these countries across the vast Pacific Ocean and their relatively small populations impact many aspects related to their economies, including trade, agriculture, and development. While these countries may not be major markets for illicit commodities due to their relatively small populations, this small population coupled with unprepared social services makes them particularly vulnerable to the impact of organized crime activities.

Many academic discourses highlight the asymmetric relationship between economic and demographic factors and various criminal activities.²³ The interplay of economic promise and criminal vulnerabilities in foreign investments as well as the dual role of tourism as both an economic driver and a potential avenue for illicit activities create a nuanced transnational organized crime landscape. In navigating these complexities, the Pacific faces the imperative of fostering sustainable development while safeguarding against the intricate web of threats posed by transnational organized crime.

The World Bank database indicates that the unemployment rate of the Pacific Island small states was on an upward trajectory until 2023, when it declined by 0.2 per cent compared to the previous year, reaching 3.7 per cent.²⁴ This figure may seem relatively low when compared with data from other regions with similar characteristics, such as Caribbean small states (9.9 per cent).²⁵ However, unemployment rates in the Pacific must be interpreted with caution as its economies are dominated by subsistence

21 World Bank, "Papua New Guinea," World Bank Open Data, 2024. Accessed at: <https://data.worldbank.org/country/PG>.

22 World Bank, "Tuvalu," World Bank Open Data, 2024. Accessed at: <https://data.worldbank.org/country/tuvalu>.

23 Goulas, E., & Zervoyianni, A, "Economic growth and crime: Is there an asymmetric relationship", 2015.

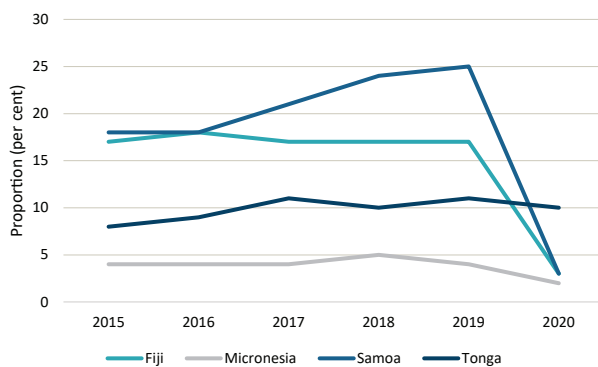
24 World Bank, "Unemployment, Total (% of Total Labor Force) - Pacific Island Small States," World Bank Open Data, 2024. Accessed at: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=S2>.

25 Ibid.

and informal activities, and excess labour is readily absorbed into these sectors.²⁶ For instance, the informal employment rate in Fiji in 2016, the latest year available, was estimated at 60 per cent. The latest corresponding data for Papua New Guinea is 84 per cent (2012) and 85 per cent for Solomon Islands (2016).²⁷ As individuals employed informally in general face greater financial hardships, organized crime groups may exploit this vulnerability and economic inequality by recruiting individuals who view criminal activities as potential income-generating opportunities.

One other important economic characteristic of some PICTs is their heavy reliance on the tourism industry due to limited alternative economic options.²⁸ In Palau, tourism accounted for approximately 38 per cent of GDP and 45 per cent of total employment in 2019.²⁹ In the same year, tourism accounted for 25 per cent of GDP in Samoa, 21 per cent of GDP in Niue, and 17 per cent of GDP in Fiji. Compared to a global average of 4.0 per cent in 2019, this indicates a strong reliance on the tourism and hospitality sectors for employment and foreign direct investment.³⁰

Figure 3. Gross tourism earnings as proportions of GDP in Fiji, Micronesia, Samoa and Tonga, 2015-2020



Source: Statistics for Development Division, Pacific Community.

²⁶ International Labour Organization (ILO), “A Study on the Future of Work in the Pacific”, 2017.

²⁷ Ibid.

²⁸ Australian Institute of International Affairs, “Pacific Island Tourism Is on the Surge Again, But Its Character Is Changing,” 2023. Accessed at: <https://www.internationalaffairs.org.au/australianoutlook/pacific-island-tourism-is-on-the-surge-again-but-its-character-is-changing/>.

²⁹ Pacific Private Sector Development Initiative, “Palau - Pacific Tourism Sector Snapshot,” 2021. Accessed at: <https://www.pacificpsdi.org/assets/Uploads/PSDI-TourismSnapshot-PAL.pdf>.

³⁰ UN World Tourism Organization (UNWTO), “International tourism growth continues to outpace the global economy,” 2020.

As observed in Figure 3, the tourism sectors contributing to the GDPs of Fiji, Samoa and to a lesser extent Micronesia significantly decreased in 2020 due to the global pandemic, leading to economic hardship in these countries. This unexpected event likely placed considerable economic constraints on people in these countries and seems to have resulted in an increase in certain types of crime in the Pacific. In Fiji, for instance, the number of drug-related offences in 2020, when lockdown measures for the pandemic were first implemented in the country, rose to 1,501. This figure is significantly higher than the average number of cases reported between 2016 and 2019 and 2021 (1,045 cases).³¹ Of the 1,501 cases, 90 per cent of them (1,358 cases) were due to ‘possession’ of drugs, indicating increases in drug use and supply to cope with economic hardship during the time of pandemic.

A high proportion of informal employment, coupled with limited viable economic options in the Pacific, can make the Pacific region more vulnerable to organized crime groups and associated illicit activities during unexpected events followed by economic uncertainty. Organized crime groups targeting the Pacific seem to take advantage of this vulnerability by investing in sectors, such as casinos and special economic zones, that can be useful for expanding their illicit businesses.³²

PICTs have been looking for options to diversify their income opportunities. For instance, citizenship-by-investment programs, also known as golden passports, are initiatives adopted (or planned to be adopted) by certain Pacific countries that allow individuals to obtain citizenship through significant financial contributions. These programs aim to stimulate economic growth in the host nations by attracting foreign direct investment. However, it is important to acknowledge that golden passports have raised concerns related to transnational organized crime. The main benefit of the program for host nations is the possibility of receiving significant financial investments that can contribute to the development of infrastructure, economic growth, and job creation in the Pacific region. However, insufficient due diligence measures may allow criminals to take advantage of these programs, evade

³¹ Fiji Police Narcotics Bureau, “Narcotics Landscape”, presented at the Global SMART regional workshop for the Pacific, November 2023.

³² For more information, see ‘the Nature of Transnational Organized Crime in the Pacific’ of this report.

law enforcement and contribute to money laundering and other illicit activities.³³ For example, the United Kingdom identified Vanuatu as the primary route for potential criminals seeking entry via visa-free access, which led the country to revoke visa-free access for individuals holding Vanuatu passports.³⁴

Golden passports have the potential to improve global mobility for lawful purposes, but it is important to consider that they may also enable the transfer of individuals involved in criminal activities across borders. The deportation policies of neighboring states have significant implications for transnational organized crime in the region, affecting the region's demographic landscape. As these deported individuals return to their home countries, they impact the small population of the countries and pose a demographic challenge, given their increased presence. The lack of support for deportees in their home countries can result in vulnerable individuals turning to criminal activities, elevating the risk of them being potential recruits or collaborators for transnational organized crime groups.³⁵ Those with prior criminal records may be especially prone to engaging in illicit behavior upon returning to the Pacific. The limited resources, geographical isolation, and varying law enforcement capabilities in these nations create an environment that is conducive to recruiting individuals with criminal backgrounds. Furthermore, the arrival of deportees in a small community may pose challenges to local law enforcement agencies, potentially impacting their ability to effectively monitor and manage criminal activities.

Increased digital connectivity

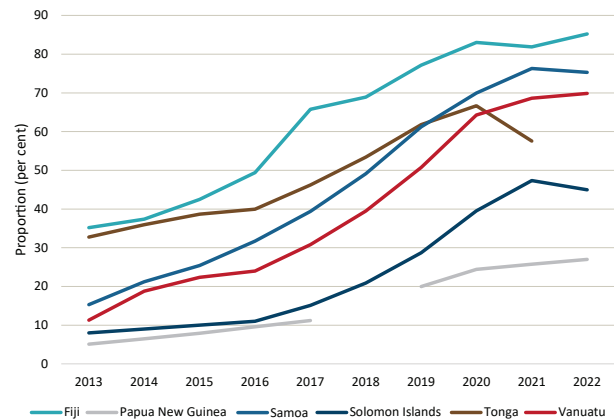
The previous Pacific TOCTA report highlighted improved aerial and maritime mobility (such as an increase in the number of direct flights with other regions) and increasing tourist numbers in the context of organized crime and its impact. The increased connectivity in the Pacific is also observed in the digital sector.

33 Financial Action Task Force (FATF), "Misuse of Citizenship and Residency by Investment Programmes," 2023. Accessed at: <https://www.fatf-gafi.org/en/publications/Methodsand Trends/misuse-CBI-RBI-programmes.html>.

34 UK Government, "Visa Requirement for Ni-Vanuatu Nationals Visiting UK," 2023. Accessed at: <https://www.gov.uk/government/news/visa-requirement-for-ni-vanuatu-nationals-visiting-uk>.

35 Jose Sousa-Santos, "Drug Trafficking in the Pacific Islands: The Impact of Transnational Crime," Lowy Institute, 2022. Accessed at: <https://www.loyyinstitute.org/publications/drug-trafficking-pacific-islands-impact-transnational-crime>.

Figure 4. Individuals using the Internet (% of population) in select countries of the Pacific



Note: *The latest data available; Data for 2018 for Papua New Guinea and 2021 for Tonga are not available.

Source: World Bank. Accessed on 8 October, 2024.

In the era of digital interconnectedness, as PICTs adopt policies to embrace advanced technologies and related infrastructures to enhance efficiency and service delivery, cybercrime rises as a major facilitator of transnational crime in the region, including financial and child exploitation offences. Cyber-enabled crime adds to these threats, specifically in the realm of cryptocurrencies and underground banking. Increased reliance on digital platforms, interconnected systems, and the anonymity of cryptocurrencies, offer opportunities for transnational criminal organizations to exploit cybersecurity vulnerabilities, commit financial crimes, and engage in illicit activities in a more sophisticated manner.

The Pacific region has a diverse cryptocurrency policy, with different countries developing regulatory frameworks based on their own economic structures, financial stability concerns, and the need for consumer protection. Cryptocurrencies are seen as an opportunity by some Pacific countries, particularly those with limited traditional banking systems. They provide an alternative financial system that can benefit individuals who are limited by traditional banking, promoting financial inclusion for the unbanked and underbanked.³⁶ Moreover, cryptocurrencies can be leveraged by countries for faster and more cost-effective cross-border remittances. However,

36 Tonantzin Carmona, "Debunking the Narratives about Cryptocurrency and Financial Inclusion," Brookings, 2022. Accessed at: <https://www.brookings.edu/articles/debunking-the-narratives-about-cryptocurrency-and-financial-inclusion/>.

as mentioned earlier, the use of cryptocurrencies can pose a risk of transnational organized crime activities, such as money laundering, fraud, and dark web transactions, due to their anonymous nature. Cryptocurrency can increase the anonymity for illegal transactions and could be used for underground banking. Furthermore, cybercrime offenders such as online scammers demand payment in cryptocurrency to maintain their anonymity, which could potentially be used to fund transnational organized crime organizations and poses cybersecurity risks.

Implementation of international treaties in the Pacific

There are various international treaties, conventions, and protocols that have been established to combat crime, drugs, and terrorism. These legal instruments are critical to addressing these global issues, and understanding their ratification and implementation is essential to assessing their effectiveness. In the Pacific region, there are significant differences in participation and implementation of these treaties.

Many Pacific Island countries have ratified the United Nations Convention against Transnational Organized Crime (UNTOC) and its protocols, demonstrating a strong commitment to combating organized crime, although adoption of the specific protocols varies. Similarly, many countries have ratified the United Nations Convention against Corruption (UNCAC), reflecting a commitment to combating corruption, although the extent of implementation varies. Pacific Island countries are generally committed to drug control measures under the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. In addition, not all Pacific Island countries are signatories to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which aims to protect wildlife and regulate trade in endangered species. Implementation challenges in the Pacific include capacity constraints, such as limited resources and expertise. Details on the status of Pacific Island countries in terms of signing and ratifying relevant international treaties are provided in Table 1.

Structure of the report

This report examines latest developments, patterns, impacts and future landscapes of transnational organized crime in the Pacific region, covering the following thematic areas:

- Nature of Transnational Organized Crime in the Pacific
- Drug Trafficking
- Trafficking in Persons and Smuggling of Migrants
- Crimes that Affect the Environment
- Money Laundering
- Cybercrime

It is important to note that the specific crimes discussed in this report are not a comprehensive list of those impacting the Pacific and neighbouring regions. The 'Nature of Transnational Organized Crime in the Pacific' chapter is dedicated to describing the dynamics of cross-border criminal activities in the region followed by five crime specific chapters. Each crime thematic chapter offers comprehensive and practical options for responding to address relevant transnational organized crime challenges. In addition, this report has a conclusion chapter that includes cross-cutting recommendations for the Pacific in addressing these challenges.

Table 1. PICTs status in regard to International Treaties

Countries	Cook Islands	Fiji	Kiribati	Marshall Islands	Micronesia, FS	Niue	Nauru	Palau	Papua New Guinea	Samoa	Solomon Islands	Tonga	Tuvalu	Vanuatu
UNTOC	Signed													
	Ratified													
UN Convention on Narcotic Drugs (1961)	Signed													
	Ratified													
Convention on Psychotropic Substances (1971)	Signed													
	Ratified													
Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)	Signed													
	Ratified													
UNCAC	Signed													
	Ratified													
The Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (2003)	Signed													
	Ratified													
Protocol against the Smuggling of Migrants by Land, Sea and Air (2000)	Signed													
	Ratified													
Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition	Signed													
	Ratified													
CITES	Accession													
	Date of notification													
	Date of effect													

Source: UN Treaty Collection, 2024. Accessed on 04 June 2024.

Sustainable Development Goals (SDGs), transnational organized crime and the Pacific

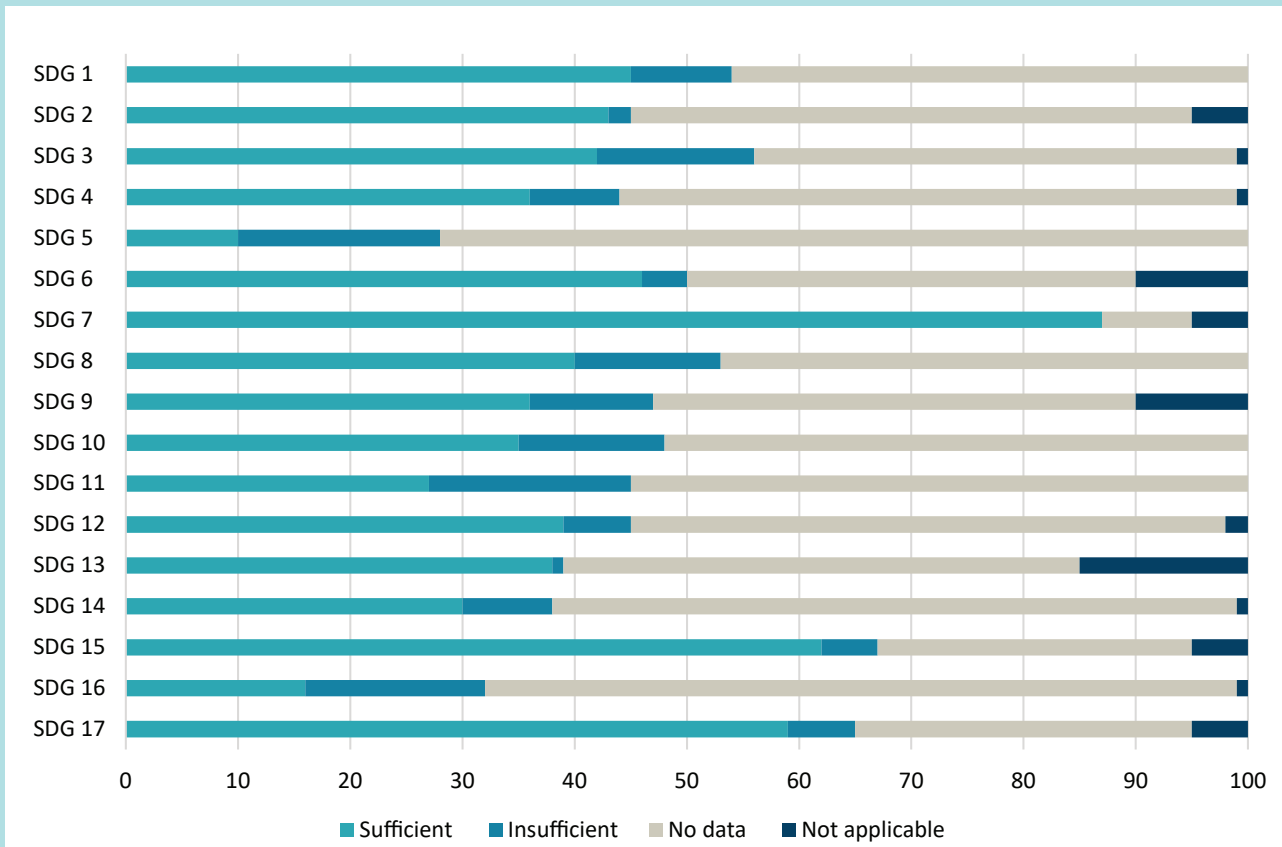
Transnational organized crime undermines the promotion of peace and security and access to justice and accountable institutions (SDG 16), as it destabilizes societies, erodes governance and fosters corruption. It also undermines efforts of governments to reduce poverty (SDG 1), bring severe implications for public health (SDG 3) through drug supply, and pose threats to biodiversity (SDG 15).

The latest UN assessment on the data availability of SDGs shows that SDG 16 ranks lowest together with SDG 5, which is ‘Achieve gender equality and

empower all women and girls’. More specifically, none of the PICTs have data for some indicators of SDG 16, including 16.4.1 (Illicit financial flows) and 16.4.2 (Seized small arms and light weapons recorded and traced).

A lack of data to monitor the progress and implementation of SDG 16 in the Pacific can hinder policymakers from making informed decisions and developing evidence-based policies to address organized crime and related threats. Additionally, without reliable data, it is difficult for governments to identify areas of need and allocate appropriate resources while operating in a transparent and efficient manner. The significant data gap in the Pacific poses a substantial challenge for the implementation of the 2030 Agenda for Sustainable Development.

Figure 5. Data availability in the Pacific by SDG goal (since 2015)



Source: SDG Gateway, UN Economic and Social Commission for Asia and the Pacific.



Development and Methodology

Development and Methodology

Process to obtain and consult on data and information used in the report

While availability of official information and data on transnational organized crime in many Pacific Island nations is limited, UNODC initiated the development of this assessment through a variety of coordinated approaches in an effort to address and supplement these limitations. This process began with the announcement of the assessment by UNODC experts attending the 50th Pacific Islands Chiefs of Police (PICP) meeting in Queensland, Australia. The meeting served as a key starting point and scoping exercise for the study, allowing UNODC experts to exchange information with regional law enforcement and effectively take stock of the transnational organized crime threat landscape in the region. This was also complemented by a comprehensive preliminary desk review conducted by UNODC researchers to map out government stakeholders and external experts, and potential sources of data, case information, developments and trends used for internal purposes.

In what followed, UNODC developed a comprehensive questionnaire, which was distributed to participating authorities at the 50th PICP meeting. The questionnaire sought available data related to the five major thematic areas covered in the TOCTA: drug trafficking, trafficking in persons and smuggling of migrants, crimes that affect the environment, money laundering and cybercrime. Together with the preliminary scoping exercise, this questionnaire also served as the foundation of extensive consultative meetings and focused interviews with relevant national authorities and organized crime experts in the Pacific. This process also involved consultations and focused interviews with law enforcement and criminal and financial intelligence authorities in Oceania and some parts

of Southeast Asia, as well as other external experts including those from various civil society organizations and journalists with extensive experience in covering organized crime issues in the Pacific region. Descriptions of consultations and focus interviews are included in *Annex*.

In addition to data and information produced by national and regional authorities through the questionnaire, consultations and focused interviews, this assessment has been developed through in-depth examination and analysis of other sources including criminal indictments, case records, financial intelligence, court filings, and related public disclosure shared by national authorities and other international partners. Public reports, including media reports based on official government sources, were also used, albeit to a far lesser extent, to supplement the lack of official data and information related to transnational organized crime flows in the region. UNODC experts from regional cybercrime, drugs, trafficking in persons and smuggling of migrants, and money laundering programmes also made frequent visits to several Pacific Island nations over the course of the assessment to collect and verify information used in this study; and UNODC representatives have also described the methodology of the TOCTA to governments in detail throughout its development.

Assessment methods, geographic scope and types of sources

It is important to note that while the TOCTA has been designed to be practical and comprehensive, its findings are by no means exhaustive, representing only a snapshot of a fast-evolving transnational organized crime landscape affecting each Pacific Island nation in different yet often very similar ways.

Assessments of transnational organized crime threats were made using three main methods: assessing the possible extent of ‘illegality’ embedded in the legal movements of people and trade in commodities within, to and from the region; assessing data and recent developments related to illicit trafficking and associated illicit commodity markets in the region, and neighbouring countries and regions that might potentially impact Pacific Island nations; and assessing gaps in existing national and regional frameworks established to address transnational organized crimes in the region. The TOCTA also looks beyond the flows and mechanics of transnational organized crime in the region, focusing on major impacts and policy implications for Pacific Island nations. This has included consideration of relevant United Nations Sustainable Development Goals (SDGs) and corresponding targets and indicators which have been examined in the context of intensifying targeting of the Pacific region by powerful transnational organized criminal networks and associated spillover which can have a particularly devastating impact on small and low-income PICTs and local communities.

The geographic scope of this assessment is strongly focused on PICTs comprised of American Samoa, the Commonwealth of Central Mariana Islands, Fiji, New Caledonia, Cook Islands, Micronesia, French Polynesia, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. However, it also includes analysis of transnational organized crime and associated criminal activity in neighbouring countries and regions which have a particular impact as source, transit and destination locations of illicit crime flows affecting the PICTs. These regions include East Asia (China, including Hong Kong and Macau, Japan, and the Republic of Korea), Southeast Asia (in particular Cambodia, Indonesia, the Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam), South Asia (in particular India and Bangladesh) and Oceania (Australia and New Zealand).

The data and information gathered for the following assessment methods were primarily official data produced by national and regional authorities as well as UNODC and other international organizations to ensure the validity of the report. However, academic journals and reports from credible media outlets were also partially used to supplement the lack of

official data and information related to transnational organized crimes in the region.

Major types of sources used in the report include:

- Periodical reports produced by regional organizations such as the Pacific Transnational Crime Coordination Centre (PTCCC) and the Pacific Immigration Directors Conference (PIDC);
- Periodical reports produced by national authorities in the region such as the Australian Crime Commission, Australian Criminal Intelligence Commission, Australian Federal Police, New Zealand Customs Service and New Zealand Police;
- Individual seizures/trafficking cases collected in the form of ‘press releases’ produced by national law enforcement authorities such as police and customs in the region;
- Additional individual seizures/trafficking cases shared by national authorities through official consultations, interviews and other communications;
- UNODC data sets and research products such as Annual Report Questionnaires (ARQ) and World Drug Reports;
- Academic literature and publications related to recent trends, patterns and impacts of transnational organized crimes in the region; and
- Reports from credible media outlets and civil society organizations related to recent trends, patterns and impacts of transnational organized crimes in the region.

In consideration of existing data and anecdotal information, delegates from PICTs also delivered presentations at several UNODC-led thematic workshops and during the 2023 PICP meeting which included information relating to the latest transnational organized crime situation and impacts on respective PICTs or the broader Pacific region. This information was also used to develop this assessment.



Nature of Transnational Organized Crime in the Pacific

Nature of Transnational Organized Crime in the Pacific

Key takeaways

PICTs face a range of intensifying transnational organized crime challenges. The region has become a lucrative drug corridor targeted primarily by foreign criminal actors including Asian organized crime groups and Latin American drug cartels, as well as various local criminal organizations including chapters of outlaw motorcycle gangs (OMCGs) and groups of criminal returnees, among others. At the same time, many countries in the Pacific face growing challenges related to corruption and crimes that affect the environment, while flows of trafficked victims and smuggled migrants remain significant.

Countries in the Pacific region are situated along a vast maritime corridor utilized for legitimate trade between major economic markets located along the Pacific rim and simultaneously surrounded by some of the world's largest and most lucrative markets for illicit activity and commodities. Together with the region's porous coastlines and advancements in aerial and maritime mobility, trade integration, and physical and digital connectivity, implementing sufficient law enforcement and regulatory strategies has proven challenging for governments. At the same time, these factors have provided new opportunities for powerful transnational criminal networks to exploit vulnerabilities in their ability to effectively monitor, detect, prevent and address the trafficking of illicit goods and criminal activities.

The Pacific Island nations face a variety of significant challenges in combating organized criminal actors, ranging from limited human and technical resources to corruption. Resource issues include a lack of forensic and investigative capacity, weak inter-agency cooperation, and low capacity to generate

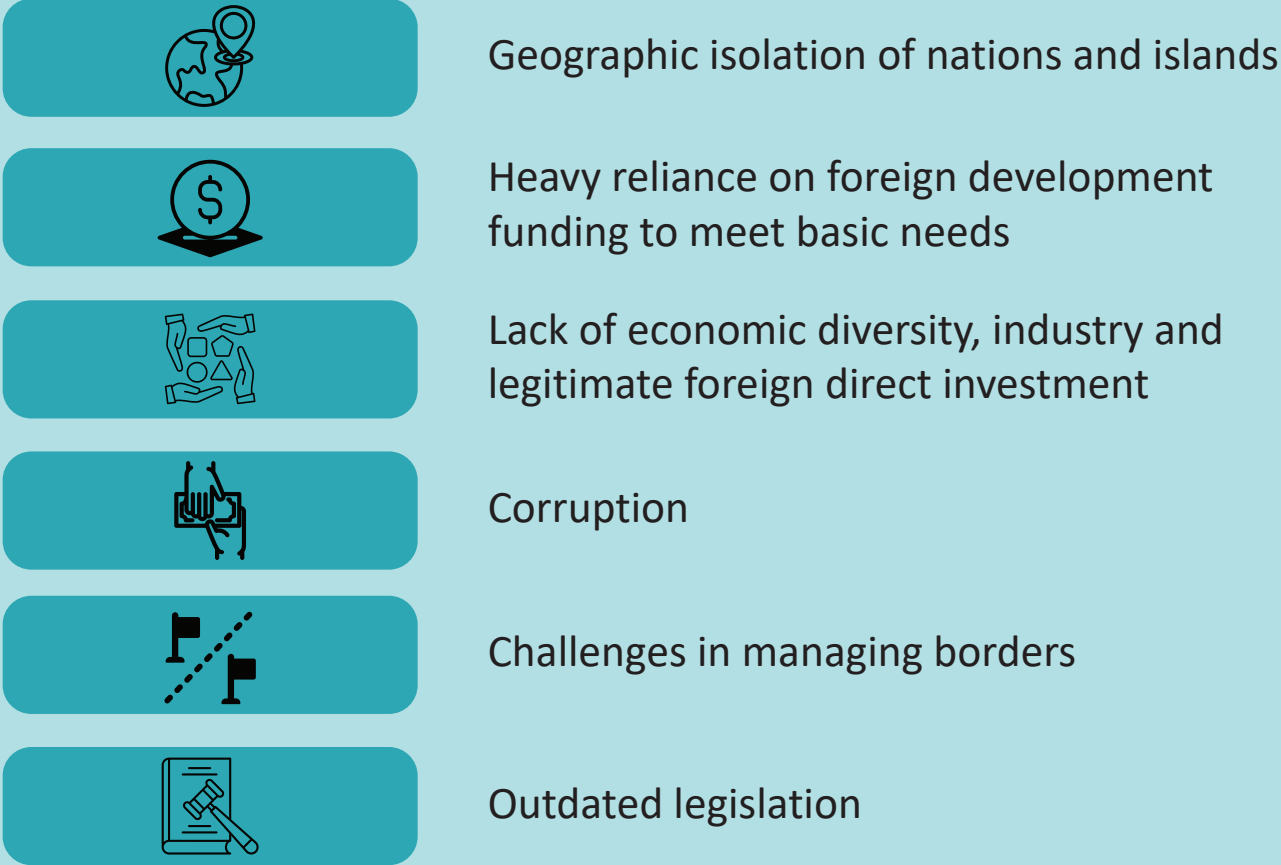
data and intelligence. As a result, authorities in the region possess limited awareness and understanding of emerging threats, including the crime types and technologies being leveraged by organized crime, hindering the development of effective strategies to address related challenges.

Attracting new Foreign Direct Investment (FDI) inflows has proven a major challenge for the small and remote island nations of the Pacific. Transnational organized crime groups operating in the region have been exploiting these needs and vulnerabilities, which were further compounded by the economic impact of the COVID-19 pandemic, by presenting themselves as legitimate investors seeking to establish or expand their businesses in the Pacific.

Corruption exists in many sectors and in various forms across the Pacific, representing a key source of illicit proceeds and facilitator of serious crimes. The sectors most vulnerable to corruption across various PICTs include natural resources (extractive industries including forestry, fisheries, minerals and petroleum), public administration and services (land and titles administration, police and customs), overseas development aid, and offshore banking. Bureaucracies of many PICTs are also susceptible to corruption at senior levels, evidenced by several high-profile corruption-related arrests in recent years. While the extent and nature of corruption varies across the PICTs, many countries share common forms of corruption, including bribery, cronyism, and political corruption.

Foreign organized crime groups have been observed deploying a hybrid approach to mask their criminal operations and associated money flows as legitimate business interests and investments. Foreign criminals have been attracted by favourable tax regimes and

Figure 1. Shared characteristics among Pacific Island Countries and Territories that can enable transnational organized crime



weak monitoring and enforcement capabilities, and, in certain cases, have co-opted local officials into becoming key partners and enablers through illicit enrichment.

In recent years, these networks have expanded their influence in the Pacific through the development of casinos, junkets and hotel resorts used to conceal a wide range of illicit activities. This modus operandi,

which has proliferated in Southeast Asia and various parts of the Pacific in recent years, has proven highly effective in providing organized crime with a cover and venue for various illicit business lines including drug trafficking, human trafficking, money laundering, underground banking, and various forms of cyber-enabled crime, alongside providing a base where criminal groups convene.

Background

The PICTs face a range of intensifying transnational organized crime challenges. For example, the region has become a lucrative drug corridor targeted by primarily foreign criminal actors including Asian organized crime groups, Latin American drug cartels, as well as outlaw motorcycle gangs (OMCGs) and groups of criminal deportees. There is indication of several PICTs becoming larger consumer markets in their own right. Additionally, criminal networks operating in the Pacific appear to have established business interests in the region's lucrative extractive industries, which have been implicated in cases of trafficking in persons.

Countries in the Pacific region are situated along a vast maritime corridor which is used for legitimate trade between major economic markets located along the Pacific Rim. In recent years, the Pacific region has benefitted from economic opportunities related to growing inter-regional connectivity and trade integration, as well as rising numbers of tourists, improved aerial and maritime mobility, and enhanced digital connectivity.^{1,2,3} However, transnational organized crime groups are also targeting the maritime route for the trade in a range of illicit commodities, taking advantage of the region's vast geographic area and extensive coastlines and the limited abilities of law enforcement in the region to effectively monitor, detect, prevent and address criminal activities. Additional challenges in implementing effective law enforcement strategies and related regulations include the high number of foreign-owned fishing vessels that transit the high seas and territorial waters and the differences in governance and law enforcement capacity across the PICTs. Furthermore, the PICTs are surrounded by major markets for illicit activity and commodities. Australia, for instance, reports some of the highest drug prices and prevalence rates of methamphetamine, cocaine and ecstasy use globally,⁴ while East and Southeast Asia and Latin America are two of the largest illicit drug producing regions in the world.⁵ The expansion and increasing connectivity

of drug markets in those regions has resulted in the Pacific region becoming an increasing target as both a transit area and a destination.^{6,7}

To expand their presence in the Pacific, organized crime groups have increasingly targeted vulnerabilities relating to low levels of foreign direct investment (FDI) to grow their businesses. They have also exploited citizenship-by-investment (CIB) schemes, and have taken advantage of the region's low levels of enforcement capacity to address foreign labour to import undocumented migrant workers. As examined below, in recent years, some of these foreign businesses have been implicated in high-profile cases involving drug trafficking, money laundering and corruption. Transnational organized crime groups operating in the Pacific often operate openly, and some senior members frequently appear in public and present themselves as legitimate foreign investors while making investments in sectors that can be useful for their illicit businesses. Leaders of transnational criminal networks have also proven effective in forming alliances with influential local figures in the Pacific region and leveraging these relationships, along with mutual financial interests, to advance their business networks and criminal activities. These activities include illicit trafficking—particularly in drugs, wildlife, timber products, and people—as well as high-tech financial crimes, including money laundering, cyber-enabled fraud, and illegal online gambling activities, all of which have exhibited a notable increase in some parts of the Pacific.

Needs and characteristics of foreign organized crime targeting the Pacific

Organized crime groups operating in the Pacific region seek favourable operating conditions with limited interference and oversight into their various business activities. Many PICTs face a variety of significant challenges in combating organized criminal actors, ranging from limited human and technical resources (including forensic and investigative capacity), weak inter-agency cooperation, low levels of intelligence sharing at national and regional levels, and

1 International Monetary Fund, "Resilience and Growth in the Small States of the Pacific," Trade Integration in a Changing Global Economy, August 2016.

2 Chen et al., "Pacific Island Countries: In Search of a Trade Strategy," Journal of Banking and Financial Economics, April 2020.

3 UNODC, "Transnational Organized Crime in the Pacific: A Threat Assessment," September 2016.

4 UNODC, "World Drug Report," 2023.

5 Ibid.

6 Interview #34, #35, #37, #38 and #48.

7 Official UNODC consultations and expert interviews with law enforcement authorities in and around the Pacific region, 2024.

corruption.^{8,9} Authorities in the region also possess low levels of awareness and understanding of emerging threats, crime types and technologies being leveraged by organized crime.¹⁰

Law enforcement reports from authorities in and around the Pacific region indicate that organized crime groups originating from Asian countries are perceived to be among the most active in the PICTs.¹¹ These groups are known to engage in a far broader range of criminality, including drug trafficking, trafficking in persons and migrant smuggling, as well as related forgery, money laundering, and crimes that affect the environment.¹² They are highly entrepreneurial and innovative in nature, leveraging vast networks of loose business connections to move commodities, people, and value across jurisdictions with little oversight.¹³ To diversify their operations, there is indication that criminal groups from East and Southeast Asia have increasingly targeted the Pacific for more sophisticated crime types including cyber-enabled fraud, illegal online gambling and junkets-based money laundering, evidenced by several cases examined below.

Law enforcement have also reported that the presence of Australian OMCGs and Latin American drug cartels are also on the rise in the Pacific region.¹⁴ Members of various OMCGs including the Banditos, Comancheros, Head Hunters, Hell's Angels, Mongols, and Rebels, among others, have expanded to several PICTs, offering strategic offshore bases to facilitate various forms of criminality including drug trafficking, money laundering, blackmail and extortion, as well as firearm offences and serious violence.¹⁵ OMCGs, commonly referred to as 'bikies', have an active presence in all Australian states and territories and in New Zealand and have developed robust international connections and business networks.¹⁶ The Latin American cartels, particularly those from Mexico, dominate the cocaine supply chain to Australia and New Zealand, much of which transits maritime routes through the Pacific. Mexican cartels have also developed business

relationships with Asian organized crime syndicates and associated money laundering organizations as well as with chemical companies based in East, South and Southeast Asia selling a vast range of controlled precursors and other non-controlled chemicals.¹⁷



Approximately 1.1 tons of white substances in crystal and powder was seized in Maqalevu, Nadi on 20 January 2024. Source: Fiji Police Force.

Fiji, for instance, appears to be growing in importance as a regional hub for drug trafficking and an emerging base for transnational organized crime networks operating in and through the Pacific. Until recently, methamphetamine seizures in Fiji had been reported at low levels, however in 2024, local authorities made unprecedented seizures of the drug totaling 4.8 tons reported in the first month of the year.¹⁸ This included an initial seizure of 3.5 tons and an additional 1.1 tons a few days later.¹⁹ The Fijian police commissioner made public statements indicating that the seized methamphetamine originated in Mexico²⁰ and, according to Fijian intelligence authorities, the seizures represent only a fraction of the total volume of drugs being trafficked through the country.²¹ According to official sources and media reports,

8 Ibid.

9 Pacific Islands Forum, "Regional Transnational Organised Crime Disruption Strategy 2024-2028," 2024.

10 Official UNODC consultations and expert interviews with law enforcement authorities in and around the Pacific region, 2024.

11 Ibid.

12 Ibid.

13 Ibid.

14 Ibid.

15 Ibid.

16 Queensland Police Service, Outlaw Motorcycle Gang Conference, "Operation Morpheus operational results briefing," 2019.

17 For instance, see: U.S. Department of Justice, "Justice Department Announces Eight Indictments Against China-Based Chemical Manufacturing Companies and Employees," October 2023. Accessed at: <https://www.justice.gov/opa/pr/justice-department-announces-eight-indictments-against-china-based-chemical-manufacturing>.

18 UNODC official communication with the Fijian law enforcement officials, May 2024. However, the total amount of methamphetamine seized in the January operations vary slightly according to different sources.

19 Vijay Narayan, "1.1 tonne of meth found in Nadi, businessman in custody," Fiji Village, January 2024. Accessed at: <https://www.fijivillage.com/news/Multi-million-dollar-hard-drug-busts-in-Nadi-by-Police-fx854r/#>.

20 Vijay Narayan, "Acting COMPOL confirms \$2 billion meth came from Mexico and was bound for Australia," May 2024. Accessed at: <https://www.fijivillage.com/news/Acting-COMPOL-confirms-2-billion-meth-came-from-Mexico-and-was-bound-for-Australia-4xf85r/>.

21 UNODC official communication with the Fijian law enforcement officials, May 2024. However, the total amount of methamphetamine seized in the January operations vary slightly according to different sources.

such shipments are frequently destined for onward trafficking by OMCs, with Fiji representing a primary transit point in the Pacific for trafficking groups that may bring their yachts from Tonga to Fiji.^{22,23} The drugs are subsequently transferred to another vessel.

In Australia, there are an estimated 38 OMCs operating in the country, with some 4,600 ‘patched’ members in total while new members continue to be recruited.²⁴ OMCs from Australia have been known to recruit in the Pacific and travel to the region, particularly Fiji, to establish ‘chapters’.²⁵ OMC members have also been known to travel frequently to other PICTs, in particular Palau, Samoa and Guam.^{26,27,28} In addition, New Zealand police have observed that the Comanchero Motorcycle Club (CMC)’s presence has expanded in the Pacific, with the establishment of the Kingdom chapter in Tonga in January 2023.²⁹ The Kingdom chapter was founded following the deportation of a CMC Australia member.³⁰ Other CMC Kingdom members were also removed from Australia prior to their membership in this chapter.³¹ Those associated with CMC Kingdom who have previous experience in organized crime are almost certain to contribute to offending within the Pacific as well as in New Zealand and Australia.³²



Source: New South Wales Police, 2022.

22 Ibid.

23 Barbara Dreaver, “Widespread meth addiction in Fiji cultivated by international drug syndicates – expert,” 1News Pacific, June 2024.

24 Australian Criminal Intelligence Commission, “Australian Outlaw Motorcycle Gang Identification Chart,” September 2020.

25 Queensland Police Service, Outlaw Motorcycle Gang Conference, “Operation Morpheus operational results briefing,” 2019.

26 Ibid.

27 Interview #34.

28 Interview #45.

29 Interview #37.

30 Ibid.

31 Ibid.

32 UNODC official communication with New Zealand Police, July 2024.

Moreover, authorities in Australia have reported that Australian organized crime groups, among others, have established sophisticated corporate structures in various PICTs through which to facilitate and conceal their illicit activities under the cover of legitimate investments across diverse industries.^{33,34} New Zealand Police have also occasionally observed suspicious transactions between New Zealand and the Pacific, indicating that organized crime groups are likely layering or integrating funds within or via some PICTs.³⁵ The transactions possibly include further remittances to other countries, or investment in shell companies, construction, infrastructure, and other assets such as real estate, although the occurrence and extent of either strategy remains an intelligence gap.³⁶

It is important to note that OMCs have long sat at the top of domestic drug distribution networks in Australia and New Zealand, and several groups are reported to be increasingly collaborating with foreign organized crime groups including Asian organized crime groups, the Calabrian mafia or so-called ‘Ndrangheta’, and Mexico’s Sinaloa cartel. The growing criminal entrepreneurial ambitions of many OMCs has driven them to search for opportunities beyond national boundaries, and mounting law enforcement crackdowns may have accelerated the process. This has resulted in a small exodus of some senior OMC leaders who have gone on to manage some offshore operations in the Pacific.³⁷ Far more have relocated to other regions, with recent expert estimates suggesting that a third of senior OMC leaders live outside of Australia and New Zealand, many of which have taken up residence (or hiding) in the United Arab Emirates (specifically, Dubai), Cyprus, Thailand and Türkiye.³⁸

According to an interviewed expert, OMCs have also established a presence in PICTs, including the Cook Islands, Fiji, Guam, Palau, and Tonga, which has been attributed, in part, to an increase in local criminal activity.^{39,40,41} Law enforcement officials from the United States, Australia, and New Zealand suspect

33 Interview #34.

34 Interview #35.

35 Interview #37.

36 UNODC official communication with New Zealand Police, July 2024.

37 Interview #48.

38 Ibid.

39 Ibid.

40 Interview #38.

41 Queensland Police Service, Outlaw Motorcycle Gang Conference, “Operation Morpheus operational results briefing,” 2019.

Hell's Angels and their support groups, including Eight Demons, and its predecessor, the Ronin Brotherhood, of trafficking narcotics throughout the Pacific.⁴² An interviewed expert reported that in July 2023, western law enforcement agencies observed a known and documented member of the Eight Demons travelled to Palau with a prominent shipping businessman based in Guam, who is believed by law enforcement to be connected to Asian organized crime.⁴³

Another notable challenge relates to criminality associated with criminal deportees in various parts of the Pacific, and particularly those originating in countries such as Australia, New Zealand, and the United States. The number of deportees returned to the Pacific⁴⁴ has grown considerably in recent years, which is attributed in part to policy changes in sending countries which have focused more strongly on crime and security.⁴⁵ For instance, between 1998 and 2003, Australia is reported to have sent just three returnees to each of Samoa and Tonga;⁴⁶ in contrast, in 2017 alone, Australia detained 57 Tongan-born returnees for deportation.⁴⁷ In New Zealand, from 2018-2021, authorities deported 1,234 people, according to the Ministry of Business, Innovation and Employment (MBIE), most of which were sent to India and China, but a significant number (295 people) also were sent to Tonga, Samoa and Fiji.⁴⁸ One study found that most of the deportees to the Pacific were male, aged between 25 and 35 years, and have on average spent more than 12 years away from their countries of citizenship.⁴⁹ Criminality associated with returnees in the Pacific ranges from driving under the influence and larceny to serious physical and/or sexual assault and murder.⁵⁰

42 Ibid.

43 Interview #45.

44 Under the Australian Migration Act 1958, New Zealand Immigration Act 2009, or United States Illegal Immigration Reform and Immigrant Responsibility Act 1996.

45 Henrietta McNeill, "The Problem of Criminal Deportation and Reintegration in the Pacific," *Devpolicy Blog*, Development Policy Centre, 2021.

46 *McNeill footnote 13, p. 4*; Natalie Pereira, "Return[ed] To Paradise: The Deportation Experience in Samoa & Tonga," MOST-2 Policy Papers, United Nations Educational Scientific and Cultural Organisation, 2011.

47 Matagi Tonga (Nuku'alofa), "Australian prisons held 57 Tongan-born inmates in 2017," September 2018.

48 Tim Fadgen, "Australia and Aotearoa New Zealand's Deportation Policy and Practice in Regional Context," *Australian Institute of International Affairs*, April 2021.

49 Jose Sousa-Santos, "Drug trafficking in the Pacific Islands: The impact of transnational crime," *Lowy Institute*, February 2022.

50 Henrietta McNeill, "The Problem of Criminal Deportation and Reintegration in the Pacific," *Devpolicy Blog*, Development Policy Centre, 2021.

Integration within island communities has proven difficult for deportees over the years, many of whom have significant criminal histories and have been incarcerated in prison and immigration detention centres in Australia and New Zealand; while others have been deported on 'bad character' grounds and have not been convicted of any crimes.⁵¹ After arriving in the Pacific, deportees who have been known gang members are often subject to more stringent restrictions and they can be stigmatized due to their gang associations. Therefore, many deportees are likely to rely on the international connections they have built over the years, including with OMCGs and other street gangs, to sustain their livelihoods, and many re-offend. This can further marginalize the returnee from the country of origin and draw them back to the gang as a means of inclusion. In the Cook Islands, for instance, large number of deportees are from Australia; however, only a small number of deported people reside there.⁵² As Cook Islanders hold New Zealand passports, those convicted of crimes can choose to either be deported to New Zealand or the Cook Islands, and many have been offshore for decades, have limited language skills, cultural understanding, and social connections to the country of their citizenship. Deportees who return to the Cook Islands are likely targets for recruitment by the New Zealand-based gangs that are reportedly active in the Cook Islands.⁵³

In June 2020, a senior Tongan-born Hell's Angels member and former chapter president of the Bandidos and Rebels gangs was banished from Australia by court order, according to media sources.⁵⁴ He is reported to have arrived in Australia from Tonga as a 20-month-old, and as an adult served a six-year prison sentence for armed robbery.⁵⁵ Similarly, in Marshall Islands, a local wave of violent crime, sexual assaults and other illicit activities has been attributed to some criminal deportees from the United States. According to media reports based on Marshall Islands government sources commenting on the matter, Marshall Islands takes in almost 30 Marshallese deportees from the United States each year, with U.S.

51 Ibid.

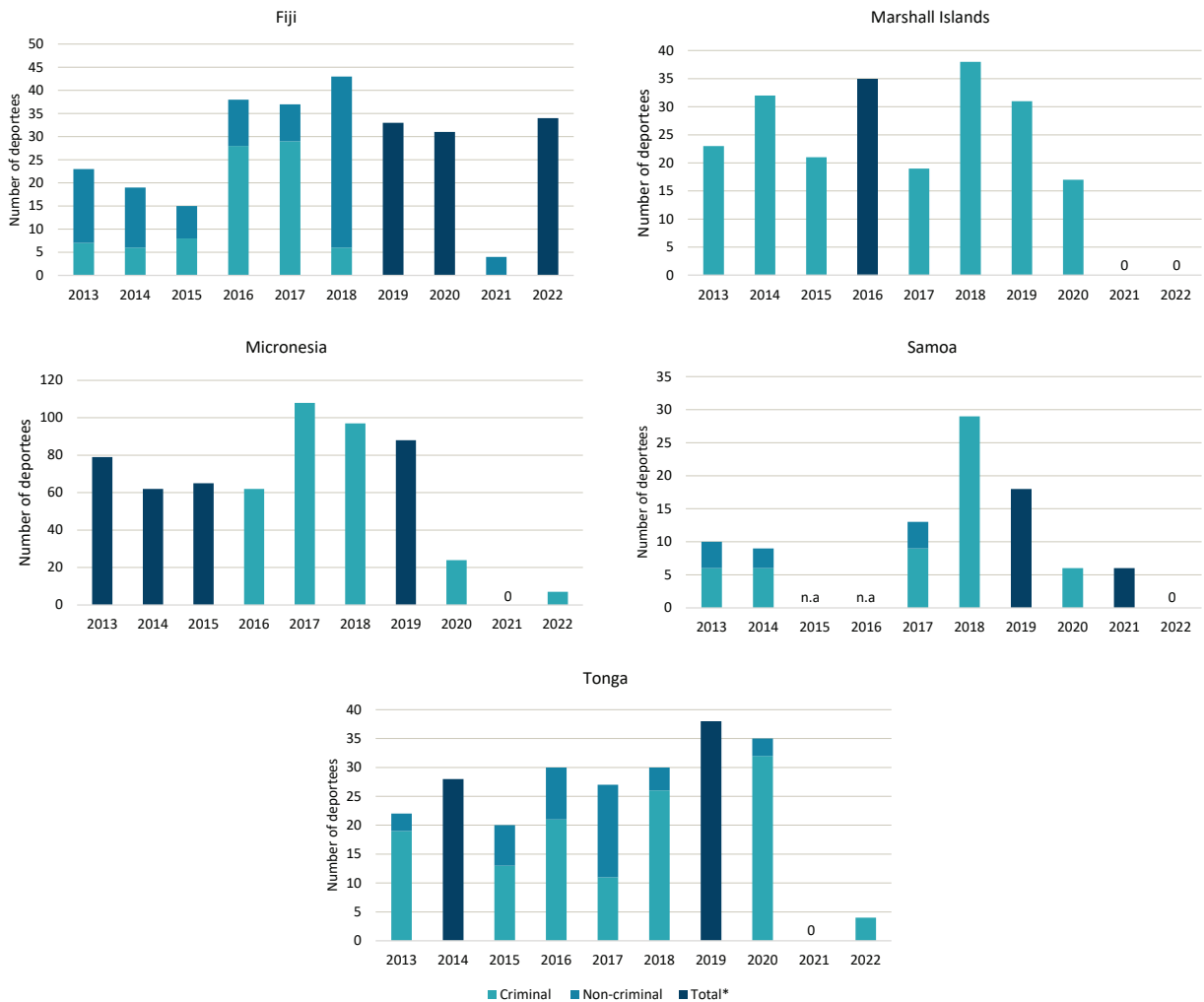
52 Ibid.

53 Ibid.

54 Kaniva Tonga, "Notorious Aussie bikie gang boss being deported to Tonga," July 2020. Accessed at: <https://kanivatonga.co.nz/2020/06/notorious-aussie-bikie-gang-member-being-deported-to-tonga/>.

55 Ibid.

Figure 2. Total number of deportees from the United States to Fiji, Marshall Islands, Micronesia, Samoa and Tonga, 2013 – 2022



*Note: Total number of deportees was provided without disaggregation into criminal and non-criminal categories.
 Source: U.S. Department of Homeland Security, “Office of Homeland Security Statistics,” 2023.

Immigration and Customs Enforcement reporting 28 deportations between October 2022 and September 2023 alone.⁵⁶ Between 2013 to 2023, 216 exclusively criminal Marshallese nationals were deported from the United States to Majuro.⁵⁷ This includes two no-deportation years amidst the COVID-19 pandemic, with deportations peaking in 2018 with 38 criminals deported in a single year. In contrast, neighboring Micronesia has consistently reported upwards of 90 criminal returnees per year in most recent pre- and post-pandemic years.⁵⁸

Increased economic fragility as a risk for criminality

Attracting foreign capital continues to be a challenge for most economies in the region, particularly smaller and more remote PICTs, which are among the most geographically isolated jurisdictions in the world. Distances to some of their closest neighbors, including Australia, New Zealand, and countries in East and Southeast Asia, cover hundreds, if not thousands, of kilometers. Dependent on natural resource extraction and high levels foreign aid, PICTs economies have experienced decelerating economic growth in recent

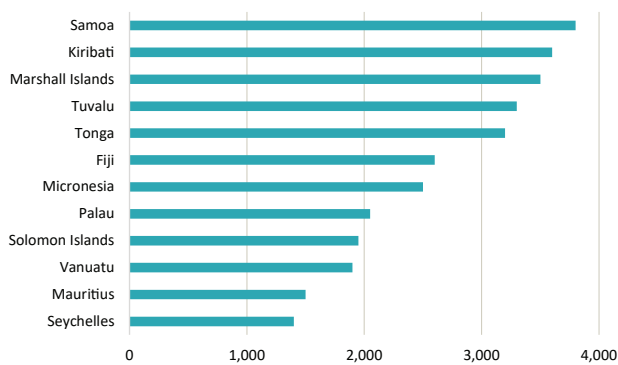
56 RNZ Pacific, “Alarm raised over Marshallese deported from the US,” April 2024. Accessed at: <https://www.rnz.co.nz/international/pacific-news/513715/alarm-raised-over-marshallese-deported-from-the-us>.

57 U.S. Department of Homeland Security, “Office of Homeland Security Statistics.”

58 Ibid.

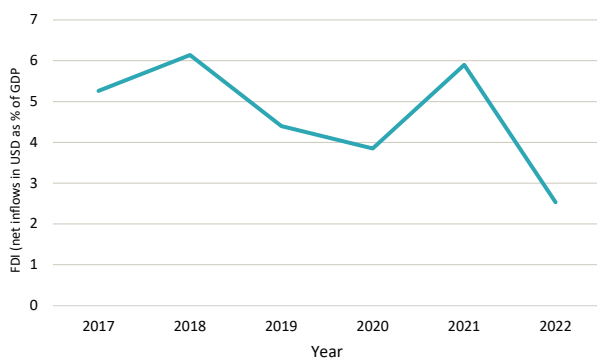
years, from 9.1 per cent in 2022 to 5.5 in 2023, with projections anticipating to slow further in 2024 and 2025.⁵⁹ Some PICTs also face various challenges related to governance.⁶⁰ These challenges have been further compounded to some extent by the lingering effects of the COVID-19 pandemic which resulted in a sharp drop in FDI levels across the Pacific region.

Figure 3. Distance to the nearest continent for the PICTs (in kilometers)



Source: International Monetary Fund Staff Country Reports, 2021.

Figure 4. Levels of FDI in the Pacific region (net inflows as % of GDP), 2017 – 2022



Source: International Monetary Fund, International Financial Statistics and Balance of Payments databases, World Bank, International Debt Statistics, and World Bank and OECD GDP estimates, 2022.

The latest available data indicates that the majority of countries in the Pacific region have experienced rising pandemic deficits which have in turn driven

steep increases in public debt.⁶¹ More specifically, the Pacific's tourism-dependent economies appear to have been hit hardest following marked declines in growth and fiscal revenues, with countries such as Palau and Fiji exhibiting the largest increases in debt-to-GDP in recent years.⁶² Export-dependent PICTs such as the Solomon Islands and Papua New Guinea also observed a considerable slowdown in exports, reflecting decreasing demand by trading partners and the stoppage in global shipments and other supply chain logistics amidst the pandemic.⁶³

The downward economic conditions in the Pacific region and the pressing need for countries to attract FDI inflows have resulted in a situation in which organized crime actors, posing as honest investors and philanthropists looking to do business in the Pacific, have been able to leverage their large sums of capital and local alliances with some political and business elites in the Pacific to advance their criminal activities. The expansion of transnational organized criminal networks in the Pacific also has been enabled by inadequately enforced regulatory frameworks and due diligence practices for new investors.

59 World Bank, "Pacific Economic Update," March 2024. Accessed at: <https://thedocs.worldbank.org/en/doc/39d045befb2e2b51094e19fc338a9cbc-0070012024/original/WB-PEU-Summary-4March2024-WebHighRes.pdf>.

60 Simon Feeny, Sasi Iamsiraroj, Mark McGillivray, "Growth and Foreign Direct Investment in the Pacific Island countries," *Economic Modelling*, Volume 37, 2014, Pages 332-339. Accessed at: <https://doi.org/10.1016/j.econmod.2013.11.018>.

61 International Monetary Fund, "World Economic Outlook Database: Pacific Islands Monitor," 2022. Accessed at: <https://www.imf.org/-/media/Files/Countries/ResRep/pis-region/small-states-monitor/pacific-islands-monitor-issue-16-april-2022.ashx>.

62 Ibid.

63 Ibid.

Box 1. Targeting of Special Economic Zones by organized crime in the Pacific

Following continued lobbying efforts spanning several years between 2016 and 2020 by foreign-born naturalized investors from East Asia, in March 2020, the legislature of Marshall Islands endorsed a bill to establish a digital economic zone on Rongelap Atoll, a former nuclear test site, as an attempt to revive the atoll through economic opportunities and investment incentives.⁶⁴ The Rongelap Atoll Digital Special Economic Region or ‘RASAR Bill’, also referred to as DEZRA, among other names, sought to enact significant legal changes on the Rongelap Atoll to attract foreign businesses and investment by lowering or eliminating taxation and relaxing immigration regulations.⁶⁵ Official project plans indicate the development would consist of areas designated for business lines including ‘smart industry’ and high-tech and biological research and medical treatment, international finance, tourism and gambling, all facilitated by the construction of a new international airport (see map 1). In addition, the DEZRA was envisioned to focus on virtual means of exchange, most notably those involving virtual assets.⁶⁶

Despite its promise and ultimate endorsement, the initial RASAR Bill was overturned in August 2018 following warnings by local officials who cited constitutional violations that could undermine the rule of law in Marshall Islands. Moreover, as most of the economic activity within the DEZRA was expected to occur offshore, International Monetary Fund (IMF) experts assessed the economic benefits to the Marshall Islands would be limited and would generate several new risks.⁶⁷ In its 2021 RMI Staff Report, the IMF warned that the project was highly susceptible to illicit financial flows and related activities and, like many other PICTs, Marshall

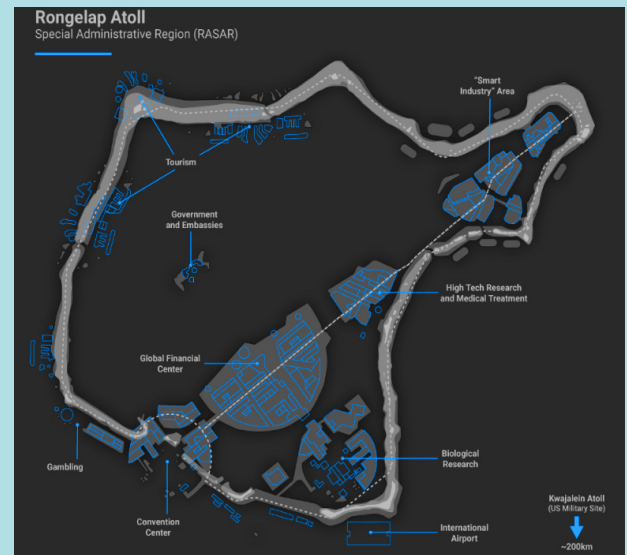
64 U.S. Attorney’s Office, Southern District of New York, “Two Defendants Plead Guilty To Conspiring To Bribe High-Level Officials Of The Republic Of The Marshall Islands,” December 2022. Accessed at: <https://www.justice.gov/usao-sdny/pr/two-defendants-plead-guilty-conspiring-bribe-high-level-officials-republic-marshall> .

65 Ibid.

66 International Monetary Fund, “Republic of the Marshall Islands: 2021 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Republic of the Marshall Islands,” May 2021. Accessed at: <https://www.elibrary.imf.org/view/journals/002/2021/096/article-A001-en.xml>.

67 Ibid.

Map 1. Rongelap Atoll Special Administrative Region development plans



Source: Elaboration based on official project plans and Organized Crime and Corruption Reporting Project (OCCRP).

Islands did not have the legal or institutional capacity needed to effectively monitor and supervise such a zone, stating:

“The planned combination of a tax-exempt zone targeting primarily (if not exclusively) non-resident entities with no physical presence in the jurisdiction, could prove highly susceptible to illicit financial flows and activity, while the proposed legislation – as currently stands – describes no mitigating solutions, such as preventive measures and meaningful oversight mechanisms. Moreover, the country’s current laws, institutions, and human resource capacity are not in a position to monitor and supervise such a complex entity. Therefore, staff recommends to proceed cautiously with the DEZRA.”⁶⁸

Months after the Bill was endorsed, in November 2020, a naturalized Marshallese business couple was arrested in Thailand for extradition to the United States on charges relating to their leading a multi-year scheme to bribe government officials to pass legislation in Marshall Islands.⁶⁹ Both parties

68 Ibid.

69 United States Department of Justice, “Defendant Sentenced To 42 Months In Prison For Conspiring To Bribe High-Level Officials Of The Republic Of The Marshall Islands,” May 2023. Accessed at: <https://www.justice.gov/usao-sdny/pr/defendant-sentenced-42-months-prison-conspiring-bribe-high-level-officials-republic>

pleaded guilty and were convicted to multi-year prison sentences in May 2023 to one count of conspiring to violate the Foreign Corrupt Practices Act.⁷⁰ The consortium of investors was also notably active in other neighbouring PICTs including Kiribati in which the two business partners obtained i-Kiribati incorporation and operating licenses for four companies purporting to be engaged in the digital banking, gambling and financial sectors in 2017.^{71,72} In 2020, one of the two individuals was charged in a criminal case by authorities in

70 Ibid.

71 Ministry of Commerce of the Republic of Kiribati, 2017.

72 Interview #8.

Anhui, China for defrauding nearly 20,000 victims of more than US\$ 18 million in a multi-level scam, leading to his designation as a wanted fugitive and the conviction of his brother.^{73,74} While this case represents a unique incident in the Pacific region, Asian organized crime networks have been known to extensively target SEZ developments in an effort to conceal various illicit activities. This case serves as an important example of the potential risks involved when criminals present themselves as legitimate investors to Pacific governments.

73 Ministry of Public Security of China, "Fugitive Notice," 2020.

74 Interview #8.

Prevalence of corruption

Corruption exists in many sectors and in various forms across the PICTs, representing a source of illegal proceeds and a facilitator of serious crimes across the Pacific region. Illicit proceeds generated through corruption emanate from illicit activities including misappropriation of public funds, corruption related to the extractive industries, and various lucrative licensing processes.⁷⁵ Corruption exists in both law enforcement and the public service and has resulted in high-level corruption probes involving government officials in various PICTs in recent years.^{76,77,78} While the extent and nature of corruption varies across the region,⁷⁹ many countries share common forms of corruption, including bribery, nepotism, cronyism, and political corruption.⁸⁰

The sectors most vulnerable to corruption across various PICTs include natural resources (extractive

75 Transparency International, "Pacific Corruption Report," 2022. Accessed at: <https://www.transparency.org.nz/blog/corruption-and-money-laundering-across-the-pacific>.

76 RPNGC, "Three NCD police officers disciplinarily for allegedly taking illicit drugs," May 2023. Accessed at: <https://rpngc.gov.pg/three-ncd-police-officers-disciplinarily-for-allegedly-taking-illicit-drugs/>.

77 UNODC SHERLOC, "Yuen Yei Ha [2005] FJHC 165; HAC0012 .2004," Case Law Database. Accessed at: https://sherloc.unodc.org/cld/case-law-doc/drugcrimetype/fji/2005/state_v_yuen_yei_ha_2005_fjhc_165_hac0012_2004.html?lng=en&tmpl=sherloc; UNODC SHERLOC, "State v Laojindamane," Case Law Database. Accessed at: https://sherloc.unodc.org/cld/case-law-doc/criminalgroupcrimetype/fji/2013/state_v_laojindamane.html?lng=en&tmpl=htms; Ritika Pratap, "Former estate officer charged with bribery," Fijian Broadcasting Corporation, February 2024. Accessed at: <https://www.fbcnews.com.fj/news/former-estate-officer-charged-with-bribery/>.

78 Tonga Police, "Tonga Police on Illicit Drugs," UNODC SMART Regional Workshop, Fiji, 22-23 November 2022.

79 APG, "PILON/APG Typologies Report – Recovering the Proceeds of Corruption in the Pacific," 2016.

80 Transparency International, "Pacific Corruption Report."

industries including forestry, fisheries, and mineral and petroleum), public administration and services (land and titles administration, police and customs), overseas development aid, and offshore banking.⁸¹ Bureaucracies of many PICTs are also susceptible to corruption at senior levels, evidenced by high-profile corruption-related arrests in recent years. The actual scale of corruption in the Pacific is unknown, given the various challenges in measuring the phenomenon and variance in local definitions of corruption within national legal frameworks.^{82,83}

Infiltration of licit businesses by organized crime

Recent cases reported by authorities in the Pacific region point to steady increases in foreign criminal actors deepening their engagement in the Pacific Islands. Organized crime groups have been observed deploying a hybrid approach to mask their criminal operations and associated money flows in the region, often conducting their legitimate business activities in parallel with illicit ones. Some criminal actors are reported to have exploited diplomatic relations between their country of origin and the Pacific countries in which they operate, by falsely presenting themselves as working on behalf of their home government, as an important networking tactic used to obtain high level political access and preferential treatment as discussed below.

81 U4 Anti-Corruption Resource Centre, "Pacific Island countries: overview of corruption and anti-corruption," 2020.

82 Transparency International, "Pacific Corruption Report."

83 Peter Larmour, "How much corruption is there in the Pacific Islands? A review of different approaches to measurement," Australian National University, Pacific Economic Bulletin, 2009.

Recent incidents indicate that transnational organized crime groups appear to have targeted the tourism industry and the development of hotel resorts concealing illegal online gambling and related trafficking in persons. This modus operandi, which has proliferated in Southeast Asia and various parts of the Pacific in recent years, has proven effective in providing organized crime with a cover and venue for illicit businesses including drug trafficking, money laundering, underground banking, and various forms of cyber-enabled crime. Authorities across the Asia-Pacific region have identified casino-based solutions, and particularly those online and involving cryptocurrencies, as a critical piece of the money laundering and underground banking infrastructure, fueling the expansion of transnational organized crime in the region.⁸⁴



Source: Office of the Special Prosecutor of Palau, 2019 – 2020.

In late 2018, the Office of the Special Prosecutor (OSP) and the Foreign Investment Board (FIB) of Palau, for instance, raised concerns regarding numerous facilities appearing to be set up as call centers but which had no visible employees leaving or entering the premises. These concerns were shared by the Bureau of Public Safety (BPS), leading to the creation of a Special Joint Task Force. Between 2019 and 2020, five raids of suspected illegal online gambling operations took place across three hotels and several related private properties in Palau.⁸⁵ The inter-agency operations resulted in the seizure of large amounts of laptop computers, cell phones, foreign SIM cards, bank tokens and cash, and the detention of more than 210 foreign nationals who had entered the country

84 UNODC, “Casinos, Money Laundering, Underground Banking and Transnational Organized Crime: A Hidden and Accelerating Threat,” January 2024.

85 Office of the Special Prosecutor of Palau, 2019 – 2020.

on tourist visas from various countries in East and Southeast Asia who were suspected as being victims of human trafficking.^{86,87} Official reports indicate that some of the undocumented laborers identified at the various sites had entered Palau via Cambodia and were suspected of being linked to online scam operations.^{88,89} Authorities also noted several suspicious connections between the foreign owners of the raided facilities and both past and present Palauan officials as well as other local, influential facilitators.⁹⁰ Moreover, as a result of information found during the execution of one of the related search warrants, it was discovered that the illegal online gambling operation in one of the raided venues had previously operated out of another hotel connected to senior foreign triad members operating in Malakal, Koror.⁹¹

Concerningly, while online gambling in Palau remains illegal, apart from two virtual Pachinko licenses and two internet digital lottery licenses issued by the government, an influential online casino lobbying group with clear and documented connections to Asian organized crime groups was pushing to legalize and regulate the gambling industry.⁹² During the recent 10th and 11th terms of the Palau National Congress, a bill was introduced in Congress to legalize and regulate online gambling for the purpose of increasing revenue.⁹³ The bill would amend the current Pachinko and Internet Lottery law to permit 30 online gambling licenses for online casinos, sports betting, lottery and virtual pachinko and “other businesses that allows people not physically present within the territorial jurisdiction of the Republic to place, receive and otherwise knowingly transmit a bet or wager by any means which involves the use of internet.”⁹⁴ The bill failed to be passed during the 10th term and was reintroduced by the House of Delegates (HOD) in the 11th term.⁹⁵ The gambling bill, titled ‘Offshore Internet Gaming Business’, has not yet passed the Senate at the time of writing.

It is worth noting that unlike Micronesia and Marshall Islands, Palau’s economy can no longer depend

86 Ibid.

87 Interview #21.

88 Office of the Special Prosecutor of Palau, 2019 – 2020.

89 Interview #21.

90 Ibid.

91 Interview #44.

92 Ibid.

93 House of Delegates of Palau, Bill HD No. 10-24-12, HD2, 2020.

94 Ibid.

95 Interview #44.

upon fishing revenue since the Palauan government decided to close 80 per cent of its EEZ to commercial fishing as of 2020 to create a protected marine sanctuary.⁹⁶ As a result, Palau needs to rely on other sources of income, namely those related to tourism. Palau has only one international airport, which is easily accessible by direct flights from Guam and Asia, requiring approximately two-hours of travel from Guam and three-hours from the Philippines. Palau also has an international standard internet and phone communications system, making Palau an attractive potential market for investors in the so-called iGaming industry.⁹⁷

Connections to Asian organized crime groups

One senior triad figure who served a 15-year prison sentence for attempted murder of a police officer in Macau, China, has been documented deepening his engagement in the Pacific, particularly in Palau, as well as in several countries in Southeast Asia, in recent years.^{98,99} In December 2020, this individual was designated by the U.S. Treasury Office of Foreign Assets Control (OFAC) as a leader of the 14K Triad, engaged in corruption and/or bribery through various companies and organizations, most notably including the World Hongmen History and Culture Association which has had chapters established in several countries around the world, including Palau.¹⁰⁰

The 14K network has been documented utilizing the World Hongmen History and Culture Association to conceal and legitimize illicit activities under the guise of legitimate investment.¹⁰¹ In some cases, his criminal group has managed to co-opt local elites by establishing powerful business networks involved in the development and launching of cryptocurrencies, online casinos, and real estate ventures, and other businesses. In addition to bribery, corruption, and graft, the 14K Triad has been documented engaging in similar illicit activities in Palau,¹⁰² and has purportedly led the push to liberalize the country's casino industry.¹⁰³

96 Ibid.

97 Ibid.

98 Official UNODC consultations and expert interviews with law enforcement authorities in and around the Pacific region, 2024.

99 Interview #45.

100 U.S. Department of the Treasury, "Treasury Sanctions Corrupt Actors in Africa and Asia," Press Releases, December 2020.

101 Ibid.

102 Ibid.

103 Interview #45.

This individual first entered Palau in October 2018 as a foreign investor behind a local restaurant.¹⁰⁴ In February 2019, he established the Palau-China Hung-Mun Cultural Association with founding members including several local influential figures.¹⁰⁵ That same month, he also secured a preliminary 500,000 square meter land concession to develop a luxury resort on a beach property located in southern Angaur State, with plans to establish casino gaming operations.¹⁰⁶ Both the deal and Hongmen Association ultimately appear to have fallen through shortly thereafter in April 2019 due to widespread media coverage the individual's previous criminal associations.

Following this and other incidents involving sanctioned entities targeting Palau, the Palauan government issued Executive Order (EO) 424 on 30 April 2019. The order provides a mechanism to refuse entry, detain, or deport foreign nationals if they are deemed undesirable persons for various reasons, including the intention to commit any form of transnational crime, proven criminal history or affiliation, or if they have been declared undesirable aliens by the President of the Republic.¹⁰⁷ The individual in question was then deported from the country, and a Special Joint Task Force was subsequently created under EO 424.

According to the OSP of Palau, it is understood that several members of his loose network of business associates appear to have remained in Palau and continued to expand their influence.¹⁰⁸ For instance, one Southeast Asia-based businessman, who arrived to Palau in 2016 and was also quick to gain influence through meetings with many local elites, planned to develop businesses including a US\$ 1 billion blockchain 'smart city' project, a blockchain-based insurance scheme, and a bank.¹⁰⁹ While the exact nature of the relationship between both men remains unclear according to regional authorities, the two have made several public appearances together at various property development and blockchain events

104 Interview #44.

105 Official correspondence between Palau China Hung-Mun Cultural Association and Office of the Attorney General of the Republic of Palau, April 2019.

106 Interview #45.

107 Palau National Government Services, "Executive Order No. 424," April 2019. Accessed at <https://www.palau.gov.pw/documents/executive-order-no-424-to-improve-border-security-and-immigration-enforcement/>

108 Interview #45.

109 Ibid.

Box 2. Organized crime groups involved in multiple crimes in the Pacific

In recent years, law enforcement authorities and other experts in and around the Pacific have reported the expansion of a major Asian transnational criminal network moving into various parts of the Pacific region and establishing a major foothold in country A in the Pacific.¹¹⁰ As reported by an interviewed expert Syndicate A, which originates from East and Southeast Asia and is under ongoing investigation, has purportedly spread its influence through investments across sectors including hospitality, entertainment and gambling, agriculture, and trade, and is alleged to be engaged in a range of crimes including drug trafficking, trafficking in persons, corruption, and money laundering.¹¹¹ Another expert also stated that there is some indication of Syndicate A having targeted a neighbouring Pacific Island country for its money laundering operations.¹¹²

In 2023, financial intelligence authorities of country A reported being alerted by numerous suspicious transaction reports corresponding to large transactions originating from Myanmar relating to the expansion of the Syndicate's hotel and tourism business which is the subject of a major foreign law enforcement investigation.^{113,114} The business is owned by a senior syndicate leader who is based in country A's largest city and maintains strong connections to local elites.¹¹⁵

110 Interview #47.

111 Interview #10.

112 Official UNODC consultations and expert interviews with law enforcement authorities in and around the Pacific region, 2024.

113 Interview #47.

114 Ibid.

115 Ibid.

Syndicate A has proven highly effective in its ability to coordinate operations throughout the region while influencing local authorities using their status as prominent business figures.¹¹⁶ This has purportedly included bribing local officials with a portion of proceeds generated through successful transshipment of large-scale drug trafficking, among other crimes.^{117,118,119}

Several suspected members of the syndicate have a well-documented history of criminality. For instance, in 2004, a member of syndicate A was convicted on charges relating to his role in a clandestine crystal methamphetamine laboratory which represented the single largest drug haul in country A's history at that time. In addition, in 2013, he was convicted again on two counts relating to trafficking in persons for sexual exploitation involving three female victims from Thailand. He was sentenced to more than 11 years in prison alongside two co-conspirators from China and Thailand and, more recently in 2024, was also charged for bribing an estate officer of a local land trust board. Other suspected members are also connected to large-scale drug production and trafficking in Southeast Asia, and understood to be involved in a proposed multi-million-dollar integrated entertainment complex development in country A.¹²⁰

116 Ibid.

117 Ibid.

118 UNODC SHERLOC, "State v Laojindamane", Case Law Database. Accessed at: https://sherloc.unodc.org/cld/case-lawdoc/criminalgroupcrimetype/fji/2013/state_v_laojindamane.html?lng=en&tmpl=htms.

119 UNODC SHERLOC, "Yuen Yei Ha [2005] FJHC 165; HAC0012.2004",

Case Law Database. Accessed at: https://sherloc.unodc.org/cld/caselaw-doc/drugcrimetype/fji/2005/state_v_yuen_yei_ha_2005_fjhc_165_hac0012_2004.html?lng=en&tmpl=sherloc.

120 Interview #46.

in the Southeast Asia, including a 2018 blockchain conference organized by a company operated by the businessman in the Philippines at which the sanctioned individual was a designated special guest.¹²¹ He is also connected to various blockchain 'smart city' and cryptocurrency projects as a key investor in and around Kayin State, Myanmar, as well as in Cambodia and Thailand. Through his Hong Kong, China-registered business group, he injected millions of dollars into the Southeast Asian casino industry and has been identified as a key player behind the proliferation of cyberfraud compounds across the Mekong sub-region.^{122, 123}

Similarly, there are indications that the casino industry in Vanuatu is also being targeted by Chinese organized crime groups. This includes one syndicate led by a senior 14K triad leader and founder of a group of companies, which regional law enforcement agencies have confirmed are engaged in drug trafficking, trafficking in persons, money laundering, bribery, wildlife trafficking, and industrial-scale cyber-enabled fraud operations.^{124,125} Much of this activity is facilitated through the group's casino located in a Mekong country.¹²⁶ In January 2018, the United States Treasury imposed sanctions on this individual and several associates for their alleged involvement in laundering money and assisting in the storage and distribution of heroin, methamphetamine, and other narcotics for illicit networks, including the United Wa State Army which operates industrial-scale clandestine methamphetamine laboratories in Myanmar.¹²⁷

In June 2019, local media reported that the certain business interests in Vanuatu had announced taking first steps towards securing the island's fourth land-based casino development after having

received interest from investors in Lao PDR.^{128,129} The announcement followed a meeting with the sanctioned individual and various associates which took place weeks earlier during an official visit to the SEZ established and controlled by the group.¹³⁰ In what followed, local media reported that local business interests in Vanuatu would receive the group of potential investors from Lao PDR one month after the visit to the SEZ in July 2019 to hold further discussions. Despite subsequent visits to the SEZ in at least December 2019 and January 2021, the project appears not to have materialized as no further details regarding these investments have been reported.

Targeting of casino and junket industries in the Pacific by Asian organized crime

The casino industries of several PICTs are steadily growing, presenting opportunities for transnational organized crime groups to launder proceeds of crime.¹³¹ Casinos in many jurisdictions across the Asia-Pacific region are considered underregulated and high risk, characterized by low levels of awareness and understanding of related money laundering, terrorist financing and other organized crime-related risks.^{132,133} Incidents of transnational criminal activity related to land-based and online casinos and junkets have been reported in the Pacific in recent years. Among the highest profile cases relates to the Commonwealth of Northern Mariana Islands (CNMI)¹³⁴ and Saipan casino operator Imperial Pacific International (IPI) LLC, a CNMI-based subsidiary of former publicly traded investment holding company, Imperial Pacific International Holdings, which was delisted from the Hong Kong Stock Exchange in June 2024.¹³⁵

121 Interview #46.

122 U.S. Department of the Treasury, "Treasury Sanctions Corrupt Actors in Africa and Asia."

123 UNODC, "Casinos, Money Laundering, Underground Banking, and Transnational Organized Crime in East and Southeast Asia: A Hidden and Accelerating Threat."

124 U.S. Department of the Treasury, "Treasury Sanctions the Zhao Wei Transnational Criminal Organization," Press Releases, January 2018. Accessed at: <https://home.treasury.gov/news/press-releases/sm0272>.

125 Ibid.

126 Ibid.

127 Ibid.

128 All About Vanuatu, "New casino could be on the cards for Vanuatu," July 2019. Accessed at: <https://allaboutvanuatu.com/new-casino-could-be-on-the-cards-for-vanuatu/>.

129 Asia Gaming Brief, "Laos casino investors express interest in Vanuatu," June 2019. Accessed at: <https://archive.agbrief.com/news/laos-casino-investors-express-interest-in-vanuatu>.

130 Golden Triangle Special Economic Zone of Lao PDR Administration, "Official Press Release," June 2019.

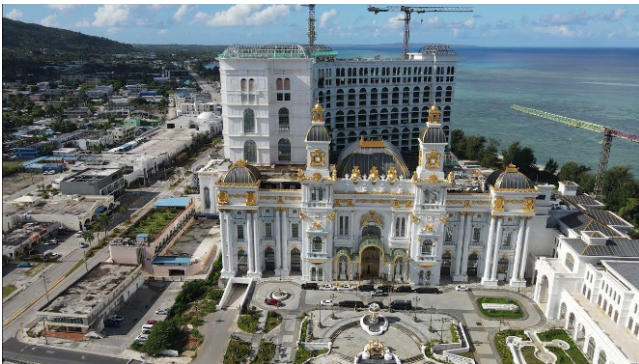
131 AUSTRAC, "Remittance Corridors: Australia to Pacific Island Countries - Money Laundering and Terrorism Financing Risk Assessment," 2019. Accessed at: <https://www.austrac.gov.au/sites/default/files/2019-06/remittance-corridors-risk-assessment.pdf>.

132 Deloitte, "AML risks and failures in Asia Pacific Gambling Hubs," March 2023.

133 Financial Action Task Force, Asia Pacific Group on Money Laundering, "Vulnerabilities of Casinos and Gaming Sector," FATF Report, March 2009.

134 Northern Mariana Islands is a self-governing commonwealth in association with the United States. It is composed of 14 islands and islets in the western Pacific Ocean.

135 The Stock Exchange of Hong Kong, "Cancellation of listing," June 2024. Accessed at: https://www.hkex.com.hk/News/Regulatory-Announcements/2024/2406132news?sc_lang=en.



Source: Imperial Pacific International.

Following its acquisition of an exclusive casino license on the island in August 2015, IPI had established a temporary casino, Best Sunshine Live, and associated junket operations in a nearby strip mall in November and December 2015 while the construction of its main US\$ 7.1 billion integrated resort, the Grand Mariana Casino Hotel and Resort was to be constructed.^{136, 137} The 45-table ‘training casino’ quickly gained international attention¹³⁸ following the vast volumes of cash flowing through it, with Best Sunshine Live reporting VIP bets totaling HK\$ 105 billion (US\$ 13.5 billion) and revenue of HK\$ 3.8 billion in the first half of 2016. This culminated in an astounding US\$ 3.95 billion in bets reported in September 2016 alone while the casino remained largely unoccupied.¹³⁹ According to media reports based on annual corporate filings, by the first half of 2017, prior to opening its megacasin in July of that year, IPI turned over nearly six times more cash than the largest casino operators in Macau, China, while other sources indicated that Best Sunshine Live’s high-roller tables reported US\$ 170,000 in average daily takings during the first half of 2016,¹⁴⁰ representing volumes just under eight times the average of Macau’s largest casinos at the same period.^{141,142} According to industry experts, the revenues could most likely be explained in the context of large-scale capital flight and money laundering from parts of East Asia

136 Imperial Pacific International Holdings, “Annual Report,” 2016.

137 Best Sunshine originally planned to spend US\$ 3.14 billion and operate 2,229 hotel rooms but increased the budget to US\$ 7.1 billion the following month to accommodate plans to operate more than 4,200 hotel rooms and 1,600 gaming tables.

138 Bloomberg Businessweek, “A Chinese Casino Has Conquered a Piece of America,” February 2018. Accessed at: <https://www.bloomberg.com/news/features/2018-02-15/a-chinese-company-has-conquered-a-piece-of-america>.

139 Imperial Pacific International Holdings, “Annual Report,” 2017.

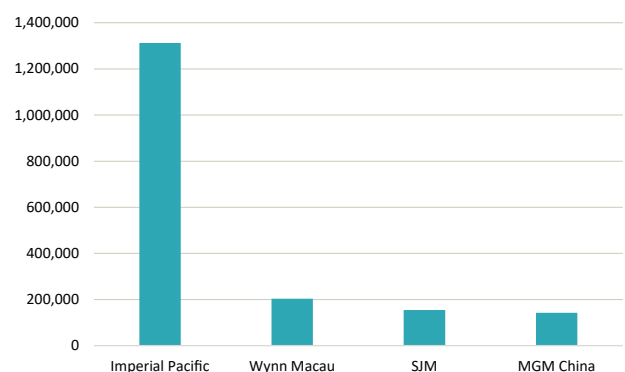
140 Ibid.

141 Bloomberg Businessweek, “A Chinese Casino Has Conquered a Piece of America.”

142 Interview #52.

at the time, unless the company had intentionally misrepresented and inflated these figures in their corporate filings.¹⁴³ It is also worth noting that between 2016 to 2017, the CNMI Bureau of Environmental and Coastal Quality (BECQ) issued multiple fines to Best Sunshine Live for discharging wastewater into a local lagoon and violating work-hour regulations.¹⁴⁴

Figure 5. Saipan ‘training casino’ outperforms Macau heavyweights



Source: Bloomberg, Elaboration based on official corporate filings and initial analysis, 2018.

In 2017, the Federal Bureau of Investigation (FBI) raided the IPI construction site in Saipan over a federal violation of the workplace visa system and systematic human smuggling following the death of a construction worker in March that year. The FBI would go on to execute multiple search warrants on the company’s offices between March 2018 and November 2019 in connection to a corruption probe involving the family of a former CNMI governor.¹⁴⁵ The United States Department of Labor also secured a US\$ 3.3 million judgment against IPI for various violations.¹⁴⁶ In August 2020, three IPI executives were indicted and ultimately convicted in the United States on federal criminal charges including a Racketeer Influenced and Corrupt Organizations Act (RICO) conspiracy, harboring illegal aliens and unlawful employment of aliens for the purposes of building the Grand Mariana

143 Ibid.

144 Bureau of Environmental and Coastal Quality of Saipan, “BECQ, BSI agree to settlement of enforcement actions,” Settlement Notice, Press Release, September 2017.

145 United States Department of Justice, “Imperial Pacific International and MCC International Saipan Executives Indicted on Federal Charges Press Release,” August 2020. Accessed at: <https://www.justice.gov/opa/pr/imperial-pacific-international-and-mcc-international-saipan-executives-indicted-federal>.

146 United States Department of Labor, “U.S. Department of Labor secures US\$ 3.3 million judgement against Saipan casino developer for systemic wage violations by contractors,” April 2019.

Casino and Resort, and international promotional money laundering.¹⁴⁷ The series of allegations and investigations into IPI's various criminal activities culminated in a November 2023 ruling delivered by the Beijing Municipal First Intermediate People's Court, which convicted 14 individuals including the founders and senior IPI executives on charges relating to leading an organized criminal group, illegal casino operations, and human smuggling, among other charges.¹⁴⁸

Prior to this series of legal conclusions, in June 2020 the Commonwealth Casino Commission of CNMI announced its intention to suspend IPIs casino license for non-payment of money owed to a community benefit fund. However, following its April 2024 bankruptcy filing, IPI has stated that it owes its creditors approximately US\$ 165.8 million, with the local government not receiving any of its owed US\$ 79.63 million in licensing fees.¹⁴⁹ Experts familiar with the case of IPI in Saipan have indicated that the criminal network continues to operate through a newly established hybrid (land-based and online) casino operation based on a neighbouring Island in CNMI despite significant disruptions caused by recent enforcement action.¹⁵⁰

Concerningly, in recent years there are other strong indications of criminality connected to IPI. For instance, IPI's founders were also controllers of the Hengsheng Junket, at one time among Macau's most capitalized and successful junket operators, which began to diversify its offshore casino and junket operations between 2013 and 2014 and establish satellite businesses in various parts of Southeast Asia.^{151,152} In 2022, authorities in the Philippines reported rescuing a group of six Filipino nationals who had been unsuspectingly lured into a criminal operation where they were forcibly detained within the Hengsheng Casino in Kayin State, Myanmar, and ultimately trafficked.¹⁵³ The group was forced to engage in cyber-enabled fraud and released following large ransom

payments made by their families.¹⁵⁴ More recently, in September 2023, authorities in Saipan seized 10 pounds of liquid methamphetamine concealed in packages containing lava lamps shipped in by parcel post from neighbouring Guam.¹⁵⁵ Authorities executed a controlled delivery which resulted in the arrest of a Chinese national unlawfully residing in CNMI who had claimed to have been invited to CNMI to work as a junket agent by IPI in 2019.¹⁵⁶

Other casino and junket-related incidents

In January 2024, another Macau-based junket operator proposed a US\$ 895 million integrated casino resort project in a Pacific Island nation in the south Pacific. According to expert interviews and extensive source documents¹⁵⁷ examined by UNODC, the operator has a longstanding documented record of criminality related to a major Asian organized crime group involved in large-scale money laundering, and more recently, partnerships with major players in Southeast Asia's cyber-enabled fraud industry. Initial plans for the project would include a stand-alone casino and 1,000-room luxury resort with related infrastructure, including marina, shopping mall, business centre, amusement park, rugby stadium and luxury subdivision, reportedly securing more than 600 local jobs upon completion. According to an official press conference and subsequent meeting of community elders, the group of investors has also committed to allocating an additional one per cent of net income directly to a local Council of Chiefs, however the status of the project is unknown at the time of writing.

Another example of the vulnerability and targeting of the Pacific tourism and gaming industries relates to the founder turned junket operator of collapsed Australian-based property group, iProsperity. The individual, who is an international fugitive, purchased Vanuatu's Iririki Island casino resort for an estimated US\$ 30 million in July 2019. He is wanted for embezzling tens of millions of dollars from investors in what is now understood as a crude Ponzi scheme in which new investor funds were partially embezzled and ultimately misappropriated to pay out existing investors, totaling an estimated US\$ 245 million in losses. According to media reports informed by local

147 United States Department of Justice, "Imperial Pacific International and MCC International Saipan Executives Indicted on Federal Charges Press Release."

148 Beijing Municipal First Intermediate People's Court, November 2023.

149 U.S. District Court for the CNMI, "Bankruptcy filing," April 2024.

150 Interview #39.

151 The Stock Exchange of Hong Kong, "First Natural Foods Holdings Ltd.," Company Filing, November 2023.

152 Donaco International, "Annual General Meeting - Chairman's Address and Managing Director's Presentation," November 2015.

153 Interview #53.

154 Ibid.

155 CNMI Division of Customs and Biosecurity, "Press release," September 2024.

156 U.S. District Court for the CNMI, "Court filings," October 2023.

157 Source documents include official government filings relating to Asian organized crime groups.

law enforcement sources, in July 2020, the founder and Chief Financial Officer of iProsperity had allegedly paid US\$ 1 million over four transactions to acquire Vanuatu passports through the island nation’s citizen-by-investment scheme in July 2019.¹⁵⁸ Both were subsequently implicated in Australia’s Star Entertainment and Crown Casino inquiry following a report by liquidator Cor Cordis which found that approximately AU\$ 8 million (approx. US\$ 5 million) of the iProsperity fund may have been laundered through the Crown Melbourne casino between August 2014 and May 2017, alongside AU\$ 84 million (approx. US\$ 57 million) at The Star Casino.¹⁵⁹

Extensive targeting and misuse of “Golden Passport” citizenship by investment schemes in Vanuatu by organized crime

In November 2022, the European Commission enacted a decision to fully suspend visa-free travel arrangements with Vanuatu after having raised concerns relating to the Pacific nation’s underregulated Citizenship-by-Investment (CIB) programs. The decision, which has been in effect since February 2023, followed several ‘serious deficiencies’ identified by the Commission. Among them, the CIB program exhibited extremely low rejection rates, absence of physical presence or residence requirements, short processing periods, lack of information exchange with applicants countries of origin or residence, the granting of citizenship to applicants listed in Interpol databases, and the nationalities of origin of successful applicants, which include several countries whose nationals require visas to enter to EU.¹⁶⁰ The CBI program requires an investment of US\$ 130,000 and the application process to obtain citizenship in Vanuatu typically takes just over a month. The initial agreement was partially suspended for a period of nine months, from 4 May 2022 to 3 February 2023, to allow for an enhanced dialogue with Vanuatu to remedy the situation. Due to the lack of progress, on 12 October 2022 the European Commission proposed the full suspension of the agreement from 4 February 2023.¹⁶¹

158 Australian Financial Review, “Private jets, fast cars leave investors facing \$100m wipeout,” July 2020. Accessed at: <https://www.afr.com/property/commercial/private-jets-fast-cars-leave-investors-facing-100m-wipeout-20200719-p55dvc>.

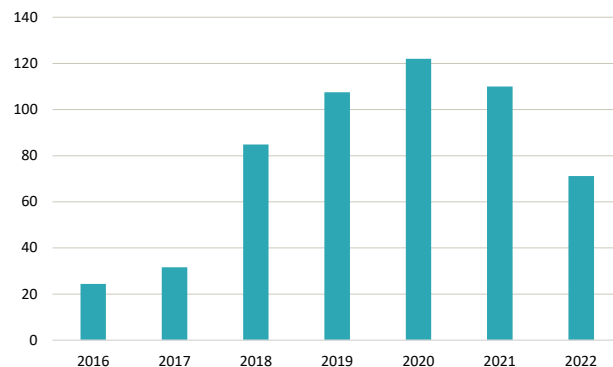
159 State of New South Wales, “Review of The Star Pty Ltd., Inquiry under sections 143 and 143A of the *Casino Control Act 1992* (NSW),” August 2022.

160 Council of the EU, “Vanuatu: Council fully suspends visa free travel agreement,” November 2022. Accessed at: <https://www.consilium.europa.eu/en/press/press-releases/2022/11/08/vanuatu-council-fully-suspends-visa-free-travel-agreement/>.

161 Ibid.

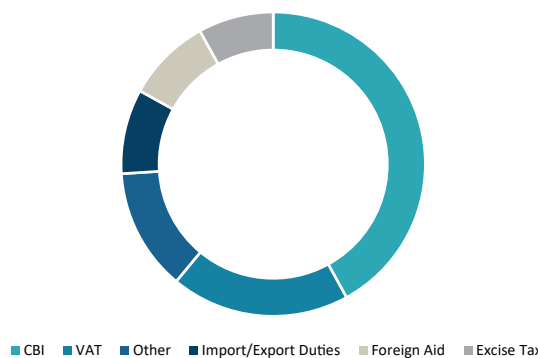
Up until December 2020, Vanuatu was classified as one of the world’s least developed countries, with the World Bank putting GDP per capita at US\$ 3,231 as of 2022.¹⁶² According to one media report based on official government records, the sale of passports is the largest source of revenue for the Vanuatu government, estimated to have brought more than US\$ 100 million to the government in 2020, accounting for 42 per cent of all government revenue in that year.¹⁶³ Revenue from the program has enabled Vanuatu to reduce its debt stock, proving particularly critical after the COVID-19 pandemic, which saw virtually all commercial flights into the country suspended.¹⁶⁴

Figure 6. Vanuatu government revenue from citizenship by investment programs, 2016 – 2022 (in US\$ millions)



Source: Vanuatu Department of Treasury and Finance, 2020 and Investment Migration Insider, 2023.

Figure 7. Vanuatu government revenue by source, 2020



Source: Investor Migration Insider reports based on Vanuatu Ministry of Finance and Treasury records, 2021.

162 World Bank, “GDP per capita (current US\$) - Vanuatu,” 2023. Accessed at: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=VU>.

163 Investment Migration Insider, Vanuatu Sets New CBI-Revenue Record for 2020 in Fifth Consecutive Year of Growth, Intel & Data, Article, March 2021.

164 Ibid.

While the scheme has provided important revenue for Vanuatu, regional law enforcement authorities and experts have warned that the ease with which people can purchase Vanuatu passports, as well as the travel these documents permit, could make it an attractive scheme for members of transnational criminal syndicates, allowing them a legitimate base in the Pacific – a trend evidenced by a number of recent cases (see below).^{165,166,167} The country's CBI program has been attractive to transnational organized crime groups and other criminal actors due to the unfettered, visa-free access to 130 countries including the UK and EU nations, which are now suspended, allowing passport holders to travel there for 90 days without a visa.¹⁶⁸



Advertisement for purchase of Vanuatu citizenship among other foreign passports in Bangkok, Thailand (2024).

Experts have also observed that numerous Vanuatu passport applicants and naturalized citizens under the scheme are often implicated in complex webs of offshore businesses, with some owning shell companies with no discernible business activity.¹⁶⁹ Favourable shell company conditions have also been observed being targeted for illicit activity by foreign criminal actors in countries including Marshall Islands and Samoa.¹⁷⁰ Experts also have said that another potential danger of the CBI scheme was people obtaining Vanuatu citizenship and then legally changing their name, effectively providing them with a new identity.¹⁷¹

165 Official UNODC consultations and expert interviews with law enforcement authorities in and around the Pacific region, 2024.

166 Interview #35.

167 Interview #54.

168 Ibid.

169 Official UNODC consultations and expert interviews with law enforcement authorities in and around the Pacific region, 2024.

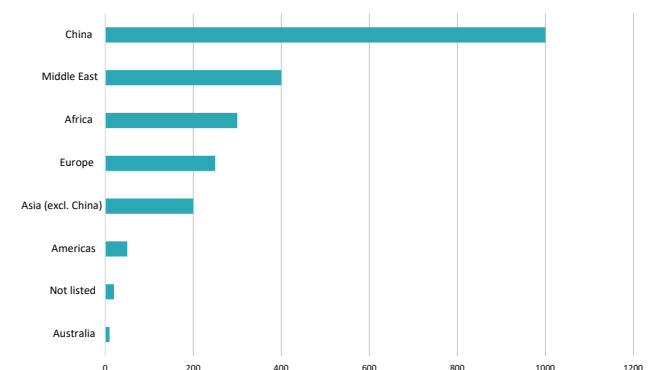
170 Ibid.

171 Interview #42.

Similar strategies have been observed taking place in countries in the Mekong region that explicitly solicit citizenship-as-a-service to foreign criminals fleeing prosecution, particularly in the case of online fraud and related money laundering offences.¹⁷² In recent years, Vanuatu's CBI program, alongside CBI programs in other countries in and outside of the Pacific, has been advertised as a service by online casino and cyber-enabled fraud compounds in Southeast Asia, targeting investors and criminal groups alike who establish operations in these zones.^{173,174} Most recently, in August 2024, authorities in Thailand reported the arrest of three Chinese nationals, including one wanted fugitive, who had entered the country on Vanuatu passports.¹⁷⁵ The group represented founding members of the 'Yingfa' criminal organization which established cyber-enabled fraud and illegal online casino operations in East and Southeast Asia and the Middle East, with the latter processing a total of US\$ 1.6 billion in transactions.

These findings are consistent with what was said by one Pacific expert, who stated that, "If you are somebody who is a person of interest and who was able to somehow clear the Vanuatu Financial Intelligence Unit (FIU) process, once you have Vanuatu citizenship, you're able to change your name and, of course, be able to enter countries where your criminal background would not allow you to."¹⁷⁶

Figure 8. Number of citizenships by investment granted by country or region in 2020



Source: Media reports based on official Vanuatu government citizenship data, 2022.

172 Official UNODC consultations and expert interviews with law enforcement authorities and civil society organizations in East and Southeast Asia on transnational organized crime, cyber-enabled fraud and underground banking, 2023-2024.

173 Ibid

174 Interview #55.

175 Royal Thai Police, Bureau of Immigration, "Press Conference," August 2024.

176 Interview #42.

According to media reports based on official government sources, during January 2020 – January 2021, Vanuatu issued roughly 2,200 passports through its CBI program – with most applicants originating from Afghanistan, China, Iran, Lebanon, Libya, Nigeria, Russia, and Syria.^{177,178} Official applicant filings examined in those reports indicate widespread targeting of the program by a range of criminal interests including businessmen facing U.S. sanctions, fugitives wanted for cryptocurrency and property investment fraud and extortion, and convicted criminals with strong connections to violent organized crime groups including the Comanchero OMCG. The Vanuatu FIU confirmed this information according to media reports, finding in June 2021 that a member of an Australian drug trafficking cartel and associate of the Comanchero OMCG had passed due diligence checks and screening at the time of their CBI application in September 2020.¹⁷⁹

In July 2019, authorities in Vanuatu extradited six Chinese nationals as part of an investigation by the Yancheng Public Security Bureau, Yancheng city, Jiangsu province, into the PlusToken cryptocurrency investment fraud scheme, which totaled approximately US\$ 5.6 billion in losses.¹⁸⁰ According to authorities, four of the six fugitives held newly issued Vanuatu citizenship at the time of their arrest, with two others pending naturalization. Those arrested had previously been based in Cambodia after fleeing prosecution in China. Authorities also reported that a total of 27 alleged masterminds were arrested in relation to the PlusToken fraud alongside an additional 82 ‘core members’ who were found hiding in Cambodia, Vanuatu, Viet Nam and Malaysia.¹⁸¹

More recently, several high-profile international arrests have further indicated extensive targeting of Vanuatu’s CBI program by organized crime. According to media reports, Vanuatu’s Minister of Finance has called on the

177 Official government filings present the name and nationality of every recipient of a Vanuatu passport through the country’s Development Support Program (DSP) and Vanuatu Contribution Program (VCP) between January 2020 to January 2021.

178 Ibid.

179 The Guardian, “Vanuatu Citizenship for Sale,” July 2021. Accessed at: <https://www.theguardian.com/world/2021/jul/15/ex-bikie-and-missing-property-magnate-among-australian-names-granted-vanuatu-citizenship>.

180 Ministry of Public Security of China, Intermediate People’s Court of Yancheng City, Jiangsu Province, “Second-Instance Criminal Ruling,” November 2020.

181 Ibid.

Vanuatu Citizenship Commission to cancel the group’s passports and citizenships following their convictions, citing a loss of global reputation.¹⁸² Moreover, in April 2022, authorities in Papua New Guinea also arrested and extradited an unnamed Chinese fugitive holding a Vanuatu passport in connection with a Ponzi scheme estimated to have defrauded nearly 24,000 victims out of €34 million (approx. US\$ 37 million).¹⁸³ The activities of one fugitive wholesale drug trafficker from Indonesia provide yet another example of criminals exploiting Vanuatu’s CIB program.



Source: Ministry of Public Security of China, Intermediate People’s Court of Yancheng City, Jiangsu Province, “Second-Instance Criminal Ruling,” November 2020.

This individual has been involved in trafficking methamphetamine and ecstasy since 2009, before he was issued a Vanuatu passport in September 2019.¹⁸⁵ Local media reports quoted Indonesian police officials saying that between 2020 and 2023 his network was responsible for trafficking 10.2 tons of crystal methamphetamine and 116,346 ecstasy tablets in Indonesia and for laundering large amounts

182 Daily Post Vanuatu Digital Network, “Finance Minister Demands Singapore Criminals Lose Vanuatu Citizenship,” August 2024. Accessed at: https://www.dailypost.vu/news/finance-minister-demands-singapore-criminals-lose-vanuatu-citizenship/article_0a829478-907d-5119-ad72-7ed7289d2065.html.

183 Interpol, “Multi-million euro Ponzi scheme suspect arrested following cooperation via INTERPOL,” April 2022. Accessed at: <https://www.interpol.int/News-and-Events/News/2022/Multi-million-euro-Ponzi-scheme-suspect-arrested-following-cooperation-via-INTERPOL>.

184 Enforcement Directorate of India, “Official Statements to the Press,” December 2023.

185 Indonesian National Police, “Fight Against Complicated and Diversified Drug Trafficking,” Directorate of Drugs Law Enforcement, Criminal Investigation Board, presented at the 26th Asia-Pacific Operational Drug Enforcement Conference, Tokyo, 30-31 January 2024.

Table 1. Select Illegal online casino and fraud-related arrests involving foreign-born Vanuatu passport holders

Crime type	Date of arrest	Location	Related assets (US\$) *
PlusToken crypto Ponzi scheme ¹⁸⁵	July 2019	Vanuatu	Up to 5.6 billion
Corruption, fraud, money laundering ¹⁸⁶	Absconded	South Africa and UAE	+100 million
Africrypt crypto investment fraud ^{187,188}	Absconded	South Africa	3.6 billion
Unnamed Ponzi scheme ¹⁸⁹	April 2022	Papua New Guinea	36.6 million
Illegal online gambling and money laundering ¹⁹⁰	August 2023	Singapore	3 billion*
iProsperity Ponzi scheme ¹⁹¹	Absconded	Australia	245 million
Securities fraud and stock manipulation ¹⁹²	May 2023	Thailand	
Embezzlement, fraud, and money laundering ¹⁹³	February 2024	Philippines	
Fraud ¹⁹⁴	June 2024	Philippines	
Illegal online gambling and money laundering ¹⁹⁵	December 2023	UAE	

*Seized assets do not represent the total amount of illicit enrichment nor losses.

Source: Official information shared by international law enforcement authorities.

of money.¹⁹⁷ He is said to have fled Indonesia in 2014 after police issued a wanted notice for his capture, and arrived in Thailand, where he continued to manage his drug business with a Thai woman. A law enforcement operation in Indonesia in June-July 2023

186 Ministry of Public Security of China, Intermediate People's Court of Yancheng City, Jiangsu Province, "Second-Instance Criminal Ruling."

187 U.S. Department of The Treasury, "Treasury Sanctions Members of a Significant Corruption Network in South Africa," Press Release, October 2019. Accessed at: <https://home.treasury.gov/news/press-releases/sm789>.

188 Ministry of Justice of South Africa, "Official Statements to the Press," April 2023.

189 Bloomberg, "South African Brothers Vanish, and So Does \$3.6 Billion in Bitcoin," June 2021. Accessed at: <https://www.bloomberg.com/news/articles/2021-06-23/s-african-brothers-vanish-and-so-does-3-6-billion-in-bitcoin>.

190 Interpol, "Multi-million euro Ponzi scheme suspect arrested following cooperation via INTERPOL."

191 Singapore Police Force, Press Release, "Tenth Person Sentenced For Forgery And Money Laundering Offences In Anti-Money Laundering Operation," June 2024. Accessed at: https://www.police.gov.sg/Media-Room/News/20240610_tenth_person_sentenced_for_forgery_and_money_laundering_offences.

192 Australian Financial Review, "Private jets, fast cars leave investors facing \$100m wipeout," July 2020. Accessed at: <https://www.afr.com/property/commercial/private-jets-fast-cars-leave-investors-facing-100m-wipeout-20200719-p55dvc>.

193 Royal Thai Police, Immigration Bureau, "Official Press Conference," May 2023.

194 Department of Justice of the Philippines, Bureau of Immigration, Press Release, "BI-NAIA intercepts fugitive wanted for economic crimes in China," February 2024. Accessed at: <https://immigration.gov.ph/bi-naia-intercepts-fugitive-wanted-for-economic-crimes-in-china/>.

195 Department of Justice of the Philippines, Bureau of Immigration, Press Release, "BI nabs Chinese man disguised as Vanuatu citizen at NAIA," February 2024. Accessed at: <https://immigration.gov.ph/bi-nabs-chinese-man-disguised-as-vanuatu-citizen-at-naia/>.

196 Enforcement Directorate of India, Official Statements to the Press, 12 December 2023.

197 Antara News, "Drug lord Fredy Pratama still hiding in Thai forest: Police," March 2024. Accessed at: <https://en.antaranews.com/news/308367/drug-lord-fredy-pratama-still-hiding-in-thai-forest-police>.

resulted in seizures of methamphetamine amounting to 120 kg and the arrest of dozens of suspects, and confiscation of approximately US\$ 27 million in assets.¹⁹⁸ Police told local media that since 2020, more than 800 people in Indonesia have been arrested in more than 400 drug cases linked to this trafficking group, which has networks across Indonesia and has been also distributing methamphetamine in Malaysia and Thailand.¹⁹⁹

Both the European Union and the Organization for Economic Cooperation and Development (OECD) have continued to express concerns regarding due diligence measures, requesting Vanuatu to promise it would step up background checks last year in an attempt to clean up the programs' image.

198 Indonesian National Police, "Fight Against Complicated and Diversified Drug Trafficking."

199 Arie Firdaus, "Indonesian police report uncovering major Southeast Asia drug ring," Benar News, September 2023. Accessed at: <https://www.benarnews.org/english/news/indonesian/drug-ring-09132023132928.html>.

Box 3. Strategic trade in the Pacific: case study on firearms in Papua New Guinea

The Pacific is not typically one of the main regions associated with strategic trade – a broad concept encompassing trafficking of a wide variety of illicit and dual-use commodities, ranging from dual-use items like commercial drones, certain communications equipment and industrial chemicals, to firearms, conventional explosives, missiles and other military goods, Chemical, Biological, Radiological and Nuclear Materials (CBRN) and Weapons of Mass Destruction (WMD).²⁰⁰ However strategic trade, in particular of small arms and light weapons (SALW), is an underappreciated and increasingly significant concern in the Pacific. Proper detection, analysis and law enforcement responses are made more complicated by the lack of reliable data, attribution problems, corruption, relatively under-resourced government institutions, and complicated nexuses between firearms trafficking and other crime types.

Illegal trade in SALWs appears to be the most common strategic trade concern in the Pacific. Illicit SALWs appear to be increasingly prevalent in the region, particularly in Papua New Guinea. Some law enforcement experts fear that the situation should be taken as a warning for authorities elsewhere in the region. While tribal conflicts and violent land disputes have a long history in Papua New Guinea, the proliferation of modern firearms is greatly increasing the lethality of these conflicts, which until recently were often fought with traditional weapons like spears, knives, and bows and arrows.²⁰¹

Many cases of firearms trafficking, serious armed crime and firearms-related mass casualty events in Papua New Guinea have been reported. Experts have noted a marked increase in firearms trafficking cases in the country, with firearms often smuggled from Southeast Asia through maritime

routes, sometimes transshipped via Australia or Indonesia.²⁰² Notable port seizures include the detection of 150 high-caliber rifles and ammunition in Port Moresby in 2019 with links to an international smuggling ring²⁰³ and a seizure in Lae Port in 2021 of 200 handguns and 500 rounds of ammunition from the Philippines.²⁰⁴

There are many anecdotal reports of military-grade firearms being diverted from government stockpiles in neighbouring countries and trafficked into Papua New Guinea at the land border and via fishing vessels, sometimes being exchanged directly for narcotics including methamphetamine.²⁰⁵ Direct narcotics-for-firearms transactions are well documented around the country.²⁰⁶ Multiple sources suggest the long porous land border with Indonesia is where many firearms are trafficked into Papua New Guinea, either via official border crossings like Vanimo or through the dense jungle.

Within Papua New Guinea, there are also many home-made firearms, and there is also significant evidence that firearms legally imported for military and law enforcement purposes in the country are also being diverted into black market supply chains.²⁰⁷ The main source of black market ammunition appears to be diversion from government stockpiles. In addition, UN personnel have received reports that the mining sector is illegally introducing firearms into the country as a risk mitigation measure for employees.²⁰⁸

202 Smith, J. "Trafficking Routes and Methods in the Pacific: Insights from Recent Data," *Maritime Security Analysis*, 10(4), 98-115, 2023.

203 Ibid.

204 Nguyen, H., Lee, C., & Patel, A. "Socio-Economic Influences on Firearms-Related Crime in the Pacific," *International Journal of Crime and Security*, 15(3), 56-74, 2024.

205 For instance, see: PNG Police, "Defence raise concerns on illegal guns from Australia," 2023. Accessed at: <https://pina.com.fj/2023/09/13/png-police-defence-raise-concerns-on-illegal-guns-from-australia/>.

206 For instance, see: Post Courier, "500kg of marijuana confiscated," July 2024. Accessed at: <https://www.postcourier.com.pg/500kg-of-marijuana-confiscated/5>.

207 Alpers, Philip. "Gun-running in Papua New Guinea: from arrows to assault weapons in the Southern Highlands," *Small Arms Survey*, 2005. Accessed at <https://www.smallarmssurvey.org/resource/gun-running-papua-new-guinea-arrows-assault-weapons-southern-highlands-special-report-05-005/>; RNZ, "An open secret: PNG gun problem difficult to solve," October 2023. Accessed at: <https://www.rnz.co.nz/international/pacific-news/501292/an-open-secret-papua-new-guinea-s-gun-problem-difficult-to-solve-journalist-says>.

208 Interview #56.

200 UNODC, "Strategic Trade and Export Control (STEC)". Accessed at: <https://www.unodc.org/unodc/en/ccp/activities/strategic-trade-and-export-control.html?testme>.

201 ABC, "How the funnelling of high-powered weapons into PNG is making tribal violence deadlier," February 2024. Accessed at <https://www.abc.net.au/news/2024-02-20/high-powered-weapons-in-png-fuel-tribal-violence/103483186>.

The increased lethality caused by firearms proliferation has been noted in several cases, including a recent massacres of around 70 people in Enga province in February 2024, using American M16A2's, Australian-manufactured L1A1 self-loading rifles (SLRs) and other modern assault rifles.²⁰⁹ Other foreign military-style rifles, including Korean K2 assault rifles, have also been observed in the country. According to media reports based on official government sources, other recent mass casualty events include at least 26 people killed in Angoram District, East Sepik province in July 2024, and another case in 2022 where a land dispute on Kiriwina Island, Milne Bay province led to a conflict with modern firearms in which 30 people were killed.²¹⁰

However, the lack reliable data make it difficult to identify whether specific cases involve weapons that were illegally smuggled into Papua New Guinea or if they were legally imported and then diverted from government stockpiles. Papua New Guinea has a relatively large legal trade in firearms, with US\$ 351,000 and US\$ 91,000 worth of firearms imported and exported respectively in 2022,²¹¹ which further obscures the illegal or grey-market firearms.

209 ABC, "How the funnelling of high-powered weapons into PNG is making tribal violence deadlier;" ABC, "Heavily Armed Highlands," March 2024. Accessed at: <https://www.abc.net.au/news/2024-03-01/png-weapons-aid-australia-united-states-used-in-tribal-fight/103505728>.

210 RNZ, "From bows and arrows to assault rifles," July 2024. Accessed at: <https://www.rnz.co.nz/international/pacific-news/523721/from-bows-and-arrows-to-assault-rifles-how-the-rules-of-png-tribal-wars-have-changed>; RNZ, "Five arrested in connection with deadly PNG massacre," July 2024. Accessed at: <https://www.rnz.co.nz/international/pacific-news/523563/five-arrested-in-connection-with-deadly-papua-new-guinea-massacre>.

211 OEC, "Other firearms in PNG," July 2024. Accessed at: <https://oec.world/en/profile/bilateral-product/other-firearms/reporter/png>.

While some factors may be more severe or specific in Papua New Guinea, such as the long history of land violent disputes and tribal conflicts, these are not unique in the region. Moreover, the proliferation of firearms in other Pacific countries could exacerbate other kinds of conflict and crime. For example, in Tonga and Fiji, there are concerns that the proliferation of criminal gangs, with increasing connectivity to regional and transnational groups, is spurring a broader proliferation of firearms trafficking, which often has a nexus with drug trafficking. According to one media report, in 2018 an interagency task force of Fiji authorities seized large amounts of cocaine, ecstasy, currency, firearms and ammunition in a single seizure.²¹² Several open source reports have also highlighted increasingly large firearms seizures made in Tonga.^{213,214} The increase in firearms trafficking enables violence from organized crime, which also encourages others to seek illegal firearms for protection.²¹⁵ These developments in Fiji and Tonga are also concerning because, like Papua New Guinea, these countries have some of the busiest and best-connected ports and airports which serve as regional hubs for the wider region²¹⁶, further risking the proliferation of small arms trafficking.

212 Semi Turaga, "Cocaine, ecstasy and guns seized at Denarau Port by Authorities," Fiji Village, 2018. Accessed at: <https://fijivillage.com/news/Cocaine-ecstasy-and-guns-seized-at-Denarau-Port-by-Authorities--k95r2s>.

213 TOT, "Police arrest man for illegal importation of firearms," 2023. Accessed at: <https://talanoaotonga.to/police-arrest-man-for-illegal-importation-of-firearms/>.

214 RNZ, "Concern in Tonga over increase in illegal firearm shipments," 2019. Accessed at: <https://www.rnz.co.nz/international/pacific-news/396066/concern-in-tonga-over-increase-in-illegal-firearm-shipments>.

215 ABC, "Police worry about illegal arms as Tongans turn to guns in the face of rising crime," 2023. Accessed at: <https://www.abc.net.au/pacific/programs/pacificreview/pacific-review/102978138>.

216 For more information, see Table 1 of the 'Drug Trafficking' chapter of this report.

Impact, policy implications, and looking ahead

The transnational organized crime threat environment in the Pacific is evolving faster than in any previous point in history. While this change has perhaps been most profoundly marked by growth in trans-Pacific drug trafficking, the landscape continues to shift, with powerful criminal actors embracing new opportunities, partnerships, technologies, and business models.

The region's booming criminal ecosystem has attracted powerful transnational criminal networks from different corners of the world, with the possibility that the region matures into key nodes and footholds targeted for a range of illicit activities. In most cases, foreign criminal actors have come to dominate the space, eager to acquire market share and expand their spheres of influence. This has come to include drug cartels from the Americas, violent OMCGs from Australia and New Zealand, well-networked criminal deportees, and highly entrepreneurial Asian criminal networks boasting diversified business portfolios engaged in drug and human trafficking, prostitution, illegal resource extraction, online gambling, cyber-enabled fraud, and money laundering, alongside various licit business lines. As demonstrated by high-profile cases highlighted in this chapter, leaders of these criminal enterprises have been able to successfully navigate licit and illicit economies of the Pacific, despite efforts of the international community to draw greater attention to their activities. This has left them largely unchallenged and able to reap the benefits of connections with local influential figures.

Taken together, amidst this growing, accelerating threat, the present situation indicates that most Pacific governments have struggled to find balance in their respective economic and security agendas. Criminal networks targeting the Pacific have in turn continued to outpace the efforts of the PICTs to address organized crime meaningfully, allowing them to spread and consolidate uninterrupted as operating conditions remain unchanged.

Authorities in the Pacific are beginning to recognize the severity of the illicit drug and organized crime threat in the region, acknowledging that a business-as-usual approach is no longer an option for countries in the region. Steps are actively being taken to build

the necessary capacity, knowledge base, and political will to address the situation effectively. However, any lasting and meaningful solutions will require moving beyond national, regional and organizational siloes to coalesce around a harmonized regional response led first and foremost by Pacific Island nations themselves.

Addressing transnational organized crime will also be crucial to strengthening institutions in Pacific Island countries and supporting objectives of long-term sustainable development moving forward. This will be particularly critical as criminal actors grow more powerful and connected while continuing to undermine good governance, weaken the rule of law, and exacerbate the fragility of small and poorly resourced government institutions. For this reason, despite the region's organized crime issues not being at the forefront of international attention, neglecting related challenges would risk profound local consequences as well as the creation of safe havens from which transnational criminal networks can orchestrate operations targeting victims globally.

In addition to leveraging existing formal mechanisms in place to facilitate interregional cooperation, it will be vital for Pacific countries and international partners to prioritize improving national law enforcement systems. Among them, police, customs, and immigration, as well as regulatory agencies overseeing extractive industries such as forestry, fisheries, and mining that are fundamental in detecting, disrupting, and dismantling transnational criminal networks will be critical. Enhanced international cooperation and global partnerships will also be critical in facilitating the rapid and timely sharing of information and intelligence, expedited mutual legal assistance requests, and development and updating of key legislation that is needed for PICTs to stand a chance of disrupting the unprecedented organized crime threats they face.

In the absence of such approaches and prioritizations against a backdrop of rising geopolitical dynamics in the Pacific arena, criminals will continue to exploit the limited attention that is paid to combating transnational organized crime in the region and will expand and consolidate if left unchecked.



Drug Trafficking

Drug Trafficking

Key takeaways

The PICTs are becoming a transit hub, and the region is affected by an increased presence of organized criminal groups with transnational connections. This presence fuels corruption, deepens infiltration in some illicit markets, and ultimately threatens stability. Recent large seizures of methamphetamine and cocaine suggest that the islands, particularly Fiji and Papua New Guinea, may be emerging as an important international trafficking hub. Traffickers are increasingly exploiting the vulnerabilities of the islands, particularly the region's unique geography, including vast coastlines and remote, uninhabited islands, as well as the limited resources for monitoring and detecting drug and precursor trafficking.¹ Given that trafficking along the Pacific route appears to be increasing, the islands are likely to play a growing role as transit points. At the domestic level, while cannabis may remain the most used drug, the health risks associated with methamphetamine use are increasing in some jurisdictions, including an increase in injecting use of the drug.

Organized crime groups based in Australia, New Zealand, China, Southeast Asia, the Americas, and Europe have been active in the region, often establishing legitimate businesses in the Pacific Islands to serve as front companies for drug trafficking and to build connections with government officials and the commercial elite. The larger amounts of drugs transiting the Pacific route and being stored in the PICTs for longer periods require the cooperation of local criminal networks to manage the shipments as well as the corruption of local officials in some jurisdictions.

Methamphetamine production is rare in the Pacific region, but several PICTs, including Fiji, French Polynesia, and Papua New Guinea, have reported seizures of small-scale clandestine methamphetamine laboratories in recent years. Additionally, there is some evidence of local networks operating 'recook labs', where they mix crystal methamphetamine from Mexico or Southeast Asia with other ingredients to make it cheaper for the local market. Furthermore, the use of pharmacies to import precursors used for the manufacture of methamphetamine into and through some countries in the Pacific region has been observed.

Law enforcement officials have recently observed the movement of precursors used in the manufacture of methamphetamine and fentanyl from Asia toward the Americas; however, only a small number of cases have been detected.

¹ International Narcotics Control Board (INCB), "Report of the International Narcotics Control Board for 2015," March 2016.

Background

The illicit drug landscape in the Pacific Islands has changed rapidly in recent years. Starting around a decade ago, transnational drug trafficking networks reportedly began using the trans-Pacific route for the illicit transport of cocaine from South and Central America with common destinations being predominantly Australia and to a lesser extent New Zealand.² Just as the Caribbean Islands became renowned as a ‘staging post’ for South American cocaine bound for North America, organized crime groups have now replicated this model by using the Pacific Islands for the movement of their illicit cargoes to lucrative consumer bases in other regions.³ Based on drug seizures, these flows appear to have become larger and more frequent over the last decade, and in just the past few years, they have come to include significant quantities of methamphetamine. It is clear that organized crime groups from neighbouring regions are targeting the Pacific Islands for the transit of large quantities of both cocaine and methamphetamine, from the Americas, East and Southeast Asia, and for some smuggling from Europe, with destinations primarily in Australia and New Zealand.⁴

It is worth noting that the two largest methamphetamine markets globally are neighbouring the Pacific, namely East and Southeast Asia and North America. In 2022, the two regions seized 286 tons of methamphetamine, representing 86 per cent of the global total.⁵ Notably, a record 190 tons of methamphetamine was seized in East and Southeast Asia in 2023.⁶ These regions are the main sources of methamphetamine found in Australia and New Zealand,⁷ where substantial quantities are consumed each year. For instance, the latest estimates based on wastewater analysis in Australia suggest that 10.5 tons of methamphetamine at 100 per cent purity is consumed in the country annually.⁸

2 UNODC, “Transnational Organized Crime Threat Assessment for the Pacific,” September 2016.

3 UNODC-WCO Container Control Programme for the Pacific.

4 Pacific Islands Forum, “Regional Transnational Organised Crime Disruption Strategy 2024-2028,” 2024.

5 UNODC, “World Drug Report,” 2024.

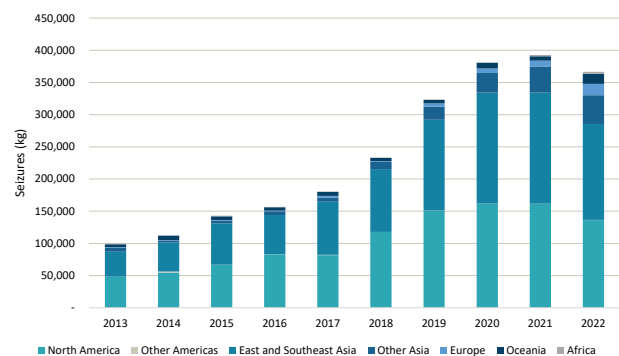
6 UNODC, “Synthetic drugs in East and Southeast Asia: Latest developments and challenges,” 2024.

7 UNODC, “Synthetic drugs in East and Southeast Asia: Latest developments and challenges,” 2020.

8 Australia Criminal Intelligence Commission (ACIC), “National Wastewater Drug Monitoring Programme,” March 2024.

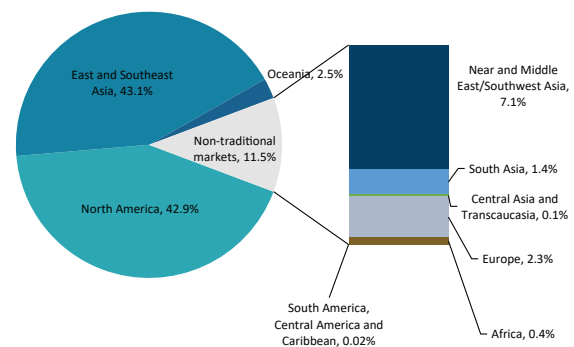
Situated between the two main global source subregions of methamphetamine, Southeast Asia and North America, any notable developments observed in the drug markets of these subregions have significant implications for PICTs considering the firmly established interregional drug trafficking routes transiting the Pacific.⁹

Figure 1. Quantities of methamphetamine seized, by region and subregion, 2013-2022



Source: UNODC, Responses to Annual Report Questionnaire.

Figure 2. Percentage distribution of methamphetamine seized, by subregion, 2018-2022



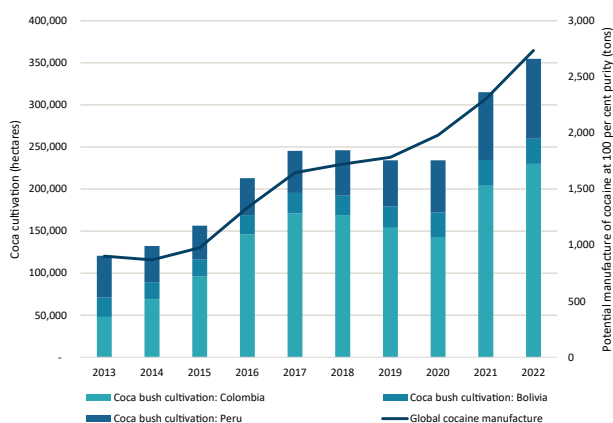
Source: UNODC, Responses to Annual Report Questionnaire.

The global cocaine supply has also been on the rise in recent years. The world’s cocaine supply originates entirely from South America, specifically Bolivia (Plurinational State of), Colombia and Peru. Between 2015 and 2020, Colombia accounted for between 60 and 70 per cent of the global supply and between one-half and two-thirds of potential cocaine manufacture. In 2021 and 2022, cultivation in Colombia increased by 43 per cent and 13 per cent, respectively, while

9 UNODC, “Synthetic drugs in East and Southeast Asia: Latest developments and challenges,” 2020.

potential cocaine manufacture increased by 14 per cent and 24 per cent, respectively, reaching record national levels in both cases driving the corresponding global estimates to the highest levels ever observed.¹⁰

Figure 3. Global coca bush cultivation and cocaine manufacture, 2013-2022



Source: UNODC, Responses to Annual Report Questionnaire.

The Pacific Islands Forum has identified the importation, transshipment, precursor trafficking, domestic trafficking and use of drugs as the most prevalent transnational criminal activities in the region. Several countries have recently reported large-scale importations of methamphetamine and cocaine transiting through and destined to the Pacific. Although no large methamphetamine manufacturing facilities have been detected in the region in twenty years, there are growing indications that the Pacific is being targeted by organized crime groups for the illicit manufacture of methamphetamine for the local market. Law enforcement agencies have reported evidence of methamphetamine being produced in Fiji, Papua New Guinea and Tonga.¹¹

The evidence is much clearer that increased drug flows through the Pacific region are having an adverse impact on drug use patterns in several Pacific countries. Local agencies have observed that non-medical drug use is causing serious harm to some users, with increases in domestic violence risks, sexual violence, child neglect, mental and physical health issues, and poor educational and employment outcomes in some Pacific countries. In some jurisdiction, a relationship

¹⁰ UNODC, "World Drug Report," 2024.

¹¹ Pacific Islands Forum, "Regional Transnational Organised Crime Disruption Strategy 2024-2028," 2024.

between non-medical drug use and child labour was also identified.¹²

In addition, the announcement of the arrest in June 2023 of two Chinese nationals in Fiji for sending fentanyl precursors to the United States may indicate that organized crime networks are targeting Fiji for the transit of large chemical shipments.¹³ Furthermore, law enforcement officials have told UNODC that there has also been a substantial increase in the trafficking of methamphetamine and synthetic opioids by air cargo and fast parcel from the Americas to the PICTs. Since 2020 when the UNODC Passenger and Control Border Team (PCBT) was first implemented in Fiji, the PCBT units in that country have made numerous seizures, including 19 interceptions of methamphetamine, as well as cannabis, chemicals, and substandard/falsified medical products.¹⁴

Nature of the market and trafficking flows

Expansion of illicit drug flows through Papua New Guinea, Fiji and Tonga

The Pacific Island countries most impacted by the increase in illicit drug flows through the Pacific region are Papua New Guinea and Fiji, and Tonga to a lesser extent, based on seizure data. Recent drug-related cases reported from Papua New Guinea, Fiji and Tonga also strongly indicate that the user markets as well as organized crime activity are expanding rapidly. Regional authorities also report seeing some evidence of methamphetamine use and the early signs of national criminal syndicates in American Samoa, Samoa, New Caledonia, Marshall Islands, Palau, and Solomon Islands.¹⁵

Papua New Guinea is a transit point for methamphetamine trafficked into Australia and within the Pacific region, making the country a hub for interregional trafficking. A senior law enforcement official of Papua New Guinea said in an interview in

¹² Ibid.

¹³ U.S. Department of Justice Office of Public Affairs, "Justice Department Announces Charges Against China-Based Chemical Manufacturing Companies and Arrests of Executives in Fentanyl Manufacturing," June 2023. Accessed at: <https://www.justice.gov/opa/pr/justice-department-announces-charges-against-china-based-chemical-manufacturing-companies>.

¹⁴ UNODC Passenger and Cargo Border Team for the Pacific.

¹⁵ UNODC official communication with Pacific law enforcement and intelligence officials, January-July 2024.

late 2023 that the drug situation in the country had “increased drastically”.¹⁶ Another law enforcement official from Papua New Guinea said in an interview that the “transnational crime landscape in Papua New Guinea had been taken over by Asian crime syndicates.”¹⁷ However, recent drug trafficking cases demonstrate that groups based elsewhere, including Australia and the United States, are also involved in trafficking methamphetamine into the country from and through Papua New Guinea.^{18,19}

Fiji faces a similar threat. While it is an important regional air and sea hub for legitimate commerce within the Pacific Islands, Fiji is also growing in significant as a hub for drug trafficking in the Pacific region, particularly methamphetamine, and as an emerging base for transnational organized crime networks. Until recently, methamphetamine seizures in Fiji had been reported but at low levels. However, in January 2024, Fijian authorities made massive methamphetamine seizures totaling 4.8 tons.²⁰ These included a seizure (one of the biggest ever in the region) of 3.5 tons of methamphetamine, according to media sources, from a vacant house in the Nadi area (on 15 January),²¹ which was linked to a local pharmaceutical operator who is reported in the media to have served a six-month prison sentence²² in New Zealand for methamphetamine-related charges.²³ A few days later, media sources reported that authorities seized an additional 1.1

tons of methamphetamine, also in Nadi.²⁴ The Fijian police commissioner told reporters that the seized methamphetamine originated in Mexico.²⁵ According to UNODC interviews with Fiji authorities, the seizures are just the tip of the iceberg, as five known related shipments had previously transited through Fiji. Fijian media reported that a local drug user and distributor who worked with the Comancheros motorcycle gang based in Auckland claimed that Nadi is the primary transit point in the Pacific and that trafficking groups bring their yachts from Tonga to Fiji, where the drugs are transferred to another vessel.²⁶

It is not a coincidence that Papua New Guinea and Fiji are the main targets of organized crime for drug trafficking. Five out of the top 10 largest ports in PICTs are located in Papua New Guinea, while Fiji is home to the second and third largest ports. In short, Papua New Guinea and Fiji have the infrastructure that can accommodate large-scale drug shipments, making them more attractive to organized crime groups seeking to establish a stronger foothold compared to neighbouring PICTs.

Table 1. Top 10 biggest ports in Pacific Island Countries and Territories, 2022

Ranking	Name and location	Capacity (twenty-foot equivalent unit, TEU)
1.	Lae, Papua New Guinea	11.6
2.	Suva, Fiji	9.4
3.	Lautoka, Fiji	9.3
4.	Port Moresby, Papua New Guinea	9.1
5.	Apia, Samoa	7.6
6.	Honiara, Solomon Islands	7.5
7.	Pago Pago, American Samoa	7.1
8.	Nukualofa, Tonga	6.9
9.	Madang, Papua New Guinea	6.9
10.	Rabaul, Papua New Guinea	6.7

Source: UN Trade and Development (UNCTAD) and UN Economic and Social Commission for Asia and the Pacific (ESCAP).

¹⁶ Interview #50.

¹⁷ Interview #51.

¹⁸ Australian Federal Police, “AFP and PNG police awarded for transnational investigation,” April 2023. Accessed at: <https://www.afp.gov.au/news-centre/media-release/afp-and-png-police-awarded-transnational-investigation>.

¹⁹ United States district court for the central district of California. Case 2:23-cr-00544-RGK Document 1 Filed 11/08/23 Page 4 of 28 Page ID #:4.

²⁰ UNODC official communication with the Fijian law enforcement officials, May 2024. However, the total amount of methamphetamine seized in the January operations vary slightly according to different sources.

²¹ Vijay Narayan, “Multi-million dollar hard drug bust in Nadi,” Fiji Village, January 2024. Accessed at: <https://www.fijivillage.com/news/Multi-million-dollar-hard-drug-busts-in-Nadi-by-Police-fx854r/#>.

²² Ric Stevens, “Jailed Fijian drug importer who voluntarily faced justice gets reduced sentence,” New Zealand Herald, December 2023. Accessed at: <https://www.nzherald.co.nz/nz/jailed-fiji-drug-importer-who-voluntarily-faced-justice-gets-reduced-sentence/LIDJF74Z3FG7HORUFKSG254NGU/>.

²³ Vijay Narayan, “Full details revealed on Aiyaz Umarji Musa and his involvement in the shipment of drugs to manufacture meth,” Fiji Village, September 2023. Accessed at: <https://www.fijivillage.com/feature/Full-details-revealed-on-Aiyaz-Umarji-Musa-and-his-involvement-in-the-shipment-of-drugs-to-manufacture-methamphetamine-5x4r8f/>.

²⁴ Vijay Narayan, “1.1 tonne of meth found in Nadi, businessman in custody,” Fiji Village, January 2024. Accessed at: <https://www.fijivillage.com/news/Multi-million-dollar-hard-drug-busts-in-Nadi-by-Police-fx854r/#>.

²⁵ Vijay Narayan, “Acting COMPOL confirms \$2 billion meth came from Mexico and was bound for Australia,” May 2024. Accessed at: <https://www.fijivillage.com/news/Acting-COMPOL-confirms-2-billion-meth-came-from-Mexico-and-was-bound-for-Australia-4xf85r/>.

²⁶ Barbara Dreaver, “Widespread meth addiction in Fiji cultivated by international drug syndicates – expert,” 1News Pacific, June 2024.

Box 1. The growing methamphetamine problem and domestic drug situation in Fiji

The number of drug arrest cases in Fiji has fluctuated since 2018, with most drug arrests related to possession for personal use and a smaller number related to cultivation of cannabis.²⁷ However, the Fiji Police Narcotics Bureau reported an increase in cases involving ‘hard drugs’, such as methamphetamine and cocaine, since 2018, owing to the large amounts of cocaine seized that year and the following year. Large amounts of methamphetamine were also seized during 2020 when police also seized some ephedrine, a precursor used in methamphetamine manufacture. Fiji police have observed a steady increase in the number of arrests for unlawful possession of methamphetamine. Only a small number of people have been arrested for unlawful importation and exportation of illicit drugs.²⁸ The decrease in the total number of drug cases in 2021 may be related to the COVID-19 pandemic and related lockdowns, which may have disrupted drug trafficking and other related drug activities or could have hampered their interdiction.²⁹ Notably, in 2023, the number of drug arrest cases involving other drugs (methamphetamine, cocaine, and heroin) more than tripled, and amounted to 132 cases, the majority of which were believed to involve methamphetamine.³⁰ For example, between 2017

27 Fiji Police Narcotics Bureau, “Narcotics Landscape,” presented at the Global SMART Forensics regional workshop for the Pacific, Fiji, November 2023.

28 Ibid.

29 Fiji Ministry of Home Affairs and Immigration, “Final Counter Narcotics Strategy 2023 to 2028,” June 2024.

30 At the time of writing, segregated data by drug type for methamphetamine, cocaine and heroin for 2023 was not available.

and 2021, methamphetamine accounted for 95 percent of all cases registered in relation to cocaine, heroin, and methamphetamine combined.³¹ The amount of methamphetamine seized in 2024 is already a record considering the 4.8 tons of the drug seized in January 2024.

Table 2. Drug types and number of cases in Fiji, 2019-2023

Drug type	2019	2020	2021	2022	2023
Methamphetamine, cocaine, heroin	101	104	45	43	132
Cannabis	1,174	1,397	987	1,193	1,483
Total	1,275	1,501	1,032	1,236	1,615

Source: Fiji Police Narcotics Bureau, “Narcotics Landscape,” presented at the Global SMART Forensics regional workshop for the Pacific, Fiji, November 2023; Fiji Ministry of Home Affairs and Immigration, “Final Counter Narcotics Strategy 2023 to 2028,” June 2024.

Table 3. Illicit drug offenses in Fiji, 2019-2023

Drugs offenses	2019	2020	2021	2022	2023
Possession	1,169	1,358	851	1,114	1,458
Cultivation	98	136	175	111	140
Importation & exportation	6	1	5	6	13
Other unlawful activities related to drugs	2	6	1	5	4
Total	1,275	1,501	1,032	1,236	1,615

Source: Fiji Ministry of Home Affairs and Immigration, “Final Counter Narcotics Strategy 2023 to 2028,” June 2024.

31 Fiji Police Narcotics Bureau, “Narcotics Landscape.”

Corruption and weak rule of law are principal enablers of drug trafficking in the Pacific

Corruption is a known facilitator for enabling drug trafficking. Growing trafficking of drugs, also reflected in growing seizures, seems to go hand in hand with corruption from commercial elites, businesses, and officials in law enforcement, customs and government agencies. Though the offence of corruption has been prosecuted alongside the offence of drug trafficking in only a few court cases, interviewed authorities in some Pacific countries have been identifying corruption as a facilitator. Furthermore, this situation increases the vulnerability of borders to drug trafficking.

The corruption cases prosecuted in relation to drug trafficking in the PICTs illustrate the modus operandi of organized criminal groups in the region. These groups often use legitimate businesses to facilitate the illicit import and export of drugs and precursors. This includes the exploitation of pharmacies to traffic pharmaceutical preparations containing pseudoephedrine through the Pacific region to other markets. The involvement of influential individuals in facilitating drug and precursor trafficking along routes transiting the Pacific has helped to facilitate the expansion of the drug threat in some PICTs in terms of increasing use and potential manufacture of methamphetamine.

In Fiji, the recent arrest, reported in the media, of a high-profile businessman for illicitly importing pharmaceutical tablets containing pseudoephedrine worth roughly US\$ 5 million provides an example of the innovative methods used to evade detection and the corruption that facilitates the crime. According to media, from around 2017, the suspected offender, who also held prominent sporting positions, appears to have been able to use his network of pharmacies that extended from Fiji and into Vanuatu, Solomon Islands, as well as New Zealand, to import pseudoephedrine and then divert it to the New Zealand illicit market. The legal pseudoephedrine shipments were ordered from Türkiye to be delivered to his pharmacies in the Pacific and transiting through New Zealand. In New Zealand, an accomplice, who owned the freight forwarding company responsible for the cargo, used the 'Rip-on / Rip-off method', simply opening the containers and swapping out the pseudoephedrine tablets for other medicine, which was then sent to the

Pacific. An investigation into the network suggested the suspected offender possibly had high-level connections that enabled him to conduct his illicit activity and allowed him to flee the country when New Zealand authorities issued an Interpol red notice (international warrant) for his arrest in November 2021. However, it is not clear whether the case is connected to a larger organized crime group.³²

Another recent case reported from Fiji shows how corruption can facilitate drug trafficking as well as other crimes. An individual, believed to be a member of an organized crime group, has been arrested for his role in managing the industrial-scale clandestine methamphetamine laboratory dismantled in Fiji in 2004, trafficking in persons in 2013, and bribery of public officials in 2024.³³ In February 2024, this individual, according to media reports, was among three people charged by the Fiji Independent Commission Against Corruption for the bribery of an official of the iTaukei Lands Trust Board,³⁴ a quasi-governmental body that has administered all customary land in Fiji on behalf of indigenous groups.³⁵ Also arrested in the 2013 trafficking in persons case was another individual, who is a senior member of a Hong Kong, China-based triad group, carries a British passport, and has travelled frequently to Africa, Europe, and Bangkok.³⁶

32 New Zealand Herald, "How a Kiwi cop exposed a high-flying Fijian businessman as a drug importer," October, 2023. Accessed at: <https://www.nzherald.co.nz/paradise-lost-how-a-kiwi-cop-exposed-a-high-flying-fijian-businessman-as-a-drug-importer/KWQBCZMXKJFPBDMEDBQH65OE4I/>.

33 UNODC SHERLOC, "Yuen Yei Ha [2005] FJHC 165; HAC0012 .2004," Case Law Database. Accessed at: https://sherloc.unodc.org/cld/case-law-doc/drugcrimetype/fji/2005/state_v_yuen_yei_ha_2005_fjhc_165_hac0012_2004.html?lng=en&tmpl=sherloc; UNODC SHERLOC, "State v Laojindamane," Case Law Database. Accessed at: https://sherloc.unodc.org/cld/case-law-doc/criminalgroupcrimetype/fji/2013/state_v_laojindamane.html?lng=en&tmpl=htms; Ritika Pratap, "Former estate officer charged with bribery," Fijian Broadcasting Corporation, February 2024. Accessed at: <https://www.fbcnews.com.fj/news/former-estate-officer-charged-with-bribery/>.

34 Ritika Pratap, "Former estate officer charged with bribery"

35 Spike Boydell & Ulaiasi Radoke Baya, "Using trust structures to manage customary land: an analysis of the iTaukei land trust board in Fiji," Office International du Cadastre et du Régime Foncier (OICRF), undated. Accessed at: <https://www.oicrf.org/-/using-trust-structures-to-manage-customary-land-an-analysis-of-the-itaukei-land-trust-board-in-fiji>.

36 UNODC SHERLOC, "State v Laojindamane," Case Law Database. Accessed at: https://sherloc.unodc.org/cld/case-law-doc/criminalgroupcrimetype/fji/2013/state_v_laojindamane.html?lng=en&tmpl=htms.

Box 2. Methamphetamine use and the illicit drug market in Tonga

Annual drug seizure totals in Tonga remain low in comparison with the amounts seized in Papua New Guinea and Fiji. However, given that the population in Tonga is just over 100,000,³⁷ the quantities seized in the country may be a cause of concern. From 2018 through July 2024, Tongan authorities seized 97.16 kg of crystal methamphetamine, of which more than half (53.5 per cent) was seized in 2023 and 2024 (1 January through 27 July), and about 72.5 kg of cocaine, with total seizures of 58 kg in 2018 and approximately 14.5 kg in 2021.³⁸

Table 4. Illicit drug seizures in Tonga, 2018-2024*

Year	Crystal methamphetamine (grams)	Cannabis (grams)	Cocaine (grams)
2018	4,792.54	1,163.47	58,000
2019	39,730.53	2,792.11	67.13
2020	373.33	2,897.44	0.78
2021	89.03	2,483.51	14,451.48
2022	192.05	1,055.31	28.8
2023	16,529.33	249.59	0
2024*	35,456.56	316.02	0
Total	97,163.37	10,957.45	72,548.19

Note: * 1 January-27 June 2024.

Source: UNODC official communication with Tonga Police, July 2024; Tonga Police, "Tonga Police on Illicit Drugs," UNODC SMART Forensics Regional Workshop, Fiji, 22-23 November 2022.

As has happened in most other Pacific countries, Tonga has also observed some spillover into its domestic market from drug shipments transiting the country, leading to an increase in methamphetamine use.³⁹ For the past five years, methamphetamine has been the most frequently used drug in Tonga, according to expert perception, and use of the drug

37 World Bank, "Population data," 2022. Accessed at: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=TO>.

38 Tonga Police, "Tonga Police on Illicit Drugs," UNODC SMART Forensics Regional Workshop, Fiji, 22-23 November 2022.

39 Ibid.

has been perceived to have led to a rise in mental health patients.⁴⁰ In 2023, local media reported several cases of people being arrested in possession of small amounts (less than one gram up to about 5 grams) of methamphetamine.⁴¹ Tongan authorities perception is that a small per cent of the cocaine seized in the country was to have been destined to the local market.⁴²

From 2019-2023, most drug-related arrest cases in Tonga were for possession for personal use of cannabis (557 cases) and of methamphetamine (393), followed by cocaine (44); however, the number of cases involving methamphetamine and cannabis possession during 2021-2023 is lower compared to the previous two years. Tonga has collected gender disaggregated statistics on drug-related arrests which provide an advanced understanding of drug trafficking and consumption. Only a small number of drug-related arrest cases involve women. During the five-year period, women accounted for 9.3 per cent of methamphetamine offenders (45 of 482 offenders), which is a higher portion than for cannabis (6.2 per cent, or 39 of 629 offenders), but lower than for cocaine (18.75 per cent, or 9 of 48 offenders), albeit from a far lower sample size than methamphetamine.⁴³ This aligns with the global trend, where data on people who had formal contact with the police for drug offences show that the proportion of women in such contact is higher overall in the case of synthetic drugs (15.1 per cent in the period 2015–2019) than of plant-based drugs (10 per cent in the same period). This applies both to possession for personal use and trafficking.⁴⁴

40 Tonga Attorney General's Office-UNODC Consultative Meeting, February 2024.

41 For example, see Tonga Police Facebook page, including "Two Men Arrested in Relation to Illegal Drugs Supply," September 2023, and "Police Continue to Make Arrests in Relation to Illicit Drugs," August 2023.

42 Tonga Attorney General's Office-UNODC Consultative Virtual Meeting on Transnational Organized Crime, February 2024.

43 Tonga Police-UNODC Consultative Virtual Meeting on Transnational Organized Crime, February 2024.

44 UNODC, "World Drug Report," 2024.

Crystal methamphetamine prices in Tonga have remained relatively unchanged during the past few years, albeit with a temporary decline in 2023 in prices for amounts of 0.5 grams and larger.⁴⁵ The 2024 data for 1 gram of methamphetamine in Tonga is reported to be US\$ 252, which is higher than in any other countries in Southeast Asia reported in 2023.⁴⁶

45 UNODC official communication with Tonga Police, July 2024.

46 For retail prices of 1 gram of methamphetamine for countries of Southeast Asia, see https://www.unodc.org/roseap/uploads/documents/Publications/2023/Synthetic_Drugs_in_East_and_Southeast_Asia_2023.pdf.

Table 5. Methamphetamine prices in Tonga Pa'anga (in US\$), 2022-2024*

Quantity of meth	2022	2023	2024
0.04-0.06 g	50 (21)	50 (21)	50 (21)
0.25 g	150 (63)	150 (63)	150-200 (63-84)
0.5 g	300 (126)	200 (84)	300 (126)
1 g	600 (252)	400 (168)	600 (252)
28 g (1 oz)	8,000-10,000 (3,360-4,200)	7,000 (2,940)	9,000 (3,780)

Note: Reported as of 27 June 2024; 1 Tonga Pa'anga was converted into US\$ 0.42.

Source: UNODC official communication with Tonga Police, July 2024.

Corruption has also been an enabler of some of the drug shipments transiting into and through Tonga destined to markets in Oceania. In 2019, a senior customs officer was arrested for his involvement in importing a shipment of 6 kg of methamphetamine into Tonga along with quantities of cannabis, cannabis oil, arms and ammunition from the United States.⁴⁷ In August 2024, Tongan police arrested 17 people in relation to methamphetamine trafficking into Tonga. The suspects are believed to have been involved in the importation, intended sale and distribution of methamphetamine in the country, and the laundering of the proceeds by individuals and businesses. During the week-long operation that included raids at multiple locations, police seized 6.1 kg of methamphetamine that was imported from the United States, and made further arrests, including the arrest of a customs officer and a prisons officer who were charged with offenses related to the import, and a prominent businessman who was arrested for money laundering. Police also seized numerous pieces of clothing with the logo of the Comanchero Outlaw Motorcycle Gang as well as cash counting machines and drug utensils.⁴⁸

In Papua New Guinea, in May 2023, the Royal Papua New Guinea Constabulary (RPNGC) arrested its three police officers for dealing with methamphetamine.⁴⁹ In addition to corruption within some state agencies and security forces, Papua New Guinea also has high

47 Tonga Police, "Tonga Police on Illicit Drugs," UNODC SMART Forensics Regional Workshop, Fiji, 22-23 November 2022.

48 Tonga Police, "Tonga Police arrest 17 people in relation to Methamphetamine imports into the Kingdom," Media Release, August 2024.

49 RPNGC, "Three NCD police officers disciplinarily for allegedly taking illicit drugs," May 2023. Accessed at: <https://rpngc.gov.pg/three-ncd-police-officers-disciplinarily-for-allegedly-taking-illicit-drugs/>.

levels of poverty and communal and political violence, particularly in the remote highlands. Regional experts say that amid the lapses in governance and stability, organized criminals are moving in and seeking to build influence with local elites.⁵⁰ There are also some indications that organized crime groups are importing chemicals into Papua New Guinea as well as manufacturing their own precursors in the country, to increase profit margins.^{51,52}

Drug trafficking and domestic demand in other Pacific markets

Drug trafficking in other countries of the Pacific region has been observed, but at considerably lower levels than in Papua New Guinea, Fiji and Tonga. In Samoa, small amounts of synthetic drugs have been seized and there have been some reports of increasing availability and use of crystal methamphetamine.⁵³ From November 2022 through October 2023, Samoan police reported 112 drug cases and seized 79.58 grams of methamphetamine and some quantities of cannabis. In comparison, 11.8 grams of methamphetamine was seized in Samoa in 2022 and 925.3 grams was seized in 2021.⁵⁴ However, the Samoa police commissioner, quoted by local media in August 2023, mentioned that criminals are using Samoa to transport methamphetamine through the

50 Organized Crime and Corruption Reporting Project and Inside PNG, "PNG Meth 'Black Flight' Suspect Paid Account in Name of Migration Chief: Court Files," OCCRP, February 2024.

51 Interview #37.

52 Interview #38.

53 Samoa Police, "Drugs and Related Utensils Seized by Samoa Police Data From November 2022-October 2023," presented at the UNODC SMART Forensics Regional Workshop for the Pacific, Fiji, November 2023.

54 Ibid.

Table 6. Palau drug related data, 2019-2024 (Jan-Feb)

	2019	2020	2021	2022	2023	2024 (Jan-Feb)
No. of persons charged with drug crime violations	2	3	5	6	5	3
No. of meth samples submitted to forensic lab for analysis	20	28	10	24	14	0
Amount of methamphetamine seized	6 grams	225.36 grams	1079 grams	781.62 grams	1,043 grams, 2023 through Feb 2024	

Source: Division of Transnational Crime, Bureau of Public Safety, Ministry of Justice, Republic of Palau.

Samoa islands to Australia and Samoan authorities have seized larger amounts and at a more frequent rate than in the past. The media report also quoted the Chief of the Royal Australian Navy commenting that drug smuggling through Samoa did not slow down during the COVID-19 pandemic, even with airports shut down, indicating increased importance of maritime trafficking.⁵⁵ A portion of the drugs that transit Samoa are transported through Pago Pago in American Samoa by aircraft, fishing boats and other vessels.⁵⁶

There have also been some shipments of cocaine and methamphetamine, including washups discovered by authorities, observed transiting through Micronesia, Kiribati, Nauru, Vanuatu, Solomon Islands, Marshall Islands. In Marshall Islands, in 2022, there were five total drug cases, all involving cocaine. One case was linked to Guam, and another case involved a Chinese national. There also have been some cases of shipments washing up near shores, indicating that some maritime trafficking transits through Marshall Islands waters.⁵⁷

Table 7. Amount of methamphetamine seized and number of methamphetamine offenses in Samoa, 2018-2022

	2018	2019	2020	2021	2022
Amount seized (grams)	27	10.2	42.1	925.3	11.8
No. of methamphetamine offenses	3	8	4	13	10

Source: Samoa Police, "Samoa Police Drugs Data, 2018-2022," presented at the UNODC SMART Regional Workshop for the Pacific, Fiji, November 2023.

55 Samoa Observer, "Drugs in the Pacific traced to South America," August 2023. Accessed at: <https://www.samoanews.com/chair-pacific-transnational-crime-network-says-drugs-pacific-traced-south-america>.

56 Samoa Police, "Drugs and Related Utensils Seized by Samoa Police Data From November 2022-October 2023."

57 The Attorney-General Office of the Republic of the Marshall Islands-UNODC Consultative Virtual Meeting on Transnational Organized Crime, March 2024.

In Nauru, most drug users use cannabis as well as inhalants such as glue, thus, in contrast with other countries in the Pacific, methamphetamine use remains limited. A large portion of the methamphetamine available in Nauru is trafficked from Hong Kong, China, while much of the cannabis is imported from Fiji. Nauru police have reported a slight increase in the number of drug-related cases in recent years, mostly as a result of more people reporting drug use and distribution to the local police. The number of drug importation cases increased during the COVID-19 pandemic lockdown, primarily because of less controls due to customs and other border officials being removed from their posts. Since November 2022, the only case of drug smuggling recorded in Nauru involved a Nauruan national who arrived on an Air Nauru flight in September 2023 attempting to smuggle cannabis in his luggage.⁵⁸

In Palau, the scale of the drug market is rather small, but some transit traffic has been detected and authorities have reported higher levels of methamphetamine seizures in recent years. In December 2022, the Palauan Vice President and Minister of Justice told local media that the use of drugs, in particular methamphetamine, was increasing in Palau.⁵⁹ However, only a small number of people are arrested for drug-related offenses in Palau; and most of the arrests related to methamphetamine during the past five years have involved Palauan air passenger couriers smuggling the drug in their luggage or body primarily from the United States and the Philippines.⁶⁰ Media reports also identify Guam as a source of methamphetamine

58 Nauru-UNODC Consultative Virtual Meeting on Transnational Organized Crime, February 2024.

59 Leilani Reklai, "Use of hard drugs on the rise, admits VP Senior," Island Times, December 2022. Accessed at: <https://islandtimes.org/use-of-hard-drugs-on-the-rise-admits-vp-senior/>.

60 Division of Transnational Crime, Bureau of Public Safety, Ministry of Justice, Republic of Palau-UNODC Consultative Virtual Meeting on Transnational Organized Crime, February 2024.

in Palau.⁶¹ Trafficking in methamphetamine can take different routes, including cargo and postal streams, as reported by the media based on seizures in Palau.⁶²

As reported in the media, in April 2019, one Palauan courier was arrested at Manila International Airport before boarding a flight to Palau with approximately 60 grams of crystal methamphetamine concealed in his luggage,⁶³ and a week later another Palauan courier was arrested while entering Palau from Manila with 50 grams of crystal methamphetamine hidden in her body.⁶⁴ In 2020, a senior Palauan postal customs official told local reporters that the agency seized five packages that year, all sent from the United States, containing in total 183 grams of methamphetamine.⁶⁵

In the first two months of 2024, three drug offenders were arrested in Palau, all of which were Chinese nationals,⁶⁶ who, according to the media, had entered Palau as tourists.⁶⁷ Commenting on the cases in the media, a senior Palauan narcotics official noted a significant increase in cases involving Chinese nationals attempting to smuggle drugs into Palau, and that in addition to these cases, other ongoing investigations suggest that this trend could be even more widespread.⁶⁸

In addition, transnational drug trafficking groups are also targeting Solomon Islands for transit of drugs to Australia. In September 2018, Solomon Islands authorities discovered 500 kg of cocaine from a private yacht that was docked off the coast near Honiara and destined to Australia.⁶⁹ Solomon Islands

61 Island Times, "Palau asks Duterte's help in its fight against illegal drugs," Island Times, February 2018. Accessed at: <https://islandtimes.org/palau-asks-dutertes-help-in-its-fight-against-illegal-drugs/>.

62 Island Times, "Closed borders decrease drug imports, but don't end them," December 2020. Accessed at: <https://islandtimes.org/closed-borders-decrease-drug-imports-but-dont-end-them/>.

63 Leilani Reklai, "Palauan nabbed in Manila currently detained in PDEA facility," Island Times, May 2019. Accessed at: <https://islandtimes.org/palauan-nabbed-in-manila-currently-detained-in-pdea-facility/>.

64 Island Times, "Woman nabbed for alleged meth trafficking," April 2019. Accessed at: <https://islandtimes.org/woman-nabbed-for-alleged-meth-trafficking/>.

65 Island Times, "Closed borders decrease drug imports, but don't end them," December 2020. Accessed at: <https://islandtimes.org/closed-borders-decrease-drug-imports-but-dont-end-them/>.

66 Division of Transnational Crime, Bureau of Public Safety, Ministry of Justice, Republic of Palau-UNODC Consultative Virtual Meeting on Transnational Organized Crime, February 2024.

67 Leilani Reklai, "Palau sees surge in Methamphetamine smuggling by Foreign Nationals," Island Times, February 2024. Accessed at: <https://islandtimes.org/palau-sees-surge-in-methamphetamine-smuggling-by-foreign-nationals/>

68 Ibid.

69 Transnational Crime Unit of Solomon Islands, "Country report," presented at the UNODC SMART Forensics Regional Workshop for the Pacific, Fiji, November 2022.

police also seized 2.15 kg of methamphetamine at a post office in Honiara in 2020.⁷⁰ In addition, some shipments have been seized transiting New Caledonia. In April 2020, Australian authorities seized 991.9 kg of methamphetamine off the New South Wales coast and arrested a national of the United Kingdom and a national of South Africa. The shipment transited New Caledonia, where the drugs were transferred to another vessel which then headed to Australia.⁷¹ Australian authorities also arrested two British nationals and one American.⁷²

A larger number of drug cases are reported in Vanuatu. From 2018 through 2022, Vanuatu police recorded 1,168 drug offenses, of which only ten cases were for the illegal import of prohibited substances and materials (one case in 2019 and nine cases in 2020); most cases were for possession and cultivation of cannabis.⁷³ Although Vanuatu's domestic synthetic drug market remains limited, according to media reports, foreign drug traffickers are known to be among the numerous criminals that have exploited the country's citizenship by investment scheme, which allows foreigners to purchase Vanuatuan citizenship and obtain a passport without having to set foot in the country.^{74,75} Media reports indicate that the scheme may allow for some foreigners holding Vanuatu passports and with links to transnational organized crime to establish bases in the country.⁷⁶

70 Royal Solomon Islands Police Force, Solomon Islands country presentation, presented at the UNODC SMART Forensics Regional Workshop for the Pacific, Fiji, November 2022.

71 Australian Federal Police, "Two jailed over yacht containing 990 kilograms of methamphetamine," July 2021. Accessed at: <https://www.afp.gov.au/news-media/media-releases/two-jailed-over-yacht-containing-990-kilograms-methamphetamine>.

72 Australian Federal Police, "Three men jailed over yacht carrying almost one tonne of methamphetamine," Media release, November 2022. Accessed at: <https://www.afp.gov.au/news-centre/media-release/three-men-jailed-over-yacht-carrying-almost-one-tonne-methamphetamine>.

73 Department of Vanuatu Police Force, Country presentation, presented at the UNODC SMART Regional Workshop for the Pacific, November 2023.

74 Dobby Morris, "Convicted Sydney Multi-Millionaire allegedly granted Vanuatu citizenship despite plans to establish drug business, hijack yacht, and form armed militia," Vanuatu Daily Post, June 2024. Accessed at: https://www.dailypost.vu/news/convicted-sydney-multi-millionaire-allegedly-granted-vanuatu-citizenship-despite-plans-to-establish-drug-business-hijack/article_cb7d0cf2-8ecf-59bc-a5cc-dfc73d1c1e72.html.

75 ABC, "There'll be no 'sugar-coating' says head of investigation into Vanuatu's golden passports scheme," June 2023.

76 Euan Ward and Kate Lyons, "Citizenship for sale: fugitives, politicians and disgraced businesspeople buying Vanuatu passports," The Guardian, July 2021. Accessed at: <https://www.theguardian.com/world/2021/jul/15/citizenship-for-sale-fugitives-politicians-and-disgraced-businesspeople-buying-vanuatu-passports>.

Box 3. The growth of the drug market and organized crime in French Polynesia

In French Polynesia, methamphetamine availability and use were rare until the late 1990s. During the 2000s, however, supply and demand consolidated, and trafficking developed, mainly on the initiative of Polynesian traffickers, who set up import channels for dealing and gradually grew the customer base. Most of the crystal methamphetamine sold in French Polynesia originates from clandestine laboratories in Mexico and imported from the United States, according to analysis of the judicial files of traffickers and expert interviews.⁷⁷

The trafficking of crystal methamphetamine into French Polynesia is frequently driven by individual traffickers who take the initiative to organize, transport, and sell the drugs, often directly at the retail level. Some smuggling is organized by small groups of traffickers who divide up the work and the profits. Many traffickers take advantage of air links to Los Angeles and, to a lesser extent, Hawaii, where crystal methamphetamine is more expensive, but where many Tahitians have family or friends. While some imports from Asia have been observed, this phenomenon remains marginal, due to the absence of direct air links and because few traffickers have the necessary relational and commercial networks to set up such trafficking.⁷⁸

Most of the methamphetamine trafficked into French Polynesia is transported in air passengers' luggage, usually in small quantities (a few hundred grams), and some air passengers have been detected smuggling methamphetamine in their body cavities. Other traffickers prefer to use the postal stream. There has been some detection of methamphetamine in packages shipped along the maritime route, but trafficking by ship remains rare in French Polynesia.⁷⁹ In April 2024, local media reported numerous cases of French Polynesians being arrested for methamphetamine both domestically and abroad. The cases include the

arrest at Los Angeles International Airport (LAX), United States, of a French Polynesian who was found in possession of approximately one kilogram of crystal methamphetamine; and the arrest of two local residents at Tahiti-Faa'a International Airport with 7 kg of the drug in their luggage.⁸⁰ In fact, U.S. border officials have observed a recent influx of outbound narcotics destined from LAX to Tahiti. In February 2024, two French Polynesian suspects were arrested at LAX for attempting to smuggle a combined 863 grams of crystal methamphetamine concealed in their luggage.⁸¹

However, in March 2022, according to media reports, 21 kg of crystal methamphetamine destined for the Polynesian market was seized from a Polynesian passenger on a cruise ship from the United States.⁸² The larger quantity of the seizure may be an indication that organized crime was involved in facilitating the shipment.

Authorities also have dismantled some methamphetamine laboratories in French Polynesia in recent years. In 2019, authorities, according to the media, arrested two suspects at a residence in Tahiti who had set up a methamphetamine facility, and arrested an additional five suspects who were allegedly involved in the operation by buying medicines at pharmacies to produce methamphetamine. It was reportedly the first ever methamphetamine manufacturing facility detected in Tahiti.⁸³ However, local manufacture in French Polynesia remains limited due to the difficulties in obtaining precursors and the skills needed to produce the drug, making it easier for most traffickers to import finished methamphetamine.⁸⁴

80 Patrick Decloitre, "French Polynesian dancer held in LA for methamphetamine possession," RNZ, April 2024. Accessed at: <https://www.rnz.co.nz/international/pacific-news/514781/french-pacific-news-in-brief>.

81 United States District Court for the Central District of California, "United States of America v. Teihotu Te Mata Oneveneva Auguste Teraiharoa and Pierre Burns," February 2024. Accessed at: <https://storage.courtlistener.com/recap/gov.uscourts.cacd.915278/gov.uscourts.cacd.915278.1.0.pdf>

82 RNZ Pacific/Pacnews, "French Polynesia police seize huge meth haul," March 2022. Accessed at: https://www.mvariety.com/news/french-polynesia-police-seize-huge-meth-haul/article_054682d4-aaa6-11ec-9663-7b4797ca042c.html.

83 RNZ, "Five more charged over French Polynesia ice production," January 2019. Accessed at: <https://www.looppng.com/global-news/five-more-charged-over-french-polynesia-ice-production-82172>.

84 Alice Simon and Alice Valiergue, "Methamphetamine in French Polynesia: From a social problem to a public problem," *Drugs, International Challenges, Observatoire français des drogues et des tendances addictives*, June 2022.

77 Alice Simon and Alice Valiergue, "Methamphetamine in French Polynesia: From a social problem to a public problem," *Drugs, International Challenges, Observatoire français des drogues et des tendances addictives*, June 2022.

78 Ibid.

79 Ibid.

Main actors involved in drug and precursor trafficking in the Pacific

As mentioned earlier in the chapter, drug markets in the Pacific are closely linked to drug markets in Oceania. What first began as a logical and convenient transit route connecting drug markets in Asia, the Americas and Oceania, the Pacific route has since evolved significantly, and the region is now increasing in importance as a storage hub for methamphetamine markets in Australia and New Zealand and a growing regional market in its own right. The growth of the domestic drug market in some jurisdictions has also ensured drug trafficking groups an additional revenue source at home. Not only has the spillover of drugs trafficked through the Pacific Islands resulted in increasing drug use in most countries, but the expanding drug situation has also enabled transnational organized crime organizations from outside the region to expand their presence in the Pacific and strengthen their connections with local criminal groups.⁸⁵ Larger loads and sums of money involved has required more personnel to transport, store and manage the transit shipments and high level connections to avoid detection.

Furthermore, together with the general increase in cocaine and methamphetamine consumption and trafficking in Australia and New Zealand, as well as the larger quantities being trafficked from the Americas and Asia, the drug trade has also expanded in the Pacific region. Authorities in the Pacific have recovered spillage from large loads going to Australia and New Zealand that have recently emerged as evidenced by 4.8 tons of crystal methamphetamine seized in Fiji and destined to Australia in January 2024.

Organized crime groups based in Australia, New Zealand, Asia (China and Southeast Asia), Latin America, and Europe have been active in the region,^{86,87} with traffickers often opening legitimate businesses to also serve as front companies for drug trafficking and to build connections with the political and commercial elite. With larger amounts of drugs being stored and for longer periods of time, in some

cases, there has been the inevitable spillover effect of drugs in transit leaking into local markets, which has led drug use to spread from a niche user population of mainly elite and expatriates and into the wider community, including among the criminal deportees from Australia, New Zealand, and the United States.⁸⁸

According to an interviewed expert, the organized crime groups based in Australia and New Zealand include the outlaw motorcycle criminal gangs (OMCGs), which are increasingly engaged with Pacific regional criminal syndicates in regard to both cocaine and methamphetamine trafficking. Previously, the OMCGs operated directly from Australia with their counterparts in South America, Central America, and Asia, and have now increased their presence in the Pacific,⁸⁹ which is enabling them to also increase the volume of drugs trafficked into and through the region into Australia and New Zealand.

In Fiji, the number of immigration permits issued each year has fluctuated between about 10,500 and 18,500, according to the Fiji Home Affairs and Immigration Minister, and in 2023, authorities identified an emerging trend of OMCG members connected to criminal activity trying to enter the country from Australia and New Zealand.⁹⁰ Since April 2023, police in Tonga and New Zealand launched a joint operation against OMCGs, particularly targeting the increasing number of persons deported for criminal offenses established a chapter in Fiji,⁹¹ the Comanchero chapter in Tonga as well as other groups, which are facilitating the entries of certain OMCG members into the country.⁹² In addition, Tongan police are also focusing efforts on criminal gang deportees who have links to organized crime groups in the United States and are bringing those networks to Tonga.⁹³

85 Jose Sousa-Santos, "Drug trafficking in the Pacific Islands: The impact of transnational crime," Lowy Institute, February 2022.

86 UNODC official communication with Pacific law enforcement and intelligence officials, January-July 2024.

87 Pacific Islands Forum, "Regional Transnational Organised Crime Disruption Strategy 2024-2028," 2024.

88 Jose Sousa-Santos, "Drug trafficking in the Pacific Islands: The impact of transnational crime."

89 Interview #37.

90 Pacific Islands Bulletin, "Irregular migration to Fiji: 'Motorcycle gangs try to enter Fiji from Australia and New Zealand'," April 2023. Accessed at: <https://pacificislandsbulletin.com/irregular-migration-to-fiji-motorcycle-gangs-try-to-enter-fiji-from-australia-and-new-zealand/>.

91 Jose Sousa-Santos, "Drug trafficking in the Pacific Islands: The impact of transnational crime."

92 Tonga Attorney General's Office-UNODC Consultative Meeting, 9 February 2024.

93 UNODC official communication with Tongan law enforcement and intelligence officials, February 2024.

Drug trafficking from North and South America

Organized crime groups based in North and South America continue to transport large amounts of methamphetamine and cocaine along the route that transits the Pacific region to Australia and New Zealand. They also traffic the two drugs from the Americas directly to Australia and New Zealand along routes that cross the Pacific Ocean but do not transit the PICTs. Trafficking routes primarily originate at seaports on the Pacific coast of Canada, Mexico, the United States and some countries in South America. Some drugs are trafficked in air cargo and by air passengers on flights originating primarily in North America. Each year from 2020 through 2022, either the United States, Mexico or Canada ranked among the top three countries of departure for methamphetamine.

Table 8. Top three countries of departure for methamphetamine trafficking to Australia, 2020-2022

2020	2021	2022
Malaysia	Mexico	Malaysia
United States	Philippines	United Arab Emirates
Thailand	Thailand	Canada

Source: UNODC, Responses to Annual Report Questionnaire.

Cocaine is shipped in bulk by sea container from the Americas into the Pacific Islands where it can be stockpiled before making its onward journey by cruiser, small craft or fishing vessels. Consignments of cocaine have also been identified leaving South America en route to East and Southeast Asia where some of the drugs would have then been diverted towards Australian and New Zealand markets.⁹⁴

Canadian law enforcement authorities, quoted in the media, refer to various organized crime groups, including Sam Gor, the Angels, the U.N. Gang, Sinaloa cartel and Middle Eastern crime groups, and note that these are working together to smuggle supersized loads of methamphetamine and cocaine into Oceania through the South Pacific.⁹⁵ New Zealand authorities have observed more influence from Mexican and South American drug trafficking groups since the mid-2000s in relation to methamphetamine and cocaine

trafficking, which grew rapidly through the criminal deportees and their strong links.⁹⁶

Mexican cartels use sophisticated air and sea cargo consignments to target Australia for the trafficking of cocaine from Latin America and methamphetamine, some of which transits through the Pacific. Concealments from Mexico have increased in complexity, indicating an expansion in traffickers' means, sophistication, and dedication to the Australian drug market. Australian authorities have detected various concealment methods, including in hydraulic presses, farming machinery, electrical transformers, and alcohol.⁹⁷ Since 2019, Mexican organized crime groups were identified as orchestrating importations of around 500 kg of cocaine into Australia via flights landing in remote locations and small airports, including from Papua New Guinea.⁹⁸ In comparison, the amount of cocaine seized at the Australian border increased from 763 kg in reporting year 2019-2020 to 2,575 kg in the following reporting year.⁹⁹

In January 2023, New Zealand authorities reported to have retrieved 3.35 tons of cocaine that originated in Ecuador, most probably destined for the Australian market,¹⁰⁰ which was deposited at sea approximately 1,200 nautical miles off the east coast of New Zealand. Upon final analysis of the recovered cocaine, the amount seized totaled 3.89 tons, which is four times larger than any seizure previously made by New Zealand authorities. The drug was packaged in 81 plastic storage bags, each containing 40 bricks with different plastic wrapping and attached to solar powered buoys.¹⁰¹ The drugs were dropped at sea by

96 New Zealand Police and National Organised Crime Group, "Transnational & Organised Crime & NZ," IDEC, Viet Nam, March 2024.

97 U.S. Drug Enforcement Administration, "Australia: Illicit Drug Overview," DEA Canberra Country Office and DEA Sydney Resident Office, presented at the Asia Pacific Division IDEC Working Group, Da Nang, Viet Nam, March 2024.

98 Australian Federal Police, "Organised Crime Syndicate Charged and More than 500kg of Cocaine Seized in PNG," August 2020. Accessed at: <https://www.afp.gov.au/news-centre/media-release/organised-crime-syndicate-charged-and-more-500kg-cocaine-seized-png>.

99 Australian Criminal Intelligence Commission, "Illicit Drug Data Report," 2020-21. Accessed at: https://www.acic.gov.au/sites/default/files/2023-10/illicit_drug_data_report_2020-21_forweb.pdf.

100 New Zealand Police, "Operation Hydros: Police, Customs and NZDF recover half a billion dollars' worth of cocaine at sea," February 2023. Accessed at: <https://www.police.govt.nz/news/release/operation-hydros-police-customs-and-nzdf-recover-half-billion-dollars-worth-cocaine>.

101 New Zealand Customs Service and New Zealand Police, "Intelligence Notification: Operation Hydros," October 2023.

94 UNODC Passenger and Cargo Border Team for the Pacific.

95 Kim Bolan, "Lethal Exports: Why Canada is a 'global refuge' for Hells Angels, other crime networks," Vancouver Sun, January 2024.

a Panamanian-flagged fishing vessel that primarily operated out of Lima, Peru, and which transited Manta, Ecuador, in December 2022, changed its registration from a Belize-registered company to a Panamanian one, and switched off its Automatic Identification System (AIS), until it reached the Galapagos Islands in February 2023. The two companies that handled the port arrival and sailing approval processes for the arrival of the vessel in Ecuador were registered to a former local politician.¹⁰²

Some organized crime groups that traffic methamphetamine to New Zealand also have established networks at airports in North America and Southeast Asia. In August 2021, according to media reports, New Zealand police arrested a suspect who was working for two separate trafficking syndicates in two major methamphetamine importation cases. One is alleged to have involved corrupt baggage handlers at Auckland Airport, and the other involved concealing the drug among frozen vegetables on a container ship that originated from Tonga. A month before the arrest, approximately 10 kg of methamphetamine had arrived on a flight from Los Angeles, and authorities observed the suspect retrieving at least 2 kg of the drug from the home of a co-defendant on the same evening. Media reported that in July 2021, a frozen produce container arrived from Tonga at Ports of Auckland that was listed as containing 477 bags of cassava, taro, and kava powder, but the container also included two padlocked duffel bags containing 29.7 kg of methamphetamine packaged in Ziplock bags and wrapped in electrical tape. In addition, police also found 5 kg of methamphetamine which was concealed in Chinese tea packages, indicating the drugs were produced in the Mekong region.¹⁰³

The Air Cargo Control Unit at Nadi Airport in Fiji has also seized smaller consignments of drugs in parcels and mail, mostly methamphetamine from the United States and Canada. From February 2021 through September 2023, the Unit reported 16 small seizures, ranging from about 200 grams to more than 5 kg. Eleven of the 16 seizures involved methamphetamine,

five of which originated in the United States and two in Canada, including the seizure of 8.5 litres of liquid methamphetamine in May 2023. The other methamphetamine seizures originated in African countries: Nigeria (2 cases, 415 grams), Zimbabwe (1 case, 460 grams), and Kenya (1 case, 600 grams). Other cases involved two cannabis seizures originating in Canada, fraudulent immigration documents sent from Türkiye, and two cases of attempted illicit medicine exports from Fiji via EMS postal parcel.¹⁰⁴

Drug trafficking through the Pacific by organized crime groups in Europe

In 2019, according to the media, New Zealand authorities detected an organized crime group based in Europe using the Pacific maritime route to transport a large amount of methamphetamine to Australia and New Zealand and seized 500 kg of methamphetamine that had been transferred from a mothership to another vessel some 200 km offshore. One of the suspects is reported to have flown to Bangkok in December 2018 to meet with senior members of a criminal syndicate from the United Kingdom to arrange the drug shipment.¹⁰⁵

Small criminal networks also smuggling drugs in the Pacific region

In addition to large and established organized crime groups, there are also some instances of opportunistic trafficking by both local and international smugglers and which are not linked to the larger trafficking syndicates, to supply the emerging drug markets in the Pacific and to forward illicit shipments onto Australia.¹⁰⁶ For instance, drug trafficking in Fiji is often conducted by Fiji nationals living overseas and improvising local networks to facilitate illegal activities, including drug trafficking. Most of the drugs seized in Fiji originate in the United States and Canada, and the traffickers use evolving concealment methods, including inside personal effect items, car and machine parts, then smuggled through air freight cargo stations. Fiji police have also recovered large amounts of drugs that have washed up on shore.¹⁰⁷

¹⁰² Ibid.

¹⁰³ Craig Kapitan, "Ralph Vuletic jailed for Auckland Airport, Ports of Auckland meth import schemes," *New Zealand Herald*, March 2024. Accessed at: <https://www.nzherald.co.nz/nz/crime/jail-for-ralph-vuletic-right-hand-man-in-auckland-airport-ports-of-auckland-meth-import-schemes/P2EPQK4TEFA5PC3GZVRQ7C5R6E/>; UNODC official communication with New Zealand Police, July 2024.

¹⁰⁴ UNODC Passenger and Cargo Border Team for the Pacific.

¹⁰⁵ Jared Savage, "NZ's most wanted: \$50m drug bust fugitive arrested in Spain," *New Zealand Herald*, June 2022. Accessed at: <https://www.newstalkzb.co.nz/news/crime/one-of-nzs-most-wanted-fugitives-arrested-in-spain-over-500kg-drug-shipment/>.

¹⁰⁶ Jose Sousa-Santos, "Drug trafficking in the Pacific Islands: The impact of transnational crime."

¹⁰⁷ UNODC official communication with Fiji Police, April 2024.

Additionally, a potentially significant concern is that organized crime groups in Fiji may be involved in the distribution of precursor chemicals used to manufacture fentanyl. In June 2023, Fijian authorities deported two Chinese nationals to the United States at the request of the Drug Enforcement Administration (DEA), for their involvement in a large transnational network that supplied drug traffickers in the United States and Mexico with fentanyl precursors as well as the 'scientific know-how' needed to produce the drug.¹⁰⁸ The Southern District Court of New York charged a China-based chemical company and its executives and employees, including the two suspects, with fentanyl trafficking, precursor importation, and money laundering offenses. The company had attempted to evade law enforcement detection by using various methods, such as advertising the company's ability to use deceptive packaging, including packaging indicating the contents are dog food, snacks or motor oil.¹⁰⁹

In addition, in December 2021, a maritime team of Fiji Customs seized over 60 tons of ammonium nitrate at the seaport in Suva. The importer was a Fijian company which was both consignee and consignor, and it attempted to forge the import license to bring the chemicals into Fiji. The chemicals had transited New Caledonia; however, the origin of the shipment is not available.¹¹⁰ While no other large chemical shipments have been reported seized in Fiji or in other islands in the Pacific, the forgery the importer and agent used to import this chemical could be replicated by organized crime groups to import other important chemicals used to manufacture synthetic drugs. While ammonium nitrate has legitimate uses, it can also be used to produce drugs or explosives.¹¹¹

108 U.S. Department of Justice Office of Public Affairs, "Justice Department Announces Charges Against China-Based Chemical Manufacturing Companies and Arrests of Executives in Fentanyl Manufacturing," June 2023. Accessed at: <https://www.justice.gov/opa/pr/justice-department-announces-charges-against-china-based-chemical-manufacturing-companies>.

109 U.S. Department of Justice Office of Public Affairs, "Justice Department Announces Charges Against China-Based Chemical Manufacturing Companies and Arrests of Executives in Fentanyl Manufacturing," June 2023.

110 UNODC Passenger and Cargo Border Team for the Pacific.

111 UNODC, "A record-breaking year – 690 tonnes of chemical precursors seized in Chile," January 2023. Accessed at: <https://www.unodc.org/unodc/frontpage/2023/January/a-record-breaking-year--690-tonnes-of-chemical-precursors-seized-in-chile.html>.

Organized crime and their smuggling methods through along the Pacific route

Trafficking routes through the Pacific Islands vary, with countries with larger populations, geographical areas, and commercial markets such as Fiji and Papua New Guinea being the most targeted. Maritime flows may be transported in shipping containers on cargo ships, in sea caches and on cruise ships, and the use of yachts and pleasure craft to smuggle drugs between Fiji and other parts of the Pacific region has been observed. Some quantities are also trafficked into and through the Pacific Islands in air cargo and smaller amounts by air passenger couriers.¹¹² Methamphetamine and cocaine seized along the Pacific route have been found concealed in machinery and spare parts, and in a variety of commercial products including audio speakers and food products such as instant noodle packages. Fiji police for example have detected smuggled drugs and controlled steroids concealed in packages of pungent goods such as coffee.¹¹³

Vessel transfer at sea trafficking method, ship-to-ship

Most trafficking incidents or suspected incidents both in Australia and New Zealand have used the 'vessel to vessel transfer at sea' modus operandi. The 'mothership' has typically been a foreign-flagged yacht or fishing vessel and the receiving 'daughter-ship' a smaller local vessel, which has generally been another yacht or 'fast-moving' power craft, capable of accommodating drug loads of at least 500 kg. The 'daughter-ship' will usually have a minimum of two crew, and possibly equipped with spotlights, fenders, GPS, several fuel containers, and communication devices such as satellite phones and encrypted phones. Advancements in technology, particularly in GPS capability, have enabled traffickers to make 'ship-to-ship' transfers in open waters, away from land and generally outside territorial waters. The large distances the vessels must travel require that the 'daughter-ship' must be capable of carrying a significant quantity of petrol or diesel fuel. Parties involved in 'ship-to-ship' transfers may or may not come within physical contact of each other. Shore-based parties require launch sites onshore, which are likely to be in remote areas

112 According to seizure data shared by PICTs.

113 Fiji Police Forensic Chemistry Unit, "Forensic Chemistry Presentation," presented at the UNODC SMART Regional Workshop for the Pacific, Fiji, November 2023.

where organized crime groups or their associates have influence.¹¹⁴

In Fiji, drop-offs at sea are often delivered by vessels on rafts equipped with locating devices. Washups of drugs in several of the Pacific countries are the result of failed attempts at drop-offs. At the same time, there have been no seizures of illicit drugs on rafts in the Pacific thus far; however, there have been rafts located in Fiji indicative of drug shipments.¹¹⁵ As reported in the media, some of the yachts used to traffic drugs originate in Tonga; and trafficking groups use private container depots in Nadi and Suva to store drugs.¹¹⁶ New Zealand authorities have identified crew and vessels of particular nationalities as a threat in regard to maritime importation of drugs along the drug trafficking route that transits the Pacific Ocean and some of the PICTs, which include fishing vessels from China and South America, and yachts from South America, the United Kingdom, and Eastern Europe. Another red flag is the presence of goods aboard the vessel which do not originate from countries which the vessel has declared stops, and vessels that originate from known drug source countries.¹¹⁷

Important trafficking routes through the Pacific to Australia and New Zealand

Papua New Guinea is a known storage and transit location for drug flows to Australia in particular as well as New Zealand. Transnational organized crime groups are taking advantage of Papua New Guinea and the Torres Strait's unique geographic characteristics, including its proximity to Australia's Northern Peninsula and porous borders, with free movement throughout the Torres Strait Protected Zone.¹¹⁸ At the same time, however, its shallow waters and reefs are not conducive to large vessel movements, but the Torres Strait can accommodate the movement of small craft, including unsophisticated vessels such as dinghies.¹¹⁹ Maritime drug cargo importations are almost certainly the most exploited vector used to

114 New Zealand Customs Service, "The Increasing Threat of Maritime Drug Importations to New Zealand," Intelligence Report, January 2021.

115 Fiji Police Narcotics Bureau, "Narcotics Landscape," presented at the UNODC SMART Regional Workshop for the Pacific, November 2023.

116 Barbara Dreaver, "Widespread meth addiction in Fiji cultivated by international drug syndicates – expert," 1News Pacific, June 2024.

117 New Zealand Customs Service, "The Increasing Threat of Maritime Drug Importations to New Zealand," Intelligence Report, January 2021.

118 Ibid.

119 Ibid.

traffic drugs into Australia from Papua New Guinea, based on the frequency and volume of drugs that this stream can facilitate. Papua New Guinea is also highly likely an attractive location for organized crime groups seeking to import drugs in light aircraft into Australia and to other markets in the region,¹²⁰ particularly for via the 'black flight' method, whereby traffickers use small aircraft to fly undetected into certain areas, mostly using remote unmonitored airstrips to pick up and deliver illicit drugs.¹²¹ Additionally, according to the media, while black flights are intentionally covert, overt light aircraft movements are still vulnerable to exploitation if enabled by corrupt and/or porous security controls border officials.¹²²

For instance, in March 2023, authorities in Australia arrested a Chinese businesswoman who is also a naturalized Papua New Guinea citizen, for attempting to smuggle 71 kg of methamphetamine from the country and into Australia via 'black flight'.^{123,124} Papuan police said that a forensic comparison showed similarities between that methamphetamine and an earlier seizure of 125 kg of the drug that was seized in Papua New Guinea in November 2022¹²⁵; two Malaysians and two Papuan nationals were reportedly charged over the 2022 seizure.¹²⁶ According to a media report, the case has implicated a Papuan immigration chief, and other high-ranking officials and influential civilians.¹²⁷

It is worth noting that the 2023 black flight incident is not the first such attempt by organized crime members

120 Ibid.

121 Royal Papua New Guinea Constabulary, "Aircraft on illegal drug run into PNG seized – five suspects caught in Australia," April 2023. Accessed at: <https://www.rpngc.gov.pg/aircraft-on-illegal-drug-run-into-png-seized-five-suspects-caught-in-australia/>.

122 AFP, "Papua New Guinea Transnational Serious and Organised Crime Impact Brief," April 2022.

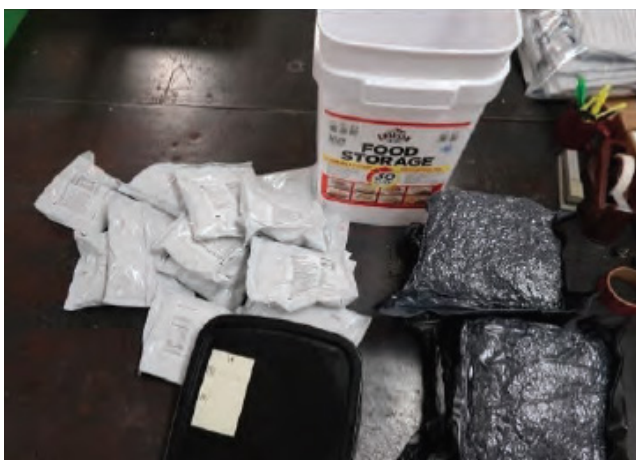
123 Organized Crime and Corruption Reporting Project and Inside PNG, "PNG Meth 'Black Flight' Suspect Paid Account in Name of Migration Chief: Court Files," OCCRP, February 2024. Accessed at: <https://www.occrp.org/en/daily/18483-png-meth-black-flight-suspect-paid-account-in-name-of-migration-chief-court-files>.

124 Black flight is a method employed by traffickers to use small aircraft to fly undetected into certain areas, mostly using remote makeshift or unmonitored airstrips to pick up and deliver drugs

125 Organized Crime and Corruption Reporting Project and Inside PNG, "PNG Meth 'Black Flight' Suspect Paid Account in Name of Migration Chief: Court Files," OCCRP, February 2024.

126 Donald Nangoi, "Police charge four men involved in Methamphetamine bust," Papua New Guinea Post-Courier, November 2022. Accessed at: <https://www.postcourier.com.pg/police-charge-four-men-involved-in-methamphetamine-bust/>

127 Organized Crime and Corruption Reporting Project and Inside PNG, "PNG Meth 'Black Flight' Suspect Paid Account in Name of Migration Chief: Court Files," OCCRP, February 2024.



Source: U.S. District Court for the Central District of California, 2023.



to transport illegal substances from Papua New Guinea into Australia. In 2020, an alleged black flight carrying 550 kg of cocaine from Latin America attempted to leave Papua New Guinea but crashed during takeoff, leading to the arrest of the pilot.¹²⁸ Additionally, in November 2021 a joint operation between Australian, Papua New Guinea, and U.S. authorities, codenamed 'Saki Bomb', led to the seizure of 168 kg of crystal methamphetamine concealed in food storage containers onboard a cargo vessel, and the arrest of three suspects including a customs official in Port Moresby.¹²⁹

Numerous other seizures have been made recently along the air and maritime route from Papua New Guinea to Australia. In April 2023, the media reported that Australian authorities seized 247 kg of cocaine concealed in the hull of yacht and arrested two suspects as they went to retrieve the drugs from the vessel, which was docked in Canberra. The shipment had reportedly transited Vanuatu.¹³⁰ In late 2023, Australian authorities seized 5 kg of methamphetamine from a vessel that was trafficking the drugs from Papua New Guinea to the Northern Peninsula, and arrested six persons who were suspected of working for a foreign trafficking syndicate based in Papua New Guinea and

targeting Australia.¹³¹ In the previous year, Australian Federal Police reported that organized crime groups intended to traffic 500 kg of cocaine from Papua New Guinea into Australia via the air route.¹³² In 2020, the media reported that an Australian pilot was arrested after crashing his aircraft during a black flight that was carrying 644 kg of cocaine, which took off from Bulolo.^{133,134}

In 2023 the United States district court for the central district of California unsealed an indictment against a group of four suspects alleged to have been trafficking hundreds of kilograms of crystal methamphetamine and cocaine from the United States to Australia, New Zealand and Papua New Guinea through air cargo and ocean freight between 2017 and 2022.¹³⁵ The group leveraged international freight forwarders, shipping companies, customs brokers and officials in the United States and foreign countries to arrange the exports using fraudulent names, businesses, and documents including airway bills, cargo manifests, bills of lading, commercial invoices, ingredient lists and packing labels.¹³⁶ In one notable incident in 2021, authorities documented a shipment of 150 kg of crystal

128 Australian Federal Police, "Media release," March 2023. Accessed at: <https://www.afp.gov.au/news-centre/media-release/five-arrested-over-black-flight-loaded-meth>.

129 Australian Federal Police, "Media release," April 2023. Accessed at: <https://www.afp.gov.au/news-centre/media-release/afp-and-png-police-awarded-transnational-investigation>.

130 Rebecca Masters, "Two men charged after 247kg of cocaine found in yacht's hull in Townsville," 9News, July 2023. Accessed at: <https://www.9news.com.au/national/drug-crime-afp-charge-two-men-with-cocaine-yacht-import-canberra-brisbane-court-news/a791e0eb-65f5-40df-9aad-244d53ae158c>.

131 AFP, "5kg of meth intercepted before reaching Cape York Peninsula," Media release, December 2023.

132 AFP, "Papua New Guinea Transnational Serious and Organised Crime Impact Brief," April 2022.

133 Asia Pacific Report, "PNG a key transit point for 'Pacific drug highway' to Australia," March 2023. Accessed at: <https://asiapacificreport.nz/2023/03/27/png-a-key-transit-point-for-pacific-drug-highway-to-australia/>.

134 Radio New Zealand, "Aussie pilot convicted for transporting cocaine in PNG plans appeal," September 2023. Accessed at: <https://www.rnz.co.nz/international/pacific-news/498369/aussie-pilot-convicted-for-transporting-cocaine-in-png-plans-appeal>.

135 U.S. District Court for the Central District of California, 2023. Case 2:23-cr-00544-RGK Document 1 Filed 11/08/23 Page 4 of 28 Page ID #: 136 Ibid.

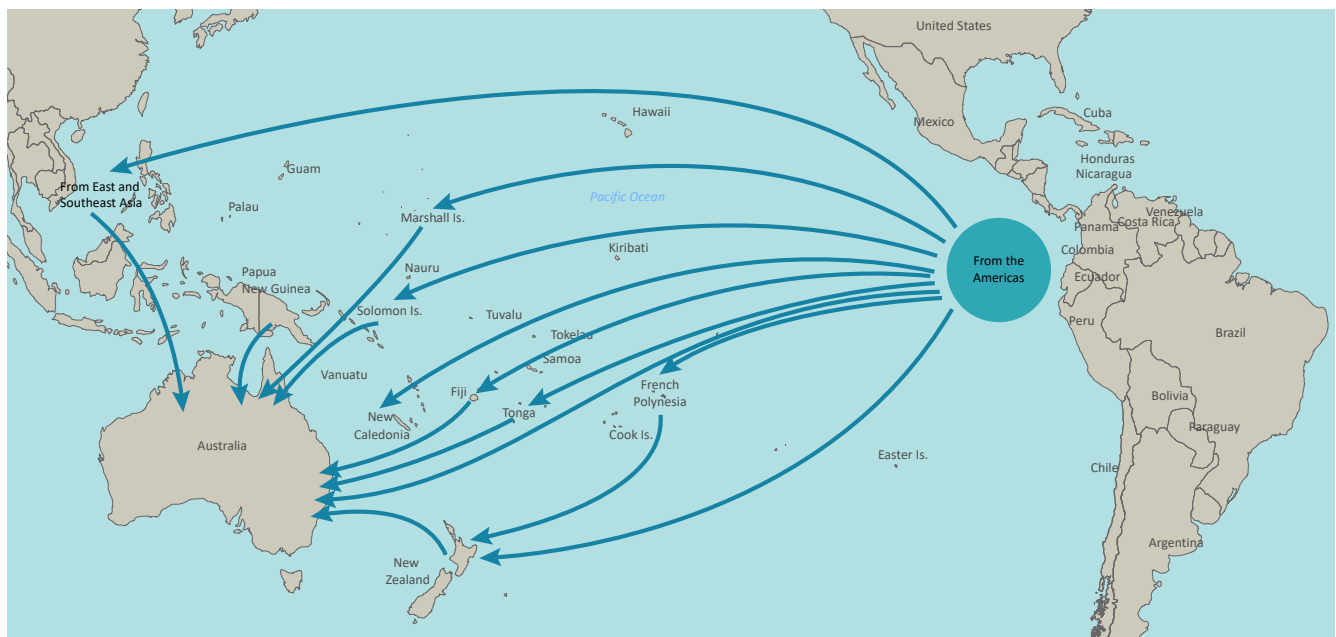
Map 1. Identified trafficking routes of methamphetamine impacting the Pacific



Note: Flow arrows represent the general direction of trafficking and do not coincide with precise sources of production or manufacture, are not actual routes, and are not weighted for significance/scale. Boundaries, names and designations used do not imply official endorsement or acceptance by the United Nations.

Source: UNODC elaboration of national data and reports from origin, transit and destination countries.

Map 2. Identified trafficking routes of cocaine impacting the Pacific



Note: Flow arrows represent the general direction of trafficking and do not coincide with precise sources of production or manufacture, are not actual routes, and are not weighted for significance/scale. Boundaries, names and designations used do not imply official endorsement or acceptance by the United Nations.

Source: UNODC elaboration of national data and reports from origin, transit and destination countries.

methamphetamine concealed in food storage buckets, with the group targeting Papua New Guinea as a transit country for onward trafficking into Australia. In 2020, the group similarly delivered two smaller ten and four kg consignments of crystal methamphetamine concealed in a subwoofer for export to Papua New Guinea. Between July and September 2018, authorities also documented shipments totaling at least 390 kg of crystal methamphetamine concealed in packets of instant noodles and mushroom seasoning as well as 100 kg of cocaine disguised as garlic seasoning destined directly for Australia via freight forwarder.¹³⁷ Other shipments were also made direct to New Zealand.¹³⁸

Organized crime groups also are targeting Fiji for large illicit drug shipments, mostly originating in the United States and Southeast Asia. Australian police have seized smaller amounts of various forms of methamphetamine being smuggled to Australia through Fiji by air passenger couriers, in air freight, and in the postal stream. In October 2022, Australian police arrested a Bangladeshi national who attempted to smuggle 17 one litre bottles containing liquid methamphetamine on a Jet Star flight from Fiji to Sydney.¹³⁹ In August 2021, authorities of the United States seized 10 kg of crystal methamphetamine that was intended to be mailed from the United States to Fiji.¹⁴⁰ In addition, organized crime groups based in Canada also are sending methamphetamine from British Columbia to Fiji. Fijian police also have seized numerous small consignments of methamphetamine (weighing up to 1 kg each), in air freight packages originating in Canada.¹⁴¹

Tongan authorities have made several recent seizures, some in joint operations with New Zealand police, that underscore the role of Tonga as a transit to New Zealand. In August 2023, a Tongan national was reported in the media to have received a mandatory life

sentence¹⁴² for exporting 29.7 kg of methamphetamine concealed in a refrigerated container from Tonga to Auckland in 2021.¹⁴³ New Zealand police arrested a small number of additional suspects in relation to the seizure.¹⁴⁴ Tongan police have also seized cocaine that had washed up on shore, including 58 kg in 2018 and 14.45 kg in 2021.¹⁴⁵ In the latter case, New Zealand media reported that 15 offenders were charged in relation to the case, including one British national and two American nationals.¹⁴⁶ Additionally, Fiji police have detected an emerging trafficking route into and through Fiji from Tonga.¹⁴⁷

Impact, policy implications, and looking ahead

In addition to having a destabilizing effect on the security and governance of the Pacific region, the expanding regional drug market is having numerous adverse health and social impacts. The situation has led to an increase in crimes such as burglary and theft, violence, intimidation, 'stand overs', 'taxings',¹⁴⁸ and in countries such as Australia and New Zealand an increase in use of firearms to carry out these acts.¹⁴⁹ Regional authorities report that organized crime groups are creating fear and intimidation in communities, undermining safety and social cohesion.¹⁵⁰ Some law enforcement officials in the Pacific have shared with UNODC that increases in the supply of methamphetamine have further constrained their national public health systems due to the rise in the number of people admitted to hospitals with psychosis symptoms, believed to be linked to use of methamphetamine.¹⁵¹

137 Ibid.

138 Ibid.

139 Australian Federal Police and Australian Border Force, "Man charged after importing methamphetamine in body oil bottles," Joint media statement, November 2022. Accessed at: <https://www.abf.gov.au/newsroom-subsite/Pages/Man-charged-after-importing-methamphetamine-in-body-oil-bottles.aspx>.

140 UNODC, "Drug situation in Asia and the Pacific," presented at the 2023 Pacific SMART Forensics Workshop, Fiji, November 2023.

141 Fiji Police Narcotics Bureau, "Narcotics Landscape," presented at the Global SMART regional workshop for the Pacific, Fiji, November 2023.

142 Matangi Tonga Online, "First mandatory life sentence for drugs exporter in Tonga," August 2023. Accessed at: <https://matangitonga.to/2023/08/17/first-mandatory-life-sentence-drugs-exporter-tonga>.

143 Tonga Police-UNODC Consultative virtual meeting on Transnational Organized Crime, February, 2024.

144 Ibid.

145 Tonga Police, "Tonga Police on Illicit Drugs," UNODC SMART Regional Workshop in the Pacific, Fiji, November 2023.

146 New Zealand Herald, "Fifteen charged in Tonga cocaine investigation," August 2021.

147 UNODC official communication with Tonga Police, April 2024.

148 INCB, "Report of the International Narcotics Control Board for 2023."

149 Pacific Islands Forum, "Regional Transnational Organised Crime Disruption Strategy 2024-2028," 2024.

150 Ibid.

151 UNODC, "SMART Pacific Regional Workshop Report," 2022.



Source: Forensic Chemistry Unit, Fiji.

There has also been a disproportionate impact on women and children, some of which are reportedly being forced to sell drugs. In addition, there is some indication of injecting drug use in Fiji and of so-called 'ChemSex', or the use of drugs to facilitate sex; however, data are still required to confirm the modes of transmission. According to the Ministry of Health and Medical Services of Fiji, the number of new HIV cases during the first six months of 2024 reached 552, which is 33 per cent higher than the total recorded in 2023.¹⁵² The Ministry has further noted that 85 out of 552 cases were attributable to injecting drug use, representing 15 per cent of the total cases.¹⁵³ In recent years, Fijian authorities have detected discarded syringes on the streets. Forensic testing on those syringes found traces of methamphetamine, indicating injection practices of the drug among users in the country.¹⁵⁴ There are concerns reported in the media regarding the health impact of injecting drug use not only on Fiji but on the wider Pacific, as Fiji is a transport, business and educational hub for the region, which heightens the risk of HIV spreading throughout the region.¹⁵⁵

The Pacific drug trafficking landscape has evolved at a greater speed than the regional law enforcement architecture and agencies were prepared for. However, authorities in the Pacific are beginning to recognize the severity of the illicit drug and organized crime threat in the region. In June 2024, the Fiji Cabinet

152 The Ministry of Health and Medical Services, Fiji, "Updated HIV / AIDS Stats," Press release, August 2024. Accessed at: <https://www.health.gov.fj/Portal/press-release/>.

153 Ibid.

154 UNODC, "SMART Pacific Regional Workshop Report," 2022.

155 Barbara Dreaver, "Widespread meth addiction in Fiji cultivated by international drug syndicates – expert," 1News Pacific, June 2024.

endorsed a new National Counter Narcotics Strategy 2023–2028, with key areas of focus including reducing demand and supply, reducing harm, data collection, analysis and information sharing, establishment of a drug treatment center, and stronger international cooperation. The Cabinet also approved the development of a Fiji Counter Narcotics Bureau Bill to strengthen the Bureau's roles and functions.¹⁵⁶ In Tonga, authorities have developed a national action plan for illicit drugs in November 2021, with a focus on drug treatment.¹⁵⁷

These efforts demonstrate an awareness among PICTs policymakers of the increasing health and security risks of the expanding drug and organized crime problem in the Pacific. Responding to the evolving challenges presented by transnational drug trafficking will require focusing even greater attention to increasing capacity and cooperation among regional and national law enforcement agencies to improve intelligence sharing and cross-border policing efforts. It is important to enhance the monitoring and surveillance capabilities of authorities responsible for guarding the maritime and port security of PICTs. In particular, major ports in PICTs, such as Lae and Port Moresby in Papua New Guinea, as well as Suva and Lautoka in Fiji, should be prioritized for assistance considering recent major drug trafficking cases targeting the two countries.

For instance, law enforcement efforts could target the trafficking routes through the Torres Strait to smuggle drugs from Papua New Guinea to Australia and which sometimes use Fiji as a storage and trafficking hub. However, authorities must also be prepared to anticipate and respond to changes in trafficking routes and smuggling methods used by organized crime; as authorities increase their focus on drug interdiction in one jurisdiction, drug traffickers may use new routes through different jurisdictions in the Pacific region.

A necessary first step in responding to the drug trafficking by organized crime through the Pacific region is for PICTs governments to ratify the three UN drug conventions – UN Convention on Narcotic Drugs (1961), Convention on Psychotropic Substances (1971), Convention against Illicit Traffic in Narcotic

156 Praneeta Prakash, "Cabinet endorses Narcotics Strategy," Fijian Broadcasting Corporation, June 2024. Accessed at: <https://www.fbcnews.com.fj/news/cabinet-endorses-narcotics-strategy/>.

157 Tonga Attorney General's Office-UNODC Consultation, February 2024.

Drugs and Psychotropic Substances (1988) – as well as the UN Convention against Transnational Organized Crime (UNTOC) and their protocols and update their national legislation accordingly. The ratification and implementation of these legal instruments should be a national priority, particularly because the rapidly evolving synthetic drug and organized crime landscape at the global level is having increasingly adverse impacts at the regional and national levels in the Pacific. New synthetic drugs and precursors are being added to the international drug conventions with increasing regularity; however, further efforts to amend national legislation would be a positive development.

To counter the trafficking of precursors through the Pacific, governments would benefit from strengthening communication, coordination and active monitoring between competent authorities. Additionally, given the involvement of pharmacies in the trafficking of precursors, better monitoring of legitimate requirements would be a positive development. It is particularly important for PICTs to enhance monitoring of private pharmacies and their importation of medications containing substances that could be used for the illicit manufacture of drugs. Governments would also benefit from developing a stronger understanding and making better use of existing electronic tools and reporting mechanisms for precursor control to improve monitoring of chemicals, materials, and equipment that may be used in illicit drug manufacture and prevent their diversion into illicit markets, with a specific focus on both chemicals internationally controlled under the 1988 Convention as well as various non-controlled chemicals that have also been encountered as their substitutes and that have been included on the International Special Surveillance List (ISSL). These tools include the Precursor Export Notification Online (PEN Online), PEN Online Light, and the Precursors Incident Communication System (PICS). Additionally, since most of the equipment, and many of the chemicals, involved in illicit drug manufacture are also used for a wide range of licit purposes, cooperation with these industries and the sharing of information on suspicious activities is vital.

As mentioned in this report, the non-medical use of drugs in some PICTs has been rapidly expanding, posing serious public health challenges. Addressing these

challenges requires effective drug use prevention and treatment facilities. Fiji and Tonga have already taken steps to strengthen drug demand reduction and treatment mechanisms at the national level; greater cooperation with other PICTs could help to stimulate positive developments in jurisdictions where such mechanisms are lagging.

UNODC's work on drugs and health is inextricably linked to multiple Targets of SDG 3, 'Good Health and Well-Being', and SDG 16 'Peace, Justice and Strong Institutions'. The Office's mandate, for example, fully supports a balanced public health-oriented approach to the drug problem by working to end discrimination against, and promote interventions for, people who use drugs; and strengthening the access to comprehensive, evidence-based, and gender-responsive services for prevention of drug use and treatment of substance drug use disorders, including as an alternative to conviction or punishment.

UNODC is also mandated to provide HIV prevention, treatment and care among people who use drugs or are in prisons, contributing towards ending AIDS by 2030, and to support progress related to number of new HIV infections per 1,000 uninfected population (Indicator 3.3.1), by sex, age, and key populations, and coverage of treatment interventions (pharmacological, psychosocial, and rehabilitation and aftercare services) for substance use disorders (Indicator 3.5.1).

UNODC also provides normative, analytical and operational assistance to Member States for strengthening the effectiveness, fairness and accountability of their criminal justice institutions to tackle crime, corruption and terrorism. UNODC's work therefore supports all the Targets included under SDG 16. Specifically, increased drug production, trafficking and use in the Pacific region impedes progress related to number of victims of intentional homicide per 100,000 population, by sex and age (Indicator 16.1.1), proportion of population subjected to physical, psychological, or sexual violence in the previous 12 months (Indicator 16.1.3), and total value of inward and outward illicit financial flows (in current United States dollars) (Indicator 16.4.1).

To adequately measure progress towards the SDGs related to drug trafficking in the Pacific region requires PICTs to improve their capacity to produce and share

Figure 4. Relevant Sustainable Development Goals, targets and indicators



SDG 3 - Good Health and Well-Being

- Indicator 3.3.1: Number of new HIV infections per 1,000 uninfected population, by sex, age, and key populations.
- Indicator 3.5.1: Coverage of treatment interventions (pharmacological, psychosocial, and rehabilitation and aftercare services) for substance use disorders.

SDG 16 - Peace, Justice and Strong Institutions

- Indicator 16.1.1: Number of victims of intentional homicide per 100,000 population, by sex and age.
- Indicator 16.1.3: Proportion of population subjected to physical, psychological, or sexual violence in the previous 12 months.
- Indicator 16.4.1: Total value of inward and outward illicit financial flows (in current United States dollars).

data. The existing knowledge gap of drug trafficking in the region threatens to obstruct the achievement of the Goals while allowing organized crime to continue to operate in the region.

Above all, however, is the need for relevant agencies in the Pacific region to more effectively generate, manage, analyze and report information related to drugs and their precursors, and to apply this scientific evidence-based knowledge to design tailored national and/or regional responses. This could include the development of a national drugs database as well as the development and strengthening of information-sharing networks within PICTs and throughout the region. National drug databases could include information from various sources, including law enforcement and health data, surveys of drug users and vulnerable population groups, and other relevant sources. The information from these sources could be used to produce datasets but also to be analyzed holistically to provide a broader picture of the various drug-related challenges in the Pacific region, covering aspects such as trends and patterns of drug use, risk behaviours, coverage of drug treatment, as well as issues of drug trafficking and organized crime. Regional networks in the Pacific should include representatives from government agencies and other relevant community groups. At the very least, these steps will help foster much-needed regional cooperation.



Trafficking in Persons and Smuggling of Migrants

Trafficking in Persons and Smuggling of Migrants

Key takeaways

Reports, observations and anecdotal evidence over the past decade from the region indicate that the Pacific Island countries are source, transit and destination points of trafficking in persons, in particular for forced labour and sexual exploitation. Victims of forced labour, many of whom are from the region itself as well as Southeast and South Asia, are typically found in the fishing, hospitality, domestic, or agricultural industries. Much of the sexual exploitation occurs in cities or tourist areas, and not only women but children are also found as victims. The Pacific Islands also serve as countries of recruitment or origin of trafficking in persons flows towards other countries in Oceania and Southeast Asia, typically for forced labour in the agriculture sector.¹

Some countries and territories of the Pacific have been used as destinations for smuggling of migrants from Asia. Organized crime groups have been reported to use visa-free status given to particular nationalities to facilitate migrant smuggling, and sometimes these smuggled migrants face life-threatening situations during their journeys.

Several push factors for trafficking in persons and smuggling of migrants are observed in the Pacific. In particular, a large number of people in the Pacific have been displaced due to natural disasters and civil unrest, or tribal warfare in recent years, and the economic downturn caused by the COVID-19 pandemic jeopardized many people's livelihoods. This situation creates a pull of vulnerable persons forced to re-locate and/or seek safety who can be exploited by organized crime for trafficking in persons and smuggling of migrants.

The Pacific region is susceptible to human trafficking due to the majority of Pacific countries and territories lacking in the resources to combat trafficking, while narrow and fragile economies, some of which are reliant on remittance inflows, high unemployment, and growing international crime put socio-economically vulnerable groups at risk of exploitation. In addition, some countries have reported the involvement of family members in the trafficking of children. However, relatively few cases of trafficking in persons have been detected in the Pacific and the conviction rate of those detected is even lower. Pacific law enforcement agencies have identified trafficking in persons as the largest transnational crime knowledge gap in the region.²

A growing concern is the infiltration of organized crime groups from outside the region, mainly from East Asia to the Pacific. These criminal groups are expanding their illicit activities in several countries and territories of the Pacific, often in relation to other crimes such as illegal gambling and money laundering. However, although organized crime groups have been implicated in some trafficking in persons and smuggling of migrants cases in the Pacific, their role in facilitating these crimes is unclear due to the lack of evidence.

1 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands," Austria, 2023.

2 Ibid.

Background

Trafficking in persons (TIP) is a crime without borders. The traffickers exploit people of all genders, ages and backgrounds in every region of the world by means of violence, deception, and fraudulent promises of education and job opportunities domestically or abroad. The organized networks or individuals behind this lucrative crime take advantage of people who are vulnerable, desperate or simply seeking a better life. With the rising incidence of trafficking in persons within, between, and into PICTs, the Pacific has become a source, transit and destination region for human trafficking flows.

Numerous factors have contributed to PICTs becoming increasingly vulnerable to trafficking in persons, following similar patterns observed elsewhere in the world, including migration to urban areas; increased labour mobility across borders; governance challenges at immigration and country entry points; cultural customs and practices (e.g., child marriage, customary adoption); poverty; high unemployment; economic hardship caused by COVID-19; political instability; increased presence of foreign and maritime industries and weak enforcement of labour regulations; and susceptibility to environmental shocks such as climate-related disasters.³ Additionally, Pacific economies rely heavily on extractive industries with complex global supply chains, which can be prone to exploitive labour practices.

There are many factors that drive trafficking in persons that are often context specific. In general, factors such as poverty, an abusive or neglectful home environment, political instability in one's country or region^{4,5} are considered 'push' factors, in that they may compel people to enter situations with a high risk of exploitation amounting to trafficking in persons; whereas demand for cheap labor is considered a 'pull' factor, in that it is demand that creates a market in which human traffickers operate and profit. 'Pull' factors put those in situations of socio-economic vulnerability at risk of exploitation because they need to respond to the 'push' factors and meet/secure their

basic human needs of food and shelter for oneself and/or one's family are compelling. The more 'push' factors that one experiences, the stronger the effect of the 'pull' factor. Survivors are often in a financial situation that is very similar or worse to the situation that served as a 'push' factor to begin with. Moreover, UNODC has observed the Pacific region also faces additional challenges such as a lack of national referral mechanisms to identify victims, limited protection and assistance services, reintegration programs, among others.

Factors exacerbating the risks of trafficking in persons

COVID-19, natural disasters, conflicts and violence

There are certain factors affecting PICTs that exacerbate the vulnerability to trafficking in persons: natural disasters, violence, and increased impunity for traffickers in some countries.⁶ PICTs are particularly vulnerable to climate-related disasters, and the region was also impacted severely by the COVID-19 pandemic, both of which have heightened economic insecurity and possibly the vulnerabilities to trafficking in persons. Displacement not only affects people's livelihoods, housing conditions, health, education, security, social/family life, and environment, but prolonged periods of displacement also can have severe impacts on displaced people's welfare, their mental condition,⁷ and increased vulnerability.⁸ It has been observed that since the pandemic more children have left school to work to assist their economically struggling families, with some resorting to street selling and thus being exposed to a higher susceptibility of being trafficked or exposed to commercial sexual exploitation.⁹

The pandemic had a particularly devastating effect on the tourism sector, with the border closures leading to a significant drop in tourist arrivals and soaring unemployment across the Pacific region. For instance, in Vanuatu, where tourism accounts for approximately 40 per cent of the country's GDP, 70 per cent of tourism-related jobs were lost in six weeks. Fiji's

3 The Asia Foundation Pacific RISE-CTIP Program, "Mapping Study: Trafficking in Persons Data Collection in Tonga," June 2023.

4 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands."

5 Jade Lindley and Laura Beacroft, "Vulnerabilities to trafficking in persons in the Pacific Islands," Trends & issues in crime and criminal justice, no. 428. Canberra: Australian Institute of Criminology, 2011.

6 UNODC, "Global Report on Trafficking in Persons," 2022.

7 Asian Development Bank and Internal Displacement Monitoring Centre, "Disaster Displacement: Papua New Guinea Briefing," 2022. Accessed at: https://api.internal-displacement.org/sites/default/files/publications/documents/221129_IDMC_CountryBriefing_PapuaNewGuinea.pdf.

8 World Bank, "Climate Risk Country Profile: Papua," 2021.

9 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands," 2023.

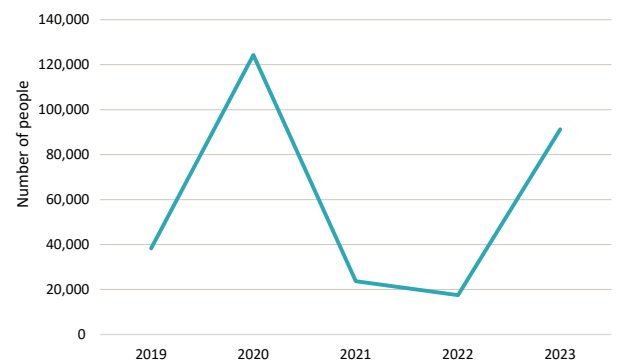
tourism industry lost 115,000 workers.¹⁰ A survey in Samoa reported 26 per cent of business workers lost jobs; two thirds that lost jobs were female. In the first quarter of 2020, arrival numbers in the Pacific were down 18.7 per cent on average over the same quarter of 2019. By the second quarter of 2020, as the border closures were extended, the decline in arrivals reached 99.3 per cent. Cook Islands, Fiji, Papua New Guinea and Solomon Islands showed fewer job vacancies in 2020.¹¹

Climate-related disasters also remain a particular threat to the Pacific countries. Small island states, including those in the Pacific, have the highest displacement risk globally due to climate change, relative to their population. Eight of PICTs, including Tonga, Vanuatu, Fiji, Solomon Islands, Micronesia, Marshall Islands, Cook Islands and Niue, are among the top 15 countries and territories in the world most at-risk of such disasters.¹² Tonga, Solomon Islands and Vanuatu are ranked as the most vulnerable countries worldwide to the impacts of climate change and disasters.¹³ Recent typhoons in the region highlight the vulnerabilities posed by climate change. In April 2020, Tropical Cyclone (TC) Harold hit Tonga and Solomon Islands at category 3, strengthened to category 4 for Fiji, and category 5 for Vanuatu, leaving devastation in its wake. In 2020, 80,000 people were displaced in Vanuatu alone, 20,000 in Fiji and 2,700 in Tonga.¹⁴ In 2023, 69,000 people were estimated to be displaced due to natural disasters in Vanuatu, resulting primarily from TC Judy and TC Kevin, as well as TC Lola and an earthquake.¹⁵ The 149,000 people displaced in Vanuatu in 2020 and 2023 represent nearly half of the total population.¹⁶

Although smaller numbers of people have been displaced in other countries in the Pacific, some natural disasters have had a disproportionate impact on national populations. For instance, in Palau, which has

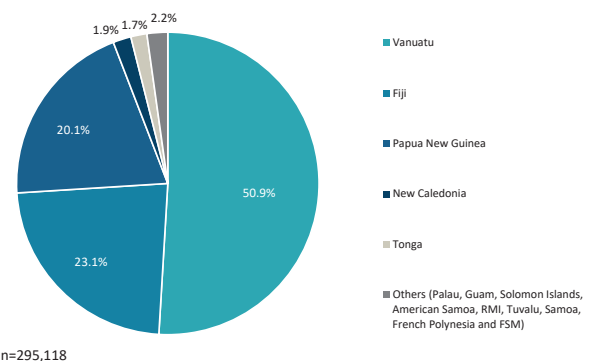
a population of approximately 18,000,¹⁷ two typhoons late 2021 displaced almost 2,500 people, or 13.6 per cent of the total population.¹⁸ In addition, the Marshall Islands and Micronesia experience frequent droughts, making it difficult for their people to access safe and clean drinking water, increasing health and sanitation risks. King tides and climate-induced displacement have impacted low-lying atoll countries such as Micronesia, Marshall Islands, Tuvalu, Tokelau, Cook Islands and Kiribati,¹⁹ which significantly increases the vulnerability of nationals of those countries to trafficking due to a loss of livelihood, shelter or family stability.²⁰

Figure 1. Number of internally displaced people in the Pacific due to natural disasters, 2019-2023



Source: Internal Displacement Monitoring Centre, “Global Internal Displacement Database.”

Figure 2. Proportion of internally displaced people in the Pacific due to natural disasters by countries and territories, 2019-2023



Source: Internal Displacement Monitoring Centre, “Global Internal Displacement Database.”

10 Pacific Islands Forum, Secretariat, “Socio-Economic Impact Assessment of COVID-19 in the Pacific Region CROP, 2020-2021,” Fiji, 2021.

11 Ibid.

12 International Organization for Migration, “World Migration Report 2024,” May 2024.

13 Ibid.

14 Internal Displacement Monitoring Centre database. Accessed at: <https://www.internal-displacement.org/database/displacement-data/>.

15 Ibid.

16 In 2022, the total population of Vanuatu was 326,740 people, according to World Bank data retrieved at Data Commons: <https://datacommons.org/place/country/VUT?category=Demographics>.

17 World Bank data, retrieved at Data Commons: https://datacommons.org/place/country/PLW?utm_medium=explore&mprop=count&popt=Person&hl=en

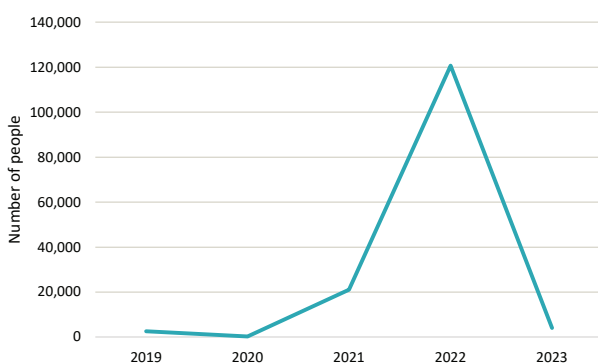
18 Internal Displacement Monitoring Centre database. Accessed at: <https://www.internal-displacement.org/database/displacement-data/>.

19 UNDP and Pacific Islands Forum Secretariat, “Pacific Climate Security Assessment Guide. Fiji,” 2023.

20 U.S. Department of State, “2023 Trafficking in Persons Report.”

Another ‘push’ factor for trafficking in persons in the Pacific is conflicts and violence, which have significantly driven the rise in the number of people displaced in some PICTs. In Papua New Guinea, an estimated 146,302 people were driven from their homes as a result of conflict and violence between 2019 and 2023, accounting for 98.4 per cent of the total recorded in the Pacific (148,608 people). There were estimated 120,690 people displaced in 2022 alone in Papua New Guinea, when the country experienced election-related violence and tribal disputes. It is important to note that the scale of displacement may be even larger, as many smaller-scale events in Papua New Guinea go unreported.²¹ Outside of Papua New Guinea, few people are displaced in the Pacific as a result of conflict and violence. Since 2008, the only other Pacific countries to experience displacement resulting from conflict and violence are the Solomon Islands, which in 2021 saw 1,000-2,000 people displaced²² due to violent protests against the government, prompting Australia to send police and soldiers to help keep order, according to media,²³ and New Caledonia, where a few hundred people were displaced during protests²⁴ related, according to media, to ownership of a mining operation in late 2020 and early 2021.²⁵

Figure 3. Number of internally displaced people in the Pacific due to conflicts and violence, 2019-2023



Source: Internal Displacement Monitoring Centre, “Global Internal Displacement Database.”

21 World Bank, “Climate Risk Country Profile: Papua.”

22 Internal Displacement Monitoring Centre database.

23 Kirsty Needham, “Explainer: -What is behind the unrest in the Solomon Islands?,” Reuters, November 2021. Accessed at: <https://www.reuters.com/world/china/what-is-behind-unrest-solomon-islands-2021-11-29/>.

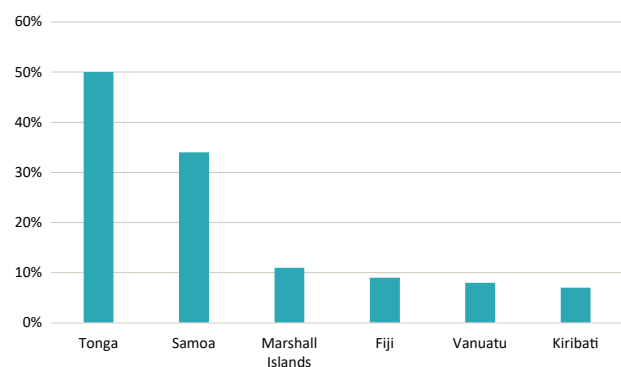
24 Internal Displacement Monitoring Centre database.

25 Reuters, “New Caledonia’s government collapses over independence, nickel unrest,” February 2021. Accessed at: <https://www.reuters.com/article/newcaledonia-independence-france-idUSL1N2K837S/>.

Overreliance of international remittances

Remittances constitute a substantial portion of the local economy of the Pacific Island countries, on average representing 10 per cent of the PICT’s GDP – up to 70 per cent in the case of Tonga in some years. However, ‘overreliance’ on international remittances could pose certain risks to the migrants who remit money home. Migrants sometimes make significant sacrifices, often including separation from family – and incur risks finding work in another country, and some may have to work extremely hard to save enough to send remittances.²⁶ Those migrants who face extreme poverty and other conditions of hardship may be more willing to take excessive risk and are thus more exposed to conditions of trafficking.²⁷

Figure 4. Remittance flows as a share of GDP in Tonga, Samoa, Marshall Islands, Fiji, Vanuatu, and Kiribati 2022



Source: International Organization for Migration, “Asia-Pacific Migration Data Report 2022,” IOM Asia-Pacific Data Hub, August 2023.

Dynamics of trafficking in persons and smuggling of migrants in the Pacific

Data on trafficking in persons and smuggling of migrants in the Pacific are severely limited, and the prevalence of victims is difficult to ascertain. This is because this population tends to be more hidden and difficult to access due to limited awareness of both crimes and its clandestine nature, knowledge of how to identify victims of trafficking in persons, and

26 Dilip Ratha, “Remittances: Funds for the Folks Back Home,” International Monetary Fund, undated. Accessed at: <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Remittances>.

27 Responsible Sourcing Tool, “Understand the Risks of Forced Labor in Global Supply Chains,” undated. Accessed at: <https://www.responsiblesourcingtool.org/geography-labor/>.

Map 1. Identified flows of trafficking in persons and smuggling of migrants in the Pacific



Note: Flow arrows represent the general direction of trafficking or smuggling, are not actual routes, and are not weighted for significance/scale. Boundaries, names and designations used do not imply official endorsement or acceptance by the United Nations.
 Source: UNODC elaboration of national data and reports from origin, transit and destination countries.

victims’ isolation.²⁸ However, some understanding of the dynamics of these crime types in the Pacific can be obtained from the narrative of cases that have been prosecuted. In addition to those cases, this section also compiles qualitative information from expert interviews, academic literature, and open-source materials produced by international and regional organizations working on trafficking in persons and smuggling of migrants in the Pacific region.

PICTs are heavily reliant on extractive and other industries that operate through complex global supply chains, and thus are vulnerable to exploitative labor practices affecting persons of all ages and genders.²⁹ Indeed, trafficking of persons in the region appears to be centered around forced labour in the service

industries such as tourism and hospitality and the forestry, mining, fishing, agriculture, construction and manufacturing sectors. In addition to forced labour, sexual exploitation, particularly of foreign women and national minors, are the primary patterns of trafficking in persons observed in the Pacific, often in the context of the tourism industry in hotels or aboard fishing vessels where victims are exploited offshore out of the view of authorities.³⁰

Forced labour has been observed in a number of Pacific Island countries, including Fiji, Micronesia, Palau, Papua New Guinea, Marshall Islands, Solomon Islands, Tonga, and Vanuatu.³¹ A 2023 UNODC study of trafficking in persons in Micronesia, Fiji, Palau, Marshall Islands, Solomon Islands and Tonga found

28 UNODC - Fiji Bureau of Statistics, “Results of the Fiji National Trafficking in Persons Prevalence Survey,” March 2023.

29 The Asia Foundation Pacific RISE-CTIP Program, “Mapping Study: Trafficking in Persons Data Collection in Tonga,” June 2023.

30 UNODC, “Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands,” 2023.

31 Walk Free/Minderoo Foundation, “Murky waters: A qualitative assessment of modern slavery in the Pacific region,” 2020.

that the estimated number of persons experiencing trafficking in persons in these six islands could range around 2,400 victims per year. The study also found that in the above six countries about 15 persons were convicted for trafficking in persons between the year 2017 and 2020.³²

Forced labour is also a concern in the fishing industry in the Pacific region. Working conditions on fishing vessels operating in the Pacific can often be characterized by long hours, poor living and working conditions, low pay, high levels of risk, and extended time at sea, during which time workers are physically isolated. Persons employed on fishing vessels also may experience labour rights violations and human trafficking,³³ and the fatality rate for fishers can be several times higher than that for workers in other industries.³⁴ A main problem is illegal, unreported and unregulated (IUU) fishing which has connections to trafficking in persons, a particular problem in the tuna industry. There have been numerous reports of migrant workers having their identity documents confiscated, being trapped in forced labour situations, and captains leaving crew stranded on remote islands as punishment, or because they are no longer required for work.³⁵ Migrant workers in the fishing industry, mainly from South Asia and Southeast Asia, have been identified as victims of trafficking in some PICTs. There have also been several cases of sexual exploitation in the vicinity of foreign fishing vessels, some of which may amount to trafficking in persons. For instance, Micronesia has reported a few suspected cases of trafficking in persons each year, many of which appear to be connected to trafficking of local women and girls for sexual exploitation in the proximity of the domestic commercial fishing industry. Local women and girls and/or foreign women also have been identified as trafficking victims in recent years in Fiji, Palau, Marshall Islands, and Solomon Islands.³⁶

32 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands," 2023.

33 IOM, "Supporting Safe and Decent Working Conditions on Fishing Vessels in the Pacific," undated. Accessed at: <https://www.iom.int/project/supporting-safe-and-decent-working-conditions-fishing-vessels-pacific>.

34 IOM, "Pacific Island Countries Identify Priority Actions to Tackle Poor Working Conditions in the Fishing Industry," January 2023. Accessed at: <https://roasiapacific.iom.int/news/pacific-island-countries-identify-priority-actions-tackle-poor-working-conditions-fishing-industry>.

35 Business & Human Rights Centre, "Out of Sight: Modern Slavery in Pacific Supply Chains of Canned Tuna," 2019. Accessed at: https://media.business-humanrights.org/media/documents/files/Out_of_Sight_Modern_Slavery_in_Pacific_Supply_Chains_of_Canned_Tuna_4.pdf.

36 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands," 2023.

Fiji is a destination for foreign and domestic victims of trafficking in persons and traffickers also exploit Fijian nationals abroad. In Fiji, trafficking in persons for forced labour is centred around service industries and the construction, agriculture, fishery and forestry sector. UNODC research found that a significant number of Fijians reported that either they or someone they knew experienced trafficking indicators in hospitality, food service, wholesale, retail, vehicle repair, construction, transportation, storage, agriculture, fisheries and forestry.³⁷ Some of the trafficking include persons being prevented or restricted from communicating freely with others or restricted from communicating freely with family members; being threatened with not getting paid or paid less, and/or threatened with violence to work longer or do different tasks.³⁸

Foreign workers in multiple industries are sometimes forced to do work other than what was initially agreed upon, and some workers, upon arrival, are provided with new contracts, presented in language they are not familiar with, and stipulating different terms that were not agreed upon.^{39,40} During the 2017-2021 period, there were a reported 5,200 hidden victims of trafficking in Fiji, primarily domestic trafficking of Fijians, into forced labour, agriculture, forestry, construction, service and retail industries.⁴¹ A small portion of the victims of labour exploitation are children. From 2010 to 2021, Fiji successfully prosecuted four trafficking in persons cases, which included two cases of cross-border trafficking in persons and two cases of domestic trafficking of children.⁴² A few cases involving domestic trafficking of children for commercial sexual exploitation and cross-border cases alleging trafficking, slavery and forced labour, are in various stages of investigation or prosecution. Several have been dismissed due to insufficient evidence or refusal of victims to testify.⁴³

37 UNODC - Fiji Bureau of Statistics, "Methodological Report of the Fiji National Trafficking in Persons Prevalence Survey," 2023.

38 Ibid.

39 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands," 2023.

40 Walk Free/Minderero Foundation, "Murky waters: A qualitative assessment of modern slavery in the Pacific region."

41 Sanjeshni Kumar, "Pacific Island nations embark on addressing Human trafficking," Pacific News Service, April 2023. Accessed at: <https://pina.com.fj/2023/04/24/pacific-island-nations-embark-on-addressing-human-trafficking/>.

42 UNODC, "Global Report on Trafficking in Persons," 2020.

43 Ibid.

Box 1. Exploitation of children for trafficking in persons

Commercial sexual exploitation of children has occurred in the Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Vanuatu.⁴⁴ Additionally, several sex trafficking cases have been reported in Fiji and the Marshall Islands, often linked to mobility and implicating parents and family members.⁴⁵ Fijian children are reportedly trafficked domestically for sexual exploitation, forced labour, particularly in agriculture and retail, and forced criminal activities.⁴⁶ Academic research has noted a strong link between child sexual abuse and later entry into commercial sexual exploitation in Fiji, with most children entering the sex trade shortly after they are sexually abused.⁴⁷

In rural areas of PICTs, children are trafficked and exploited in agriculture, fishing, mining and logging. In Solomon Islands, a significant amount of trafficking of persons is connected to resource extraction, particularly in loosely regulated extractive industries, such as logging, fishing and mining.⁴⁸ In studies based on surveys conducted in Solomon Islands, the commercial sexual exploitation of children in the logging sector was reported to be facilitated by male relatives from the immediate or extended family.⁴⁹ In the Tongan fishing sector, it was reported that trafficking was facilitated by mothers.⁵⁰ In addition, in Solomon Islands, NGOs have observed that children, particularly girls, are sexually exploited in exchange for money or fish, expert key informants also indicated.⁵¹

44 Walk Free/Minderoo Foundation, "Murky waters: A qualitative assessment of modern slavery in the Pacific region."

45 Henrietta McNeill, "Building knowledge about human trafficking in the Pacific," East Asia Forum, October 2022.

46 Deanna Davy and Tevita Tupou, "Trafficking in Persons in Fiji: A Study of the Volume and Characteristics of Trafficking in Persons in Fiji and the Challenges in the Response," International Organization for Migration, Fiji, 2022.

47 Marie Jane Elaisa Fatiaki, "A study of the trafficking of children in Fiji for sexual exploitation, as an emerging urban issue," Master's thesis, The University of the South Pacific, Fiji, 2019. Accessed at: <http://uspaquatic.library.usp.ac.fj/gsd/collect/usplibr1/index/assoc/HASH17ca.dir/doc.pdf>.

48 International Organization for Migration, "Partners to Combat Human Trafficking and Gender-Based Violence in Solomon Islands," Press release, September 2022. Accessed at: <https://www.iom.int/news/iom-partners-combat-human-trafficking-and-gender-based-violence-solomon-islands>.

49 Walk Free/Minderoo Foundation, "Murky waters: A qualitative assessment of modern slavery in the Pacific region."

50 Ibid.

51 Save the Children, "Sexual Exploitation of Children by Traveling Workers in the Solomon Islands," 2015. Accessed at: <https://ecpat.org/wp-content/uploads/2021/08/Save-the-Children.pdf>.

Available data indicate primary victims of trafficking in persons in Micronesia are children exploited for sexual purposes. Between 2017 and 2020, most people investigated for trafficking in persons and related offences were citizens of Micronesia, except one suspected person who originated from a country in Southeast Asia; national authorities identified 15 victims of trafficking in persons across all four states and all detected victims were children.⁵² From 2015 to 2021, nine trafficking in persons cases were filed with the Micronesian Supreme Court, involving a total of 12 victims, all females, including children between 14 to 16 years old, from Micronesia. A total of 17 offenders, all adults and mainly family members or known acquaintances of the victims, were investigated.⁵³

Meanwhile, in urban areas, children are trafficked and exploited in street vending, scavenging or scrap collecting, and domestic work.⁵⁴ Children, particularly girls, may be at a higher risk of trafficking for forced marriage, due to the minimum legal marital age in some Pacific countries. For instance, in Marshall Islands, Micronesia and Fiji, the minimum age of marriage is 18, which is the threshold minimum age of adulthood under the Convention on the Rights of the Child (CRC) and the age of marital consent recommended by the Committee on the Elimination of Discrimination Against Women (CEDAW). However, in Solomon Islands and Tonga, the minimum age is 15 (with parental consent), while in Palau, the Palau National Code states that for a marriage between two non-citizens, or between a non-citizen and a citizen, the legal marriageable age is 18 for men and 16 for women. For girls between the ages of 16 and 18, the consent of a parent or guardian is required. For marriages between two citizens of Palau, customary marriages are permitted with no specified minimum age requirement. While child marriage and trafficking for forced marriage are separate phenomena, they are interrelated and allowing marriage under the age of 18 exposes girls to higher risk of exploitation and abuse. Once girls are married, they may face significant challenges in continuing their education and have fewer economic opportunities, which increases their vulnerability to be trafficked and exploited later on in life.⁵⁵

52 UNODC, "Global Report on Trafficking in Persons," Country Profiles: Federated States of Micronesia, 2022.

53 Ibid.

54 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands," 2023.

55 Ibid.

Trafficking of foreign nationals to the Pacific

Since 2017, there has been a notable increase in foreign workers from Bangladesh, India, Pakistan, Nepal, Sri Lanka and other countries in Asia in Fiji. These are mainly male workers between the ages of 25 and 45, attracted by prospects of favourable working conditions in Fiji and a chance to migrate or work in neighbouring New Zealand or Australia,⁵⁶ as well as in the United States.⁵⁷ Some of these workers may fall victim to trafficking in persons while looking for labour migration opportunities, particularly when they are deceived by recruiters. For example, of the 26 cases of suspected trafficking in persons that the Fiji Department of Immigration investigated as of 2019, 22 involved false promises of economic opportunity made to victims of Indian citizenship.⁵⁸ Fijian officials also identified several hundred victims from the Republic of Korea in one of the largest human trafficking cases in the Pacific, in which a national of the Republic of Korea, who founded the Grace Road Church, was jailed by a Korean court for six years for holding 411 people captive in slave-like conditions in Fiji from 2014 until her arrest in 2017.^{59,60}

In Vanuatu, only one major case of trafficking in persons has been prosecuted in recent years, which involved numerous Bangladeshi nationals who had been recruited to Vanuatu by compatriots on promises of fraudulent employment. However, those Bangladesh nationals ended up enslaved. In October 2018, twelve Bangladeshi migrants escaped from a forced labour situation in the capital city, Port Vila, and presented themselves to the Vanuatu Transnational Crime Unit. A total of 101 Bangladeshis were freed from exploitive conditions. In June 2022, after a four-year legal process, four Bangladesh nationals were sentenced to jail terms ranging from 6 to 14 years imprisonment for trafficking, slavery and money laundering charges. The

56 UNODC - Fiji Bureau of Statistics, "Methodological Report of the Fiji National Trafficking in Persons Prevalence Survey."

57 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands."

58 Ibid.

59 Kate Lyons, "South Korean cult leader who held 400 people captive in Fiji jailed for six years," *The Guardian*, August 2019. Accessed at: <https://www.theguardian.com/world/2019/aug/02/south-korean-cult-leader-who-held-400-people-captive-in-fiji-jailed-for-six-years>.

60 Deanna Davy and Tevita Tupou, "Trafficking in Persons in Fiji: A Study of the Volume and Characteristics of Trafficking in Persons in Fiji and the Challenges in the Response," International Organization for Migration, Fiji, 2022.

defendants were also ordered to pay US\$ 1.67 million dollars as compensation to the 101 victims.⁶¹

In Palau, approximately one third of the population comprises foreigners, primarily from Asia,^{62,63} and due to the greater number of migrant workers in comparison to the other Pacific Island countries, trafficking in persons in Palau appears to be more cross-border in nature.⁶⁴ On average, between five and ten cases of suspected trafficking in persons each year are recorded in Palau,⁶⁵ typically for sexual exploitation and forced labour in industries such as agriculture, fisheries, domestic work, and construction. Migrant workers in Palau, particularly those with low levels of education and English language proficiency are at higher risk of trafficking.

While the existence of trafficking in Palau is uncontested, the exact number of trafficking reports differ between those provided by the government and civil society organizations. For instance, in August 2022, the Micronesian Legal Services Corporation (MLSC) Palau compiled a report of individual clients who sought services between 2018 and 2021 whose experiences indicated possible situations of trafficking in persons. The number of potential victims was significantly higher than those reported by national authorities. MLSC noted that many of their clients, who are migrants, chose not to report to authorities on their situations.⁶⁶

UNODC interviews with local experts found that low-skilled workers from the Philippines, both men and women, are particularly vulnerable to being trafficked to Palau due to labour regulations in the Philippines. The workers sign a contract in the Philippines with a recruitment agency promising a wage amount required to legally leave the country.⁶⁷ Then, when

61 Department of Vanuatu Police Force-UNODC Consultative Virtual Meeting on Transnational Organized Crime, February 2024.

62 United Nations Population Division, "International Migrant Stock," 2020.

63 UNOCHA, "Palau: Population Distribution." Accessed at: <https://www.unocha.org/publications/map/palau/palau-population-distribution-total-population-17614-census-2020>.

64 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands."

65 Ibid.

66 Ibid.

67 Note that the Philippine Overseas Employment Administration (POEA) requires that citizens of the Philippines who leave the country to work must have their labour contract validated in order to obtain an exit certification. Certification requires a certain minimum wage be set forth in the contract. See: Philippine Overseas Employment Administration (POEA), "Laws, Rules and Regulations on Overseas Employment," 2016. Accessed at: <https://www.dmw.gov.ph/archives/laws&rules/laws&rules.html>.

Table 1. Number of trafficking in persons cases and identified victims in Palau, 2019-2023

	2019	2020	2021	2022	2023
No. of cases	8	5	3	6	12
No. of identified victims	5	1	0	0	11
Case details	Two females and three males	Victim: One Filipina female, aged 59. Cases: Four forced labour and one sexual exploitation Indictments: One Palauan	One case of labor trafficking	Cases: Three forced labours and one sexual exploitation. One labour case involved a Bangladesh male victim and Bangladesh male offender, from a previous case in 2018	Victims: Seven males and four females, including four males and four females from the Philippines Cases: Eight forced labour and three sexual exploitation

Source: Official communication with the Division of Transnational Crime, Bureau of Public Safety, Ministry of Justice, Republic of Palau, February 2024, and April 2024.

they arrive in Palau, some workers are forced to sign a new, significantly different contract with a much lower wage and worse conditions. Examples have included domestic workers from the Philippines who must work twice as much and are paid a little over half of what was promised in the original contract. There are also reported cases of contracts being issued for legitimate waitressing jobs, which turn to be completely fraudulent given that women are sexually exploited in massage parlours, karaoke bars and other venues.⁶⁸ In February 2022, the Philippine Overseas Employment Administration warned aspiring Filipino migrant workers to be wary of fake job offers in Palau.⁶⁹

Undocumented workers from Bangladesh, China, Nepal, the Philippines, Thailand, and Viet Nam pay thousands of dollars in recruitment fees and willingly migrate to Palau for purported jobs in domestic service, agriculture, the hospitality industry, or construction. However, some migrants are exploited in conditions substantially worse than what had been presented in contracts or recruitment offers, and some have become trafficking victims.⁷⁰

For instance, law enforcement in Palau detained over 200 mostly Chinese workers during the three raids on suspected online gambling operations on

New Year’s Eve 2019, and another raid in mid-2020, that were believed to be run by a loosely connected network of Chinese businesspeople, some with reported connections to triad crime groups based in China.⁷¹ The workers had been brought to Palau to conduct illegal online gambling operations targeting customers back in China, and appeared to have little knowledge of who they were working for. Some workers⁷² set up new business ventures and cultivated close relationships with Palau’s elite. However, some other workers testified to Palauan police that they had been held in debt bondage and experienced physical violence and intimidation to keep them from reporting conditions to authorities or local civilians. This can indicate exploitation and trafficking for forced criminality. Sex workers were also brought on site as an inducement for the men to stay. Police records are also reported to show that some workers entered the country via Cambodia, which has become a hotspot for Chinese crime groups running online scam and gambling.⁷³

In Tonga, there have been two trafficking investigations and no prosecutions or convictions since 2018. The majority of suspected cases of trafficking reported by law enforcement in Tonga involve foreign victims from East Asia and the Pacific.⁷⁴ No cases of trafficking in

68 UNODC, “Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands.”

69 Philippine Overseas Employment Administration, “POEA warns public vs fake jobs in Palau,” February 2022. Accessed at: https://dmw.gov.ph/archives/news/2022/NR_2022%20February_POEA%20warns%20public%20vs%20fake%20jobs%20in%20Palau.pdf.

70 UNODC, “Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands.”

71 Organized Crime and Corruption Reporting Project, “Pacific Gambit: Inside the Chinese Communist Party and Triad Push into Palau,” December 2022. Accessed at: <https://www.occrp.org/en/investigations/pacific-gambit-inside-the-chinese-communist-party-and-triad-push-into-palau>.

72 Ibid.

73 Ibid.

74 UNODC, “Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands.”

persons were registered in Tonga between 2017 and 2020.^{75,76}

In Solomon Islands, exploitation in the logging, fishing and mining industries may involve the forced labour of both Solomon Islander and foreign adults, mostly from South Asia and Southeast Asia.⁷⁷

Smuggling of migrants towards the Pacific

Smuggling of migrants remains a problem in some PICTs. In Guam, the primary irregular migration flows consist of the in-flow of undocumented Chinese nationals who travel from Saipan and enter Guam with the intention of entering illegally to find work.⁷⁸ A Guam labor department official said in the media that some Chinese work illegally for construction businesses and that they use the instant messaging app WeChat to find work in the country.⁷⁹

Guam has experienced an increase in unlawful arrivals by boat, and in 2022 the government established a multiagency task force to respond to the problem. That year, authorities arrested and charged nine Chinese nationals on suspicion of purchasing and operating boats to arrive at different areas of Guam. Authorities have since made several arrests of Chinese migrants along this route for attempting illegal entry into Guam. In June 2023, authorities in Guam intercepted 27 undocumented Chinese nationals who had traveled from Saipan on two boats operated by local residents of the Commonwealth of the Northern Mariana Islands for the purpose of finding work in Guam.⁸⁰ Law enforcement officials reportedly believe that the Chinese migrants travelled by boat because they wanted to avoid immigration processes that

were anticipated if they had traveled on a commercial flight. A local media report said that the immigration status of the individuals varied, including long-term overstays from conditional parole or expired work visas, according to the U.S. Department of Homeland Security.⁸¹ However, hundreds of undocumented Chinese migrants are said to have entered Guam successfully during the previous few months, according to a U.S.-based think-tank.⁸² It is not clear how many of these illegal entries were facilitated by smugglers. In September 2023, Guam authorities were reported in the media to have arrested 14 Chinese nationals who paid US\$ 3,000 to be smuggled by boat from Saipan and were looking for work in Guam.⁸³ Some migrants smuggled along this route have encountered dangerous situations. For instance, in July 2023 the U.S. Coast Guard Sector Guam rescued 10 Chinese nationals, stranded near the island of Rota as their small boat ran out of fuel.⁸⁴ In addition, in January 2024, U.S. Navy, Coast Guard and Guam first responders are reported to have rescued six Chinese citizens from a recreational boat in dangerous sea areas.⁸⁵

Chinese citizens are able to enter Saipan without a visa for a stay of up to two weeks, while citizens of other countries can stay up to 45 days.⁸⁶ Some migrants in Saipan arrive with the intention of overstaying their visas and saving money to be smuggled to Guam. According to media, Guam construction companies recruit workers on Saipan, promising migrants they will be paid US\$ 200 a day, but since they are undocumented and paid under the table, they risk deportation if they complain to authorities about working conditions or being underpaid, leaving Chinese irregular workers

75 UNODC, "Global Report on Trafficking in Persons," 2022.

76 Tonga's first and only trafficking case was successfully prosecuted in April 2011, when the Tongan courts sentenced a Chinese national for charges related to prostitution; in 2009, the offender recruited two Chinese women to travel to Tonga to work as waitresses but forced the two victims to work as prostitutes. Source: Attorney General's Office of Tonga-UNODC Consultative Virtual Meeting on Transnational Organized Crime, February 2024.

77 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands."

78 Alex Wilson, "Chinese citizens use Northern Marianas as illegal pathway to Guam," Stars and Stripes. Accessed at: https://www.stripes.com/theaters/asia_pacific/2024-02-26/guam-china-illegal-entry-northern-marianas-13130497.html.

79 Shane Healy, "CNMI says 27 Chinese nationals came to Guam by boat in June," The Guam Daily Post, July 2023. Accessed at: https://www.postguam.com/news/local/cnmi-says-27-chinese-nationals-came-to-guam-by-boat-in-june/article_a08c977c-16d6-11ee-b4ba-cf5ed4fd12c3.html.

80 Ibid.

81 Kimberly Bautista Esmores, "Locals involved in smuggling Chinese nat'ls to Guam have not been charged," Saipan Tribune, July 2023. Accessed at: https://www.saipantribune.com/featured/locals-involved-in-smuggling-chinese-nat-ls-to-guam-have-not-been-charged/article_20d7f31b-0c75-5a32-b91c-0f05ce8667a7.html.

82 Cleo Paskal, "Northern Mariana: Time to close China's backdoor into the U.S.," Foundation for Defense of Democracies, September 2023. Accessed at: <https://www.fdd.org/analysis/2023/09/03/northern-mariana-time-to-close-chinas-backdoor-into-the-u-s/>.

83 Kandit News Group, "Agent: Saipan Chinese aliens pay \$3,000 each for boat ride to higher wages on Guam," September 2023. Accessed at: <https://kanditnews.com/agent-saipan-chinese-aliens-pay-3000-each-for-boat-ride-to-higher-wages-on-guam/>.

84 U.S. Attorney's Office, Districts of Guam & the Northern Mariana Islands, "PRC Citizen Sentenced for Conspiring to Transport Illegal Aliens to Guam," March 2024. Accessed at: <https://www.justice.gov/usao-gu/pr/prc-citizen-sentenced-conspiring-transport-illegal-aliens-guam>.

85 Alex Wilson, "Chinese citizens use Northern Marianas as illegal pathway to Guam."

86 U.S. Department of Homeland Security, "Visa Waiver Program and Guam – CNMI Visa Waiver Program," undated. Accessed at: <https://www.dhs.gov/visa-waiver-program-and-guam-cnmi-visa-waiver-program>.

vulnerable to labor abuses and possible trafficking. Female migrants face particular vulnerabilities related to sexual exploitation, particularly those who work in the massage shops.⁸⁷

Trafficking and smuggling people from the Pacific to other parts of the world

Small numbers of victims from the Pacific have been detected in situations of trafficking in other countries in Oceania, including Australia and New Zealand,⁸⁸ as well as in Asia, including China, the Philippines and Thailand,⁸⁹ and in the United States.⁹⁰ For instance, in 2020, a New Zealand resident and Samoan citizen were convicted of 10 counts of trafficking in persons and of 13 counts of slavery.⁹¹ Media reports have shown that Pacific Islander citizens have also been charged with forced labour and trafficking offences in Australia, including the conviction of an Australian couple, who had previously lived in Tonga for keeping a Fijian woman in domestic servitude in Australia for eight years, confiscating her passport and forcing her to work long hours for little pay.⁹²

Australia and New Zealand are main destinations for Pacific Islanders seeking work abroad, and most of them use the seasonal and temporary labour migration schemes for Pacific workers namely, the Seasonal Worker Programme (SWP) and the Pacific Labour Scheme (PLS), which were consolidated under the Pacific Australia Labour Mobility (PALM) scheme in April 2022. Official statistics from Australia showed that the total number of the Pacific Australia Labour Mobility (PALM) scheme workers increased by 44 per cent in the last seven months of 2022, from slightly more than 24,400 in May to more than 35,100 by December.⁹³ There are reports that nationals of PICTS

recruited through the mobility programme have faced conditions that might amount to trafficking in persons. For instance, Fijians are becoming victims of forced labour in both mentioned countries, particularly in the agricultural, construction and domestic work sectors of countries.⁹⁴

Flows to Europe are much smaller or far less detected. Between January 2009 and December 2022, the European Union detected only 16 illegal border crossings by irregular migrants from Pacific Island countries, all from Solomon Islands.⁹⁵ More research is required to understand the complexities of trafficking and smuggling to, from and in the Pacific Islands.

Role of transnational organized crime groups in trafficking in persons and migrant smuggling in the Pacific

Despite the lack of definitive evidence of the involvement of organized crime in trafficking in persons and smuggling of migrants in the Pacific region, numerous law enforcement interviews and media reports indicate that transnational organized crime activity plays a role.

A clear example of organized crime involvement in trafficking in persons was in Marshall Islands, where a trafficking in persons network involving a national of the United States and a small group of Marshallese was dismantled in 2019. Marshallese nationals can freely enter the United States and this travel arrangement has been exploited by criminals. In 2020, a national of the United States was convicted of Conspiracy to Smuggle Illegal Aliens for Commercial Advantage and Private Financial Gain, by running a criminal enterprise that orchestrated the travel of several pregnant Marshallese women into the United States to give birth, paid for unlawfully by Arizona taxpayers, and profiting by putting their babies up for adoption by American families. Though Marshallese nationals are legally permitted to enter and take up employment within the United States freely, they are

87 Kandit News Group, "Agent: Saipan Chinese aliens pay \$3,000 each for boat ride to higher wages on Guam," September 2023. Accessed at: <https://kanditnews.com/agent-saipan-chinese-aliens-pay-3000-each-for-boat-ride-to-higher-wages-on-guam/>.

88 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands."

89 Ibid.

90 UNODC, "Migrant Smuggling in Asia: Current Trends and Related Challenges Volume II," 2018.

91 UNODC, "Regional Report on the Existing Capacities to Measure Trafficking in Persons in the Pacific Islands."

92 Kate McKenna, "Brisbane couple jailed for keeping Fijian woman as servant," ABC News, April 2019. Accessed at: <https://www.abc.net.au/news/2019-04-16/couple-sentenced-overforcing-fijian-woman-to-be-servant/11019432>.

93 International Organization for Migration, "Asia-Pacific Migration Data Report 2022," IOM Asia-Pacific Data Hub, August 2023.

94 Deanna Davy and Tevita Tupou, "Trafficking in Persons in Fiji: A Study of the Volume and Characteristics of Trafficking in Persons in Fiji and the Challenges in the Response."

95 All Solomon Islander IBCs were detected along the Western Balkans Route. European Border and Coast Guard Agency, "Detections of Illegal Border Crossings," Frontex database, Accessed on February 2022. Accessed at: <https://frontex.europa.eu/we-know/migratory-map/>.

prohibited from entering the country for adoption.⁹⁶ For over a decade, the defendant facilitated adoptions from Marshall Islands, charging adoptive families approximately US\$ 35,000 per adoption and using his law firm as a front.^{97,98} He also cheated the Arizona state Medicaid system out of more than US\$ 814,000, by using false information to place the Marshallese birth mothers in the state-funded healthcare in order to pay for delivery costs;⁹⁹ should not have qualified for state health benefits because they were not Arizona residents.

Concerning the above case, in 2019, the Government of Marshall Islands filed a trafficking case against three Marshallese individuals for conspiracy to recruit and transport two pregnant Marshallese mothers. However, the case was initially dismissed as the principal defendant fled the country. It was refiled in 2023 when the defendant applied to renew his passport. The Marshall Islands Government denied his passport renewal application, and it will not be issued until the defendant appears in person and answers the charges against him.¹⁰⁰

Another example of organized crime involved in trafficking in persons is a human trafficking network operating in Saipan implicated in other forms of transnational organized crimes, including migrant smuggling and money laundering. For instance, according to media, the Imperial Pacific Resort Hotel casino, which filed for bankruptcy in April 2024, was implicated in trafficking in persons for forced labour on several occasions. The Imperial casino was built with a crew of hundreds of Chinese, many working illegally on tourist visas. Some workers died and many more workers suffered severe injuries resulting from falls

96 United States Attorney's Office, Western District of Arkansas, "Arizona Adoption Attorney Sentenced To Over 6 Years In Prison For Alien Smuggling For Financial Gain," December 2020. Accessed at: <https://www.justice.gov/usao-wdar/pr/arizona-adoption-attorney-sentenced-over-6-years-prison-alien-smuggling-financial-gain>.

97 U.S. Department of State, "2023 Trafficking in Persons Report."

98 U.S. Immigration and Customs Enforcement, "Paul Petersen sentences to 5 years in Arizona prison following a joint financial fraud HIS and DPS investigation," March 2021. Accessed at: <https://www.ice.gov/news/releases/paul-petersen-sentenced-5-years-arizona-prison-following-joint-financial-fraud-hsi#:~:text=Through%20his%20adoption%20practice%2C%20Petersen,Schemes%20and%20Artifices%20and%20Forgery>.

99 Arizona Attorney General's Office, "Maricopa County Assessor Paul D. Petersen Indicted in Adoption Fraud Scheme," Arizona Attorney General Kris Mayes, October 2019. Accessed at: <https://www.azag.gov/press-release/maricopa-county-assessor-paul-d-petersen-indicted-adoption-fraud-scheme>.

100 Interview #33.

and electric shocks, prompting an FBI investigation into the labour conditions. The FBI reportedly found a list of more than 150 undocumented workers in a contractor's office.¹⁰¹ Eighteen employees of Imperial Pacific International (IPI) and the contracting companies building the casino were charged with immigration violations, and some pleaded guilty. In August 2020, three executives from IPI and MCC International Saipan¹⁰² were indicted on federal charges, including Racketeer Influenced and Corrupt Organizations Act (RICO) conspiracy, harboring illegal aliens, unlawful employment of aliens, and international promotional money laundering. The defendants are also alleged to have transferred more than US\$ 24 million into the United States to promote their illegal activity.¹⁰³

Evidence of illicit activity by a large transnational organized crime group also has been evident in Fiji, particularly in relation a hotel in Suva, which is owned by a naturalized Fijian with suspected ties to organized crime groups active in Fiji. Fijian authorities informed UNODC in November 2023 that the hotel was being monitored due to suspected illicit activities, including online fraud.¹⁰⁴ Authorities in the region believe that the naturalized Fiji national is a senior organized crime leader. The syndicate is reportedly involved in large-scale drug trafficking to Australia, human trafficking and money laundering,¹⁰⁵ and, according to media, in providing storage for drug shipments for South American cartels.¹⁰⁶

101 Farah Master, "Hong Kong owner of Pacific island casino sued over forced labour, trafficking claims," Reuters, March 2019. Accessed at: <https://www.reuters.com/article/idUSKCN1QW02D/>.

102 U.S. Department of Justice, "Wu Superseding Indictment, Case 1:18-cr-00008," filed August 2019. Accessed at: <https://www.justice.gov/opa/press-release/file/1300911/dl>.

103 Office of Public Affairs, U.S. Department of Justice, "Imperial Pacific International and MCC International Saipan Executives Indicted on Federal Charges," Press Release, August 2020.

104 UNODC bilateral meeting with the Fiji Financial Intelligence Unit, November 2023.

105 Organized Crime and Corruption Reporting Project, "Chinese Communist Party-Backed Businessman in Fiji is a Top Australian Criminal Target," March 2024. Accessed at: <https://www.occrp.org/en/investigations/chinese-communist-party-backed-businessman-in-fiji-is-a-top-australian-criminal-target>.

106 Nick McKenzie and Amelia Ballinger, "'Priority target': The businessman at the top of Australia's intelligence hit list," The Age, March 2024. Accessed at: <https://www.theage.com.au/world/asia/priority-target-the-businessman-at-the-top-of-australia-s-intelligence-hit-list-20240320-p5fdv8.html>.

Principle enabler of trafficking in persons and migrant smuggling: corruption

There have been several trafficking in persons and smuggling of migrants cases facilitated by corruption and official complicity in the region as well as in other parts of the world.

In 2022, a couple with dual China and Marshallese citizenship was extradited to the United States from Thailand, to where they had fled from Marshall Islands, and charged with violating the Foreign Corrupt Practices Act (FCPA) in connection with a multi-year scheme to bribe senior government officials in Marshall Islands in exchange for supporting legislation creating a semi-autonomous region called the Rongelap Atoll Special Administrative Region (RASAR).¹⁰⁷ The defendants were convicted and sentenced in 2023. In addition, the U.S. Department of Justice indictment alleges that the defendants carried out the bribery and money laundering scheme using an NGO based in New York, including the use of its headquarters in Manhattan, to meet with and communicate with Marshallese officials.¹⁰⁸ The couple has been released from U.S. prison, and at least one of them is reported to be back in Marshall Islands.¹⁰⁹ In 2023, the United States issued a travel ban against two prominent members of the Marshall Islands parliament, who accepted the bribes for their legislative support of a bill to create the RASAR.¹¹⁰

Several countries of PICTs, including Fiji, Papua New Guinea, and Palau, are reported to have investigated trafficking in persons cases which were implicated in corruption of public officials. However, there are limited successful prosecutions or convictions. For instance, in 2023, the Papuan government

107 Criminal Division, U.S. Department of Justice, “United States v. Cary Yan and Gina Zhou,” undated. Accessed at: <https://www.justice.gov/criminal/criminal-fraud/case/united-states-v-cary-yan-and-gina-zhou-0>.

108 Office of Public Affairs, U.S. Department of Justice, “Former Heads of New York-Based Non-Governmental Organization Charged with Bribing Elected Officials of the Marshall Islands Extradited to the United States from Thailand,” September 2022: Accessed at: <https://www.justice.gov/opa/pr/former-heads-new-york-based-non-governmental-organization-charged-bribing-elected-officials>.

109 Organized Crime and Corruption Reporting Project, “US Bans Entry to Marshall Islands Politicians over Corruption,” December 2023. Accessed at: <https://www.occrp.org/en/daily/18300-us-bans-entry-to-marshall-islands-politicians-over-corruption>.

110 U.S. Department of State, “Leveraging Tools to Promote Accountability and Counter Global Corruption,” Fact Sheet, Office of the Spokesperson, December 2023. Accessed at: <https://www.state.gov/leveraging-tools-to-promote-accountability-and-counter-global-corruption/>.

investigated two trafficking in persons cases, the same as the previous reporting period, including officials’ complicity in a sex trafficking network; however, it did not prosecute or convict any traffickers and it did not identify any victims of trafficking.¹¹¹

Impact, policy implications, and looking ahead

As data are the lifeblood of decision-making, statistics on the nature, extent and potential measurement of trafficking in persons and smuggling of migrants are necessary to collect the relevant data for measuring the phenomenon in a systematized way. In the absence of a common set of indicators with standardized definitions, it is difficult for any government to take stock of either the local or global nature and reach of the problem. Without a robust evidence base, it is also unclear how policymakers can shape policy and targeted interventions to combat trafficking in persons and migrant smuggling.

To this end, the International Organization for Migration (IOM), in partnership with UNODC, has developed a common international classification standard, the *International Classification Standard for Administrative Data on Trafficking in Persons* (ICS-TIP), that aims to facilitate the production and dissemination of high-quality administrative data relating to various aspects of the crime of trafficking in persons. The ICS-TIP conceptualizes the characteristics of the individuals, events and organizations involved in a trafficking in persons case, with a view to producing easily aggregated raw data for a range of government uses and for sharing and reporting at the national, regional and international levels. Use of ICS-TIP in the PICTs would help to strengthen the capacities of countries in the region to improve administrative data collection, data analysis, data protection and national reporting on trafficking in persons, and would benefit their statistical capacities to measure the undetected number of trafficking in persons victims.¹¹²

At the national level, many PICTs struggle to harmonize disparate data collected from different stakeholders/

111 U.S. Department of State, “2023 Trafficking in Persons Report.”

112 UNODC, “IOM and UNODC release new guidance to help combat human trafficking through data,” October 2023. Accessed at: <https://www.unodc.org/unodc/en/frontpage/2023/October/iom-and-unodc-release-new-guidance-to-help-combat-human-trafficking-through-data.html>.

organizations involved in the counter-trafficking response. Law enforcement agencies, practitioners and front-line workers do not always share a clear understanding of what kind of data to collect on trafficking in persons and how; this is often true also of government departments and administrative units (states, regions, municipalities). It is essential that the various players involved in any particular jurisdiction collect closely matched data in terms of content and format.

As a starting point, PICTs are encouraged to collect data on key indicators of trafficking victims¹¹³ and offenders – making use of ICS-TIP – create protocols and a database for this purpose and regularly contribute to the biennial data collection for the UNODC Global Report on Trafficking in Persons and related SDG reporting obligations. Countries would benefit by establishing a periodical reporting mechanism for national trafficking statistics and analysis, for example, through a national trafficking report. Countries should also be supported to establish national trafficking in persons databases and contribute to the development of a Pacific regional trafficking in persons database.

The production of data must also consider data privacy concerns. The individuals from which data are collected must be protected from the risk of harm they might be exposed to if the data are shared. For individuals of vulnerable or exploited groups, the risk of harm can be much greater than for other data subjects. To minimize the risk for all involved, data collection mechanisms in the Pacific region require robust rules and systems of accountability for protecting this information.

To this end, the PICTs would continue to benefit from further technical assistance to increase their capacities for establishing sustainable and comprehensive systems to collect, analyze and share data on trafficking in persons.

113 IOM, "The IOM Handbook on Direct Assistance for Victims of Trafficking," 2015; IOM, "Guidance on Referral Mechanisms," 2019; IOM Handbook on Protection and Assistance to Migrants Vulnerable to Violence, Exploitation and Abuse," 2019; UNODC, "Toolkit to Combat Trafficking in Persons - Global Programme against Trafficking in Human Beings," 2008 (see in particular chapter 6 and tool 6.4); and UNODC, Human trafficking indicators. Various sets of indicators of trafficking have also been produced by other organizations, as follows: ILO, "Operational indicators of trafficking in human beings," September 2009; Cathy Zimmerman and Charlotte Watts, "WHO ethical and safety recommendations for interviewing trafficked women," WHO, 2003.

There is the need for the increased identification of victims of trafficking in persons of all categories in the Pacific region, and to provide assistance and protection to victims and more effective prosecution of trafficking in persons and smuggling of migrants by developing specialized and trained criminal justice practitioners.

Identifying human trafficking in the fishing industry remains a major obstacle, and it is compounded by a lack of training for law enforcement to recognize trafficking in persons aboard vessels. While the laws of some Pacific countries require maritime authorities to enforce all laws of the particular country, the patrol boats primarily enforce the laws regarding illegal, unlicensed and unregulated fishing (IUU). To counter possible trafficking in persons aboard foreign fishing vessels, maritime law enforcement in the Pacific region may benefit by developing plans that will allow for the IUU investigations to also accommodate trafficking in persons investigations and enforcement of trafficking in persons laws. This needs to include specific training on recognizing indicators of trafficking in persons on fishing vessels, how to conduct investigations including securing evidence at sea, and developing a roadmap on responsibilities of the investigators, prosecutors, and the nations. To that end, PICTs should develop legislative provisions with relevant agencies to allow for labour inspections to be conducted on board fishing vessels and for fisheries officials to support in monitoring labour standards.

Trafficking in persons poses a significant challenge to the realization of the United Nations' Sustainable Development Goals (SDGs). In the Pacific region, trafficking in persons involves the exploitation of men, women, and children for labor and sexual services, usually achieved through coercion, fraud, or force, and often in proximity to the tourism and resource extraction industries. The SDGs aim to eliminate gender disparities and promote inclusive and sustainable economic growth with full and productive employment. However, measuring the progress on these goals in the Pacific is highly challenging due to the limited data available in the region.

Specifically, trafficking in persons impedes progress on several goals, including SDG 5, 'Gender Equality,' and Goal 8, 'Decent Work and Economic Growth,' and proportion of ever-partnered women and girls aged

Figure 5. Relevant Sustainable Development Goals, targets and indicators



SDG 5 - Gender Equality

- Indicator 5.2.1: Proportion of ever-partnered women and girls aged 15 years and older subjected to physical, sexual, or psychological violence by a current or former intimate partner in the previous 12 months, by form of violence and by age.
- Indicator 5.2.2: Proportion of women and girls aged 15 years and older subjected to sexual violence by persons other than an intimate partner in the previous 12 months, by age and place of occurrence.

SDG 8 - Decent Work and Economic Growth

- Indicator 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers.

SDG 10 - Reduced Inequalities

- Indicator 10.7: Facilitate orderly, safe, and responsible migration and mobility of people, including through implementation of planned and well-managed migration policies.

SDG 16 - Peace, Justice and Strong Institutions

- Indicator 16.2: End abuse, exploitation, trafficking and all forms of violence and torture against children.
- Indicator 16.4: By 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organized crime.

15 years and older subjected to physical, sexual, or psychological violence by a current or former intimate partner in the previous 12 months, by form of violence and by age (Indicator 5.2.1); and proportion of women and girls aged 15 years and older subjected to sexual violence by persons other than an intimate partner in the previous 12 months, by age and place of occurrence (Indicator 5.2.2). Additionally, trafficking in persons also hinders the achievement of taking immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers (Indicator 8.7).

Moreover, trafficking in persons exacerbates issues related to SDG 10, ‘Reduced Inequalities’, and specifically facilitate orderly, safe, and responsible migration and mobility of people, including through implementation of planned and well-managed migration policies (Indicator 10.7), and SDG 16, ‘Peace, Justice and Strong Institutions’, namely end abuse, exploitation, trafficking and all forms of violence and torture against children (Indicator 16.2), and by 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organized crime (Indicator 16.4).

Pacific law enforcement agencies will continue to work to close the knowledge gap related to trafficking in persons, smuggling of migrants and transnational crime in the region; however, their efforts will continue to be challenged by the numerous dynamics presented in this chapter. For one, the Pacific Islands may continue to serve as countries of recruitment or origin of trafficking in persons flows towards other countries in Oceania and Southeast Asia. Additionally, the prospects of employment in Australia and New Zealand may continue to attract migrants from PICTs, particularly those making use of labour mobility schemes, to fill labour gaps in those two countries. Additionally, trafficking in persons from Southeast Asia to Australia, New Zealand and North America through the Pacific may continue. Criminals may take advantage of persons who migrate along these routes in the Pacific for the purposes of trafficking in persons or smuggling of migrants.

Natural disasters, civil unrest, or tribal warfare in the Pacific may continue to disrupt people’s livelihoods in the Pacific region. This vulnerable situation may be exploited by organized crime for trafficking in persons and smuggling of migrants. The sexual exploitation of children and women displaced from their homes will remain a high risk. To mitigate the risks of traffickers

taking advantage of vulnerable people affected by these conditions, PICTs authorities would benefit from committing to and implementing anti-trafficking treaties and measures, including the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children and by implementing measures to prevent trafficking and smuggling and to protect victims and prosecute offenders.

Migrants from outside the Pacific region, particularly Southeast and South Asia, will continue to face risks of forced labour. In addition, Pacific Islanders themselves will also continue to become victims of forced labour which can amount to trafficking and engage smugglers to undertake migratory journeys if legal pathways are limited or unavailable.

It is also likely that irregular migration flows consisting of undocumented Chinese nationals who travel from Saipan to Guam will continue, particularly those who migrate with the intention of entering illegally to find work.

Trafficking in persons and smuggling of migrants will continue to be conducted by transnational organized crime in collaboration with locally based criminals in the Pacific. Organized crime groups from outside the region, will continue to expand their illicit activities in several countries and territories of the Pacific, including human trafficking and migrant smuggling, often in relation to other crimes such as illegal gambling and money laundering. Their illicit activities will continue to be enabled by corrupt public officials and prominent private individuals in the Pacific unless notable efforts are made to address relevant corruption challenges.



Crimes that Affect the Environment

Crimes that Affect the Environment

Key takeaways

The Pacific region faces a significant threat from crimes that affect the environment. Although the Kyoto Declaration addresses offenses related to wildlife, timber, and waste, there is no universally agreed-upon definition of these crimes beyond the International Classification of Crime for Statistical Purposes (ICCS), which serves only statistical functions. This lack of clarity complicates efforts to track and combat illegal activities effectively.

Crimes that affect the environment often follow a well-defined cycle. Products such as wildlife or timber are extracted illegally in source countries like Pacific Island States and then smuggled through complex transit routes before reaching their final destinations. These crimes are typically organized, and while the actors involved might fit the UNTOC definition, they often operate as semi-legal entities in practice. In the Pacific Islands, wildlife trafficking and illegal fishing present significant challenges, particularly with valuable species such as sea cucumbers, corals, and turtles. These entities exploit legal trade routes and weak regulations, using sophisticated methods to evade detection, engage in tax evasion, and launder money. Their actions deplete marine resources, undermine conservation efforts, and may lead consumers to unknowingly purchase illegally sourced wildlife products.

Enhancing regulatory frameworks and strengthening enforcement mechanisms are crucial for addressing challenges related to timber trafficking. Countries like Papua New Guinea and Solomon Islands, major global exporters of tropical timber, face difficulties with illegal logging that exceeds permitted limits or targets endangered species. Effective solutions involve streamlining supply chains, boosting transparency, and increasing enforcement resources. Investing in improved oversight and fostering international cooperation will help these nations protect their valuable timber resources and promote sustainable practices.

Criminal networks also contribute to the illegal trade of ozone-depleting substances by exploiting limited enforcement capacities and regulatory gaps. They engage in illicit dumping of hazardous waste, including electronic waste and toxic chemicals, employing bribery and sophisticated logistical strategies to facilitate their operations.

Limited data availability hampers a full understanding of the scope of crimes affecting the environment in the Pacific. However, existing evidence indicates a significant threat from wildlife trafficking, illegal fishing, and deforestation. Strengthening regulations, improving enforcement capacity, and fostering international cooperation are crucial steps to safeguard the Pacific's environment and its people.

Background

Crimes that affect the environment remain a pressing challenge in the Pacific region, underscoring the region's reliance on natural resources, despite a decrease in reported cases to the Pacific Transnational Crime Coordination Centre (PTCCC).¹ This region is endowed with remarkable biodiversity, with unique species found nowhere else in the world, which are under threat from illegal harvest, habitat loss, and climate change. Up to 50 per cent of the region's total biodiversity is at risk.² The islands harbor intact forests, diverse plant and animal communities, and vital marine ecosystems.³ These ecosystems provide essential services such as carbon sequestration, water filtration, and nutrient cycling.⁴ They also support pollination, soil fertility, and climate regulation.⁵ Ecosystem degradation threatens these services, impacting human health and well-being, the environment and the local economy.⁶

*It is estimated that the terrestrial ecosystem services provide US\$ 14 trillion per year in benefits in 47 countries in Asia and the Pacific region, most of which are non-marketed and do not show up in GDP.*⁷

Industries vital to Pacific Islands, including tourism, agriculture, forestry, and fisheries, rely heavily on the region's biodiversity and ecosystem services. The economic value of these activities is contingent upon the maintenance of healthy ecosystems. The rich biodiversity of the Pacific region contributes to the wildlife trade for traditional medicines⁸

and ecotourism activities,⁹ such as bird watching, bolstering local economies.¹⁰ Timber is not only crucial for construction but also serves as a sustainable material for various wood-based products, supporting industries like paper manufacturing and renewable energy production.¹¹ Furthermore, fisheries in the Pacific provide livelihoods, food security, and income for local communities and contribute significantly to the state revenue.¹² The demand for these valuable resources has fueled both legal and illegal trade activities, which will be further discussed in the sections after.

The legal trade of natural resources and environmental products is a regulated process which involves the extraction, processing, and export of materials. This trade contributes to economic growth, provides employment opportunities, and generates revenue for governments.¹³ The United Nations Comtrade Database indicates that wildlife, timber, fishery products, and minerals are licitly exchanged within the Pacific region benefitting the regional economy.¹⁴ However, illegal trade has a detrimental impact on local communities, causing economic and social harm. The illegal trade in wildlife encompasses illegal harvesting, smuggling, and the sale of endangered species, particularly iconic animals such as turtles, birds, reptiles, sharks, and

1 Pacific Islands Forum, "Regional Transnational Organised Crime Disruption Strategy 2023 – 2028."

2 Secretariat of the Pacific Regional Environment Programme (SPREP), "The Natural Resources of the Pacific Region," 2010. Accessed at: <https://archive.iwlearn.net/sprep.org/topic/NatRes.htm>.

3 United Nations Environment Programme (UNEP) and Secretariat of the Pacific Regional Environment Programme (SPREP), "Pacific Biodiversity, Including Marine and Coastal Life," Pacific Factsheets, 2017. Accessed at: <https://www.sprep.org/publications/pacific-biodiversity-including-marine-and-coastal-life>.

4 Eckehard G. Brockerhoff et al., "Forest Biodiversity, Ecosystem Functioning and the Provision of Ecosystem Services," *Biodiversity and Conservation* 26, no. 13, December 2017. Accessed at: <https://doi.org/10.1007/s10531-017-1453-2>.

5 Ibid.

6 Ibid.

7 Ida Kubiszewski et al., "The Future of Ecosystem Services in Asia and the Pacific," *Asia & the Pacific Policy Studies* 3, no. 3, 2016. Accessed at: https://www.eld-initiative.org/fileadmin/ELD_Filter_Tool/Publication_ELD_Scientific_Paper_Kubiszewski_2016/2016_Kubiszewski_Anderson_Constanza_Sutton_The_Future_of_Ecosystem_Services_in_Asia_and_the_Pacific_ELD_Scientific_Paper_EN.pdf.

8 World Health Organization (WHO), "The Regional Strategy for Traditional Medicine in the Western Pacific (2011-2020)," 2012. Accessed at: <https://www.who.int/publications/i/item/9789290615590>.

9 Wu Hongbo, "Wildlife and Its Contributions to Sustainable Development," 2014. Accessed at: <https://www.un.org/en/development/desa/usg/statements/mr-wu/2014/03/world-wildlife-day.html>.

10 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), "Ecotourism Development in the Pacific Islands," ESCAP Tourism Review, 2003. Accessed at: <https://repository.unescap.org/bitstream/handle/20.500.12870/2991/ESCAP-2003-RP-Ecotourism-Development-Pacific-island.pdf?sequence=1&isAllowed=y>; SPREP, "Ecotourism," Pacific Islands Protected Area Portal (PIPAP), 2024. Accessed at: <https://pipap.sprep.org/tags/ecotourism?page=1>.

11 Richard Sikkema et al., "How Can the Ambitious Goals for the EU's Future Bioeconomy Be Supported by Sustainable and Efficient Wood Sourcing Practices?," *Scandinavian Journal of Forest Research*, October 3, 2017. Accessed at: <https://www.tandfonline.com/doi/abs/10.1080/02827581.2016.1240228>.

12 USAID, "Pacific Coastal Fisheries Management and Compliance | Pacific Islands | Fact Sheet," U.S. Agency for International Development, 2024. Accessed at: <https://www.usaid.gov/pacific-islands/fact-sheets/pacific-coastal-fisheries-management-and-compliance>; Pacific Data Hub, "Fisheries and Aquaculture," 2024. Accessed at: <https://pacificdata.org/topic/fisheries-and-aquaculture>.

13 United Nations Environment Programme, "Strengthening Legal Frameworks for Licit and Illicit Trade in Wildlife and Forest Products: Lessons from the Natural Resource Management, Trade Regulation and Criminal Justice Sectors," 2018. Accessed at: <https://wedocs.unep.org/xmlui/handle/20.500.11822/27282>; World Trade Organization, "World Trade Report 2010," 2011. Accessed at: https://www.wto.org/english/res_e/booksp_e/anrep_e/wtr10-2e_e.pdf.

14 United Nations Department of Economic and Social Affairs (UN DESA), "UN Comtrade Database," Accessed on August 2024. Accessed at: <https://comtradeplus.un.org/>.

plants.¹⁵ The illegal logging of timber occurs when trees are felled without the requisite permits or in protected areas, thereby undermining sustainable forest management, damaging ecosystems, and endangering biodiversity.¹⁶ Crimes in the fisheries sectors, such as crimes associated with the fisheries sector¹⁷ and crimes in the fisheries value chain,¹⁸ often involving undeclared catch, illegal transshipment, the use of banned fishing gear, and fishing in no take areas, depletes fish stocks, disrupts marine ecosystems, and harms local fishing communities.¹⁹ Along with such illegal activities, waste and pollution crimes, such as the illegal dumping of hazardous materials and the discharge of pollutants into water bodies, exacerbate environmental degradation, biodiversity loss, habitat destruction, and contribute to climate change.

In any complex value chain, the legal trade dynamics of wildlife, timber, and fisheries can be exploited by transnational organized crime.²⁰ These groups and other criminal actors often identify and exploit regulatory gaps and weaknesses while capitalizing on market dynamics influenced by supply and demand. This exploitation has the potential to undermine and abuse legitimate trade infrastructures, enabling semi-legal entities and other actors to blend illegal goods with legal ones, thereby evading detection and perpetuating the consumption of illegally sourced products. This blurred line between legal and illegal trade has the consequence of normalizing the consumption of wildlife and timber products, which in turn complicates enforcement efforts and perpetuates environmental degradation.²¹

15 UNODC, “World Wildlife Crime Report,” 2024.

16 Ibid.

17 These crimes occur on fishing vessels or in fishing facilities and are not directly related to the fishing operations themselves. An example is the trafficking of firearms using fishing vessels or facilities to commit or conceal the crime. Source: UNODC, UNODC Approach to Crimes in the Fisheries Sector,” 2021.

18 These crimes are closely linked to fishing operations but extend beyond them into trade, ownership structures, and financial services related to the fishing sector. They include fraud, forgery, corruption, money laundering, tax evasion, customs and fiscal fraud, as well as trafficking in persons. These offenses exploit vulnerabilities in the fisheries industry’s economic activities. Source: Ibid.

19 Food and Agriculture Organization of the United Nations (FAO), “Illegal, Unreported and Unregulated (IUU) Fishing,” 2024. Accessed at: <https://www.fao.org/iuu-fishing/en/>; International Maritime Organization (IMO), “Illegal, Unreported, and Unregulated (IUU) Fishing,” 2019. Accessed at: <https://www.imo.org/en/OurWork/IIS/Pages/IUU-FISHING.aspx>.

20 Transnational Alliance to Combat Illicit Trade, “FAQs,” 2017. Accessed at: https://www.tracit.org/uploads/1/0/2/2/102238034/faq_tracit_launch_310817.pdf.

21 Tanya Wyatt, Daan van Uhm, and Angus Nurse, “Differentiating Criminal Networks in the Illegal Wildlife Trade: Organized, Corporate and Disorganized Crime,” *Trends in Organized Crime* 23, no. 4, 2020. Accessed at: <https://doi.org/10.1007/s12117-020-09385-9>.

Other complex challenges faced by the region are exacerbated by widespread waste crime and the rapid expansion of deep-sea mining, which affect the health of local populations, biodiversity, and economic activities such as tourism. Coastal areas are significantly impacted by the accumulation of plastic waste from both nearby and distant sources, posing a serious threat to marine life. Deep-sea mining, driven by the demand for essential minerals for modern technologies, introduces layers of uncertainty. While some Pacific Island Countries and Territories (PICTs) are actively exploring this industry’s potential, uncertainty remain about its long-term environmental impacts. Together, these activities pose significant climate risks and exacerbate the region’s existing environmental vulnerabilities. Therefore, this report section focuses on crimes that affect the environment in the Pacific, specifically addressing wildlife trafficking,²² illegal logging, illegal fishing, waste crime, and pollution crime.²³

Understanding regional crimes that affect the environment

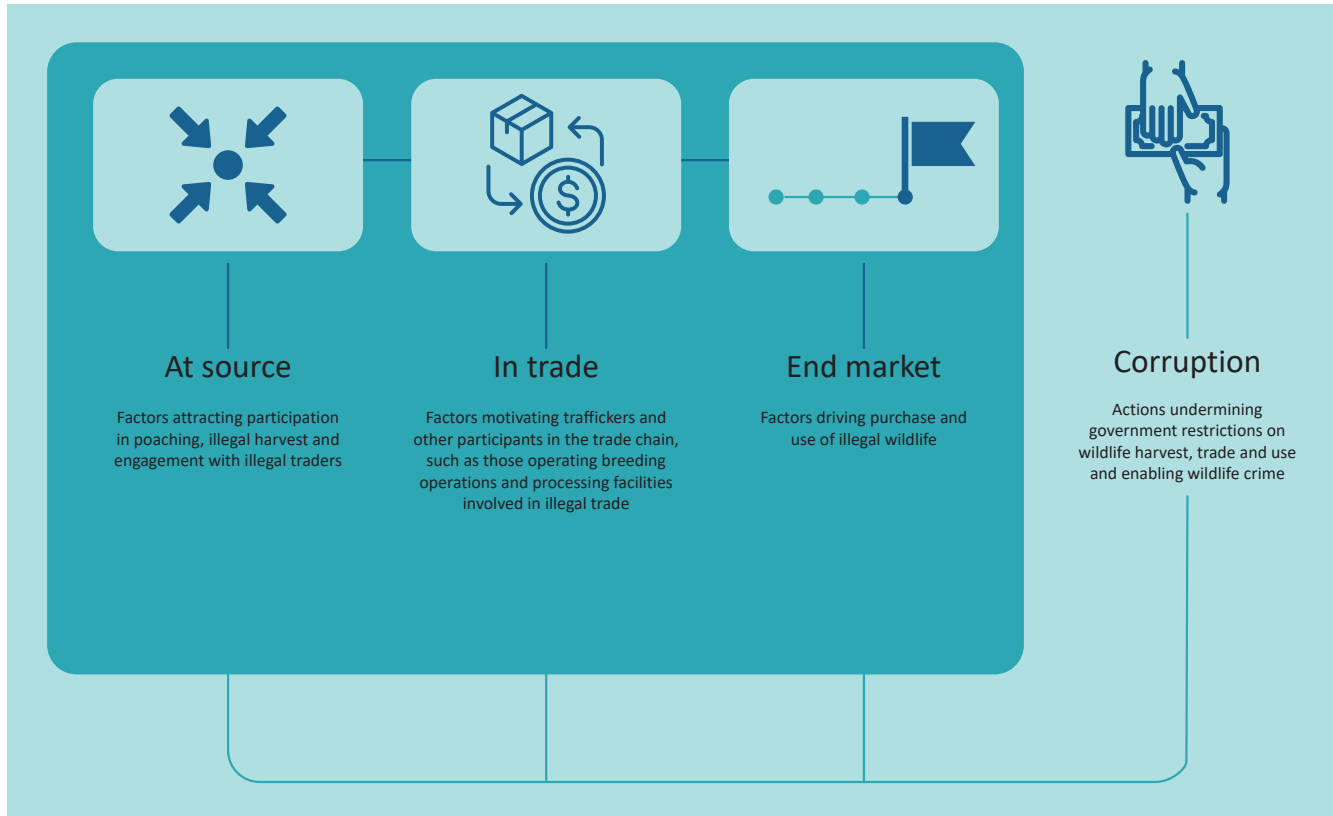
There is no formally agreed definition of ‘crimes that affect the environment.’ The Kyoto Declaration emphasizes Member States’ commitment to adopting effective measures to prevent and combat such crimes. These encompass illicit activities like trafficking in wildlife, timber and timber products, hazardous wastes, precious metals, stones, and minerals, as well as poaching.²⁴ According to the International Classification of Crime for Statistical Purposes (ICCS), acts against the natural environment are categorized into four main areas. Firstly, acts that cause environmental pollution or degradation, including those affecting air, water, soil, and other aspects of the environment. Secondly, acts involving the movement or illegal dumping of waste, including the illegal trafficking, movement, and dumping of waste. Thirdly, the trade or possession of protected or prohibited species of fauna and flora, both domestically and internationally. Finally, acts leading to the depletion

22 Wildlife crime refers to the taking, trading (supplying, selling, or trafficking), importing, exporting, processing, possession, obtaining or consumption of wild fauna and flora (including timber and other forest products) in contravention of national or international law.

23 UNODC, “Crimes That Affect the Environment,” 2021. Accessed at: <https://www.unodc.org/unodc/en/environment-climate/index.html>.

24 Kyoto Declaration, “OP87,” 2021. Accessed at: https://www.unodc.org/documents/commissions/Congress/21-02815_Kyoto_Declaration_ebook_rev_cover.pdf

Figure 1. Drivers of criminality connected with wildlife trafficking



Source: UNODC, "World Wildlife Crime Report," 2024.

of natural resources, such as illegal logging, hunting, fishing, and mining activities, which contribute to the depletion or degradation of natural resources.²⁵ These crimes are typically perpetrated by exploiting gaps in the legal framework, with potential links to corruption and economic crime. Profits are often reinvested into further illicit activities that contribute to instability.²⁶ Such activities impede conservation efforts and the achievement of sustainable development.²⁷ Given the limitations in data availability in the region, it is challenging to discern specific patterns and trends. However, it is still possible to identify potential risks and areas that may require attention and concern.

For the purposes of this report, trafficking is defined as the illegal movement of and the trade of illegally sourced environmental commodities, whether for personal gain or that of another party, across

international borders. This includes importation, exportation, re-exportation, introduction from the sea, dispatch, transit, distribution, brokering, offering, keeping for offer, dealing, processing, purchasing, selling, supplying, storing, or transporting.²⁸ The trafficking of environmental goods follows a structured journey through distinct phases, each of which is essential to understanding the complexities of this illegal activity, as shown in Figure 1.

Initially, the source phase involves the extraction or collection of products, either legally through sustainable methods like regulated hunting, fishing, or logging, or illegally through detrimental practices like poaching without proper permits. In some instances, these products stem from cultivated sources, such as farmed exotic animals or sustainably managed forests. Subsequently, the transit phase sees these products moved from their source to various destinations. This is often achieved through smuggling, facilitated by criminal networks exploiting enforcement gaps and utilizing different transportation modes, such

25 UNODC, "International Classification of Crime for Statistical Purposes (ICCS)," 2015.

26 UNODC, "UNODC Approach to Crimes in the Fisheries Sector"; United Nations Environment Programme (UNEP), "Environmental Crimes Are on the Rise, so Are Efforts to Prevent Them," 2018. Accessed at: <https://www.unep.org/news-and-stories/story/environmental-crimes-are-rise-so-are-efforts-prevent-them>; INTERPOL, "Environmental Crime and Its Convergence with Other Serious Crimes," 2015.

27 UNODC, "World Wildlife Crime Report."

28 UNODC, "Guide on Drafting Legislation to Combat Wildlife Crime," 2018.

as air, sea, or land. Finally, in the destination phase, illegal environmental products are consumed, sold, or utilized. They find their way into markets driven by demand, posing risks to species and ecosystems along the way. All of these phases, especially the transit phase, are susceptible to potential under-reporting which may result from a lack of resources/capacity, lack of knowledge, corruption, inadequate enforcement mechanisms, or the clandestine nature of these activities, making accurate data collection and monitoring challenging.

Crimes relevant to wildlife trafficking

The trade of wildlife products in the Pacific region impacts both socio-economic activities and ecological dynamics. Globally, various wildlife species are highly valued for cultural, culinary, and medicinal purposes, driving lucrative illegal trades.²⁹ Traffickers exploit legal trade routes and regulatory inconsistencies to traffic illegal wildlife, contributing to population declines and ecosystem degradation.³⁰ This unsustainable trade not only endangers the continued existence of species but also undermines local communities and economies that depend on these resources.³¹

Wildlife trafficking differs from other illegal markets, such as the illegal drug trade. Most wildlife products are legal to possess in numerous countries around the world. The legality of trade in wildlife goods is determined by the manner in which they were sourced, whether in another province or country, whether they are part of established quota, or whether they were legally transported across national or international jurisdictional borders.³²

Acts related to wildlife trafficking include the capturing, poaching of and trade in wildlife species in contravention of national legislation, including but not limited to legislation enacted in fulfillment of the Convention of the Trade in Endangered Species of Wild Fauna and Flora (CITES) obligations. Precisely which acts constitute crimes in this context depends on the terms of applicable national legislation, which vary between and sometimes within countries. They may encompass taking from the wild, distributing, transporting, importing, exporting, selling, buying

or possessing live specimens, parts or products of wildlife species listed under or otherwise designated by applicable legislation.³³ In some cases, legislation may completely prohibit such acts, in others their legality may depend on where or when they take place or whether they have been licensed by relevant authorities. In line with the obligations, the trade of wildlife products under Appendices I, II, and III without CITES permit may be considered illegal.³⁴

Commercial trade of species listed in CITES Appendix I³⁵ is consistently governed by strict rules or generally outlawed³⁶ across the trade chain from source to end markets.³⁷ However, facts about legality are not immediately discernible to buyers when wildlife products are encountered on sale. Traffickers take advantage of this complexity by moving illegally sourced wildlife goods towards markets where buyers are either uninterested in the legality of sourcing or lack the capacity to ascertain the legality of the goods that they are considering purchasing. They also appear to be laundering illegal goods into legal trade chains, exploiting weaknesses in shipment traceability requirements or through breeding operations or stockpiles with weak inventory control.³⁸ As a result, many illegally sourced or traded wildlife products find their way into legal end markets.³⁹

In accordance with CITES regulations, each Party is expected to submit an annual report on illegal trade, providing detailed information on seizures involving CITES-listed species from the previous year.⁴⁰ These reports cover all incidents of illegal trade, whether at international borders or within domestic jurisdictions.⁴¹

33 UNODC, "Wildlife, Forest & Fisheries Crime Module 3 Key Issues: Criminalization of Wildlife Trafficking," 2022, <https://www.unodc.org/e4j/en/wildlife-crime/module-3/key-issues/criminalization-of-wildlife-trafficking.html>.

34 CITES, "Appendices I, II and III," 2021, <https://cites.org/sites/default/files/eng/app/2021/E-Appendices-2021-02-14.pdf>; CITES, "CITES Permit System," 2021, https://cites.org/eng/prog/Permit_system.

35 CITES Appendix I lists species that are the most endangered among CITES-listed animals and plants. CITES prohibits international trade in specimens of these species except when the purpose of the import is not commercial, for instance for scientific research. Article VII of the Convention provides for a number of exemptions to this general prohibition. (CITES, The CITES Appendices, Accessed July 20, 2024).

36 Trade in pre-Convention specimens or specimens originating from captive breeding operations may be allowed in legal trade or to be sold at end markets even for Appendix I species. (CITES, Captive-produced animals and artificially propagated plants, Accessed August 2, 2024).

37 Steven Trask, "Shadowy Exotic Pet Trade Thrives in Pacific Island Nation," 2024, <https://phys.org/news/2024-06-shadowy-exotic-pet-pacific-island.html>.

38 UNODC, "World Wildlife Crime Report."

39 Ibid.

40 CITES, "Annual Illegal Trade Report," 2024. Accessed at: https://cites.org/eng/resources/reports/Annual_Illegal_trade_report.

41 Ibid.

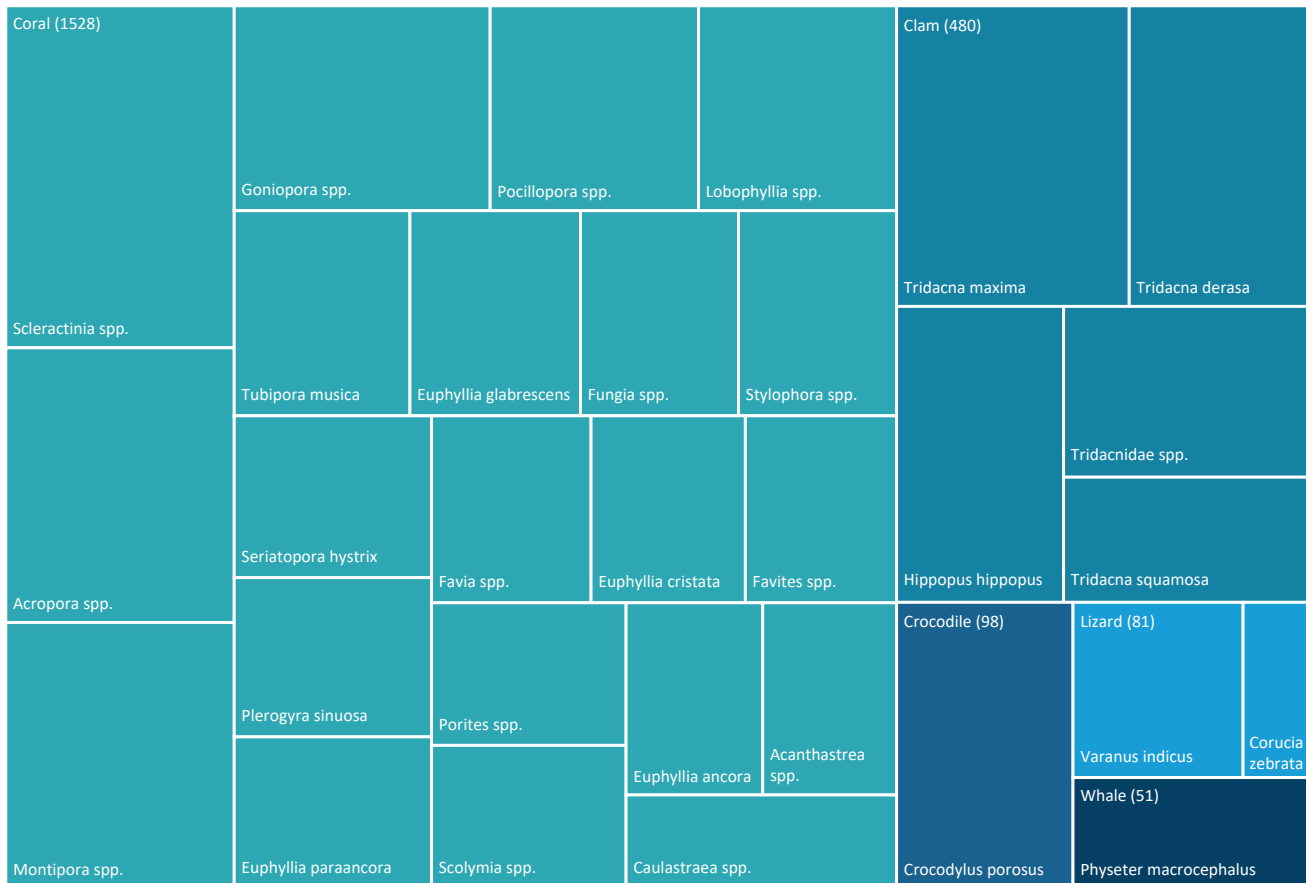
29 UNODC, "World Wildlife Crime Report."

30 UNODC, "World Wildlife Crime Report."

31 CITES, "Eighteenth Meeting of the Conference of the Parties," 2019. Accessed at: <https://cites.org/sites/default/files/eng/cop/18/inf/E-CoP18-Inf-041.pdf>.

32 UNODC, "World Wildlife Crime Report."

Figure 2. Top 30 species reported in CITES legal exports originated from the Pacific Island Countries and Territories, by taxon, (Number of legal trade records), 2018-2022



Source: CITES, "Trade Database." Accessed on 17 July 2024.

The primary purpose of these reports is to inform decision-making and support law enforcement in combating wildlife crime, thereby contributing to global efforts against illegal wildlife trade.⁴² Despite the importance of this data, six of seven PICTs Parties to CITES have not submitted reports, and Fiji stopped reporting in 2020.⁴³

With its wealth of rare and endemic wildlife species, the PICTs are source countries for the illegal wildlife trade. However, few detected cases suggest that they are also used as transit points on trafficking routes.⁴⁴ Reported data on CITES exports between 2018-2022 shows that corals, clams, turtles, crocodile, lizards, whales, and birds are among the most common

internationally regulated species legally traded involving PICTs (see Figure 2). Most trade is outgoing from the region, with far fewer imports registered on the CITES Trade Database.⁴⁵ States in East Asia, Europe, and North America reportedly import coral and marine species, such as sea cucumber, from PICTs. Illegal trade involves coral, clams, turtles, and whales destined for North America, Europe, Asia, and other parts of Oceania, as shown in Map 1. The Secretariat of the Pacific Regional Environment Program (SPREP) reports that poaching and trafficking threaten over 40 per cent of amphibian species and 33 per cent of reef-building corals in the Pacific region.⁴⁶

An example of a species that is trafficked from PICTs is the white teatfish (*Holothuria fuscogilva*), a CITES

42 Ibid.

43 CITES, "List of Parties Territories Submitted," 2024. Accessed at: https://cites.org/sites/default/files/EST/List_of_Parties_Territories_submitted_AITR_10_07_2024.pdf.

44 UNODC, Consultation with regional and national experts, 2024.

45 CITES, Trade Database, Accessed on July 2024.

46 SPREP, "Threats to Pacific Islands' Rich Biodiversity a Key Focus of the Conference," 2020. Accessed at: <https://www.sprep.org/news/threats-to-pacific-islands-rich-biodiversity-a-key-focus-of-the-conference>.

Appendix II-listed sea cucumber species.⁴⁷ These considered treasures of the sea in some regions of the world. They are particularly valued in East Asian markets for their culinary and medicinal properties, fetching market prices ranging from US\$ 294 to US\$ 401 per kilogram in 2022.⁴⁸ Notably, the market value appears to have increased significantly between 2016 and 2022, with the average price in Guangzhou markets at US\$ 154 per kg of dried sea cucumber and a maximum of US\$ 219 per kg in 2016, making this sea cucumber a lucrative commodity for both legal and illegal markets.⁴⁹ Samoa and Palau authorities each has seized sea cucumber planned for illegal export to East Asian markets in 2020.⁵⁰ Due to the popularity, some wild sea cucumber populations have faced substantial declines. Species such as the white teatfish and two black teatfishes (*Holothuria nobilis* and *Holothuria whitmaei*) have witnessed population declines ranging from 50-90 per cent over the past 25 years.⁵¹ It is worth noting that out of the 1,200 known sea cucumber species, only around 70 are involved in international trade, with the aforementioned species being among the most desired and, consequentially, valuable.⁵² The demand for exotic wildlife, such as the corals, underscores the broader challenges of wildlife trafficking.

The plight of the sea cucumber is illustrative of broader challenges seen in wildlife trafficking. Sea cucumbers, targeted for their market value, face illegal harvesting that disrupts marine ecosystems.⁵³ This mirrors the impacts of wildlife trafficking on other species, such as reptile, which are also exploited and suffer from similar ecological consequences.⁵⁴ To address these challenges, CITES conducts the Review of

Significant Trade in specimens of Appendix-II species to identify those at risk of unsustainable international trade and recommends trade suspensions where necessary.⁵⁵ This process allows countries time to revisit domestic legislation and address illegal trade.⁵⁶ For example, the Solomon Islands' prehensile-tailed skink (*Corucia zebrata*), an Appendix-II species, has been recommended for trade suspension since July 9, 2001.⁵⁷ However, despite this recommendation, prehensile-tailed skink from Solomon Islands continues to appear in the CITES Trade database for commercial purposes.⁵⁸

Crimes relevant to timber trafficking

The trafficking of timber encompasses a broad range of illegal activities associated with the import, export, distribution, and sale of timber, driven by personal gain or benefiting others. Efforts to prevent this activity have led to debates among Asia-Pacific nations over including endangered tropical timber species in the CITES Appendices.⁵⁹ Despite the vulnerability of many regional tree species, few are listed in CITES Appendices I and II due to opposition from countries involved in the tropical timber supply chain.⁶⁰ Most global timber trade from natural forests involves species that are not internationally regulated and it operates outside CITES regulation.⁶¹ Many species are governed by diverse national laws covering land use, harvest limits, transport, taxation, and export controls.⁶² These laws can be complex and vary between countries, complicating precise description. Some importing nations require proof of legal sourcing, but standards vary, hindering efforts to assess the extent of illegal activities in the timber

47 CITES, "CoP18 Listing of Valuable Teatfish and Cedrela Species in CITES Appendix II Enters into Force," 2022. Accessed at: https://cites.org/eng/teatfish_cedrela_listing_AppendixII_CITES_28082020.

48 Steven W. Purcell et al., "Commercially Important Sea Cucumber of the World," FAO, 2023. Accessed at: <https://openknowledge.fao.org/server/api/core/bitstreams/aa81298b-5d93-42d8-a0fa-b35172c3404b/content>.

49 Ibid.

50 RNZ, "Samoa Businessman Pays Fine for Harvesting Sea Cucumber for Trade," 2020. Accessed at: <https://www.rnz.co.nz/international/pacific-news/420826/samoa-businessman-pays-fine-for-harvesting-sea-cucumber-for-trade>; Bernadette Carreon, "Tiny Pacific Nation of Palau Detains 'illegal' Chinese Fishing Vessel," *The Guardian*, 2020. Accessed at: <https://www.theguardian.com/world/2020/dec/15/pacific-nation-of-palau-detains-chinese-fishing-crew>.

51 CITES, "Additional Information for CITES COP 18 Proposal 45: Identification of Teatfish in Trade," 2019. Accessed at: <https://cites.org/sites/default/files/eng/cop/18/inf/E-CoP18-Inf-041.pdf>.

52 Ibid.

53 UNODC, "Rapid Assessment: Criminal Justice Response to Wildlife and Forest Crime in Papua New Guinea," 2022.

54 Ibid.

55 CITES, "Review of Significant Trade (RST)," 2022. Accessed at: <https://cites.org/eng/imp/sigtradereview>.

56 Ibid.

57 CITES, "Notification to the Parties: Solomon Islands," 2023. Accessed at: <https://cites.org/sites/default/files/notifications/E-Notif-2023-120.pdf>.

58 CITES, "Trade Database," accessed August 04, 2024. Accessed at: <https://trade.cites.org/>.

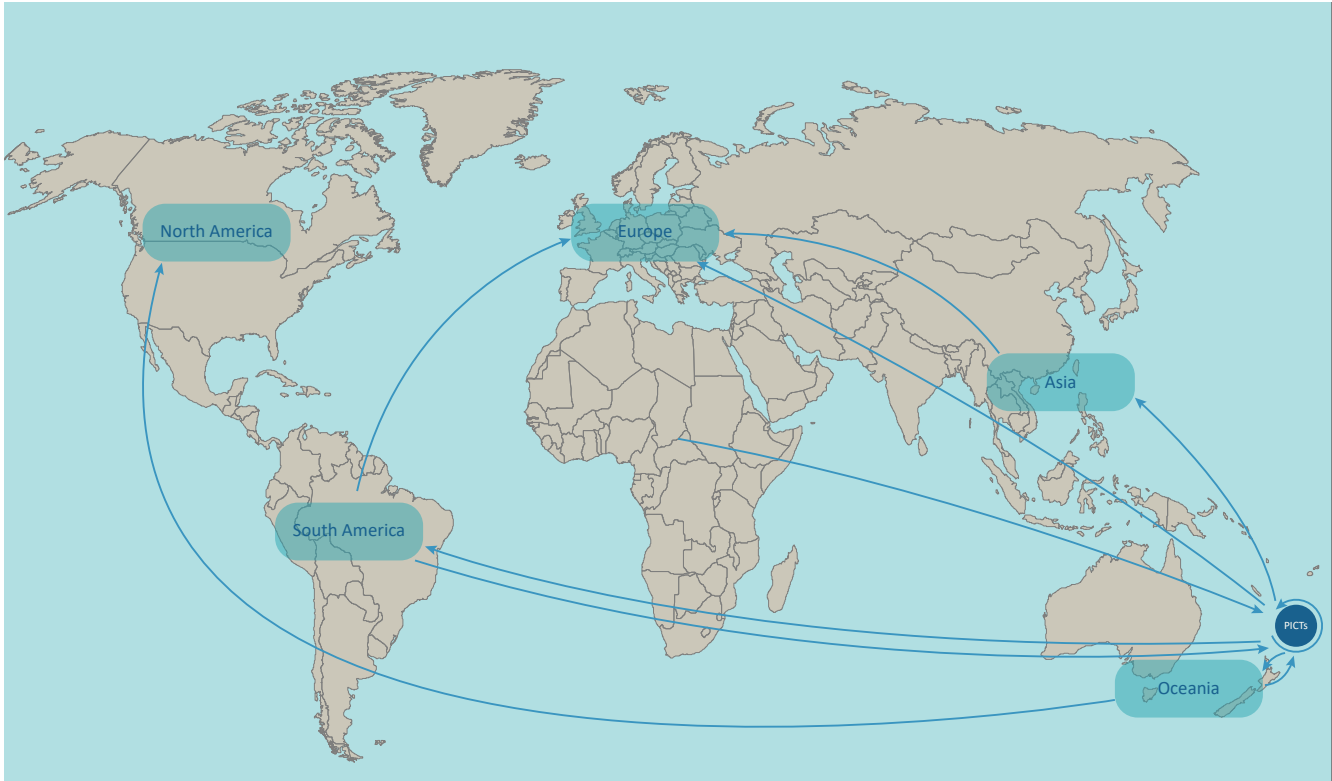
59 CITES, "Tropical Timber Species Listed in Appendices of CITES," Accessed on August 2024. Accessed at: <https://www.fao.org/4/u8560e/u8560e11.htm>; Andreas Schloenhardt, "The Illegal Trade in Timber and Timber Products in the Asia-Pacific Region," Australian Institute of Criminology, 2008. Accessed at: <https://core.ac.uk/download/pdf/30687625.pdf>.

60 Andreas Schloenhardt, "The Illegal Trade in Timber and Timber Products in the Asia-Pacific Region."

61 Most tree species traded for timber internationally are not subject to CITES trade controls. Global trade volumes can be compared with the following sources: FAO global data (<https://www.fao.org/forestry/statistics/84922/en/>) and CITES trade data (<https://trade.cites.org/>).

62 UNODC, "Rapid Assessment: Criminal Justice Response to Wildlife and Forest Crime in Papua New Guinea."

Map 1. Identified wildlife trafficking flows involving PICTs based on reported cases, 2016-2022, by region



Note: Flow arrows represent the general direction of trafficking or smuggling, are not actual routes, and are not weighted for significance/scale. Boundaries, names and designations used do not imply official endorsement or acceptance by the United Nations.

Source: UNODC elaboration of national data and reports from origin, transit and destination countries.

supply chain.⁶³ The limited availability of data further complicates trend and pattern analysis, impeding a comprehensive understanding of timber trafficking.

The global timber trade is a vast network that crosses national borders, playing a crucial role in various industries such as construction, furniture manufacturing, and industrial applications. In 2020, the Food and Agriculture Organization (FAO) reported that global exports of unprocessed timber, including roundwood, wood pellets, and sawn wood, reached approximately 300 million m³, valued at US\$ 51 billion.⁶⁴ Illegally harvested timber is often laundered into the legal timber supply chain. Therefore, estimating the extent of illegal activities within this trade remains a significant challenge, despite the use of various estimation methodologies.⁶⁵

Countries in the Pacific region, particularly Papua New Guinea and Solomon Islands, are major contributors

to the tropical timber trade, with Papua New Guinea alone accounting for over 25 per cent of International Tropical Timber Organization (ITTO) global tropical log exports in 2021,⁶⁶ meeting substantial domestic and international demands.⁶⁷ For example, Papua New Guinea, where 97 per cent of the land is customarily owned by indigenous people,⁶⁸ has vast tropical rainforests covering 33.6 million hectares,⁶⁹ home to a wide variety of unique tree species.⁷⁰ Logging concessions, largely operated by foreign-owned companies, have caused annual tree cover loss

63 UNODC, "World Wildlife Crime Report."

64 FAO, "Forestry Production and Trade," 2023. Accessed at: <https://www.fao.org/faostat/en/#data/FO>.

65 UNODC, "Illegal Wildlife Trade and Climate Change - Joining the Dots," 2022.

66 International Tropical Timber Organization (ITTO), "Biennial Review and Assessment of the World Timber Situation 2021-2022," 2022.

Accessed at: https://www.itto.int/direct/topics/topics_pdf_download/topics_id=7590&no=1.

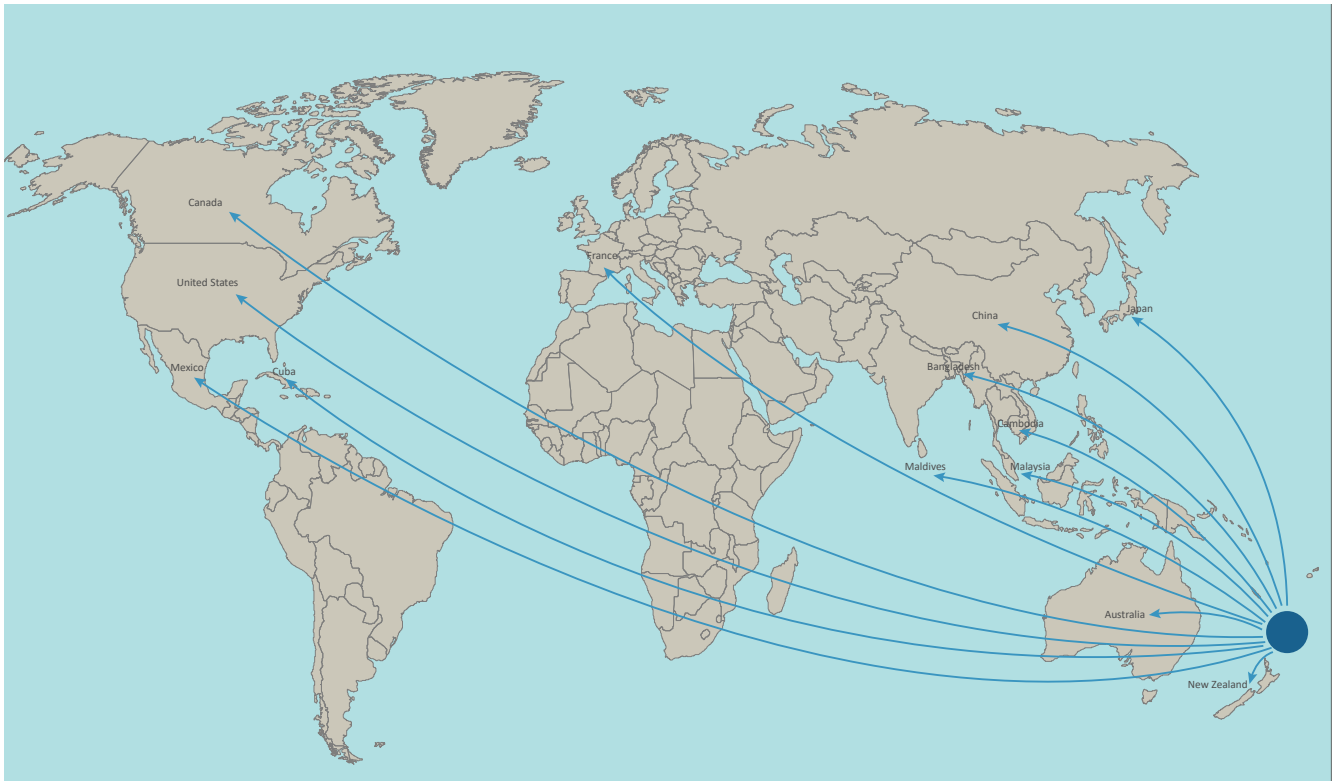
67 SPREP, "State of Environment and Conservation in the Pacific Islands," 2021. Accessed at: <https://library.sprep.org/sites/default/files/2021-03/SOE-conservation-pacific-regional-report.pdf>.

68 Lepani Karigawa, Jacob Babarinde, and Suman Holis, "Sustainability of Land Groups in Papua New Guinea," 2016. Accessed at: <https://doi.org/10.3390/land5020014>.

69 Asia-Pacific Economic Cooperation, "Timber Legality Guidance Template for Papua New Guinea," 2021. Accessed at: <https://www.apec.org/docs/default-source/groups/egilat/2021/0308apec-experts-group-on-illegal-logging-and-associated-trade-egilat-timber-legality-guidance-templa.pdf>.

70 Ibid.

Map 2. Trade of HS 4403⁷¹ reported by PICTs in 2018-2022, by destination country



Note: Flow arrows represent the general direction of trafficking or smuggling, are not actual routes, and are not weighted for significance/scale. Boundaries, names and designations used do not imply official endorsement or acceptance by the United Nations.

Source: UN DESA, UN Comtrade Database, Accessed on 19 July 2024.

of 0.89 per cent per year.⁷² Papua New Guinea alone experienced a significant loss of tree cover totaling 1.87 million hectares from 2001 to 2023, contributing to 1.40 gigatons of CO₂ emissions,⁷³ which is higher than Japan's 2020 CO₂ emissions of 1.01 gigatons.⁷⁴ According to the FAO, the rate of deforestation in Papua New Guinea was 33.5 kha per year between 2015 and 2020.⁷⁵

The ITTO 'Production, Trade, and Consumption of Tropical Timber' report indicates that, in terms of trade volume, Papua New Guinea emerged as the

largest global exporter of tropical logs since 2020, exporting 2.5 million cubic meters in 2021 and a 28 per cent increase to 3.2 million cubic meters in 2022.⁷⁶ The timber products generated an estimated US\$ 736 million in export value in 2022.⁷⁷ Most commonly exported species in this year include taun (22 per cent), kwila (9 per cent), calophyllum (9 per cent), malas (6 per cent), terminalia (6 per cent) and dillenia (6 per cent).⁷⁸ Overall, the forestry and logging sector as a whole contributed approximately 1.5 per cent to Papua New Guinea's GDP in the same year.⁷⁹

71 HS 4403 - Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared. Source: United Nations Department of Economic and Social Affairs, "UN Comtrade Database," Accessed on July 2024.

72 Global Forest Watch, "Papua New Guinea Deforestation Rates & Statistics," 2024. Accessed at: <https://www.globalforestwatch.org/dashboards/country/PNG?category=undefined>.

73 Ibid.

74 World Bank (WB), "CO₂ Emissions (Kt) - Japan," World Bank Open Data, 2023. Accessed at: <https://data.worldbank.org/indicator/EN.ATM.CO2E.KT?locations=JP>.

75 FAO, "Global Forest Resources Assessment: Papua New Guinea," 2020. Accessed at: <https://openknowledge.fao.org/server/api/core/bitstreams/9c24eb21-a52c-4ffe-8b04-5258e2e8d478/content>.

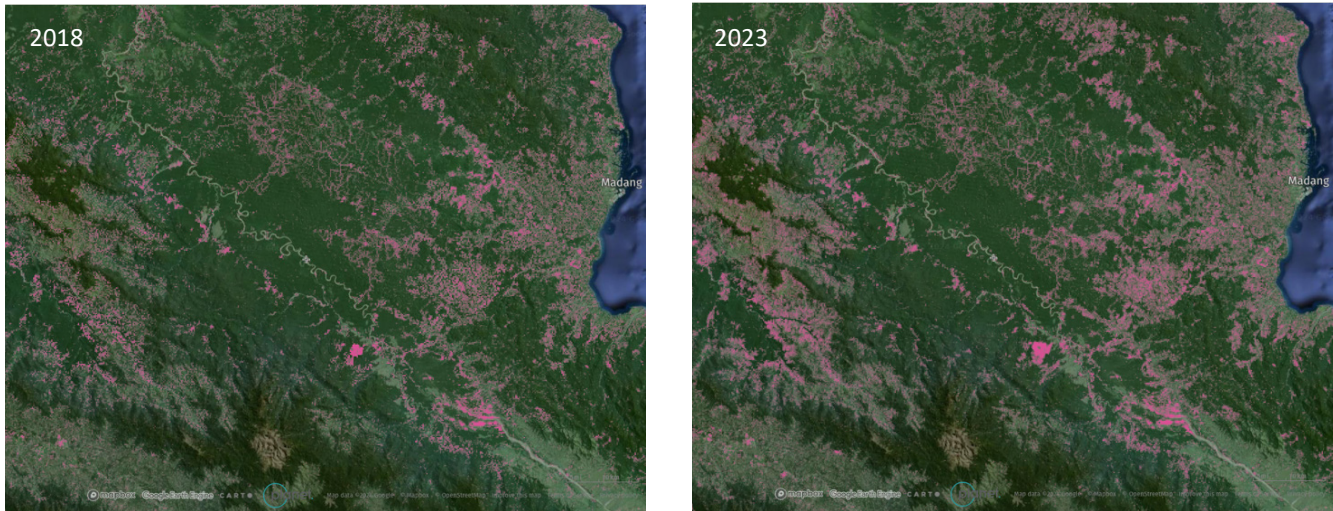
76 International Tropical Timber Organization (ITTO), "Biennial Review and Assessment of the World Timber Situation 2021-2022."

77 National Statistical Office of Papua New Guinea, "Gross Domestic Products 2016-2022," 2023. Accessed at: <https://www.nso.gov.pg/statistics/economy/gross-domestic-products/gross-domestic-products-2016-2022/>.

78 SGS, "Log Export Monitoring Monthly Report for December 2022," 2023. Accessed at: https://pngforests.com/wp-content/uploads/2023/04/sgs_dec_2022.pdf.

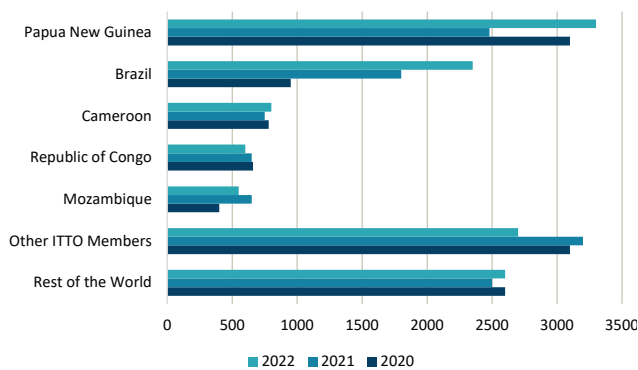
79 National Statistical Office of Papua New Guinea, "Gross Domestic Products 2016-2022."

Figure 3. Tree cover loss around Madang, Papua New Guinea, 2018 and 2023



Note: From 2018 to 2023, the area shown above lost an estimate of 48.6 kha of tree cover.
 Source: Global Forest Watch, “Tree cover loss map.” Accessed on 19 July 2024.

Figure 4. Major tropical log exporters



Source: ITTO, “Biennial Review and Assessment of the World Timber Situation 2021-2022,” 2023.

There is a high risk of illegal logging⁸⁰ occurring globally throughout the industry and key issues commonly reported involve loggers felling timber outside of their concessions, logging in prohibited areas, harvesting protected species, and logging on private land without receiving approval from the customary landowners.⁸¹ Illegal logging remains a significant issue globally fueled by the demand for timber, exacerbated by corruption in the issuance of permits and enforcement

80 Illegal logging and related trade occur when timber is harvested, transported, processed, bought or sold in violation of national or sub-national laws. It also refers to clearing of forests for plantations such as oil palm. Source: UNEP - WWF, “Law Enforcement Assistance Platform.” Accessed at: <https://leap.unep.org/en/knowledge/glossary/illegal-logging>.

81 UNODC, “Rapid Assessment: Criminal Justice Response to Wildlife and Forest Crime in Papua New Guinea.”

of environmental regulations. Transparency in logging permit allocations is often lacking, enabling continued illegal practices.⁸² The complexity of timber supply chains further obscures the origins of timber, complicating tracking efforts.⁸³ Corruption within regulatory bodies and law enforcement exacerbates these issues, with bribery and forged documents used to disguise illegally harvested wood.⁸⁴ Limited resources, personnel shortages, and inadequate checkpoints along transportation routes hinder effective enforcement efforts across the region.⁸⁵ Addressing these challenges is crucial for sustainable forest management and preserving the ecological integrity of these vital regions.

In Papua New Guinea, despite extensive licensing of logging activities, reports of illegal practices persist. Misuse of permits, such as the Forest Clearing Authority (FCA), is common, where permits issued for legal purposes are exploited for large-scale logging operations, predominantly by foreign-owned

82 Ibid.

83 Ruth Nogueron and Guillermo Navarro Monge, “How Tracking Timber Helps Prevent Illegal Logging and Deforestation,” 2022. Accessed at: <https://www.wri.org/insights/how-tracking-timber-helps-prevent-illegal-logging-and-deforestation>.

84 UNODC, “Environmental Crime: Trafficking in Wildlife and Timber,” 2013. Accessed at: <https://www.unodc.org/toc/en/crimes/environmental-crime.html>.

85 FAO, “Forest Law Enforcement and Governance: Progress in Asia and the Pacific,” 2010. Accessed at: <https://library.sprep.org/sites/default/files/2021-03/SOE-conservation-pacific-regional-report.pdf>.

companies.⁸⁶ The FCA 15-10 is an example of such a permit as shown in Table 1. In one case, the FCA 15-10 permit was granted to Company A, which was responsible for carrying out a large-scale forest clearance for commercial agricultural or other land use development within the 28,500 hectares of land area of the Gazelle District in the Inland Lasul, Baining LLG. on May 2016.⁸⁷ According to the court records, Company A engaged the contractors B and C to operate the forest clearance.⁸⁸ From the Société Générale de Surveillance (SGS) Log Export Monitoring Monthly Reports, it is noted that Contractor C exported logs under the FCA 15-10 between 2016 and 2017 as an exporter for Contractor D and it continued between 2017 and 2018.⁸⁹ Contractor C was the exporter for Company A. Despite the National Court's ruling on 22 February 2019, declaring FCA 15-10 invalid or void, SGS reports indicate that Company A continued to export logs under the aforementioned FCA. In March and April 2019, Company A exported a total of 11,041 m³ of logs (of which 2,254 m³ in March and 8,787 m³ in April).⁹⁰ It is possible that illegal logging and trafficking of those timber may be intertwined with corruption, as illegal logging often involves the manipulation of legal and administrative processes, such as using invalidated permits to continue exporting logs by bribing law enforcement to avoid inspection or overlook fraudulent documents.⁹¹

86 Forest Clearing Authorities (FCAs) in Papua New Guinea are permits that allow logging companies to clear forests over a defined area of land for non-forest forms of land use, such as agricultural farming. This can be under a Special Agriculture Business Lease (SABL) or on customary land where the owners have given consent for such activities. However, a report published by "ACT NOW" in September 2023 claimed that FCAs may have been used as fronts to facilitate unlawful large-scale logging operations, which is a significant issue in Papua New Guinea. See: Fyfe Strachan, "Ten years without a crop," Actnow-Jubilee Australia Research Centre, September 2023. Accessed at: <https://actnowpng.org/sites/default/files/publications/FCA%20Case%20Study%201%20-%20Ten%20Years%20Without%20a%20Crop.pdf>.

87 National Court of Papua New Guinea, "Simakade Holdings Ltd v National Forest Board [2019] PGNC 18; N7703," 2019. Accessed at: [https://www.pacii.org/cgi-bin/sinodisp/pg/cases/PGNC/2019/18.html?stem=&synonyms=&query=title\(Simakade%20Holdings%20Ltd%20and%20National%20Forest%20Board%20\)](https://www.pacii.org/cgi-bin/sinodisp/pg/cases/PGNC/2019/18.html?stem=&synonyms=&query=title(Simakade%20Holdings%20Ltd%20and%20National%20Forest%20Board%20)).

88 Ibid.

89 SGS, "Log Export Monitoring Monthly Report for December 2019," 2019. Accessed at: https://pngforests.com/wp-content/uploads/2020/05/sgs_dec_2019.pdf.

90 Ibid.

91 UNODC, "Wildlife, Forest & Fisheries Crime Module 4 Key Issues: How Is It Done and Who Is Involved?," 2022. Accessed at: <https://sherloc.unodc.org/cld/en/education/tertiary/wildlife-crime/module-4/key-issues/how-is-it-done-and-who-is-involved.html>.

Table 1. Exports of logs under FCA 15-10.

Period	Exported volume (m3)	Value (Papua New Guinea Kina)
Year 2016	8,099	1,958,863.87
Year 2017	66,992	16,381,146.19
Year 2018	59,506	15,750,557.32
January 2019	6,358	1,714,752.60*
February 2019	6,522	1,758,983.40*
22 nd February 2019: National Court declared FCA 15-10 invalid or void		
March 2019	2,254	607,903.80*
April 2019	8,787	2,369,853.90*

Note: (*) Value estimated using an average price of 269.70 Kina per m³, as calculated considering the total volume and value of exports for 2019 under FCA 15-10.

Source: SGS, "Log Export Monitoring Monthly Reports," 2017-2020.

Money laundering and tax evasion further undermine efforts to manage forests sustainably, with operators under-reporting volumes or mis-declaring species to minimize tax liabilities. Recent enforcement actions by Papua New Guinea's Internal Revenue Commission (IRC) highlight ongoing challenges in combatting tax fraud within the timber industry. The IRC has imposed a fine of approximately US\$ 37,000 on a major logging operator for illegal tax evasion through transfer pricing.⁹² This was discovered during an extensive audit. The tactic in question involves manipulating prices between related entities to lower taxable income, often moving profits to jurisdictions with lower taxes. The IRC has determined that the operator sold logs to related parties below market prices, resulting in underreported income and no corporate tax payments.⁹³ The case highlights the difficulties associated with base erosion and profit shifting, resulting in reduced essential tax revenues for public services.

92 Internal Revenue Commission of Papua New Guinea, "Major Logging Operator Charged K140M For Tax Evasion," 2023. Accessed at: <https://irc.gov.pg/news/media-releases/major-logging-operator-charged-k140m-for-tax-evasion>.

93 Ibid.

Box 1. Discrepancies between log import and export countries

Since 2010, Papua New Guinea has exported logs to China. During the sample period from 2018 to 2022, China remained the top destination for Papua New Guinea's timber exports, as reported by SGS Log Export Monitoring Monthly Reports. Throughout this period, 84 per cent of all Papua New Guinea logs exported went to China, with the remainder distributed among 11 other destinations.

The data from the SGS reports were compared with official statistics provided by the General Administration of Customs of the People's Republic of China (PRC), below:

Given that China represents the major market for Papua New Guinea's log exports, a comprehensive analysis of the discrepancies between the data reported by the two countries was deemed essential.

The World Bank claims⁹⁴ that:

In a perfect world, country A reported imports from country B would match with country B reported exports to country A. Consequently, this would make mirroring (using information from the partner when a country does not report its trade) a transparent and error-free process.

However, this is not the case for the following reasons:

- *In UN COMTRADE, imports are recorded cif (cost insurance and freight) while exports are fob (free on board). This may represent a 10 per cent to 20 per cent difference.*
- *Despite all efforts made by national and international agencies, data quality may vary among countries.*

94 UNODC, "Wildlife, Forest & Fisheries Crime Module 4 Key Issues: How Is It Done and Who Is Involved?" 2022. Accessed at: <https://sherloc.unodc.org/cld/en/education/tertiary/wildlife-crime/module-4/key-issues/how-is-it-done-and-who-is-involved.html>.

- *For a given country, imports are usually recorded with more accuracy than exports because imports generally generate tariff revenues while exports don't.*
- *At a detailed level, a same good may be recorded in different categories by the exporter and the importer.*

Figure 5 shows a volume discrepancy of 61,839 m³ between SGS recorded log exports of Papua New Guinea and China's recorded imports from 2018 to 2022, amounting to 0.44 per cent. As the volume is not affected by differences in CIF and FOB figures, which only apply to values, this volume difference may be due to shipments reported by SGS at the end of 2022 but recorded in China in early 2023. A study on discrepancies in Chinese logs suggests that analyzing quarterly data and including shipment duration between import and export countries can better reveal discrepancies in international timber trade.⁹⁵ Although detailed data were limited, the research concluded that the 0.44 per cent difference in a total of five can be considered close to zero and normal. However, unaccounted shipments might also contribute to this discrepancy.

In contrast, the values reported by the two countries show significant differences. Papua New Guinea reported **US\$ 1.3 billion** in value, while China reported **US\$ 2.9 billion**, a discrepancy of **US\$ 1.6 billion**, or 125 per cent of the value reported by SGS for Papua New Guinea in the same period (2018 to 2022) for nearly the same volume.

The World Bank suggested that differences in CIF and FOB values might explain 10-20 per cent of this discrepancy. Data on CIF values for Papua New Guinea's shipments is unavailable, as SGS records only FOB values, and detailed CIF values for logs imported to China were also unavailable.

The International Monetary Fund (2018) in its working paper on "New Estimates for Direction of Trade Statistics" suggests that:

Exports and imports of non-reporting countries are estimated based on the assumption of symmetry with the values

95 Liu F. et al., "Sustainable Timber Trade: A Study on Discrepancies in Chinese Logs and Lumber Trade Statistics," 2020.

Figure 5. Comparison of data for exports from Papua New Guinea and imports in China

Year	Exports from Papua New Guinea to China		Imports in China from Papua New Guinea	
	Volume (m3)	Value FOB* (US\$)**	Volume (m3)	Value CIF** (US\$)
2018	3,604,959	342,543,204.18	3,236,213	803,781,530.00
2019	3,258,674	311,887,688.54	3,271,121	605,407,579.00
2020	2,354,743	213,127,788.93	2,894,936	523,338,687.00
2021	2,335,814	221,949,046.28	2,179,162	493,398,524.00
2022	2,432,748	235,027,784.28	2,343,667	548,809,665.00
Total	13,986,938	1,324,535,512.21	13,925,099	2,974,735,985.00

Note: (*) FOB: free on board. (**) CIF: cost insurance and freight. (***) Values in US\$ for each different destination are not provided in the SGS reports which instead provide the average price in US\$ for each country and for all species. The values for exports in US\$ in this table have been calculated multiplying the total exported volume to China by the average US\$ price for the same destination for all species.

Source: SGS; General Administration of Customs of the PRC.

of imports and exports, respectively, declared by their counterpart countries. A CIF/FOB adjustment of 6 percent is used for non-reporting countries. The value of exports is equal to the value of imports from a partner divided by 1.06; the value of imports is equal to the value of exports multiplied by 1.06.

Given the limited data on CIF-FOB margins for the two countries, a 6 per cent adjustment is advisable for more accurate estimates. For the period 2018-2022, the export value of Papua New Guinea should be calculated by dividing China's imports (US\$2,974,735,985.00) by 1.06.

The estimated value of Papua New Guinea exports for the 2018-2022 period is **US\$ 2,806,354,702.83**, calculated by dividing China's imports US\$ 2,974,735,985.00 by 1.06. According to the IMF methodology, which references OECD research, there is a discrepancy between the SGS reported value (US\$ 1.3 billion) and the imports recorded in China (US\$2.8 billion after CIF/FOB adjustment). This discrepancy amounts to **US\$ 1.5 billion** over five years, accounting for 113 per cent of the FOB values recorded by SGS.

It can be estimated that there is a gap in terms of value declared at export for logs shipped from Papua New Guinea to China, with the discrepancy amounting to around 113 per cent of reported FOB. During 2018-2022, it can be estimated that Papua New Guinea may have lost the opportunity of collecting revenues, with related taxation and foreign currency remittances, for a value of US\$ 1.5 billion.

The presence of discrepancies in trade data may suggest the involvement of offshore intermediaries facilitating the Papua New Guinea-China log trade. These intermediaries would presumably generate taxable income from buying logs in Papua New Guinea and selling them in China. However, it appears that the Chinese importers have direct, long-standing relationships with Papua New Guinea exporters.⁹⁶ One of the possible supply chains, specifically between Papua New Guinea and China, is that exporters purchase logs directly and then sell them to Chinese sawmills after import. This suggests that there are likely no additional intermediaries inflating the value of Papua New Guinea logs before they reach China.

96 Bin X. et al, "An empirical analysis of the legality and traceability of Chinese imports of Papua New Guinea timber," *Forestry World*, 2019. Accessed on June 2020. Accessed at: <https://doi.org/10.12677/WJF.2019.81001>.

The timber industry is a significant contributor to the Solomon Islands' economy, accounting for approximately 11 per cent of GDP in 2021.⁹⁷ The logging sector witnessed a 22 per cent contraction in logging output in 2022, marking the fourth consecutive year of decline. This decline led to a corresponding 20 per cent reduction in log and timber exports. However, 2023 saw a slight recovery with a 3 per cent increase in log production and a 9 per cent rise in export values.⁹⁸

Solomon Islands is facing significant challenges from illegal logging. Despite the country's economic dependence on this resource, media sources report that communities receive less than 12 per cent of the value of the timber extracted from their lands.⁹⁹ In 2018, media reported that this contributed to unsustainable logging exceeding recommended rates by a factor of ten,¹⁰⁰ reaching 250,000 m³ per year.¹⁰¹ The timber industry is dominated by Chinese and Malaysian companies, and more than 80 per cent of Solomon Islands' timber is exported to China according to media.¹⁰² The complexity of the supply chains involved in timber trade makes it difficult to monitor the origin of the timber.¹⁰³ The industry has also been beset with allegations of corruption and political interference.¹⁰⁴ Major tropical wood exporters and senior government officials have allegedly had direct ties to logging concessions, leading to collusion with the timber industry and corruption cases involving politicians and officials. For instance, the government

97 ADB, "Solomon Islands," Asian Development Outlook, 2023. Accessed at: <https://www.adb.org/sites/default/files/publication/863591/sol-ado-april-2023.pdf>.

98 Asian Development Bank (ADB), "Solomon Islands," Asian Development Outlook, 2024. Accessed at: <https://www.adb.org/sites/default/files/publication/957856/sol-ado-april-2024.pdf>.

99 Josh Nicholas, Ben Doherty, and Kate Lyons, "Pacific Plunder: This Is Who Profits from the Mass Extraction of the Region's Natural Resources," *the Guardian*, 2021. Accessed at: <http://www.theguardian.com/world/ng-interactive/2021/may/31/pacific-plunder-this-is-who-profits-from-the-mass-extraction-of-the-regions-natural-resources-interactive>.

100 RNZ, "Logging Rate Unsustainable in Solomons, Admits Official," 2019. Accessed at: <https://www.rnz.co.nz/news/pacific/391264/logging-rate-unsustainable-in-solomons-admits-official>.

101 Solomon Islands Government, "Solomon Islands National Forest Reference Level," 2018. Accessed at: https://redd.unfccc.int/files/2019_submission_frel_solomon_islands.pdf.

102 UNODC, "Rapid Assessment: Criminal Justice Response to Wildlife and Forest Crime in Solomon Islands," 2022; John Cannon, "Chinese Demand Wiping out Forests in the Solomon Islands: New Report," *Mongabay Environmental News*, 2018. Accessed at: <https://news.mongabay.com/2018/10/chinese-demand-wiping-out-forests-in-the-solomon-islands-new-report/>.

103 UNODC, "World Wildlife Crime Report," 2024.

104 Charley Piringi, "The Unsustainable Exploitation of Solomon Islands' Natural Resources," *United States Institute of Peace*, 2023. Accessed at: <https://www.usip.org/publications/2023/11/unsustainable-exploitation-solomon-islands-natural-resources.2023>.

enacted the Anti-Corruption Act and whistleblower protection laws, but the oversight bodies remain under-resourced, limiting accountability, and enabling exploitation of legal loopholes within the forestry sector.¹⁰⁵

Crimes in the fisheries sector

Crimes in the fisheries value chain and illegal fishing

As with timber trafficking, determining what constitutes illegal fishing and trade can be challenging.¹⁰⁶ The global trade in wild-capture fisheries products, much like the timber trade, involves species often not covered by CITES regulations but subject to national legal restrictions. Importing countries, such as those in the European Union, require proof of compliance with these laws to combat illegal fishing. International agreements add further complexity to the regulation of harvest and trade from international waters. Some countries have enacted laws mandating proof of compliance with these agreements for landings or trade from international waters.¹⁰⁷

Global fisheries statistics indicate that wild capture production reached 92.3 million tons in 2022, as per FAO. In the same year, global aquatic product trade valued at US\$ 195 billion.¹⁰⁸ It appears that measuring the extent of illegal trade poses challenges. Studies on this topic often adopt broad definitions of illegal trade, covering products derived from illegal, unreported, and unregulated sources.

Pacific fisheries are crucial for the region's economy, supporting economic growth, foreign exchange reserves, and employment. The sector, including both local and foreign industrial vessels, targets tropical tuna, with catches from Pacific Island exclusive economic zones (EEZs), averaging over 1.5 million tons per year and supplying over 30 per cent of the global tuna market.¹⁰⁹ The fisheries sector supports around

105 UNODC, "Wildlife, Forest & Fisheries Crime Module 4 Key Issues"; Transparency International, "Citizens' Views and Experiences of Corruption," 2021. Accessed at: https://images.transparencycdn.org/images/2021_Report_GCB-Pacific_EN-WEB-reduced-size-v2.pdf.

106 Julio Jorge Urbina, "Towards an International Legal Definition of the Notion of Fisheries Crime," *Marine Policy* 144, October 2022. Accessed at: <https://doi.org/10.1016/j.marpol.2022.105214>.

107 For further information, see: UNODC SHERLOC, "Combatting Crimes in the Fisheries Sector - A Guide to Good Legislative Practices," 2023. Accessed at: https://sherloc.unodc.org/cld/uploads/pdf/Combating_Crimes_in_the_Fisheries_Sector_English.pdf.

108 Food and Agriculture Organization of the United Nations (FAO), "In Brief to The State of World Fisheries and Aquaculture," 2024.

109 Pacific Data Hub, "Fisheries and Aquaculture."

Box 2. Illegal Fishing of Southeast Asian boats in Palau and Papua New Guinea EEZs¹¹⁰

In the Exclusive Economic Zones (EEZs) of Palau and Papua New Guinea, illegal fishing is predominantly carried out by smaller vessels from Southeast Asian nations. In 2017, aerial surveillance detected three boats involved in illicit activities. One of these blue fishing boats was intercepted in Papua New Guinea's Milne Bay province, where the captain and 17 crew members were apprehended for illegally harvesting sea cucumbers. After a pursuit, another

110 Papua New Guinea Court of Justice, "National Fisheries Authority v. Nguyen Van Phuc," 2017. Accessed at: https://www.fisheries.gov.pg/_files/ugd/2c6676_f26d8e09dc164055bd69572c72011619.pdf; MRAG Asia Pacific, "The Quantification of Illegal, Unreported and Unregulated (IUU) Fishing in the Pacific Islands Region – a 2020 Update," 2021. Accessed at: <https://mragasiapacific.com.au/wp-content/uploads/2021/12/ZN2869-FFA-IUU-2020-Update-final.pdf>.

25,000 jobs and generates an estimated US\$4.9 billion annually across the region.¹¹¹ However, illegal fishing undermines fisheries management and results in substantial economic and environmental losses.¹¹² Based on the volume of harvest or transshipment involving illegal fishing, these losses are estimated at US\$ 333.5 million annually between 2017 and 2019.¹¹³ Considering that the reported foreign direct investment of Pacific island small states is US\$ 244.8 million in 2023,¹¹⁴ this substantial loss appears to be impacting States reliant on fisheries revenue and individuals dependent on fishing for their livelihoods, threatening their well-being.

Crimes associated with fisheries sector

Globally, some illegal fishing activities are associated with organized crime networks, further exacerbating

111 The Pacific Community, "Pacific Fisheries Leaders Emphasise Building Resilience and Strengthening Recovery in Fisheries," 2021. Accessed at: <https://www.spc.int/updates/blog/2022/02/pacific-fisheries-leaders-emphasise-building-resilience-and-strengthening>.

112 FAO, "Model Plan for a Pacific Island Country," 2002.

113 New Zealand Foreign Affairs & Trade, "Illegal, Unreported and Unregulated (IUU) Fishing in the Pacific," Accessed on August 2024. Accessed at: <https://www.mfat.govt.nz/assets/Environment/Oceans-and-fisheries/IUU-fishing-in-the-Pacific.pdf>.

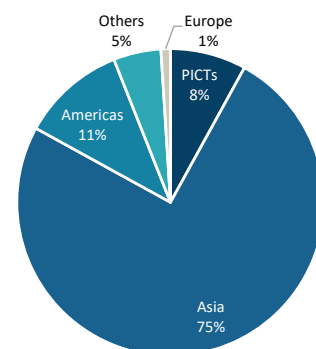
114 World Bank, "Foreign Direct Investment, Net Inflows (BoP, Current US\$)," World Bank Open Data, 2023. Accessed at: <https://data.worldbank.org>.

boat was also apprehended. Authorities discovered over three tons of sea cucumbers and processing equipment across the two blue fishing boats.

Between 2018 and 2019, Papua New Guinea patrols targeted illegal fishing vessels pursuing tuna and bottom-dwelling species, resulting in several seizures and sightings indicating frequent incursions into the area. Papua New Guinea operations, such as Kurukuru, resulted in the interception of unlicensed Indonesian wooden boats. Palauan patrols, meanwhile, intercepted vessels from Indonesia and the Philippines in both Kurukuru and Rai Balang operations. Aerial surveillance also identified an illegal 'mother boat' accompanied by smaller dinghies in Palau's southwestern EEZ. There has been a notable shift in the composition of the fishing fleet, with a reduction in large outriggers and an increase in metal motherships utilizing fleets of smaller, one-person outriggers, which are notably larger than the typical 6–8-foot boats.

the challenges posed by illegal fishing practices. These criminal networks engage in a range of illegal activities, including tax evasion, money laundering, and corruption, which undermine the rule of law and governance structures in affected countries.¹¹⁵ The collusion amongst illegal fishing operators, fisheries companies, and organized crime groups creates a cycle of exploitation and environmental degradation, perpetuating the cycle of poverty and instability in coastal communities.¹¹⁶

Figure 6. Flags of recorded fishing vessels permitted to fish within WCPFC area, by region (%)



Source: Western and Central Pacific Fisheries Commission, "Record of Fishing Vessels." Accessed on July 2024.

115 UNODC, "Fisheries Crime," 2021.

116 Ibid.

Box 3. Cases of drug trafficking on fishing boats

The PICTs face a challenge from drug smugglers who use a network of boats and fishing vessels to exploit the vastness of the Pacific Ocean. Methamphetamine and cocaine originating in other regions, such as the Americas, are infiltrating these smaller island nations through maritime routes. As mentioned in the previous section on drug trafficking, smugglers appear to have continued using smaller, more maneuverable boats that can easily navigate less-patrolled waters and blend in with legitimate fishing vessels, making detection more difficult.¹¹⁷ Some of this trafficking happens through a mother vessel in a high-risk source area to a daughter vessel that avoids risk ports, thereby maintaining a compliant appearance and minimizing law enforcement scrutiny based solely on its movements.¹¹⁸

117 UNODC, "Transnational Organized Crime in the Fishing Industry," 2011; PTCN, "Transnational Crime Assessment," 2020-21.
118 PTCN, "Transnational Crime Assessment," 2020-21.

In October 2019, an abandoned boat in Solomon Islands was found to contain 415 wrapped A4-sized packages of cannabis, highlighting the ability of smugglers to use seemingly ordinary boats to transport large quantities of drugs.¹¹⁹ A more recent discovery in the waters of Marshall Islands in September 2020 raises further concerns. Three locals discovered a skiff boat and towed it to a lagoon in Marshall Islands. Later, the boat was pulled ashore by locals and police for inspection. They found small, empty compartments, but the unusually heavy boat warranted further investigation. A small crack in the deck revealed white powder when pried open. A full search revealed 649 one-kilogram bricks of cocaine hidden under the fiberglass deck, marked with KW and US dollar signs. This large seizure was likely destined for trans-Pacific destinations, given the volume of drugs involved. This suggests that organized crime groups may be conducting large-scale smuggling using variety of boats including fishing boats and well-equipped boats.¹²⁰

119 PTCN, "Transnational Crime Assessment," 2019-20; PTCN, "Quarterly Bulletin 4," 2019.

120 PTCN, "Transnational Crime Assessment," 2020-21; PTCCC, "IR 074," 2020.

The marine environment in the Pacific faces significant threats from various criminal activities associated with fisheries sector. Foreign fishing vessels further contribute to various challenges in the Pacific region. Inadvertent introduction of non-native species into the Pacific ecosystem by these vessels is another concern. These species, lacking natural predators or competitors, can disrupt local ecosystems by outcompeting native species for resources, altering food chains, and causing habitat changes.¹²¹ Foreign vessels also contribute to marine pollution in the Pacific Ocean. This can occur as a consequence of improper waste management practices, including the dumping of plastics, chemicals, and oil.¹²² Ballast water carried by ships, which can contain various pollutants and invasive organisms, represents a potential threat

121 Parisa Alidoost Salimi et al., "A Review of the Diversity and Impact of Invasive Non-Native Species in Tropical Marine Ecosystems," *Marine Biodiversity Records* 14, no. 1, 2021. Accessed at: <https://doi.org/10.1186/s41200-021-00206-8>.

122 UNEP and SPREP, "Marine Debris, Microplastics and Pollution," 2016. Accessed at: <https://www.sprep.org/attachments/Publications/FactSheet/Oceans/marine-debris-microplastics-pollution.pdf>.

to native species and ecosystems when it is released.¹²³ Ecological imbalance and pollution can have cascading effects, resulting in further impact on the marine ecosystem and biodiversity.

Flags of Convenience (FoC) vessels, registered in countries with lenient regulations, further complicate the situation. These vessels often operate under flags of convenience to reduce costs and evade stricter regulations in their home countries.¹²⁴ As a result, they may engage in practices harmful to the marine environment, such as substandard maintenance, improper waste disposal, and inadequate safety measures. Regulating FoC vessels continue to present challenges due to their complex ownership structures and lack of transparency.

123 IMO, "Ballast Water Management - the Control of Harmful Invasive Species," 2017. Accessed at: <https://www.imo.org/en/MediaCentre/HotTopics/Pages/BWM-default.aspx>.

124 European Union, "Addressing Ship Re-flagging to Avoid Sanctions," 2023. Accessed at: [https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/745686/EPRS_ATA\(2023\)745686_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/745686/EPRS_ATA(2023)745686_EN.pdf).

Box 4. Disappearance of fisheries observers

There are indications that some fishing vessels, taking advantage of the vast open sea, may be involved in serious crimes such as drug trafficking, trafficking in persons, and arms trafficking, covering a range of illicit activities at sea.¹²⁵ Furthermore, the crew members and observers on these vessels could be subjected to violence, forced labor, sexual violence, and debt bondage, highlighting the vulnerabilities of workers in the fishing industry.¹²⁶

According to the Association of Professional Observers (APO), an NGO without profit motives dedicated to enhancing fisheries observer programs through advocacy and educational initiatives,¹²⁷ there have been globally 20 observer disappearance (and death) cases unsolved between 1990-2023.¹²⁸ Amongst these, 10 cases occurred in the seas of the Pacific. The Pacific cases between 2014-2017 all share a common theme of uncertainty and unresolved questions surrounding the circumstances of their deaths or disappearances while working as observers in the fishing industry. These patterns have sparked a controversial debate on possible corruption in the industry and raised concerns about the safety and protection of observers.¹²⁹ Some view these cases as mere coincidence and the inherent danger of working at sea, while others claim that they are not isolated incidents, but rather integral parts of a broader narrative entwined with potential connections to organized crime within the fishing

sector, which includes allegations of corruption.¹³⁰ The involvement of foreign vessels, particularly those operating under flags of convenience and with complex ownership structures, adds a layer of complexity to the investigations and raises suspicions about collusion with criminal networks. The fact that some cases remain unsolved despite years of inquiry underscores the challenges in addressing these issues, including jurisdictional complexities, lack of resources for thorough investigations, and potential interference from powerful entities benefiting from illegal fishing practices.

The example of an observer death is that of a Kiribati observer who was reported dead while on board a tuna fishing vessel registered and flagged under Taiwan, Province of China, Win Far 636, while fishing in the EEZ near Nauru on March 2020. An autopsy was conducted by a Fijian pathologist which revealed “severe intra-cranial hemorrhage and traumatic brain injuries due to severe traumatic head injuries and blunt force head trauma”¹³¹ as cause of death. This led the Kiribati police authorities to begin investigating the alleged homicide case. However, two other autopsy reports, which contradicted the original statement and changed the cause of death to natural, citing hypertension/high blood pressure.¹³² Such conflicting causes of death - violent death caused by severe head trauma versus natural death - fueled the controversial debate. Although the family had chance to talk to the first pathologist, the second and third autopsy reports were not shared with the

125 UNODC, Fisheries Crime, 2021.

126 U.S. Department of State, “Solomon Islands - Trafficking in Persons Report,” 2024. Accessed at: <https://www.state.gov/reports/2024-trafficking-in-persons-report/solomon-islands/>; International Labour Organization (ILO), “Forced Labour and Human Trafficking in Fisheries,” Accessed on August 2024. Accessed at: <https://www.ilo.org/topics/forced-labour-modern-slavery-and-trafficking-persons/sectors-and-topics/forced-labour-and-human-trafficking-fisheries>.

127 Association for Professional Observers (APO), “Mission,” 2024. Accessed at: <https://www.apo-observers.org/about-us/apo-mission/>.

128 APO, “Observer Deaths and Disappearances,” 2024. Accessed at: <https://www.apo-observers.org/observer-safety/misses/>.

129 Human Rights at Sea (HRAS), “Fisheries Observer Deaths at Sea, Human Rights & The Role & Responsibilities of Fisheries Organisations,” 2020. Accessed at: https://www.hrasi.org/sites/default/files/media-files/2024-03/HRAS_Abuse_of_Fisheries_Observers_REPORT_JULY-2020_SP_LOCKED-1.pdf.

130 Eleanor L. Garcia, “Fisheries Observers: An Overlooked Vulnerability for Crime and Corruption within the Global Fishing Industry,” *Marine Policy* 161, 2024. Accessed at: <https://doi.org/10.1016/j.marpol.2024.106029>; Quinne Daoust, “Human Rights Abuses & Organized Crime on IUU Fishing Vessels,” American Security Project, 2021. Accessed at: <https://www.americansecurityproject.org/iuufishingcrimes/>; Ioannis Chapsos and Steve Hamilton, “Illegal Fishing and Fisheries Crime as a Transnational Organized Crime in Indonesia,” *Trends in Organized Crime* 22, no. 3, 2019. Accessed at: <https://doi.org/10.1007/s12117-018-9329-8>; Don Liddick, “The Dimensions of a Transnational Crime Problem: The Case of Iuu Fishing,” *Trends in Organized Crime* 17, no. 4, 2014. Accessed at: <https://doi.org/10.1007/s12117-014-9228-6>.

131 High Court of Kiribati, “Hsieh Lung-Kuei v Attorney General,” 2020. Accessed at: <http://www.paclii.org/cgi-bin/sinodisp/ki/cases/KIHC/2020/15.html?stem=&synonyms=&query=CIVIL%20CASE%20NO.%2043%20OF%202020>.

132 Bernadette Carreon, “Death at Sea: The Fisheries Inspectors Who Never Came Home,” *The Guardian*, 2021. Accessed at: <https://www.theguardian.com/world/2021/jun/20/death-at-sea-the-fisheries-inspectors-who-never-came-home>.

family but with the lawyers representing the vessel. According to Human Rights at Sea (HRAS), a NGO advocating for justice and protection for people at sea, the High Court of Kiribati determined that there was no basis to challenge the initial pathology report on the cause of death, thus, decided to keep the vessel in detention as a crime scene.¹³³ Despite the court decision, the HRAS claim that the vessel was released from detention, raising questions about the preservation of evidence.¹³⁴ This sparked questions about the investigative process and credibility of conclusions drawn. The independent case review conducted by HRAS regarding this case claims that there are numerous outstanding questions regarding the investigation's conduct, evidence handling, and the differing conclusions of the pathology reports.

The case above and other similar cases as such reported on various media outlets highlight the

¹³³ High Court of Kiribati, "Hsieh Lung-Kuei v Attorney General," 2020.

¹³⁴ HRAS, "Independent Case Review into the Investigation of the Death of Kiribati Fisheries Observer Eritara Aati Kaierua," 2021. Accessed at: https://www.humanrightsatsea.org/sites/default/files/media-files/2021-12/HRAS_Eritara_Aati_Kaierua_Kiribati_Independent_Case_Review_19_May_21_SP%20%281%29_0.pdf.

concerning pattern of unanswered observer deaths, revealing the risks faced by fisheries observers, including conflicts with crews and challenges in investigations. The lack of clear information underscores the need for improved safety protocols, thorough investigative procedures, and enhanced oversight to address potential criminal activities, ensure justice, and safeguard the well-being of the observers.¹³⁵ There is a need for transparent documentation system that advocates for the full disclosure and recording of observer incidents, as well as the implementation of mandatory reporting protocols for threats, harassment, assault, or death of observers. This data is crucial for national programs and the Regional Observer Programme (ROP) to develop preventive measures and share insights with other Regional Fisheries Management Organizations (RFMOs).¹³⁶ Overall, it is recommended that a more transparent documentation process be implemented to ensure the safety of all individuals on board and to facilitate comprehensive understanding and response to potential risks associated with fishing activities.

¹³⁵ World Wildlife Fund for Nature, "WCPFC18 Position Statement," 2018.

¹³⁶ Ibid.

Other crimes that affect the environment

The Pacific region is facing an increasing threat from pollution crimes that have significant implications for climate change. Organized crime groups have established a strong presence in these illicit activities, drawn by their profitability and the lower risks involved compared to other forms of crime.¹³⁷ Criminal networks play a significant role in the illegal trade of ozone-depleting substances (ODS), such as chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs), capitalizing on limited enforcement capacities and regulatory gaps that complicate international efforts to phase out these harmful substances in accordance with agreements such as the Montreal Protocol.¹³⁸ Moreover, it is to note that in many parts of the world these groups engage in the illicit dumping of hazardous waste, including electronic waste and toxic chemicals, utilizing

¹³⁷ UNEP, "The State of Knowledge of Crimes That Have Serious Impacts on the Environment," 2018. Accessed at: https://wedocs.unep.org/bitstream/handle/20.500.11822/25713/knowledge_crime_envImpacts.pdf?isAllowed=y&sequence=1.

¹³⁸ Ibid.

bribery and sophisticated logistical maneuvers. These criminals tend to operate in remote areas such as the Pacific in order to avoid detection. The trafficking of waste and ODS is inherently transnational and highly organized, involving multiple stages of shipments where criminals may falsify documents or collaborate with legitimate entities to evade law enforcement.¹³⁹

An additional threat to the health of local population, biodiversity and economic activities (e.g., tourism) of the region is the deficient waste management. Annually, 311,090 tons of plastic waste are generated within 50 kilometers of Pacific Island coastlines, with 73 per cent potentially entering the marine environment through littering, illegal dumping, or being blown from uncontained disposal sites. Additionally, the Pacific Islands are significantly impacted by plastic pollution carried by ocean currents plastic waste washed ashore from other countries and abandoned

¹³⁹ Ibid.

Box 5. Shell companies in Marshall Islands used to export plastic waste to Indonesia

From 2017 to 2019, UN Comtrade data indicated that Marshall Islands was the largest exporter of plastic waste to Indonesia, surpassing the global lead plastic waste exporters such as the United States, Germany and the Netherlands. During the 2017-2019 period, Marshall Islands exported over 200 thousand metric tons of plastic waste to Indonesia. However, Marshall Islands did not register any plastic imports, and its plastic waste generation was significantly lower than the quantities recorded as exports. Such large amounts of plastic waste were unlikely to be physically shipped from Marshall Islands. Instead, it is possible that a Marshall Island-based shell company facilitated the transaction. Shell companies are usually used to conceal illegal transactions or to launder profits from illegal activities.

Source: UN DESA, UN Comtrade, extracted on October 2023.

fishing gear significantly add to the debris on these islands. Currently, many Pacific Island communities lack the infrastructure to manage problematic waste originating from imported materials like single-use plastics, waste oil, tires, end-of-life vehicles, and home appliances, leading to leakage and waste crimes such as illegal dumping and open burning.¹⁴⁰

Deep-sea mining, involving the extraction of metals and minerals from seabed over 200 meters deep, poses a potential organized crime threat to Pacific biodiversity. This emerging alternative to land-based mining targets valuable materials essential for new technologies. Illegal mining and trafficking activities in general violate laws by operating without permits, in prohibited areas, or using banned methods. Such actions often involve trespassing on various sites, leading to environmental degradation, public health risks, and funding for criminal organizations.

140 UNDP, "Turning the Tide on Plastics," 2023. Accessed at: <https://www.undp.org/pacific/blog/turning-tide-plastics>; International Union for Conservation of Nature (IUCN), "IUCN Plastic Waste National Level Quantification and Sectoral Material Flow Analysis," 2021. Accessed at: https://www.iucn.org/sites/default/files/2023-12/iucn-pwfi-regional-report-pacific-final-for-web_compressed.pdf.

The International Seabed Authority (ISA) regulates deep-sea mining in international waters, issuing exploration permits and contracts, with some PICTs participating.¹⁴¹ While experimental, deep-sea mining is predicted to cause irreversible biodiversity loss.¹⁴² Concerns over untested technologies have prompted calls for a moratorium by the EU and major industries, with some brands pledging not to source minerals from deep-sea mining.¹⁴³ Regulatory frameworks must evolve to ensure transparency and traceability in mineral supply chains, addressing potential criminal activity.¹⁴⁴

The gold mining industry is a significant natural resource sector in Papua New Guinea and Solomon Islands, with gold emerging as one of the key export, particularly highlighted by the full-year operation of the Gold Ridge Mine in 2023.¹⁴⁵ This economic significance, however, comes with the risk of gold trafficking, which is often intertwined with corruption.¹⁴⁶ Some gold trafficking involves illegal activities such as mining without proper permits, extracting gold from prohibited areas, using environmentally harmful methods, and violating trade regulations.¹⁴⁷ These actions undermine economic stability and governance by facilitating corruption and enabling money laundering.¹⁴⁸ The emergence of gold as one of the key export, as shown in Figure 7, underscores the importance of addressing the associated risks of illegal exploitation and trafficking to ensure the protection of both the economy and the environment.¹⁴⁹

141 International Seabed Authority, "Member States," 2022. Accessed at: <https://www.isa.org/jm/member-states/>.

142 International Union for Conservation of Nature, "The Impact of Deep-Sea Mining on Biodiversity, Climate and Human Cultures," 2024. Accessed at: <https://www.iucn.nl/en/news/the-impact-of-deep-sea-mining-on-biodiversity-climate-and-human-cultures/>.

143 Mared Gwyn Jones, "The EU's Deep-Sea Dilemma as Neighbours Plan to Mine the Seabed," Euronews, 2023. Accessed at: <https://www.euronews.com/my-europe/2023/09/01/deep-sea-mining-can-yield-many-riches-the-eu-is-against-but-its-neighbours-are-keen>.

144 UNODC, "Responding to Illegal Mining and Trafficking in Metals and Minerals: A Guide to Good Legislative Practices," 2023.

145 Asian Development Bank (ADB), "Solomon Islands."

146 Ibid.

147 UNODC, "Response Framework on Illegal Mining and the Illicit Trafficking in Precious Metals," 2022.

148 UNODC, "Responding to Illegal Mining and Trafficking in Metals and Minerals: A Guide to Good Legislative Practices."

149 Ibid.

Box 6. Gold mining sector in Solomon Islands¹⁵⁰

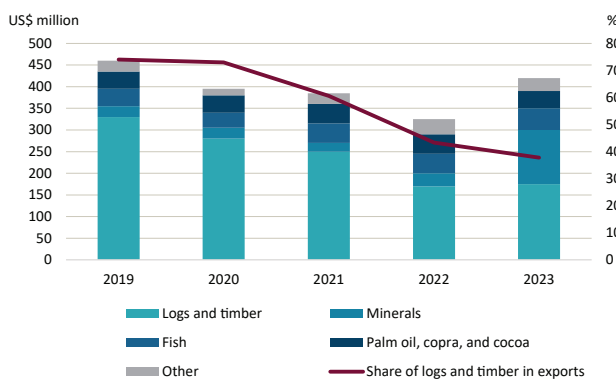
The increase of gold exports in Solomon Islands correlates with the Gold Ridge Mine operating a full year in 2023, indicating a potential upswing in the country's mineral exports.¹⁵¹ A report from In-Depth Solomons, a Solomon Islands media outlet, indicated that there have been two possible instances of gold trafficking between August 2019 and January 2020. Largely based on the report by a Solomon Islands media outlet, two gold trafficking cases were reported between August 2019 and January 2020. This case involved approximately 80

kilograms of gold, valued at around US\$ 3.5 million, which may have been illegally exported from Solomon Islands by East Asian nationals using a local gold dealers' license in Guadalcanal. This included a direct shipment of over 20 kilograms worth US\$ 830,000 to Hong Kong, China, through Company A, a Chinese company conducting business in the area. Despite substantial violations of the Mines and Minerals Act, which mandates that gold dealing be reserved for local citizens, there is a perception that political influence may have impeded law enforcement efforts. A 'Show Cause Notice' aimed at terminating Company A's operations was issued, but it appears that this had not been carried out as of the time of this report. The report also showcased another example which is about an attempted gold smuggling incident in 2019, involving 1.7 kilograms of gold worth US\$ 36,000, where no legal action has been taken against those involved. The government and the mining company have stated that the issues have been resolved. However, there are still concerns about transparency and adherence to national laws.

150 Charley Piringi, "The Gold Rush: An Investigation into Attempted Gold Smuggling and Tax Evasion in Solomon Islands," In-Depth Solomons, 2023. Accessed at: <https://indepthsolomons.com.sb/the-gold-rush-an-investigation-into-attempted-gold-smuggling-and-tax-evasion-in-solomon-islands/>; Win Win Solomon Islands Investment Ltd, "Environment Impact Statement for a Proposed Mining Operation in Tuarana, Vulolo Ward, Central Guadalcanal Constituency, Guadalcanal Province.," 2018. Accessed at: <https://solomonislands-data.sprep.org/system/files/Winwin%20Investment%20Solomon%20Ltd%20EIS.pdf>.

151 Asian Development Bank (ADB), "Solomon Islands."

Figure 7. Exports of the Solomon Islands, 2019-2023



Sources: Central Bank of Solomon Islands; Asian Development Bank estimates.

Main actors involved in crimes that affect the environment

As mentioned in the previous sections, crimes that affect the environment in the Pacific region involve a variety of key actors, each playing a distinct role in these illegal activities. Private companies engaged in fishing, logging, and mining are major perpetrators,

causing deforestation, habitat destruction, and pollution. Public officials sometimes facilitate these crimes through corruption, destroying evidence, or issuing false documents. It is worth noting that foreign investors, particularly those from high-income countries, may unwittingly contribute to environmental harm through their investments in projects that result in illegal logging and pollution.

Illegal actors such as poachers, wildlife traffickers, and smugglers exploit endangered species for profit. Illegal loggers, timber smugglers, and fishing operators threaten forests, marine ecosystems, and fish populations within protected areas, concessions, EEZ, and international waters. Corrupt public officials hinder effective law enforcement efforts, and organized crime syndicates engage in large-scale crimes that affect the environment like wildlife trafficking, illegal logging, and waste dumping. Money launderers, financiers, front companies, and shell corporations further complicate these crimes by concealing beneficiaries and obscuring financial flows. Local links to criminal networks also exist within communities, perpetuating crimes that affect the environment either knowingly or unknowingly.

Available information indicates that organized crime groups from Asia, Europe, and Latin America are currently active across the Pacific region, though the full extent of their activities in crime that affect the environment remains unclear.¹⁵² These groups are suspected of using legitimate front companies to mask their illegal operations, such as illicit logging, mining, and wildlife trafficking. By establishing seemingly lawful businesses, they exploit regulatory gaps and evade detection, complicating efforts to address and mitigate their impact on local ecosystems and biodiversity.¹⁵³

Principal enablers

Crimes that affect the environment of the Pacific as anywhere else are driven significantly by the demand for natural resources, wildlife products, and environmental commodities both within the region and from global markets. This demand fosters illegal activities such as extraction, trade, and trafficking, which are facilitated by complex global supply chains, making it challenging to trace origins and hold perpetrators accountable. Geographical obstacles, such as the vastness of the Pacific Ocean and the remoteness of many islands, create enforcement gaps that criminals exploit. Small island nations, with limited monitoring capabilities, are particularly vulnerable to exploitation of their rich biodiversity and resources. The demand from outside the region incentivizes criminal enterprises to exploit the Pacific's abundant biodiversity and valuable resources, resulting in activities like wildlife trafficking, illegal fishing, and unauthorized resource extraction.

Another critical threat exacerbating these challenges may be the loopholes in legislation frameworks.¹⁵⁴ For instance, in Fiji, laws allow for cultural use of terrestrial wildlife with minimal restrictions on hunting native species for personal use. However, authorities face significant challenges due to gaps in monitoring and enforcement, exacerbated by the absence of specific penalties for illegal wildlife hunting. However, under the Forest Act 1992 (section 28) in Fiji, it is an offense to set traps, snares, or nets, or possess a gun in a forest or nature reserve, which, although not entirely clear, may partially address this gap.¹⁵⁵

Corruption further undermines efforts by allowing criminal activities to persist unchecked when officials engage in corrupt practices. Officials who accept bribes may ignore or actively facilitate crimes such as wildlife trafficking, illegal logging, and unregulated fishing. They might issue fraudulent permits, falsify documents, or tip off criminals about enforcement actions, effectively neutralizing the enforcement of environmental laws. This corruption fosters a culture where crimes that affect the environment are tolerated, undermining public trust in government and law enforcement, and significantly weakening the effectiveness of conservation efforts. Consequently, these unchecked activities can escalate, causing severe damage to ecosystems and biodiversity.

Impact, policy implications, and looking ahead

Crimes that affect the environment have profound and wide-ranging impacts on the social, cultural, governance, and economic fabric of local communities in the PICTs. Predominantly, surging Greenhouse Gas (GHG) emissions cause climate change, and crimes affecting the environment often only contribute to making some of the effects of global warming stronger. These crimes pose direct threats to ecosystems, wildlife, and human life, while also indirectly exacerbating climate change. Wildlife crime, illegal logging, illegal fishing, and pollution contaminate air, land, and water systems, disrupting local ecosystems and imperiling human health. Each of the crimes affecting the environment contribute to climate change, loss of biodiversity, and pollution in various ways: poaching and trafficking of endangered species disrupt ecosystems and biodiversity; illegal logging leads to increased carbon emissions and reduced carbon sinks; illegal fishing harms marine ecosystems and disrupts oceanic carbon cycles; and pollution from waste dumping releases harmful pollutants and greenhouse gases. These activities result in rising sea levels, extreme weather events, and ocean acidification, disproportionately affecting PICTs and heightening vulnerabilities of both natural and social systems.

Crimes that affect the environment pose significant challenges to achieving SDGs 13, 14, 15, and 16 by impacting ecosystems, governance, and socio-

152 PTCN, "Transnational Crime Assessment," 2019-20.

153 UNODC, "Cash in the Trash: The Role of Corruption and Money Laundering in Waste Trafficking," 2024.

154 UNODC, "The Landscape of Criminalization 1: Global Analysis on Crimes That Affect the Environment," 2024.

155 UNODC, "Rapid Assessment: Criminal Justice Response to Wildlife and Forest Crime in Fiji," 2022.

Figure 8. Relevant Sustainable Development Goals, targets and indicators



SDG 13 - Climate Action

- Indicator 13.2.1: Number of countries with nationally determined contributions, long-term strategies, national adaptation plans and adaptation communications, as reported to the secretariat of the United Nations Framework Convention on Climate Change.

SDG 14 - Life Below Water

- Indicator 14.4.1: Proportion of fish stocks within biologically sustainable levels.

SDG 15 - Life On Land

- Indicator 15.1.1: Forest area as a proportion of total land area.
- Indicator 15.7.1: Proportion of traded wildlife that was poached or illicitly trafficked.

SDG 16 - Peace, Justice and Strong Institutions

- Indicator 16.2.2: Number of victims of human trafficking per 100,000 population, by sex, age and form of exploitation.
- Indicator 16.4.1: Total value of inward and outward illicit financial flows (in current United States dollars).
- Indicator 16.5.1: Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months.

economic systems.¹⁵⁶ The consequences of crimes that affect the environment extend to various sectors, from weakening ecosystems through activities like deforestation and illegal fishing, to disrupting local livelihoods, contributing to exacerbating conflicts over resources, and causing revenue loss for Pacific nations. The costs of environmental restoration escalate, and irreversible damage to biodiversity and habitats occurs. For instance, the illegal wildlife trade (Indicator 15.7.1) undermines efforts to protect wildlife populations, complicating conservation measures. This extends to forest areas (Indicator 15.1.1), where illegal logging and deforestation reduce forest cover, crucial for climate stability and biodiversity. Corruption linked to these crimes diminishes public confidence in governmental institutions and impedes progress in addressing corruption (Indicator 16.5.1). Additionally, illicit financial flows from such crimes (Indicator 16.4.1) hinder financial transparency. The exploitation associated with these crimes can also increase trafficking of persons for forced labor (Target 16.2). Activities like deforestation and pollution further complicate the integration of climate action into national policies (Indicator 13.2.1) and threaten the health of marine ecosystems and fish stock sustainability (Indicator 14.4.1).

Crimes that affect the environment, such as illegal logging, mining, and wildlife trafficking, devastate ecosystems that are integral to the traditional practices of indigenous communities. The loss of natural resources like forests, water, and wildlife disrupts activities such as hunting, fishing, and agriculture, which are essential for sustaining cultural practices and traditional knowledge. Additionally, environmental degradation leads to the destruction of sacred sites and biodiversity, which are central to cultural rituals and the intergenerational transmission of traditional knowledge. The resulting displacement and economic hardship weaken community cohesion and traditional governance structures, ultimately eroding cultural identity and undermining the social fabric of indigenous communities. Governance challenges, including weak law enforcement and corruption, foster an environment conducive to crimes that affect the environment, underscoring the need for enhanced legal frameworks, enforcement mechanisms, and anti-corruption measures.

Addressing crimes that affect the environment is critical not only for environmental sustainability but also for bolstering climate resilience and supporting economic opportunities such as eco-tourism and sustainable livelihoods.

To effectively address crimes that affect the environment in the Pacific region, it is critical to expand research and data collection efforts in the

¹⁵⁶ Inger Andersen, "Environmental Crime and the SDGs," December 2021. Accessed at: <https://www.unep.org/news-and-stories/speech/environmental-crime-and-sdgs>.

region. This includes gathering comprehensive data on the prevalence and impact of crimes that affect the environment, such as illegal logging, poaching and pollution, in different Pacific Island contexts. Improved research capacity will not only provide a clearer understanding of the extent and nature of these crimes but will also support evidence-based policymaking and targeted interventions. Investing in research infrastructure, training local researchers, and fostering collaborations with international research institutions is essential to building a robust knowledge base and filling gaps in current understanding. By prioritizing research and data collection, policymakers can better combat crimes that affect the environment and protect the Pacific's fragile ecosystems.

Moreover, policymakers should adopt a comprehensive strategy incorporating key recommendations. Aligning the domestic legal framework to international standards appears to be necessary, as seven of PICTs are not parties to the CITES,¹⁵⁷ requiring the review and updating of laws to encompass emerging crimes that affect the environment linked to climate change and resource exploitation. Harmonizing legal frameworks across PICTs would facilitate cross-border cooperation in combating crimes that affect the environment and avoid their unequal displacement to States with lower governance standards.¹⁵⁸

International cooperation plays a pivotal role in this effort. Collaboration among PICTs, neighboring countries, and international organizations can foster information sharing, best practices dissemination, and joint enforcement efforts. Partnerships with regional mechanisms, such as SEAJust,¹⁵⁹ offer avenues for enhancing legal cooperation, facilitating prosecutions, and supporting international initiatives against crimes that affect the environment.

Improving interagency cooperation within countries is vital. Establishing specialized task forces and investing

157 CITES, "List of Contracting Parties," Accessed on August 2024. Accessed at: <https://cites.org/eng/disc/parties/chronolo.php>.

158 UNODC, "The Landscape of Criminalization 1: Global Analysis on Crimes That Affect the Environment"; United Nations Inter-Agency Task Force on Illicit Trade in Wildlife and Forest Products, "Africa-Asia Pacific Symposium on Strengthening Legal Frameworks to Combat Wildlife Crime," 2017.

159 SEAJust is a judicial cooperation network that serves as an informal platform facilitating direct contact and communication between central authorities for mutual legal assistance in criminal matters. It is open to any country or territory within and outside the Southeast Asian region. UNODC, "South East Asia Justice Network." Accessed at: <https://www.unodc.org/roseap/en/SEAJust/index.html>.

in training programs for personnel dealing with crimes that affect the environment can enhance enforcement effectiveness and bolster regional security. Addressing corruption within law enforcement and related institutions through robust anti-corruption measures is also imperative, alongside enhancing transparency in natural resource management processes.

Finally, aligning fines with economic gains from illegal activities and conducting risk assessments based on environmental impact can serve as effective deterrents. Strengthening national capacities in monitoring trends of crimes that affect the environment and investing in expertise in environmental data, statistics, forensics, and financial tracking are essential steps toward identifying perpetrators and curbing illegal activities. Public awareness campaigns can further engage communities, NGOs, and academia in reporting and preventing crimes that affect the environment, fostering a collective approach to safeguarding the Pacific region's natural resources.

The limited comprehensive statistics and data in the Pacific presents a challenge in fully understanding patterns and combating the extensive involvement of organized crime in these damaging activities. However, there is a growing consensus that climate change is likely to exacerbate the scale and impact of crimes that affect the environment. Wildlife trafficking may capitalize on species that become rarer and more profitable, posing heightened risks. Similarly, climate-induced pressures on forests may intensify illegal logging, impacting biodiversity and carbon sequestration. Changes in ocean currents could also lead to increased illegal fishing, endangering marine biodiversity. Additionally, climate-related disasters exacerbate pollution crimes like illegal waste dumping, posing serious environmental and health threats.

Moreover, as organized crime groups in neighboring regions embrace technology, the integration of e-commerce platforms and cryptocurrencies into crimes may add layers of complexity for the region in the near future.¹⁶⁰ Digital currencies introduce new risks related to money laundering, making it harder to trace illicit transactions.¹⁶¹ Cash flows are

160 Pacific Islands Forum, "Regional Transnational Organised Crime Disruption Strategy," 2024.

161 Yong Sarah Zhou et al., "Rise of Digital Money: Implications for Pacific Island Countries," IMF, 2024. Accessed at: <https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2024/02/21/Rise-of-Digital-Money-Implications-for-Pacific-Island-Countries-543239>. 2024.

problematic as well, compounding the difficulty of monitoring and controlling illegal financial activities. Globally, organized crime groups use complex financial networks to obscure transactions, integrate illicit cash flows with legitimate businesses, and exploit the anonymity of cryptocurrencies, all while weak regulatory frameworks in many regions fail to effectively monitor and control these activities. Weak responses at domestic and international levels allow criminal networks to exploit systemic vulnerabilities.

Addressing these multifaceted challenges requires a comprehensive approach that integrates justice responses into climate strategies. Preserving delicate ecosystems and enhancing enforcement and cooperation at local, regional, and international levels are essential steps in safeguarding the Pacific region.



Money Laundering

Money Laundering

Key takeaways

While large-scale money laundering and financing of terrorism is unlikely to take place in the Pacific, illicit markets are expanding and intensifying money laundering risks across the region. Sectors most at risk of money laundering in the Pacific include banking, logging and fisheries, as well as, in some cases, casinos and junkets and other designated non-financial businesses and professions, with countries in the Pacific today facing increasing targeting from a variety of transnational organized crime groups. This includes illicit proceeds generated from crimes including corruption, human trafficking and migrant smuggling, cyber-enabled fraud, and those associated with criminal practices within the region's lucrative extractive industries, bringing with them considerable money laundering risk.

Despite the evolving threat landscape, the essential preconditions for effective Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) systems are generally not present in most parts of the region. Several PICTs have not undertaken any money laundering investigations or prosecutions in recent years. This reflects comparatively low levels of domestic proceeds-generating crime, a decision by authorities to concentrate relatively scarce investigative resources on investigating predicate offences and seizing related proceeds of crime and, in some countries, lower penalties for money laundering compared to other serious offences. At the same time, limited resources, capacity and awareness have impeded financial investigations, increasing both the vulnerability to and likelihood of financial crime not being properly detected or reported within the region.

Both public sector agencies and private sector stakeholders in the PICTs typically lack a clear and

informed understanding of key money laundering risks. These risks are further compounded by limited law enforcement and regulatory enforcement capacity, weak or absent due diligence processes, provision of offshore financial services and minimal beneficial ownership requirements. The present situation has increased the attractiveness of the Pacific to transnational organized crime, making parts of the region appealing destinations for proceeds of crime.

In many PICTs, there are few or no requirements for financial institutions and designated non-financial businesses and professions (DNFBPs) to undertake money laundering and terrorist financing risk assessments, contributing to a generally low understanding. This has proven important in the context of growth in casino sectors in some parts of the region, in turn posing opportunities for transnational organized crime groups to launder proceeds of crime. The sector is generally considered underregulated and high risk across the region, characterized by low levels of awareness and understanding of related money laundering, terrorist financing and other organized crime-related risks.

Lastly, illicit financial flows (IFFs) can have a particularly devastating impact on small and low-income countries such as many of those found in the Pacific, undermining governance, rule of law, and international efforts to achieve lasting positive change. Neglecting money laundering risks and challenges runs the risk of deepening organized crime engagement in the Pacific as well as attracting greater volumes of illicit financial flows into countries with very limited ability and resources to appropriately address them. This may also exacerbate the creation of criminal safe havens, allowing transnational criminal networks to freely access their illicit proceeds and continue orchestrating operations from the Pacific uninterrupted.

Background

In an effort to supplement the lack of official money laundering data available in the Pacific, the present chapter is based on extensive information produced by national and regional authorities and obtained in official consultation, as well as by international and civil society organizations. Where possible, UNODC has also reviewed criminal indictments, case records, intelligence, court filings, and related public disclosure to inform its analysis, much of which is highlighted within the earlier chapter on the nature of organized crime in the Pacific.

While investigations and prosecutions remain low across the Pacific region, money laundering¹ takes place across a number of sectors in the PICTs, and in recent years has evolved from being primarily national in nature to now increasingly having a transnational dimension. The Pacific region faces increased targeting from a variety of transnational organized crime groups which, together with high levels of domestic corruption, economic globalization, and rapid development of information technology, serve as key drivers and facilitators of money laundering in many PICTs. At the same time, various socio-economic and cultural characteristics, geographic remoteness, limited law enforcement and regulatory enforcement capacity, weak or absent due diligence processes, and provision of offshore financial services increases attractiveness of the Pacific to transnational organized crime and related money laundering.²

The essential preconditions for an effective Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) system are generally not present in many parts of the Pacific.³ This includes, to varying extents among various PICTs, a lack of consistent and

informed understanding of ML/TF risks; high level political commitment; adequate financial and human resources, including capability and technical skills financial intelligence and regulatory and supervisory authorities; mechanisms to facilitate effective domestic cooperation and coordination.⁴ This poses significant obstacles to effective implementation of preventative programmes and related measures.

Many PICTs have significant informal sectors in which the majority of transactions are cash based.⁵ This reliance on cash transactions can pose challenges as they tend to operate outside any regulatory oversight, thereby allowing for greater anonymity and making it easier for illicit funds to enter the formal financial system without detection.⁶ Like many developing largely cash based economies, the PICTs face challenges related to inadequate AML regulations and under resourced financial intelligence units (FIUs) and investigative agencies, making them attractive transit economies and destinations for proceeds of crime.⁷ This has been echoed by the Pacific Transnational Crime Network (PTCN) which has indicated that Pacific law enforcement agencies face systemic challenges in investigating financial crime and money laundering.⁸ Moreover, many public sector agencies and private sector stakeholders in the PICTs lack a clear and informed understanding of the principal money laundering risks, with respective AML regimes commonly lagging both in terms of framework and effectiveness.⁹

In some PICTs, there is very little supervision or regulation of designated non-financial businesses and professions (DNFBPs) and few requirements to undertake money laundering and terrorist financing risk assessments, contributing to a generally low understanding of related risks and some DNFBPs having no understanding of their obligations at all.¹⁰

1 As per the United Nations Office on Drugs and Crime. United Nations Convention Against Transnational Organized Crime and the Protocols Thereto, Art.6. New York, NY., 2004, money laundering is defined as the conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of such property or of helping any person who is involved in the commission of the predicate offence to evade the legal consequences of his or her actions, as well as the concealment or disguise of the true nature, source, location, disposition, movement or ownership of rights with respect to the property.

2 Asia Pacific Group on Money Laundering, "APG Typologies Report on Fraud and Money Laundering in the Pacific," 2016.

3 Official UNODC consultations and expert interviews with law enforcement and financial intelligence authorities and related experts in and around the Pacific region, 2024.

4 Ibid.

5 Improving labour market outcomes in the Pacific, "Policy Challenges and Priorities, Asian Development Bank and International Labour Organization Country Office for Pacific Island Countries," June 2017.

6 Pacific Islands Forum, "The Decline of Correspondent Banking in Pacific Island Countries," July 2023.

7 Official UNODC consultations and expert interviews with law enforcement and financial intelligence authorities and related experts in and around the Pacific region, 2024.

8 Lowy Institute for International Policy, "Drug Trafficking in the Pacific Islands: The Impact of Transnational Crime," 2022.

9 International Monetary Fund, "Challenges in Correspondent Banking in the Small States of the Pacific," IMF Working Paper, April 2017.

10 Asia Pacific Group on Money Laundering, Mutual Evaluation Reports of Fiji (2016), Palau (2018), Tonga (2021), Samoa (2015), and Vanuatu (2015).

This is in part due to a lack of supervisory resources and direction, with supervisory authorities in many PICTs regularly submitting few or no suspicious transaction reports (STRs) related to DNFBPs.¹¹ In some cases, however, the relatively small number of DNFBP-related STRs have been found to partly match respective risk profiles.¹² Weak and non-enforceable customer due diligence (CDD) and enhanced customer due diligence (EDD) measures, beneficial ownership regulations, and related technical deficiencies and information sharing also appear to have simultaneously exacerbated the tension between the desire of the PICTs to attract investors and the fear of being exploited by criminals.¹³ According to an interviewed expert, this represents a particular vulnerability in the context of targeting by highly entrepreneurial organized crime groups from the Asia-Pacific and Europe, as well as outlaw motorcycle gangs (OMCGs) who have leveraged extensive networks of criminal returnees to set up satellite bases across various PICTs.^{14,15,16}

Despite indication of growing targeting of the Pacific region by transnational organized crime, most PICTs have undertaken low numbers of money laundering investigations or prosecutions, or none altogether, in recent years.¹⁷ This reflects comparatively low levels of domestic proceeds-generating crime and a decision by authorities to concentrate relatively scarce investigative resources on investigating predicate offences and seizing related proceeds of crime.¹⁸ Limited resources, capacity and awareness have impeded financial investigations, increasing both the vulnerability to and likelihood of financial crime not being properly detected or reported within the region.¹⁹ At the same time, enhanced digitization in the Pacific has increased access to registration of shell companies in both onshore and offshore jurisdictions which can potentially be exploited as mechanisms for hiding, obfuscating, and laundering proceeds of crime.²⁰

11 Ibid.

12 Ibid.

13 Ibid.

14 UNODC official communication with New Zealand Police, July 2024.

15 Interview #48.

16 Interview #35.

17 Asia Pacific Group on Money Laundering, Mutual Evaluation Reports of Fiji (2016), Palau (2018), Tonga (2021), Samoa (2015), and Vanuatu (2015).

18 Ibid.

19 Ibid.

20 EU Tax Observatory, "Mapping the global geography of shell companies," December 2023.

In addition to PICTs facing varying money laundering-related threats, regional FIUs and the Asia Pacific Group on Money Laundering (APG) have identified a range of common money laundering typologies in the PICTs. These included cash smuggling; wire transfers; structured cash deposits and the use of remittances. The APG has also highlighted an increasing presence of organized crime groups operating in the PICTs, including those with strong local and familial connections as well as foreign criminal networks,²¹ providing a conducive environment for moving illicit funds in and out of the region. Some PICTs have also been targeted by transnational criminal networks for money laundering and unregulated cross border value transfer mechanisms connected to loosely regulated and, in some cases growing, land-based and online casino and junket industries, among other DNFBPs, while others have been used as tax havens to hide illicit funds.^{22,23} Many PICTs also make limited use of financial intelligence for money laundering and predicate crime investigations, although the number of disseminated reports appears appropriate when considering the context and size of small island nations.²⁴ At the same time, while some financial intelligence units have been improving the quality of their financial intelligence, the understanding of the benefits and use of financial intelligence of law enforcement agencies in some PICTs remain limited, while also lacking resources and capacity to act on it.²⁵ Most also do not undertake a proactive approach to carrying out parallel financial investigations on predicate and related money laundering offences.²⁶

With that said, it is worth noting that many PICTs are at the early stage of developing their financial infrastructure, and the continued development of these systems is reliant on assistance from the international private and public sectors.^{27,28} Assistance

21 Asia Pacific Group on Money Laundering, "APG Yearly Typologies Report: Methods and Trends of Money Laundering and Terrorism Financing," 2019.

22 See examination of casino and junket-related cases in the 'Nature of Transnational Organized Crime in the Pacific' chapter.

23 Official UNODC consultations and expert interviews with law enforcement and financial intelligence authorities and related experts in and around the Pacific region, 2024.

24 Asia Pacific Group on Money Laundering, Mutual Evaluation Reports of Fiji (2016), Palau (2018), Tonga (2021), Samoa (2015), and Vanuatu (2015).

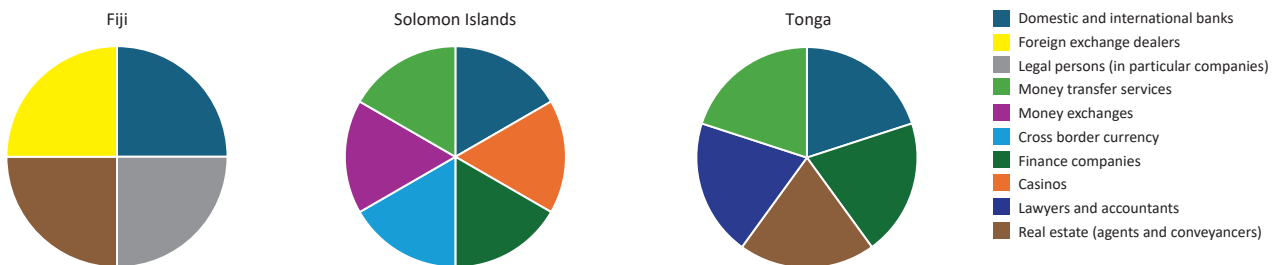
25 Ibid.

26 Ibid.

27 Ibid.

28 Official UNODC consultations and expert interviews with law enforcement and financial intelligence authorities and related experts in and around the Pacific region, 2024.

Figure 1. Highest level money laundering vulnerabilities in Fiji, Solomon Islands, and Tonga



Source: Mutual Evaluation Reports of Fiji, Solomon Islands and Tonga.²⁹

from several international partners has contributed to developing the region's legislative, regulatory and compliance frameworks. At the same time, while legal frameworks for asset confiscation across the region are generally sound, several important gaps remain which help explain the low levels of confiscation in the PICTs which do not align with most money laundering risk profiles.³⁰ For instance, Solomon Islands does not have a policy or strategy to pursue the proceeds of crime and confiscate criminal proceeds or property.³¹ The current approaches used for confiscation are onerous and law enforcement agencies do not focus on pursuing the confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective.³²

There are differences in relevant money laundering vulnerabilities and threats posed by transnational organized crime among PICTs. Fiji and Papua New Guinea, for instance, face vulnerabilities due to their strategic locations, porous borders, size, and levels of trade integration, making both countries highly susceptible to money laundering of illicit funds generated from large-scale trafficking of drugs as well as related corruption. In August 2020 a network of Australian, Italian, and Papua New Guinea nationals were arrested on charges relating to the trafficking of 611 kg of cocaine from Papua New Guinea to Australia (see the photo below).³³ The drugs were believed

to be trafficked into Papua New Guinea by yacht for transshipment before being trafficked into Australia by plane. Despite being caught red handed with the drugs alongside AU\$ 75,000 in cash, authorities considered the haul of drugs under the offense of 'illegal property', thereby constituting a money laundering offence in Papua New Guinea due to gaps in existing criminal law.³⁴ No information has been released relating to the final penalty, sentence and forfeiture of criminal proceeds and related assets at the time of writing.



Source: Royal Papua New Guinea Constabulary, 2020.

Papua New Guinea and Solomon Islands have been heavily targeted by criminal actors operating within the illegal logging industries. Low fiscal capacity and inadequate management of state resources has resulted in major vulnerabilities within this sector, leading to very high risks of associated money laundering connected to local illegal logging operators, with recent studies and analysis estimating that illicit financial flows originating from forestry crimes in

29 Central Bank of Solomon Islands, "National Risk Assessment," September 2017. Accessed at: <https://www.cbsi.com.sb/wp-content/uploads/2021/11/SI-NRA-Public-Version-18-September-2017.pdf>.

30 Asia Pacific Group on Money Laundering, Mutual Evaluation Reports of Fiji (2016), Palau (2018), Tonga (2021), Samoa (2015), and Vanuatu (2015).

31 Asia Pacific Group on Money Laundering, "Solomon Island Mutual Evaluation Report," 2018.

32 Ibid.

33 Supreme Court of Papua New Guinea, "PGSC 88; SC2161," October 2021. Accessed at: <https://www.paclii.org/cgi-bin/sinodisp/pg/cases/PGSC/2021/88.html?stem=&synonyms=&query=attanasio>

34 National Court of Papua New Guinea, "PGNC 454; N10001," October 2022. Accessed at: <https://www.paclii.org/cgi-bin/sinodisp/pg/cases/PGNC/2022/454.html?stem=&synonyms=&query=cutmore>

Papua New Guinea amount to more than 100 per cent of the licit timber market on average.³⁵ At the same time, key destinations of illicit proceeds reportedly being moved offshore has included countries such as Australia, China, Singapore, and Malaysia.³⁶

Unlike countries dealing with challenges related to illicit trafficking and extractive industries, other PICTs with little potential for domestic industry have turned to the development of attractive offshore financial hubs. The primary money laundering risk in Cook Islands, for instance, remains its offshore financial sector, with key vulnerabilities related to the abuse of its trust and company service providers (TCSP) sector.³⁷ While the volume of proceeds of domestic crime are generally small in Cook Islands, the majority of the risk stems from the laundering of proceeds of tax evasion and fraud committed abroad, with potential risk confirmed by references to Cook Islands as one of the tax havens in the Pandora Papers.³⁸ However, there has also been some documented evidence of laundering of domestic criminal proceeds generated from drug trafficking and corruption cases in recent years.³⁹ Similarly to Cook Islands, the main money laundering risks in Samoa relate to transnational businesses. TCSPs in Samoa are mainly affiliated with others based in Hong Kong, China, Singapore and Taiwan Province of China (PoC), assisting overseas clients to setup international business companies offshore.⁴⁰ There is some evidence of the proceeds of foreign predicate crimes being laundered in Samoa or through its offshore sector, and the scale of proceeds generated from domestic crimes also appear small.⁴¹

35 Financial Action Task Force, "Money Laundering from Environmental Crime," June 2021. Accessed at: <https://www.fatf-gafi.org/en/publications/Environmentalcrime/Money-laundering-from-environmental-crime.html>

36 Transparency International, "Corruption and Money Laundering in the Pacific," May 2023. Accessed at: <https://www.transparency.org.nz/blog/corruption-and-money-laundering-across-the-pacific>.

37 Asia Pacific Group on Money Laundering, "Cook Islands Mutual Evaluation Report," 2018.

38 Ibid.

39 Ibid.

40 Asia Pacific Group on Money Laundering, "Samoa Mutual Evaluation Report," 2015.

41 Transparency International, "Money Laundering and Corruption Risk, Samoa," 2021. Accessed at: https://assets-global.website-files.com/5f3c5d2bb263505e25811876/6543fb9922a7ed30ae85cb65_Samoa%20Country%20Case%20Summary%20TINZ%20report.pdf

Vulnerable sectors

Banking

While banking sectors across Pacific Island nations have generally demonstrated some awareness of risks, corresponding AML/CFT requirements, and various other preventive measures, the sector has been identified as higher risk in many PICTs. This stems from concerns about limited levels of understanding of various risks and the implementation of preventive measures.⁴² Risk understanding among banks (foreign and domestic) is perceived as the highest among money laundering-related sectors on a relative basis, however, some are unable to clearly distinguish customer risk, product risk and risk related to delivery channels within respective institutions.⁴³ Irrespective of various risks, however, most PICTs as well as government agencies outside the PICTs such as the Australian government's financial intelligence unit, AUSTRAC, have asserted that levels of money laundering and terrorism financing in the Pacific are generally low.^{44,45,46}

One particular area of the regional banking sector that has been studied at depth in the Pacific relates to remittances. Access to low-cost remittance services is vital for financial inclusion⁴⁷, with remittances playing a vital role in PICTs economies which are more dependent on remittances than any other region of the world.^{48,49} During the COVID-19 pandemic, remittances outperformed foreign direct investment

42 Asia Pacific Group on Money Laundering, Mutual Evaluation Reports of Tonga (2021), Samoa (2015), and Vanuatu (2015).

43 Asia Pacific Group on Money Laundering, Mutual Evaluation Reports of Fiji (2016), Palau (2018), Tonga (2021), Samoa (2015), and Vanuatu (2015).

44 Ibid.

45 Australian Transaction Reports and Analysis Centre, "Remittance Corridors: Australia to Pacific Island Countries — Money Laundering and Terrorism Financing Risk Assessment," June 2019. Accessed at: <https://www.austrac.gov.au/sites/default/files/2019-06/remittance-corridors-risk-assessment.pdf>.

46 Lowy Institute for International Policy, "Reducing Remittance Costs in the Pacific Islands," October 2023. Accessed at: https://www.lowyinstitute.org/publications/reducing-remittance-costs-pacific-islands#footnote44_bb9slj7.

47 Financial inclusion in this context relates to the delivery of financial services at affordable costs to all sections of society.

48 Bedford R et al., "Population Movement in the Pacific: A Perspective on Future Prospects," Department of Labour, New Zealand, 2012. Accessed at: <https://www.border.gov.au/ReportsandPublications/Documents/research/pacific-population-report.pdf>.

49 Stanley R et al., "Protecting the West, Excluding the Rest: The Impact of the AML/CTF Regime on Financial Inclusion in the Pacific and Potential Responses," Melbourne Journal of International Law, 2016.

and official development assistance (ODA) as a source of income for low to middle-income countries, including the PICTs, with remittance-related inflows maintaining foreign exchange reserves and serving as a lifeline to communities facing disruption of regular incomes.⁵⁰

The main sources of remittances for PICTs are Australia, New Zealand, and the United States, with about 25 percent for each country on average.⁵¹ Some countries including Fiji, Solomon Islands, Samoa, and Tonga, for instance, are more dependent on remittances from Australia and New Zealand, while others such as Kiribati, Marshall Islands, Micronesia, and Palau receive more remittances from countries like the United States.⁵² The value of remittances into the Pacific is considerable, representing up to 43.5 and 33.6 per cent of GDP in PICTs such as Tonga and Samoa, respectively.⁵³

Despite some money laundering risk, the general absence of high-value remittances and the lack of sophisticated criminal tactics, methods, and banking infrastructure indicate that large-scale or serious financial crimes are unlikely to be taking place through these remittance corridors.⁵⁴ However, some financial intelligence units have observed transactions related to remittance providers suspected to be related to money laundering in recent years.⁵⁵ At the same time, weaknesses in AML/CFT compliance in the context of high levels of remittances have contributed to decisions by international banks to withdraw from their correspondent banking relationships and close bank accounts of money transfer operators in the Pacific. According to an earlier World Bank survey in 2015 on the causes of termination and restriction of correspondent banking relationships, globally over 90 per cent of large international banks reported the

50 Lowy Institute for International Policy, "Reducing Remittance Costs in the Pacific Islands," October 2023. Accessed at: <https://www.lowyinstitute.org/publications/reducing-remittance-costs-pacific-islands>.

51 International Monetary Fund, "IMF Working Paper: Challenges in Correspondent Banking in the Small States of the Pacific," April 2017. Accessed at: <https://www.imf.org/en/Publications/WP/Issues/2017/04/07/Challenges-in-Correspondent-Banking-in-the-Small-States-of-the-Pacific-44809>.

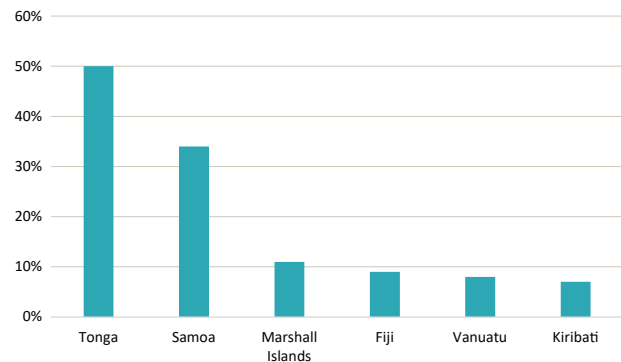
52 Ibid.

53 Ibid.

54 Australian Transaction Reports and Analysis Centre, "Remittance Corridors: Australia to Pacific Island Countries — Money Laundering and Terrorism Financing Risk Assessment", 2017. Accessed at: <https://www.austrac.gov.au/sites/default/files/2019-06/remittance-corridors-risk-assessment.pdf>.

55 Ibid.

Figure 2. Top remittance recipients in the Pacific region by GDP percentage, 2022



Source: UNODC elaboration based on sources obtained from multiple channels.

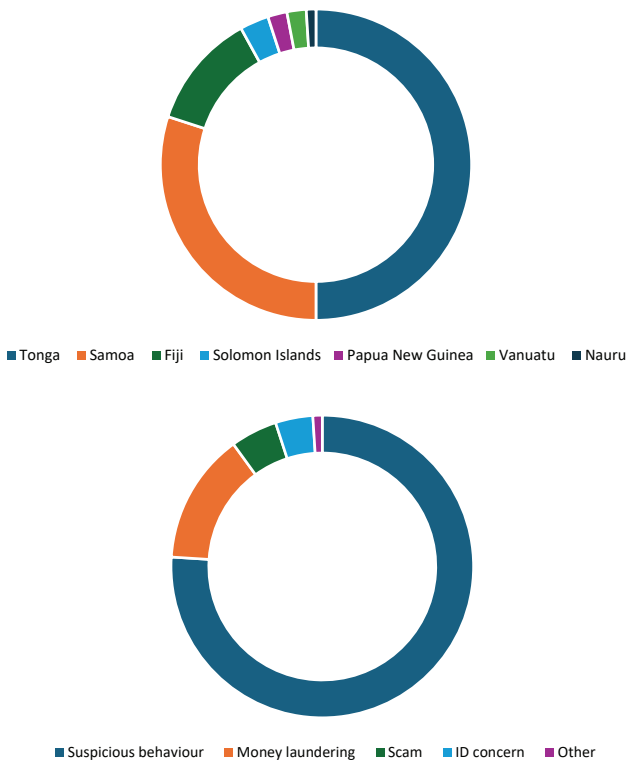
cause of termination to be 'concerns about money laundering/terrorism financing risks'.⁵⁶

Amidst this backdrop of high levels of remittances and their importance across the Pacific, a key consequence of weakness of AML/CFT regimes and inadequate compliance in the region has been banks' decisions to withdraw corresponding banking relationships and close bank accounts of money transfer operators.⁵⁷ Available data suggests that PICTs, like many small island economies globally, have witnessed a larger-than-average decline in the provision of these services. While the PICTs have thus far been able to manage the steady decline, remaining correspondent banking services are becoming increasingly stretched and further withdrawal may cause financial sector disruption, with significant impact for companies and families that rely on cross-border money transfers. At the same time, the withdrawal of a number of correspondent banks across the region presents significant opportunities for new service providers with weaker levels of AML compliance and enforcement, as well as those with links to organized crime, to step in to establish themselves to fill regional demand.

56 International Monetary Fund, "The Withdrawal of Correspondent Banking Relationships: The Case for Policy Action," June 2016. Accessed at: <https://www.imf.org/external/pubs/ft/sdn/2016/sdn1606.pdf>

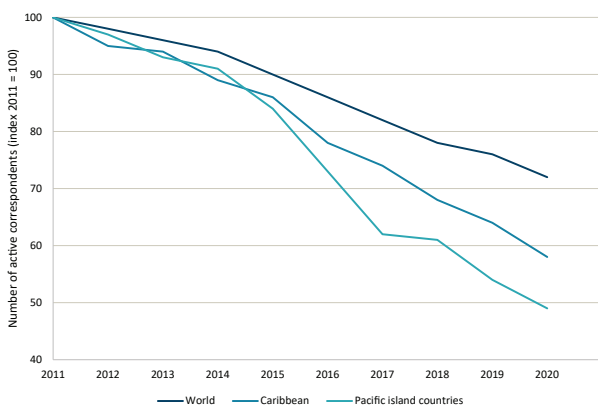
57 International Monetary Fund, "IMF Working Paper: Challenges in Correspondent Banking in the Small States of the Pacific."

Figure 3. Money Laundering Suspicious Monitoring Reports (SMRs) of transactions between Australia and select PICTs, and suspected offences in SMRs, 2018 (n=93)



Source: Australian Transaction Reports and Analysis Centre, 2019.

Figure 4. Decline in correspondent banking relationships, 2011-2020



Source: UNODC elaboration based on sources obtained from multiple channels.

In 2019, the New Zealand financial intelligence unit analysis found indication of banking institutes in the South Pacific Islands being targeted for money laundering, fraud, and potential criminal infiltration.⁵⁸

58 Asia Pacific Group on Money Laundering, “APG Yearly Typologies Report,” Financial Action Task Force, 2019.

According to the findings:

“In one instance, a NZ citizen with suspected links to organised crime was observed attempting to establish ML structures in a number of South Pacific jurisdictions. He is a company formation agent and has extensive knowledge of international banking, legal and AML systems. The NZFIU holds concerns this individual is attempting to facilitate transnational ML through the South Pacific on behalf of organised crime groups. In another scheme which is unrelated but in which there have been similar attempts to establish a bank, the government of a South Pacific jurisdiction was recently presented with a proposal regarding rights to natural resources of commercial magnitude, in exchange for the issuance of a banking license to a company registered in a third jurisdiction. The NZFIU assessed that this proposal was almost certainly fraudulent, and was possibly an attempt to gain access to the South Pacific banking sector for nefarious purposes.”⁵⁹

Technological innovation and rise of online mobile payments and internet banking

Although most PICTs remain largely cash-based economies, many are gradually moving towards being more reliant on electronic transactions. While this development, together with the broader impact of mobile internet connectivity is seen as a major positive for the region capable of spurring economic development and alleviating poverty, it also presents unique challenges and opens up new avenues of potential money laundering and other financial crime risks that require mitigation.

Mobile and other online payments have grown in popularity in the PICTs in recent years due to their convenience and ease of use.⁶⁰ This has been further fueled by the increased adoption of smartphones and advances in mobile technology and internet connectivity which has prompted the emergence of innovative financial products and services including online banking, peer-to-peer (P2P) mobile transactions, mobile wallets and, to a lesser extent, the adoption of cryptocurrency and other virtual assets.⁶¹ Transition towards mobile payments can result in some challenges related to anti-money laundering, however,

59 Ibid.

60 International Monetary Fund, “Rise of Digital Money: Implications for Pacific Island Countries,” Departmental Paper, 2024.

61 Ibid.

due to the complex nature of these transactions, often involving multiple parties, rapid processing times, and complex transaction flows, making it difficult to track and trace movement of money and sources of funds effectively.⁶² Moreover, while national identity cards are available, many individuals across the region do not have official forms of identification, leading to difficulties in meeting Customer Due Diligence (CDD) requirements.^{63,64,65} The compounded impact of this can make tracing the original source of funds and tracking the movement of money difficult for financial institutions and investigators alike. In addition, the cross-border and online nature of mobile transactions adds another layer of complexity to anti-money laundering efforts, while cryptocurrency adoption in some PICTs has also introduced new vulnerabilities to money laundering.

In recent years, the central banks of Fiji, Samoa, Solomon Islands, Tonga, and Vanuatu, among others, have begun developing new mobile payment systems aiming to make mobile online money services available for wider use.⁶⁶ At the same time, the trend towards mobile payments was dramatically accelerated by the COVID-19 pandemic, during which the number of Pacific Islanders using digital transfer services increased dramatically in many PICTs. For instance, media reports based on statements by the Reserve Bank of Fiji reported that mobile money payments increased from approximately 3.2 million Fijian dollars (US\$ 1.45 billion) in 2021, almost doubling the amount reported by the Bank five years earlier.^{67,68} According to another media report, the Bank has also reported that the Fijian public's confidence in mobile wallets has improved markedly, reflected in customers' depositing over 130 million Fijian dollars (US\$ 60.8 million) into mobile wallets in 2021, compared with approximately 10 million Fijian dollars (US\$ 4.6 million) in 2019 and 2020, while internet banking recorded an almost three-fold increase in the number of transactions

62 CAB Risk, "Unmasking the Risks: AML in Mobile Payments Demystified," 2022.

63 UNICEF, "Situation of Children in Vanuatu," June 2017.

64 Vital Strategies, "Using data for health care in the Solomon Islands," March 2016.

65 Cenfri, "An Inclusive Digital Identity Platform in the Pacific Islands," June 2021.

66 GSMA, "The Mobile economy of the Pacific Islands," 2023. Accessed at: <https://www.gsma.com/solutions-and-impact/connectivity-for-good/mobile-economy/wp-content/uploads/2023/05/GSMA-ME-Pacific-Islands-2023.pdf>

67 Fiji Times, "\$3.2b payments made through internet banking," December 2021. Accessed at: <https://www.fijitimes.com.fj/3-2b-payments-made-through-internet-banking/>

68 For the purpose of this report, FJ\$ 1 was converted to US\$ 0.475.

between 2016 and 2021 to transactions valued at 1.6 billion Fijian dollars (US\$ 748 million).⁶⁹

Given Fiji's more developed banking infrastructure, the movement of funds, both cash and electronic transfers that originate offshore are mostly from Australia, New Zealand, Hong Kong, China, and the United States, and has historically also been identified as a concern as a potential enabler for money laundering to occur in and through Fiji.⁷⁰ Although there is limited information available in Fiji on the source of illicit transnational flows of funds into and through the country, it is possible that overseas money launderers may have targeted its financial institutions to move and attempt to hide illicit funds.

Figure 5. Financial crime risks associated with increasing mobile payments and internet banking in the PICTs



Forestry and illegal logging

Illegal logging and fishing are the two forms of crimes that affect the environment that are believed to produce the largest amount of criminal proceeds originating in several PICTs, particularly in Papua New Guinea, Solomon Islands, Fiji, Micronesia, and

69 Xinhua News Agency, "Mobile Money Payments in Fiji Increase in First 10 Months of 2021: Central Bank," December 2021. Accessed at: http://www.news.cn/english/asiapacific/2021-12/15/c_1310374374.htm

70 Fiji Financial Intelligence Unit, "Annual Report," 2015. Accessed at: <https://www.parliament.gov.fj/wp-content/uploads/2017/02/2015.pdf>

Box 1. Vulnerabilities related to banking, illegal logging and money laundering in the Pacific

Most companies that illicitly source logging operating in one Pacific Island country (PIC 1) operate the financial side of their business through Bank 1, a locally incorporated Commercial Bank in PIC 1, which is fully owned by offshore Investment Company 1. This occurred despite Bank 1 not having a correspondent bank at the time, which should otherwise prevent it from operating at the international level. International operations are typically a key requirement for companies in the logging industry where operations are mostly oriented in exporting logs towards foreign jurisdictions. This unique issue was dealt with by the atypical intermediary support provided to Bank 1 by the Central Bank of PIC 1, prior to the Bank establishing a corresponding banking relationship with a Europe-based financial institution. More than this, it appears that the Central Bank allowed remittance of foreign payments for logs exported from PIC 1 to be transferred into its account at a Federal Reserve Bank in the United States, from which the funds are subsequently directed to Bank 1.

Between 2015 and 2017, the value of wood exported from PIC 1 to another country in East Asia was valued at just under US\$ 700 million, while available data from the importing country suggests that imported wood from PIC 1 was valued at nearly US\$ 1.3 billion during the same period. Official statistics from the UN Comtrade Database⁷¹ indicates a similar discrepancy during this period, with exports of wood from PIC 1 amounting to US\$

829 million. This results in a possible difference of hundreds of millions of dollars in a 3-year period and indicating either between 40 per cent and 42 per cent of exports being undocumented in PIC 1 or, alternatively, over evaluated imports of wood in the receiving country.

While it is difficult to pinpoint the precise reason behind this discrepancy, the situation suggests a significant challenge for wood exports from PIC 1 and associated revenues, which is the country's main exported product. At the same time, however, PIC 1's latest national risk assessment (NRA) highlights one vector through which the above scenario can be better understood, relating to the letters of credit⁷² it issues. According to financial intelligence authorities, letters of credit issued to PIC 1 are not arranged directly from importing countries, but either arranged through offshore financial hubs 1 and 2 which are based in East and Southeast Asia, respectively, thereby adding complexity to the value chain and effectively obfuscating the true value or quantity of exported wood. The NRA concluded that illegal logging is assessed as a significant crime threat in PIC 1 and therefore poses a high threat for exposure to money laundering activities for its financial system. The Central Bank of PIC 1 also risks exposure to these threats by intermediating for Bank 1 which has attracted nearly all logging companies operating in the country and was unable to operate internationally through a correspondent bank for a significant length of time. Moreover, it has been observed that the Central Bank provided its service by directly engaging representatives of various companies without properly identifying them, raising serious questions about the level of due diligence applied in PIC 1 towards risks associated with illegal logging.

⁷¹ United Nations Commodity Trade Statistics Database, "UNCOMTRADE." Accessed at: <https://comtrade.un.org>

⁷² A letter of credit, also known as a documentary credit or bankers commercial credit, or letter of undertaking, is a payment mechanism used in international trade to provide an economic guarantee from a creditworthy bank to an exporter of goods.

Vanuatu. However, the proceeds of illegal logging and fishing accrue in other countries due to the heavy involvement of foreign companies and exported goods in these sectors. The corresponding money laundering risk is assessed to be high, with illicit proceeds generated from these activities considered to be among the highest proceeds generating offences in many parts of the region.⁷³

Papua New Guinea and Solomon Islands are among the largest exporters of tropical logs among PICTs. However, with the forestry industry dominated by foreign companies, some of the logging takes place illegally and often at unsustainable levels. At the same time, some of the most serious examples of convergence between legitimate industry and organized crime and other criminal actors take place in the logging industries of some PICTs. In Papua New Guinea and Solomon Islands, for instance, illegal logging is considered to be the second highest illicit proceeds-generating offence after corruption.⁷⁴ Although business operators are legitimate, according to media reports related business activities often involve illegal practices ranging from felling of protected species, excessive harvesting, tax avoidance and money laundering.⁷⁵

While money laundering-related investigations concerning forestry and illegal logging in the Pacific remain rare, in recent years there have been several high-level corruption probes demonstrating related risks and vulnerabilities. In December 2018, a former premier of Temotu, Solomon Islands was arrested on corruption charges alongside a former provincial secretary on charges relating to the granting of logging rights and the transfer of profits between 2015 and 2017. The case involved up to US\$ 50,000 in misappropriated funds.⁷⁶ More recently, in July 2023 another high-profile probe was reported by authorities in Papua New Guinea who had charged former forestry officer on corruption, money laundering and abuse of office charges relating to receiving bank

deposits of PGK 135,430 (approximately US\$ 36,000) from logging companies into personal bank accounts and front companies' bank accounts.⁷⁷ According to local law enforcement, the apparent bribes resulted in related logging companies circumventing proper government regulatory processes.

Fisheries

Illegal fishing is designated as a predicate offence to money laundering as a category of crimes that affect the environment by the FATF and is increasingly conducted by transnational organized crime groups. It has undermined the legitimate fishing industry in many parts of the Pacific region, posing a significant threat to national and regional security.⁷⁸ At the same time, illegal fishing has been found to intersect with multiple other crime types including corruption, trade-based money laundering, fraud, and both human and drug trafficking, slavery and labour exploitation, arms trafficking, tax evasion, document and customs fraud, and wildlife crime, adding further complexity and concern to the situation.

The financial component of illegal fishing has commonly been characterized as a regulatory or 'fisheries' issue despite posing a complex challenge for law enforcement.⁷⁹ This is primarily due to a lack of understanding of the transnational nature of illegal fishing; weak international coordination on illicit proceeds of illegal fishing; and absence of parallel financial investigations. Moreover, most jurisdictions in the Pacific generate very limited financial intelligence on illicit financial flows associated with illegal fishing.⁸⁰ According to the APG, less than half of surveyed PICTs have conducted illegal fishing investigations within the past five years, with only one member having conducted a parallel financial or associated money laundering investigation.⁸¹ Many PICTs have reported that they do not investigate or prosecute cases of illegal fishing due to factors including a lack of technical expertise, a lack of resources for training

73 Official UNODC consultations and expert interviews with law enforcement and financial intelligence authorities and related experts in and around the Pacific region, 2024.

74 UNODC, "Rapid Assessment: Criminal justice response to wildlife and forest crime in Papua New Guinea," December 2023.

75 Australian Strategic Policy Institute, "Business is converging with organized crime in the Pacific Islands," May 2024. Accessed at: <https://www.aspistrategist.org.au/business-is-converging-with-organised-crime-in-the-pacific-islands/>

76 Royal Solomon Islands Police Force, "Media Release," December 2018.

77 The National, "WSP forestry boss accused of corruption," July 2023. Accessed at: <https://www.thenational.com.pg/wsp-forestry-boss-accused-of-corruption/>.

78 Royal United Services Institute, "Turning the Tide? Learning from Responses to Large-Scale Illegal, Unreported and Unregulated Fishing in Five Countries," 2019. Accessed at: <https://rusi.org/explore-ourresearch/projects/turning-tide-learning-responses-large-scale-illegal-fishing#project-outputs>.

79 Asia Pacific Group on Money Laundering, "Illicit Financial Flows Generated from Illegal Fishing," November 2023.

80 Ibid.

81 Ibid.

investigative officers, and an additional lack of maritime surveillance and enforcement mechanisms due to large economic exclusion zones.^{82,83} Most PICTs have also reported difficulties in identifying evidence related to illegal fishing proceeds as a result of the comingling of legal and illegal fishing outputs in the supply chain.⁸⁴ Limited information regarding beneficial ownership of companies and legal entities and trusts (among other legal arrangements) involved in money laundering related to illegal fishing, have also hampered investigations of illegal fishing, culminating in the APG concluding that there are serious systemic issues associated with a lack of parallel financial or associated money laundering investigations into illegal fishing among member jurisdictions.⁸⁵

Casinos and junkets

Some PICTs are undergoing a growth in the casino sector, posing opportunities for transnational organized crime groups to launder proceeds of crime.⁸⁶ As demonstrated by the several cases reported by authorities in East and Southeast Asia, among other jurisdictions internationally including some in the Pacific, underregulated casinos, online gambling operations, and junkets⁸⁷ have been found to possess strong links to organized crime groups. These mechanisms can represent an important piece of the underground banking⁸⁸ and money laundering infrastructure servicing transnational organized

crime.⁸⁹ At the same time, casinos and related businesses can also serve as important footholds from which criminal networks may convene, influence local elites, and arrange illicit activities.⁹⁰

While only a relatively small number of large casinos and junkets have been established in the PICTs, some have the potential to move massive volumes of value across borders and post some money laundering risk. In recent years, some PICTs have been targeted by online casino operators from East and Southeast Asia for the purpose of offshore licensing, with some cases connected to transnational organized crime.⁹¹ These schemes have been designed for the purpose of circumventing domestic criminal laws which prohibit online gambling operations in certain jurisdictions.

It is worth noting that all three phases of the money laundering process are at play in land-based and online casino and junket-based methods, offering a complex end-to-end solution utilized by transnational organized crime groups to move massive volumes of value without exposure to the formal financial system. Money laundering and underground money transfers using casinos, junkets, and increasingly online gambling platforms, can be conducted using a variety of methods including cash-in cash-out,⁹² collusion between gamblers,⁹³ junket financing⁹⁴ and so-called

82 Ibid.

83 Official UNODC consultations and expert interviews with law enforcement and financial intelligence authorities and related experts in and around the Pacific region, 2024.

84 Ibid.

85 Ibid.

86 Australian Transaction Reports and Analysis Centre, "Remittance Corridor Assessment."

87 A junket is an arrangement between a hosting casino and a junket operator to facilitate gambling by an individual or group of high-wealth players for a period of time through VIP programmes or tours. Through their relationships with casinos, junket operators can offer incentives and perks to their VIP club members and other prospective VIP gamblers. Most critically, recent law enforcement action has demonstrated the scale at which some junket operators have been able to serve as international bank-like entities, providing a variety of underground financial services including credit issuance, currency exchange and multi-currency payment and settlement solutions, remittances, and extra-legal debt collection mechanisms which have been exploited by organized crime.

88 Underground banking refers to banking activities that run parallel to, and operate outside of, the formal banking system, commonly in the form of informal value transfer. These informal value transfer systems involve dealers who facilitate the transfer of value to a third party in another jurisdiction without having to physically move the items. In East and Southeast Asia, and to a lesser extent the Pacific region, this has increasingly involved the use of unregulated or illegal casino operations, many of which are cryptocurrency integrated. The final settlement between brokers occurs through the exchange of cash, cryptocurrency, real estate, trade, or by other means.

89 UNODC, "Casinos, Money Laundering, Underground Banking and Transnational Organized Crime in East and Southeast Asia: A Hidden and Accelerating Threat," January 2024.

90 Ibid.

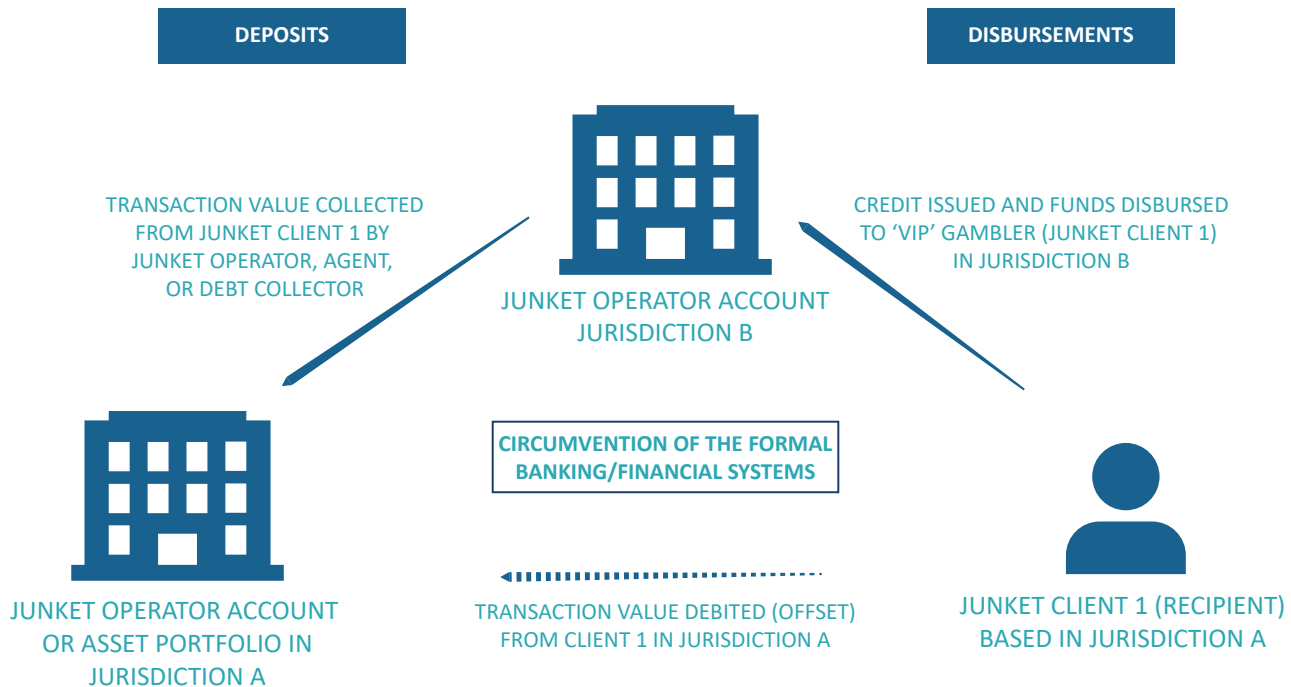
91 Ibid.

92 Cash-in cash-out: This is the simplest, most typical method of laundering money at a casino. A criminal simply exchanges their money for playing chips and then converts them back into cash. This way, dirty money can get mistaken for money won at a casino. Some players may even divide money into several different betting accounts, which will make them appear less suspicious.

93 Collusion between players (intentional gambling losses): Under this strategy, proceeds of crime are brought into either physical or online casinos and deliberately lost – in a poker game for example – in a way that benefits an accomplice who acts as another player in the same game. An unfortunate 'advantage' of this method is that it allows launderers to dodge any AML detection policies that are only triggered by successful bets against the casino itself, not other players.

94 Junket financing: gambler/client deposits money into junket account in one country or stakes other assets, then accesses this credit at another jurisdiction to gamble – system of debits and credits used to offset wins and losses against the original amount deposited, allowing the operator to move money/ value quickly and informally below the radar of tax and law enforcement agencies. Junkets may also provide a high interest rate to individuals willing to store their money with the junket to be used for offsetting.

Figure 6. Simplified informal money transfer model via casino junket offsetting arrangement



Source: UNODC, "Casinos, Money Laundering, Underground Banking and Transnational Organized Crime in East and Southeast Asia: A Hidden and Accelerating Threat," 2024.

'offsetting' arrangements,⁹⁵ and misuse of casino 'VIP cash' accounts,⁹⁶ among others.⁹⁷

Given the size and growth of the legal and illegal online gambling industry in the Asia-Pacific region,

95 Offsetting arrangements (also known as mirror transactions): Similar to traditional Hawala networks; used as a means of transferring value between jurisdictions via financial credit and debit relationship between entities in different countries. Organizations facilitating offsetting arrange for money debited from an entity in one jurisdiction to be credited to (sometimes the same) entity in a second jurisdiction, requiring the facilitator to have fund access in both. Offsetting through the use of casinos and junkets as well as more traditional trade-based arrangements has been reported as a method increasingly employed by money laundering organizations based in the Asia-Pacific connected to drug production and trafficking, arrangement of precursor chemical shipments, and cybercrime, among other crime types.

96 Misuse of gambling accounts for illegal transactions between players: In this case, for example, buyers and sellers of illegal items could use their respective gambling accounts as traditional bank accounts to make and receive payments. Once the seller's gambling account is credited, the money can be cashed out, claiming it was a successful gamble. It can also be used for hiding purposes on holding accounts or for wagering at casinos

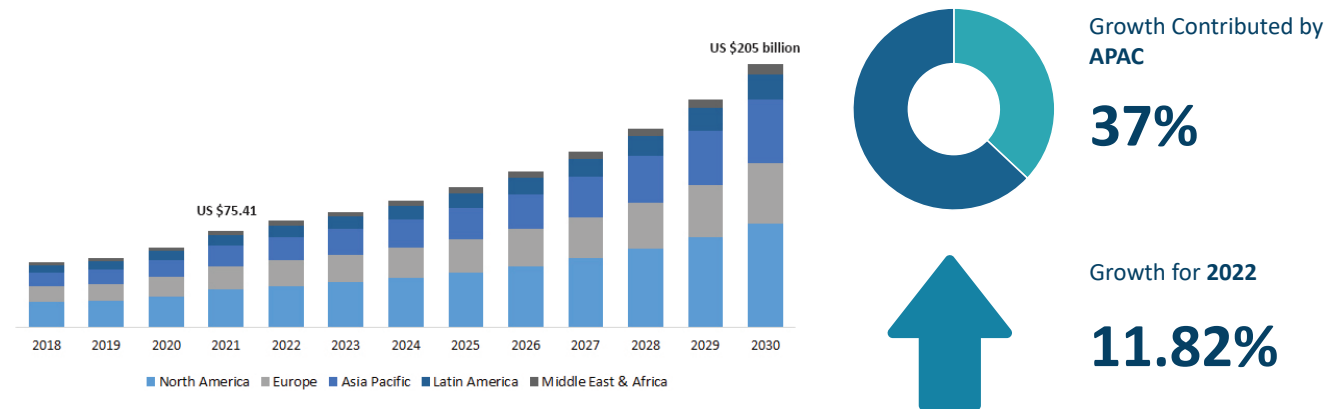
97 'Dummy' room transactions: arrangement for international VIP customers to use a credit or debit card at the resort hotel to authorize a transfer of funds to be made available to the same customers casino and/or junket. The hotel issues a room charge bill to the patron, falsely asserting that the hotel had provided services to the person. Patron will pay the bill and be given a voucher acknowledging the receipt of funds, escorted to the casino cage and able to exchange it for cash or chips as part of the transaction. 'Incidental' charges: when the patron had not stayed at the resort hotel but arrange to pay an incidental charge through their credit or debit card. The money for the incidental charge is then made available to the patron.

offshore online gambling models can also represent a significant source of revenue for small island countries, and particularly the PICTs. However, due to the various anonymous payment methods available, and the limited visibility authorities have into online gambling accounts, it is difficult to verify the source of funds and whether an online gambling account is used for legitimate gambling or underground banking and money laundering. The online gambling sector is also characterized by a non-face-to-face element, minimal, if any, compliance staff, and large and complex volumes of transactions and financial flows, which are often international in nature.

The various jurisdictions involved and the limited extent to which the legislation between these jurisdictions is harmonized further complicate investigations, creating substantial enforcement gaps and grey zones that organized crime groups exploit. The situation is particularly concerning in Southeast Asia, where the proliferation of underregulated and illegal online gambling platforms has been accompanied by a surge in criminality and violence.⁹⁸ As DNFBS, the sophistication of the compliance regimes instituted

98 UNODC, "Casinos, Money Laundering, Underground Banking and Transnational Organized Crime in East and Southeast Asia," January 2024.

Figure 7. Online gambling market size by region 2018 – 2030 (US\$ billion)



Source: Polaris, "Market Research Analysis," 2023.

by online casinos lag far behind those of banks, making online casinos attractive targets for criminals while enabling what continues to be a 'heads-down' approach by operators, including those in the Pacific, targeting jurisdictions in which gambling is illegal (referred to in some cases as 'pre-regulated' markets).

Between 2019 and 2020, authorities in Palau executed five raids on suspected illegal online gambling operations connected to purported triad groups operating across three hotels and several related private properties.⁹⁹ The inter-agency operations resulted in the detention of more than 210 foreign nationals who had entered the country on tourist visas from various countries in East and Southeast Asia who were suspected as being victims of human trafficking.^{100 101}

More recently, in November 2023, the Beijing Municipal First Intermediate People's Court convicted 14 individuals including the founders and senior executives of Imperial Pacific International (IPI), the parent company of Saipan-based Grand Mariana Casino Hotel and Resort, on charges relating to leading an organized criminal group, illegal online- and land-based casino operations, and human smuggling.¹⁰² This followed a series of raids, investigations and convictions involving other senior IPI executives operating in the Commonwealth of Northern Mariana Islands (CNMI) related to international promotional money laundering, among others (see the Nature of

Organized Crime in the Pacific chapter).¹⁰³ In 2019, analysis by the New Zealand financial intelligence unit also reported a case in which two Chinese males were detained at a South Pacific Island's international airport attempting to smuggle approximately US\$ 50,000 and NZD \$15,000 cash into New Zealand.¹⁰⁴ The two individuals travelled regularly between New Zealand and China, and one of them regularly frequented casinos where he had lost more than US\$ 20,000 in a four year period. It was suspected that these individuals were attempting to repatriate the proceeds of drug imports back to New Zealand and China.¹⁰⁵

Impact, policy implications, and looking ahead

Proceeds of crime generated through illegal trafficking and other forms of transnational organized crime can hinder governance, stability, and economic development in the Pacific region. Money laundering is particularly concerning when directly connected to illicit activities that cause significant harm and produce large profits, such as trafficking in illicit drugs, natural resource theft, human trafficking, illegal arms trade, and corruption, among others.

99 Office of the Special Prosecutor of Palau, "Media releases 2019 – 2020."

100 Ibid.

101 Interview #21.

102 Beijing Municipal First Intermediate People's Court, November 2023.

103 United States Department of Justice, "Press Release," August 2020. Accessed at: <https://www.justice.gov/opa/pr/imperial-pacific-international-and-mcc-international-saipan-executives-indicted-federal>.

104 Asia Pacific Group on Money Laundering, "APG Yearly Typologies Report."

105 Ibid.

Illicit financial flows (IFFs) are a complex global challenge, and Member States have expressed¹⁰⁶ great concern over their negative impact on sustainable development, especially in developing countries. This makes the pursuit of SDG target 16.4—aiming to significantly reduce illicit financial and arms flows by 2030, strengthen the recovery of stolen assets, and combat organized crime—more urgent than ever. IFFs have a particularly devastating impact on small and low-income countries such as many of those in the PICTs, undermining international efforts to affect lasting positive change.

IFFs cause staggering annual losses of global wealth, including in the PICTs, to money laundering, corruption and illicit activities perpetrated by transnational organized crime. In addition, they also decrease countries' access to vital international funding. If redirected to the formal economies of countries in the Pacific, these flows could serve as a critical source of funding for sustainable development initiatives and urgently needed investments in public services, thereby helping to bridge the financing gap and improve livelihoods for people in the region.¹⁰⁷

IFFs drain resources not only when leaving a country, but also when entering by fueling money laundering and corruption and thus undermining the rule of law. However, many Pacific Island nations have found it difficult to balance their respective economic and security agendas, epitomized by the desire to welcome investors and fear of exploitation by powerful criminal syndicates. While this can be partly overcome through enhanced investor screening, due diligence, and prioritization of money laundering investigations among other measures to improve resilience in the PICTs, building resilience to the attractive lures of transnational organized crime is no easy feat.

Today, PICTs face a broad range of growing transnational organized crime and associated money laundering threats. Illicit proceeds generated from crimes such as corruption, human trafficking, migrant smuggling, cyber-enabled fraud, and criminal practices within the region's lucrative extractive industries pose significant money laundering risks.

¹⁰⁶ UNCTAD, "The Bridgetown Covenant: From inequality and vulnerability to prosperity for all," TD/541/Add.2, Virtual Barbados, October 2021. Accessed at: <https://unctad.org/publication/bridgetown-covenant>.

¹⁰⁷ Ibid.

Against this backdrop of growing threats, the preconditions needed for effectively addressing money laundering and mitigating associated risks remain lacking across most parts of the Pacific. This ranges from inadequate financial and human resources including capability and technical skills financial intelligence and regulatory and supervisory authorities; mechanisms to facilitate effective domestic cooperation and coordination and mechanisms to facilitate effective domestic cooperation and coordination.

Like many cash-based developing economies, the PICTs face challenges related to inadequate AML regulations and under resourced FIUs and investigative agencies, while both public sector agencies, relevant supervisory authorities, and private sector stakeholders continue to lack a clear and informed understanding of principal money laundering risks facing the region. Taken together, the present situation not only poses significant obstacles to effective implementation of preventative programmes and related measures but, equally, makes Pacific Island nations highly attractive destinations for proceeds of crime.

Neglecting related needs and challenges runs the risk of deepening organized crime engagement in the Pacific as well as attracting greater volumes of illicit financial flows into countries with very limited ability and resources to appropriately address them. This may also exacerbate the creation of criminal safe havens, allowing transnational criminal networks to freely access their illicit proceeds and continue orchestrating operations from the Pacific uninterrupted – a situation that would prove costly for the international community and have major consequences for Pacific Island governments and local communities.

Implementing effective responses to money laundering in Pacific Island nations is a complex and challenging endeavour. PICTs face heightened money laundering risk exposure on account of growing targeting by transnational organized crime groups, and many have struggled to establish effective AML/CFT frameworks to mitigate these risks as a result of limited administrative capacity, resources, and political constraints.

Combating transnational organized crime and associated money laundering relies on considerable state capacity, resourcing and political backing –

Figure 8. Relevant Sustainable Development Goals, targets and indicators



SDG 10 - Reduced Inequalities

- Target 10.b: Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes.

SDG 16 - Peace, Justice and Strong Institutions

- Target 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.
- Indicator 16.4.1: Total value of inward and outward illicit financial flows (in current United States dollars).

conditions that, to a large extent, remain absent in most parts of the Pacific. With that said, Pacific Island governments are increasingly acknowledging the need to prioritize improvements in anti-money laundering as a choke point to prevent the further expansion of transnational organized crime and the loss of credibility, reputation and access to the international financial system.

To this end, there are numerous opportunities for Pacific Island nations looking ahead. For instance, it will be vital for Pacific governments to improve the allocation of resources to competent authorities in line with national risk assessments and strategic plans. Furthermore, authorities and reporting entities' access to legal and beneficial ownership information should also be improved in compliance with relevant international standards. Doing so will keep doors open to prospective investors while simultaneously reducing the risk of exploitation and misuse of corporate vehicles by transnational organized crime.

Similar to other small and developing states, it is vital for the international community to acknowledge that institutional capacity building programmes can fail in states where they introduce unrealistic burdens.

Implementation of AML/CFT measures in the region has traditionally tended to focus on technical compliance, however more feasible reform and enforcement objectives are also needed. Addressing deficiencies in the AML systems of the region requires an in-depth understanding of organized crime trends and threats, institutional needs, political economy challenges and a tailored strategy designed to secure buy-in and ownership from the PICTs themselves. Active engagement of private sector entities and collaboration between public and private sectors in the development and implementation of AML/CFT strategies will also be essential to their success.



Cybercrime

Cybercrime

Key takeaways

The growing interconnection between technology and crime has led to a significant shift, with many criminal activities now having an online component or fully migrating online. This trend has brought new risks to regions such as the Pacific, which were previously less dependent on technology. The Pacific region has witnessed a rise in critical cyberattacks on national infrastructure, highlighting vulnerabilities in countries like Papua New Guinea, Fiji, Palau, and Vanuatu. These incidents, ranging from ransomware attacks to DDoS assaults, represent only a small fraction of the broader cyber victimization occurring in the region. The limitation in effective reporting mechanisms and varying levels of cyber awareness across Pacific Islands have led to a dark figure of crime, complicating the development of robust counter-cybercrime strategies.

The Pacific region is developing its cybersecurity and cybercrime legislation, but progress is uneven. Melanesian countries like Fiji, Vanuatu, and Papua New Guinea have established national cybercrime laws, while others, such as Solomon Islands, are still in the process of developing their legal frameworks. The disparities in legislative and operational capacities across the region pose significant challenges, especially as cyber-enabled crimes—traditional crimes facilitated

by technology—become more prevalent. These crimes include online fraud, cyberextortion, and child sexual abuse material offenses, which are increasingly targeting vulnerable populations as smartphone adoption and internet accessibility grow in the Pacific.

The region also faces emerging challenges related to cryptocurrency and blockchain technology. While these technologies offer new opportunities, they also create risks that outpace the regulatory and enforcement capabilities of Pacific nations. The region's limited energy infrastructure and the high energy demands of cryptocurrency mining could exacerbate existing vulnerabilities. The rapid adoption of cryptocurrency without sufficient regulatory frameworks is leading to a range of issues, from online scams to potential disruptions in energy supply, further complicating the security landscape in the Pacific.

The Pacific region is in the process of establishing a comprehensive approach to cybersecurity and cybercrime, with the aim of overcoming gaps in legislation, regulation, and awareness. As the region continues to adopt modern technologies, it faces two key challenges: addressing the immediate threats posed by cyberattacks on critical infrastructure and mitigating the risks associated with cyber-enabled crimes and emerging technologies such as cryptocurrency.

Background

Criminal activities ‘virtually all’ have an online component to them, while many have fully migrated online.¹ With the relationship between technology and crime becoming increasingly intertwined internationally, regions with countries that were previously less dependent on this technology are now at increasing risk of becoming targets of advanced cybercrime threats.

The Pacific is one such region where an increase in critical cyberattacks on national infrastructure has been noticed in recent years. For instance, the Supreme Court and national courts of Papua New Guinea were hit by multiple cyberattacks in 2019.² In 2021, Papua New Guinea’s government payment system was hit by ransomware according to media,³ Fiji’s GovNet experienced a cyberattack that temporarily disrupted the government’s network,⁴ and Palau faced an incident involving a fraudulent entity posing as a bank licensing authority.⁵ The following year, media reports indicated that the Vanuatu’s government systems, including its police management system, were disabled by a series of cyberattacks⁶ and according to media Marshall Islands Telecommunications Authority suffered a DDoS attack.⁷ In 2023, media reported that the Tonga Communications Corporation experienced a ransomware attack.⁸

These examples represent only a small fraction of the much broader range of victimization currently being experienced in the Pacific. As the region develops its approach to cybersecurity and countering cybercrime, vulnerabilities can and have been exploited. This development occurs at different rates, not only among PICTs themselves but also across national institutions locally as well. It appears that many more cyberattacks have occurred than have been reported. This results not only in a dark figure of crime that significantly hinders in the development of effective counter-crime strategies but also in a lost opportunity to learn from these incidents and educate the wider region on attack vectors, methods of intrusion, and the indirect impact of paying ransoms. As will be discussed, the lack of effective reporting mechanisms and the alarming disparity in cyber awareness represent a significant threat to the Pacific.

Beyond the immediate threat of cyberattacks on governments and key institutions, there are also critical concerns regarding cyber-enabled crime and the use of modern technology to facilitate traditional criminal activities. This results in two related but ultimately disparate frontiers of crime which require distinct legislative, operational, and technical approaches to mitigate risks for vulnerable citizens and organizations.

Laying the legislative foundations

The rise of internal and external threats facilitated by modern technology has accelerated the creation of national cybercrime and cybersecurity policies, strategies, and plans to address the challenges posed by cybercriminals. However, an assessment of the legislative and policy efforts across the Melanesia sub-region found that progress is occurring at different rates, providing insight into the broader legislative landscape across the Pacific.⁹

Among the Melanesian countries, Fiji, Vanuatu, and Papua New Guinea have established national cybercrime laws, containing the substantive and procedural provisions that proscribe certain forms of cyber-dependent and enabled crime, as well as the general rules for evidence collection and criminal procedure. A combination of national laws within all four Melanesian countries prohibits various cyber-dependent crimes (i.e., targeting telecommunications)

1 Europol, “Serious and Organised Crime Threat Assessment,” 2021. Accessed at: https://www.europol.europa.eu/cms/sites/default/files/documents/socta2021_1.pdf.

2 Tongia Kekebogi, “Introductory Training Course on Cybercrime and Electronic Evidence For Judges,” Papua New Guinea Centre for Judicial Excellence, 2021. Accessed at: <https://pngcje.gov.pg/wp-content/uploads/2021/12/Cybercrime-Electronic-Evidence-Training-Webinar-Judges.pdf>.

3 Jamie Tarabay, “Ransomware Hackers Freeze Millions in Papua New Guinea,” Bloomberg, 2021. Accessed at: <https://www.bloomberg.com/news/articles/2021-10-27/papua-new-guinea-s-finance-department-hit-with-ransomware-attack..>

4 Fiji Government, “Statement from the Attorney-General and Minister for Communications,” April 2021. Accessed at: [https://www.fiji.gov.fj/Media-Centre/News/STATEMENT-FROM-THE-ATTORNEY-GENERAL-AND-MINIST-\(3\)](https://www.fiji.gov.fj/Media-Centre/News/STATEMENT-FROM-THE-ATTORNEY-GENERAL-AND-MINIST-(3)).

5 Palau Financial Institutions Commission, “Fake and Fraudulent Website,” 2021. Accessed at: <https://ropfic.org/2021/08/12/fake-and-fraudulent-website/>.

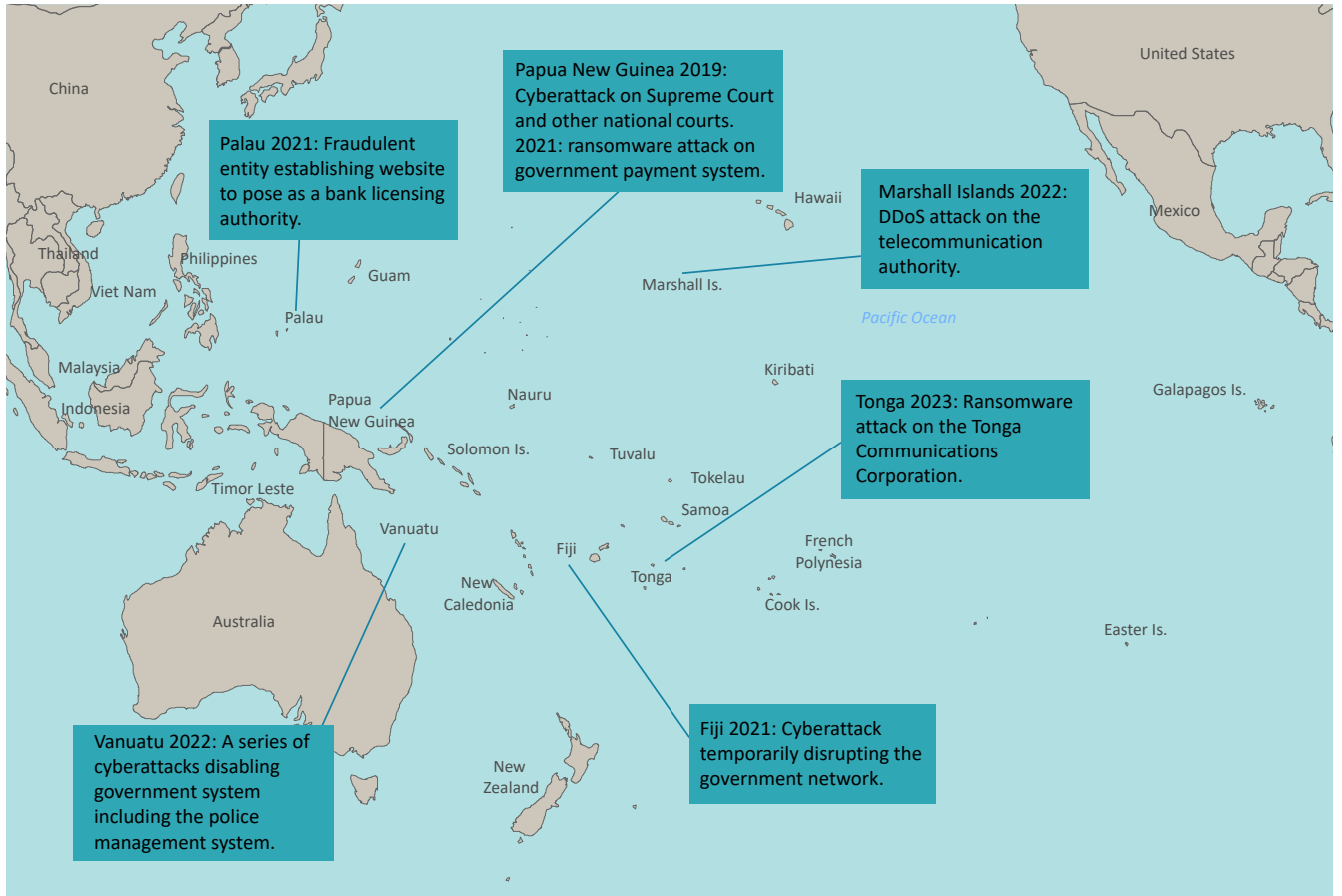
6 Frances Mao, “Vanuatu: Hackers Strand Pacific Island Government for over a Week,” BBC News, 2022. Accessed at: <https://www.bbc.com/news/world-asia-63632129>.

7 Giff Johnson, “Marshall Islands Telecom Service Hit by Cyber Attack,” RNZ, 2022. Accessed at: <https://www.rnz.co.nz/international/pacific-news/464125/marshall-islands-telecom-service-hit-by-cyber-attack>.

8 Jonathan Greig, “Tonga Is the Latest Pacific Island Nation Hit with Ransomware,” The Record, 2023. Accessed at: <https://therecord.media/tonga-is-the-latest-pacific-island-nation-hit-with-ransomware>.

9 UNODC, “Melanesia Cybercrime Assessment Report,” 2024.

Map 1. Cyberattacks on national infrastructure in the Pacific



Note: Boundaries, names, and designations used do not imply official endorsement or acceptance by the United Nations.
 Source: UNODC elaboration based on sources obtained from multiple channels.

and cyber-enabled crimes (i.e., online child exploitation and abuse and technology-facilitated gender-based violence). Solomon Islands are progressing their cybercrime legislation, paused due to ministerial focus shifting in 2023, but the delay has been recognized as a significant factor in the country’s ability to react to cyber threats.¹⁰ The government institutions responsible for cybercrime governance across the sub-region also vary and only two out of the four countries, Vanuatu and Papua New Guinea, have dedicated national computer emergency response teams (CERT). The Table 1 highlights the national cybercrime legal framework across Melanesia.

Outside of Melanesia, there is variation in cybercrime legislation and policy. Nauru has implemented the *Cybercrime Act (2015)*, while Palau’s computer crime legislation is codified in *Title 17 PNC Chapter 3*. The Cook Islands’ *National Cyber Security Strategy* addresses cybercrime, but the country currently relies on the

Crimes Act 1969 for cyber-related investigations. In the absence of dedicated cybercrime legislation, both Tonga and Samoa use a combination of related acts to tackle cybercrime. Tuvalu, Niue, Marshall Islands and Micronesia have legislative provisions applicable to cybercrime, but these are less comprehensive compared to the other nations listed.¹¹

Public and operational priority: cyber-enabled crimes

While the legislative landscape shows an insight into the developing relationship of counter-cybercrime strategy in the Pacific, particularly where previously undefined cyber-dependent crimes are proscribed, the primary focus on an operational level remains on countering the impact of cyber-enabled crimes.¹²

11 UNODC, Consultation with regional and national experts, 2024.
 12 UNODC, Stakeholder respondents to questionnaires and/or interview participants mentioned these cybercrimes.

10 Ibid.

Table 1. Melanesian laws that form part of the national cybercrime legal framework

Country	Cybercrime	TFGBV ¹³	OCSEA & CSAM	ISP Liability	Crypto-currency and Digital Assets	Consumer Protection	Privacy and Data Protection
Fiji	Cybercrime Act 2021	Online Safety Act of 2018 Domestic Violence Act 2009	Juveniles Act 1973 Family Law Act of 2003 Crimes Act 2009 Child Welfare Act 2010	Cybercrime Act of 2021		Fijian Competition & Consumer Commission Act of 2010	Fiji Constitution (Art. 24)
Papua New Guinea	Cybercrime Code Act of 2016	Family Protection Orders of 2014 Family Protection Regulation of 2017 Criminal Code Act of 1974	Family Protection Orders of 2014 Family Protection Regulation of 2017 Criminal Code Act of 1974	Cybercrime Code Act of 2016 (no. 35 of 2016)		Consumer Affairs Council Act of 1993 Independent Consumer and Competition Commission Act of 2002	Papua New Guinea (Art. 49) * No law, but National Cyber Security Policy (2021) mentions need for law
Solomon Islands		Family Protection Act of 2014 Penal Code Penal Code (Sexual Offences) Amendment Act of 2016	Family Protection Act of 2014 Penal Code Penal Code (Sexual Offences) Amendment Act of 2016	Telecommunications Act of 2009 (No. 20 of 2009)		Consumer Protection Act in 1995 National ICT Policy (2017)	Solomon Islands Constitution (Art. 9) *No law, but National ICT Policy (2017) mentions need for law
Vanuatu	Cybercrime Act 2021	Penal Code Act of 1981 Telecommunications Act of 2006 Protection Act of 2008	Family Protection Act of 2008 Penal Code Act of 1981	Cybercrime Act No. 22 of 2021	Financial Dealers Licensing (Amendment) Act No. 9 of 2021	Competition and Consumer Protection Policy of 2019 Price Monitoring and Consumer Affairs Act of 2023 Telecommunications Act of 2009 Telecommunications and Radiocommunications Regulations Act of 2009	Vanuatu Constitution (Art. 5) *No law, but National Data Protection and Privacy Policy (2023)

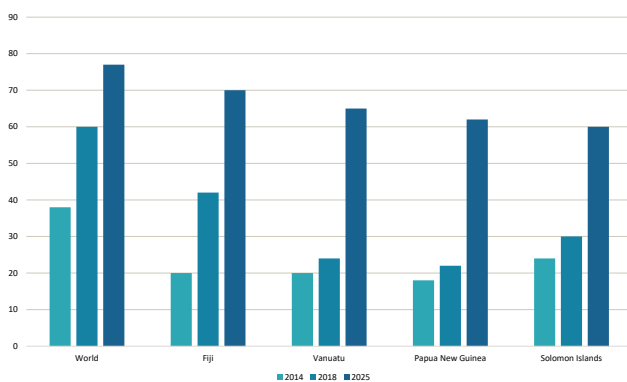
Source: UNODC, "Melanesia Cybercrime Assessment Report," 2024.

Cyber-enabled crime refers to traditional criminal activities that are facilitated by technology, where technology plays a crucial role in how offenders carry out their crimes.¹⁴ Substantive cybercrime laws specifically target computer-related offenses, committed for personal or financial gain or harm,¹⁵ and content-related offenses involving illegal content.¹⁶

The Table 2 identifies the cyber-enabled crimes proscribed by substantive cybercrime laws in Fiji, Vanuatu, and Papua New Guinea and again demonstrates a currently incomplete and developing picture.

While not at the same rate as the rest of the world, smartphone adoption, internet availability¹⁷ and affordability¹⁸ is well documented to be increasing within the Pacific. It was noted that Facebook users in Fiji and Papua New Guinea own more smartphones than computers¹⁹ and this creates an emerging area of risk where previously digitally-isolated citizens are now able to be accessed at ease by an international market of criminals who are using methods such as social media to conduct remote cyber-enabled crimes such as romance scams, fraud and extortion.²⁰

Figure 1. Smartphone adoption among the population, global and selected PICTs, selected years



Source: UNCTAD calculations based on GSMA Intelligence, 2015 and 2019.

14 UNODC, “Digest of Cyber Organized Crime,” 2022.
 15 UNODC, “Computer-Related Offences,” 2019. Accessed at: <https://sherloc.unodc.org/cld/en/education/tertiary/cybercrime/module-2/key-issues/computer-related-offences.html>.
 16 UNODC, “Content-Related Offences,” 2019. Accessed at: <https://sherloc.unodc.org/cld/en/education/tertiary/cybercrime/module-2/key-issues/content-related-offences.html>.
 17 UNCTAD, “Digital Economy Report Pacific Edition,” 2022.
 18 Danielle Cave, “Digital Islands: How the Pacific ICT Revolution Is Transforming the Region,” Lowy Institute, 2012. Accessed at: <https://www.lowyinstitute.org/publications/digital-islands-how-pacific-ict-revolution-transforming-region>.
 19 UNCTAD, “Digital Economy Report Pacific Edition.”
 20 Ibid.

Table 2. Cyber-enabled crimes proscribed by substantive cybercrime law

	Fiji	Papua New Guinea	Vanuatu
Computer-related fraud	X	X	X
Computer-related forgery	X	X	X
Computer-related identity offences	X	X	X
Sending or controlling the sending of spam		X	
Computer-related copyright or trademark offences		X	
Cyberextortion	X	X	
Computer-related acts causing personal harm		X (cyberharassment, and cyberbullying)	X (cyberstalking)
Computer-related solicitation or “grooming” of children		X	X
Computer-related child sexual abuse material ²¹ offences		X	X
Other	X ²²	X ²³	X ²⁴

Source: UNODC, “Melanesia Cybercrime Assessment Report,” 2024.

While efforts are being coordinated across various law enforcement agencies within the region to increase awareness on cyber hygiene, internet safety and precautions on the use of social media, many instances of victims being lured into scams are being reported. In the course of consultations with law enforcement and prosecution authorities, instances of cyberbullying, cyberharassment, online investment frauds and scams

21 The preferred term is *child sexual abuse material* and not *child pornography* as “what is being depicted in the material is the sexual abuse of a child and *not* sexual activities”. Source: UNODC SHERLOC, “Online Child Sexual Exploitation and Abuse,” 2019. Accessed at: <https://sherloc.unodc.org/cld/en/education/tertiary/cybercrime/module-12/key-issues/online-child-sexual-exploitation-and-abuse.html>.
 22 Fiji’s Cybercrime Act of 2021 also criminalizes “theft of telecommunication services,” “disclosure during an investigation,” and “failure to provide assistance.”
 23 Papua New Guinea’s Cybercrime Code Act of 2016 (no. 35 of 2016) includes “electronic gambling or lottery by a child” and “illegal devices” as a “computer related offense.” Under “content related offenses” the law includes pornography, animal pornography, defamatory publication, unlawful disclosure. Under “other offences,” the law includes cyber attack, patent and industrial designs infringement, and unlawful advertising.
 24 Vanuatu’s Cybercrime Act No. 22 of 2021, includes “illicit access with intent to commit or facilitate further offenses” as a “computer related offense.”

Box 1. Fiji Ebayshop Recruitment Scam 2023²⁵

In 2023, the Consumer Council of Fiji, Fijian Competition and Consumer Commission, and Fiji Police released that they had received approximately 1,700 reports of citizens being impacted by a deceptive pyramid scheme known as ‘EbayShop Recruitment’ valued at an estimated FJ\$ 3.6 million (US\$ 1.6 million), dubbed as the ‘biggest financial scam in Fiji’s history’.

The recruitment scheme operated by luring unsuspecting individuals through referrals by either local agents or the ‘registration branch’ set up in Nadi, where they were directed to download the messaging app ‘telegram’ for formal communication purposes. Upon joining, participants received a link to a website created by the operators where an initial enticing ‘free trial’ allowed users to ‘process’ up to five online orders at known online shopping platforms such as Alibaba, Shopee, Amazon or eBay at just the click of a button, for which they would be remunerated a payment of FJ\$ 1 per order.

Following the accumulation of FJ\$ 5 during the free trial period, users who attempted to withdraw their earnings would be informed that the minimum withdrawal amount is set to FJ\$ 6. Users would then be coerced into ‘buying-in’ into the service, spending their own money to unlock additional orders with buy-in options ranging from FJ\$ 100 to \$1000.

25 Reserve Bank of Fiji, “Press Release No 15 – Investment Scheme Concern,” 2023. Accessed at: <https://www.rbf.gov.fj/press-release-no-15-investment-scheme-concern/>; Consumer Council of Fiji, “Consumer Watch: The Voice of Consumers,” 2023. Accessed at: <https://consumersfiji.org/wp-content/uploads/2024/05/Consumer-Watch-December-2023.pdf>; Praneeta Prakash, “EbayShop Online Recruitment Scam Hits \$3.6 m in Value,” Fiji Broadcasting Corporation, 2023. Accessed at: <https://www.fbcnews.com.fj/news/ebayshop-online-recruitment-scam-hits-3-6-m-in-value/>.

were identified as the chief concerns most impacting the respective country in relation to cybercrime. The Pacific Cyber Security Operational Network (PaCSON) also highlighted phishing as the main cyberthreat being recorded across member states between 2020 and 2022.²⁶ Fiji’s Online Safety Commission reported

26 Pacific Cyber Security Operational Network, “Annual Report,” 2022. Accessed at: <https://pacson.org/about-us/publications>.

An illusion of legitimacy was created with some early participants claiming to have made a profit as well as the Facebook page for the company displaying official printed t-shirts and signage. Another contributing factor to the continued investment by victims was that amidst initial talks of financial investigations, EbayShop opened a second ‘registration’ branch in Lautoka giving the impression that the operation was legitimate. Once a significant amount of victims had bought-into the scheme, it collapsed, leaving participants at a financial loss.



Following the establishment of a national scam taskforce to address this issue and investigations by Fiji’s Financial Intelligence Unit, seven ‘agents’ were placed under investigation. One female from Suva was identified to have made nine large cash deposits into her personal bank account totaling FJ\$ 33,600 and received 21 bank transfers totalling FJ\$ 51,500 between July and August 2023. Another female ‘agent’ received funds from various parties during that same period through multiple ‘wallets’. These wallets facilitated transactions of more than FJ\$ 300,000 during this period. One of these wallets was used to purchase cryptocurrency from at least three online exchanges through the use of an international debit card.

that 61.44 per cent of women and 38.56 per cent of men in the country faced cyberbullying in 2023.²⁷ The same year Fiji established a multi-interagency Anti-scam taskforce to address the growing risk of fraud.

27 Online Safety Commission, established following the implementation of Fiji’s Cybercrime Act 2021.

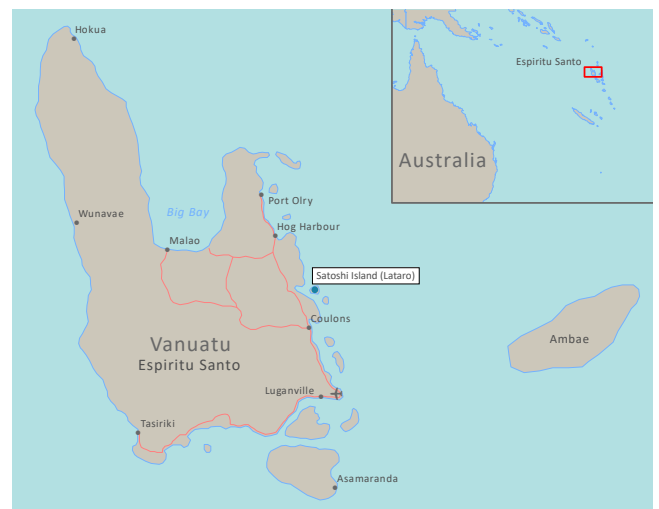
Cryptocurrency and blockchain technology

Several risks and challenges exist with the use of cryptocurrencies and blockchain technology within the Pacific. The accelerated growth and evolution of technology, particularly in the area of virtual assets, are outpacing the ability of financial and law enforcement bodies to supervise and regulate effectively. This is creating new risks without adequate measures in place. The regulation of virtual assets remains inconsistent, and there is a lack of clarity regarding which entities will oversee cryptocurrency and how law enforcement will engage with the evolving framework. Furthermore, the high energy consumption of blockchain technology gives rise to considerable environmental and energy infrastructure concerns for the Pacific countries, particularly in remote areas where concentrated cryptocurrency mining could place significant strain on resources. Technology can be vulnerable to attacks and deficient coding, providing another attack vector and exploitation opportunity to the growing cyber ecosystem of the Pacific. The limited availability of educational resources and support services in the Pacific Islands creates an environment where individuals are vulnerable to the risks associated with cryptocurrency volatility. Additionally, there is a contagion risk to the broader Pacific economy, as evidenced by Vanuatu's Satoshi Island project, which could have significant implications for local industries invested in this venture if the cryptocurrency and blockchain bubble bursts.

In January 2022, the Vanuatu Financial Services Commission (VFSC) issued a public notice to persons operating in association with the 'Crypto Community of Satoshi Island' that they may be victims of a potential scam. Satoshi Island, a project named after the creator of Bitcoin, is aspiring to become the 'crypto capital of the world' by transforming Vanuatu's Lataro, a pilot island into a high-tech city. The vision includes citizenship and land rights being minted in the form of non-fungible token (NFT) assets with a financial ecosystem based upon the use of cryptocurrency and its enthusiasts. Blockchain investors and online banking services have been encouraged to set up on the island, enticed through Vanuatu's amenable taxation laws for corporations and individuals. Phase 1 of the landscaping, targeting the west and south coast of the island was initiated in September 2022. Several

months after the VFSC notice, those behind the Satoshi Island project claimed the warning damaged their business and took legal action, resulting in the notice being removed while the case was pending, which continues to be its status.

Map 2. Location of Satoshi Island (Lataro) in Vanuatu



Source: UNODC elaboration based on multiple sources.

About a month after the notice, Vanuatu's acting financial minister was reported to be in support of the project in principle but said that Vanuatu's legislation needed to be updated to provide adequate oversight of the project. Currently, Vanuatu is the only Melanesian country with digital asset regulation or legislation, as identified in Table 1. This situation contrasts with the broader Melanesian region, where these assets are not considered legal tender.

Two years prior in 2019, Vanuatu was chosen to pilot a project aimed at using stablecoins pegged to the U.S. dollar to 'revolutionize humanitarian aid'.²⁸ To date, it has registered 35,000 people in the Pacific region and has given more than US\$ 2 million to participants in the scheme. A similar project was deployed to Papua New Guinea in April 2020 and Solomon Islands in 2021.²⁹

Other uses of blockchain technology and cryptocurrencies within the region have been observed. Companies operating in Fiji have used blockchain

28 Oxfam International, "UnBlocked Cash Project: Using Blockchain Technology to Revolutionize Humanitarian Aid," 2024. Accessed at: <https://www.oxfam.org/en/unblocked-cash-project-using-blockchain-technology-revolutionize-humanitarian-aid>.

29 Ibid.

technology to monitor fisheries around the Pacific,³⁰ as well as utilizing the technologies smart contract system to monitor the sale of Indigenous land.³¹ Tuvalu is developing a national digital ledger using blockchain so that services of the government can be accessed on a transparent online system. Marshall Islands has a state-sponsored cryptocurrency being developed called SOV³² and Tonga is seeking to pass a bill to legitimize Bitcoin as legal tender.³³

Developing approaches to the recovery of cryptocurrency is also causing alarm at a legislative level. A Tainted Cryptocurrency Recovery Bill 2023 has been tabled at the Cook Island's parliament; however significant concerns have been raised, in part due to the fact that the Cook Islands' own Crown Law Office was excluded from the drafting process and has since denounced the bill as 'flawed' and 'clearly unconstitutional'.³⁴ This Bill allows for 'recovery agents' to use a variety of means, including hacking, to investigate and identify cryptocurrency that may have been used for illegal purposes or the proceeds of crime. The bill's broad scope has been argued to risk the Cook Islands' constitutional relationships with countries.³⁵

Beyond the use and related regulatory framework requirement, the rapid pace of growth and evolution of the technology insists a response by financial investigation units, as well as general police departments, to invest in the latest training and tools. Until 2018, Palau was cautious about utilizing cryptocurrency due to concerns over a suspicious proposal from a company which planned to combine cryptocurrency and online gambling in Palau, despite the nation's illegal casino status and lack of online

gambling regulations. As described by media, Palauan officials have dismissed these claims as a scam and emphasized the need for proper regulatory frameworks and education before embracing cryptocurrency.³⁶

Acknowledging this cautious stance, the House of Delegates continued discussions on cryptocurrency regulation, spurred by the growing virtual currency market.³⁷ More recently, the government of Palau conducted a pilot for the Palau Stablecoin (PSC), a digital currency issued and managed by the Palau Ministry of Finance, fully backed by U.S. dollar cash balances and fixed in value to the U.S. dollar, aiming to enhance financial inclusion by offering a fee-free, secure, and convenient payment option, reducing currency transaction costs and speeding up settlement times.³⁸ This may raise potential concerns for Palau's cybersecurity infrastructure and data protection, as this program could allow foreign nationals to acquire an e-residency card and participate in cryptocurrency trading for illegal purposes.

The legislative, regulatory, and operational measures aimed at mitigating the risk of misusing cryptocurrencies are at a stage where they are being outpaced by the rise in adoption, use and rate of evolution of technology. This has indirect impacts on other means of victimization within the Pacific. As observed in Southeast Asia, criminal organizations have established energy-intensive cryptocurrency mining operations to capitalize on regulation gaps and reap financial opportunities.³⁹ Energy stability across many PICTs is already a concern due to the limited range of indigenous energy resources, the higher cost of developing and extending these services to remote locations and weaker bargaining positions with petroleum suppliers.⁴⁰ This issue is further exacerbated by the lack of appropriate awareness and training on the impact of crypto mining operations, which could be detrimental to energy infrastructure in the region.

30 Anna Turns, "Hook to Plate: How Blockchain Tech Could Turn the Tide for Sustainable Fishing," *The Guardian*, 2021. Accessed at: <https://www.theguardian.com/environment/2021/jun/09/hook-to-plate-how-blockchain-tech-can-turn-the-tide-for-sustainable-fishing-aoe>.

31 Olivier Jutel, "Blockchain Imperialism in the Pacific," *Big Data & Society* 8, no. 1, 2021. Accessed at: <https://doi.org/10.1177/2053951720985249>.

32 Robert Stevens, "Inside the Marshall Islands' New Cryptocurrency: The SOV," *Decrypt*, 2020. Accessed at: <https://decrypt.co/43979/inside-marshall-islands-new-cryptocurrency-sov>.

33 Joe Hall, "Tonga's Timeline for Bitcoin as Legal Tender and BTC Mining with Volcanoes," *Cointelegraph*, 2022. Accessed at: <https://cointelegraph.com/news/tonga-s-timeline-for-bitcoin-as-legal-tender-and-btc-mining-with-volcanoes>.

34 Barbara Dreaver, "'Spy Film Type Thing' - Alarm Grows over Cook Islands Cryptocurrency Bill," *1News*, 2024. Accessed at: <https://www.1news.co.nz/2024/04/14/spy-film-type-thing-alarm-grows-over-cook-islands-cryptocurrency-bill/>.

35 Ibid.

36 Island Times Palau, "Sadang Says Palau Is Not Ready to Entertain Company Promoting Cryptocurrency," 2018. Accessed at: <http://islandtimes.org/palau-not-ready/>; Pacific Note, "Getting to Know Cryptocurrency," 2018. Accessed at: <https://www.pacificnote.com/single-post/2018/07/19/getting-to-know-cryptocurrency>.

37 Ibid.

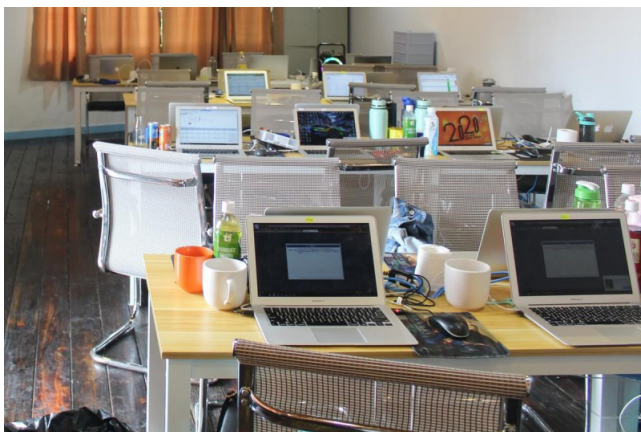
38 Ministry of Finance, Palau, "Ministry of Finance Republic of Palau Stablecoin Program: Phase 1 Report," 2023. Accessed at: <https://www.palau.gov.pw/wp-content/uploads/Republic-of-Palau-Stablecoin-Program-Phase-1-Report.pdf>.

39 UNODC, "Casinos, Money Laundering, Underground Banking and Transnational Organized Crime in East and Southeast Asia," 2024.

40 Pacific Regional Infrastructure Facility (PRIF), "Publications," 2024. Accessed at: <https://www.theprif.org/publications>.

An extensive link appears to exist in the Asia-Pacific region between the development of casinos, online gambling, drugs and cryptocurrency which facilitates money laundering for transnational organized groups within East and Southeast Asia.⁴¹ While not being observed to the same extent across the Pacific currently, law enforcement authorities in Palau detained and deported hundreds of mostly Chinese citizens in 2019 and 2021 who were found working in illegal online gambling operations (see the photo below), with operations linking to U.S.-sanctioned senior Triad figures.⁴² Testimonies from the investigations in Palau suggested that debt bondage was being used to detain workers, some of who have entered the country through Cambodia where human trafficking and online scam operations have become a significant issue in recent years.⁴³

This is not the first instance of this type of cyber-related mass deportation being experienced in the Pacific. In 2017, media reported an investigation into 50 cases originating from Fiji resulted in the deportation of 77 Chinese nationals from an online scam center where an estimated six million yuan (US\$ 892,000) was stolen from victims in mainland China.⁴⁴



Source: Palau Bureau of Public Safety, 2020.

41 UNODC, “Casinos, Money Laundering, Underground Banking and Transnational Organized Crime in East and Southeast Asia.”

42 Bernadette Carreon, Aubrey Belford, and Martin Young, “Pacific Gambit: Inside the Chinese Communist Party and Triad Push into Palau,” Organized Crime and Corruption Reporting Project, 2022. Accessed at: <https://www.occrp.org/en/investigation/pacific-gambit-inside-the-chinese-communist-party-and-triad-push-into-palau>.

43 Ibid.; UNODC, “Casinos, Money Laundering, Underground Banking and Transnational Organized Crime in East and Southeast Asia.”

44 Agence France-Presse, “Mass Deportation of Chinese from Fiji in Latest Offshore Crackdown by Beijing,” *The Guardian*, 2017. Accessed at: <https://www.theguardian.com/world/2017/aug/08/mass-deportation-of-chinese-from-fiji-in-latest-offshore-crackdown-by-beijing>.

Box 2. Vanuatu identity management

Members of the Vanuatu Police Force raised concerns about traditional and cyber-enabled identity crimes in the country. Currently, Vanuatu does not have an identity management system. Anyone can go and get a new birth certificate, which they can use to create a new identity. These synthetic identities can be used to commit various forms of crime, including cybercrime (i.e., cyber-enabled fraud and trafficking). Individuals who commit crimes and are under investigation and/or individuals with criminal pasts can create new identities to leave the country and/or to apply for work in other countries. The absence of appropriate identity management system prevents authorities from being able to track requests for new birth certificates under different names by the same person, identify synthetic identities, and impedes other national efforts, such as SIM registration and Know Your Customer requirements, something which is vital in cryptocurrency tracing and investigations.

Source: UNODC, Consultation with national counterparts, 2024; UNODC, “Melanesian Cybercrime Assessment,” 2024.

Online child sexual exploitation and abuse

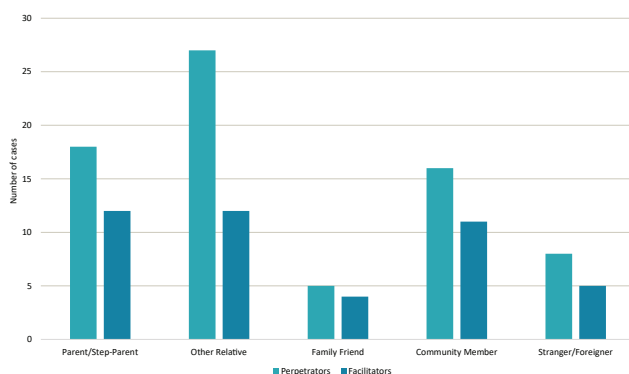
The threat of cyber-enabled crime in the Pacific extends beyond that of financial scams, but also includes the victimization of children through the facilitation and commercialization of Online-facilitated Child Sexual Exploitation and Abuse (OCSEA), including the generation and sale of Child Sexual Abuse Material (CSAM). Even in the best circumstances, children are continuously at risk of grooming, harassment and OCSEA globally due to the private and hidden nature of many children’s internet use and the challenge this raises with implementing appropriate parental oversight. This is only compounded further in the context of the Pacific, with the observed lack of awareness of the risks from parents within the region being cited as a major contributor towards the threat faced by children on the production and possession of CSAM.⁴⁵

45 Save the Children Fiji and ECPAT International, “The Universal Periodic Review of the Human Rights Situation in Fiji,” 2019. Accessed at: <https://uprdoc.ohchr.org/uprweb/downloadfile.aspx?filename=6931&file=EnglishTranslation>; ECPAT International, “Fiji-Country Overview: A Report on the Scale, Scope and Context of the Sexual Exploitation of Children,” 2019. Accessed at: <https://ecpat.org/wp-content/uploads/2021/08/ECPAT-Country-Overview-Report-Fiji-2019-1.pdf>.

In Solomon Islands, 28 children (aged 10-18), 19 parents and 23 representatives of government departments were interviewed concerning their understanding of online risks to children.⁴⁶ The most common dangerous risks stakeholders listed were access to adult material and cyberbullying, whereas the more serious risks such as child trafficking, online grooming and child prostitution were only listed as 'likely to happen' by one stakeholder.⁴⁷

It is not just a lack of awareness of the risks from parents and children which exacerbates an already difficult issue. An apparent disparity of understanding exists between those in positions of authority and expected support as to what constitutes OCSEA and CSAM. A 2019 survey conducted across seven countries in the Pacific found that while nearly all surveyed participants identified that adults who produce or pay for CSAM are committing a crime, there was less of a consensus on the criminality of viewing CSAM of a 16-year-old victim online,⁴⁸ highlighting a critical concern over the cohesion of the region's understanding of the problem within supportive agencies.

Figure 2. Estimated most common relationship between offenders and victims of child sexual exploitation



Source: EPCAT International, 2019.

46 Amanda Third et al., "Online Safety in the Pacific: Solomon Islands Preliminary Report," Western Sydney University, 2020. Accessed at: https://www.westernsydney.edu.au/__data/assets/pdf_file/0005/1672214/Pacific_Online_Safety_Solomon_Islands_Preliminary_Report.pdf.

47 Ibid.

48 Rosalind Fennell, Mark Kavenagh, and Andrea Varrella, "Perceptions of Frontline Welfare Workers on the Sexual Exploitation of Children in the Pacific," EPCAT International, 2019. Accessed at: <https://ecpat.org/wp-content/uploads/2021/05/Perceptions-of-Frontline-Welfare-Workers-on-the-Sexual-Exploitation-of-Children-in-the-Pacific-EPCAT-research-June-2019.pdf>.

Victim reporting is also impacted by stigma across the region. There is a documented tradition of shame and silence in PICTs about instances of sexual abuse,⁴⁹ compounded by a culture of taboo regarding sex. These factors in isolation already impact the reporting of sexual abuse,⁵⁰ but in combination with a lack of understanding of how OCSEA can occur, or the criminality associated with online forms of abuse, this will only contribute further to instances of victimization going unreported. Mechanisms to report abuse remotely, which could mitigate some of these concerns, are currently not in place within PICTs.

In the absence of effective oversight, OCSEA may continue in the Pacific, as has been observed in other regions internationally. The threat of inaction will invite organized crime to expand these types of operations in the region. Without widespread awareness and education on how OCSEA can occur and the impact it can have on victims, the opportunity to safeguard children at a local and familial level will be lost, as will the oversight and recording possibilities to assess the rate at which it is truly occurring. Without this data, or wider concern on the issue, governments and law enforcement agencies will struggle to justify the investment into dedicated technical training, tools, and teams to protect victims. Addressing the data challenge then becomes the first important steppingstone to progress understanding in this area, for the available data is currently a sparse and incomplete landscape in the Pacific.⁵¹

Child sex tourism is also facilitated through cyberspace. In Samoa, facilitators keep in contact with international perpetrator and parents, who act as intermediaries, via the internet.⁵² It was also identified that not only is CSEA taking place within Fiji's illegal brothels, local hotels, and yachts, but human traffickers are known

49 United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), "Ending Violence Against Women and Girls - Evidence, Data and Knowledge in Pacific Island Countries," 2011. Accessed at: <https://asiapacific.unwomen.org/en/digital-library/publications/2011/7/ending-violence-against-women-and-girls>.

50 AusAID, "Violence Against Women in Melanesia and East Timor: Building on Global and Regional Promising Approaches," 2008. Accessed at: https://www.dfat.gov.au/sites/default/files/vaw_cs_full_report.pdf.

51 It's a Penalty, "CommonProtect: A Review of the Legal Systems Protecting Children from Sexual Exploitation and Abuse across the Commonwealth," 2022. Accessed at: <https://itsapenalty.org/advocacy/commonprotect-report/>.

52 Lurlene Christiansen, "Child Sex Tourism in Samoa," EPCAT International, 2015. Accessed at: <https://ecpat.org/wp-content/uploads/2021/08/Expert-Paper-Christiansen-Lurelene.pdf>.

to use websites and mobile phone applications to advertise commercial sexual exploitation in these locations.⁵³

Research into this area is limited and at times dated but will grow as the region develops its relationship with technology and internet access, as will the understanding of how these impacts apply to children. Legislative and operational infrastructure is also seen to be developing. In Melanesia, all four countries have fulfilled certain essential criteria listed in the International Centre for Missing & Exploited Children's (ICMEC) model legislative framework for CSAM, with three of the four implementing specific legislation where CSAM is clearly defined and proscribes simple possession of CSAM regardless of intent to distribute.⁵⁴ As of the date of this report, it appears that technology-facilitated CSAM offenses were not proscribed by legislation within the Solomon Islands.⁵⁵

Wider challenge of cybercrime data in the Pacific

Across the Melanesia, it was found that the public predominantly reports cybercrimes to the police in person at police stations, with digital crime reporting platforms and hotlines not yet common practice across counties studied.⁵⁶ The exception to this is reflective of the operational priority already highlighted in the cases of cyber-enabled abuse and bullying. Fiji's Online Safety Commission has a portal for the public to report online abuse, however, users are encouraged to liaise directly with Facebook/Meta or Twitter/X if cases involve their platforms. Papua New Guinea's Office of Censorship can receive instances of online abuse through email and hotline and Vanuatu's Internet Governance Forums (VanIGF) has a portal for online abuse.

While there are agencies that maintain statistical information on crimes they receive, the extent, attribution of technology to the crime type (i.e., enabled or dependent), and depth of information vary

considerably. This variance compounds an already problematic data landscape where geographic and logistical barriers exist to cybercrime reporting that is not online abuse-related. As previously discussed, the cultural taboo and reluctance to report instances of sexual abuse in Pacific Island countries also apply to online sexual extortion, commonly referred to as 'sextortion.' While there is limited data on this crime in the Pacific, it is a growing concern in other regions,⁵⁷ where barriers to understanding the scope of the problem are less obstructive.

Prior to the implementation of Cybercrime Act 2021, Fiji indicated that computer offenses are a separate category from other offenses.⁵⁸ However, the impact and involvement of technology on the other crime types was not differentiated or explored. Since the enactment of the dedicated Act, the Cybercrime Unit has been reporting cybercrime cases to the Statistics Unit of the Directorate of Strategic Planning, Policy, Research and Development of the Fiji Police Force, which the reports are available upon formal request to the Fiji Police Force.

As previously noted, not all PICTs have enacted legislation to formalize the collection of cybercrime data. In the Solomon Islands, where there is no cybercrime act currently in place, cybercrimes are not officially specified in statistics. Agencies such as the Ministry of Finance, Central Bank of Solomon Islands, and the Financial Intelligence Unit collect data on crimes facilitated by technology, including cyber-enabled money laundering and fraud. However, there is currently no formal or comprehensive system in place to capture the nuances of cybercrime.

This challenge presents a rare opportunity where both cyber-enabled and cyber-dependent crimes, despite their inherent differences, can be mitigated against in the same way through the augmentation and improvement of a countries approach to reporting. With reference to the type of cyber-attacks outlined at the start of this chapter, there is a need for a reporting system to enable the private sector to report cyber incidents, so that an appropriate and accurate analysis can take place on the extent of cybersecurity threats and the trends that can inform their cybersecurity practices.

53 U.S. Department of State, "Trafficking in Persons Report: Fiji," 2021. Accessed at: <https://www.state.gov/reports/2021-trafficking-in-persons-report/fiji/>.

54 International Centre for Missing & Exploited Children (ICMEC), "Child Sexual Abuse Material: Model Legislation & Global Review (10th Edition)," 2023. Accessed at: https://www.icmec.org/csam-model-legislation_10th_ed_oct_2023/.

55 UNODC, "Melanesia Cybercrime Assessment Report," 2024; Fiji's *Juvenile Act of 1973*, Vanuatu's *Cybercrime Act of 2021*, and Papua New Guinea's *Cybercrime Code Act of 2016*.

56 UNODC, "Melanesia Cybercrime Assessment Report," 2024.

57 Benjamin Wittes et al., "Sextortion: Cybersecurity, Teenagers, and Remote Sexual Assault," Brookings, 2016. Accessed at: <https://www.brookings.edu/articles/sextortion-cybersecurity-teenagers-and-remote-sexual-assault/>.

58 Fiji Police Force, "Crime Statistics Annual Report," 2020.

Impact, policy implications, and looking ahead

Cybercrime poses a significant threat to the Pacific region, impacting various aspects of society, including economic growth, public safety, and institutional integrity, as explained throughout the section. Its effects can be examined through the lens of the SDGs. While SDG 16 emphasizes peace, justice, and strong institutions, it is essential to recognize that high levels of cybercrime can contribute to broader insecurity and instability. Cybercrime can exacerbate social tensions and undermine public trust in institutions, creating a climate of fear and unrest. This situation highlights the critical need for access to legal assistance for individuals facing legal challenges (Indicator 16.5.1). The lack of resources and expertise in addressing cybercrime often leaves many victims without support, perpetuating a cycle of victimization and impunity. Enhancing access to justice is vital for empowering victims and ensuring accountability for offenders. Effective governance also plays a crucial role in combating cybercrime, as indicated by the adoption of policies for public access to information (Indicator 16.10.2).

Additionally, SDG 9 focuses on industries, innovation, and infrastructure, particularly the importance of mobile network coverage (Indicator 9.1.2). The rise of cybercrime directly threatens digital infrastructure and network security, compromising the resilience of technological frameworks that are crucial for economic development. As cybercriminals increasingly target mobile networks and online services, confidence among businesses and consumers in these infrastructures declines, hindering innovation and deterring investment in technology-driven industries. Furthermore, SDG 17 emphasizes the importance of partnerships for the goals, especially in addressing the transnational nature of cybercrime (Indicator 17.16.1). Strengthening collaborative efforts among governments, private sector entities, and civil society is essential for sharing information, resources, and best practices in combating cyber threats.

The introduction of appropriate legislation is a crucial first step in addressing these concerns. Furthermore, there is a need for a more robust operational response to the problem.⁵⁹ There has been a noticeable increase in efforts to establish further training for law enforcement in the Pacific to react to ICMEC cyber tips.

Figure 3. Relevant Sustainable Development Goals, targets and indicators



SDG 9 - Industries, Innovation and Infrastructure

- Indicator 9.1.2: Proportion of the population covered by a mobile network, by technology. Cybercrime can impact digital infrastructure and network security, making this indicator relevant for understanding infrastructure resilience.

SDG 16 - Peace, Justice and Strong Institutions

- Indicator 16.5.1: Proportion of persons who had a legal problem in the past 12 months who received legal assistance. Access to justice is crucial in addressing cybercrime and supporting victims.
- Indicator 16.10.2: Number of countries that adopt and implement constitutional, statutory, and/or policy guarantees for public access to information. Effective implementation of policies can help in combating cybercrime.

SDG 17 - Partnerships for the Goals

- Indicator 17.16.1: Number of countries reporting progress in multi-stakeholder development effectiveness monitoring frameworks. Cybercrime often requires international cooperation, and this indicator can reflect the effectiveness of such partnerships.

59 Pacific Islands Chief of Police, "50th Conference," 2023.

However, sustained attention and the establishment of a curriculum within policing academies of PICTs are required for this to fully take root in operational policing.

Acknowledging the cultural barriers to reporting, as well as the economic drivers to OCSEA, which are longer-term societal challenges, the actionable next step in supporting the implementation of this focus on an operational level is proactive distribution of awareness materials, particularly to those in guardianship roles of children. The commissioning of up-to-date research and studies into the scope of the problem in the Pacific is equally important, as is the investment in greater data collection and record management techniques to aid analytics and future threat assessments.

Given the significant discrepancies in reporting frameworks and statistical reliability across the region, a threat analysis into the main cybercrime markets and actors victimizing PICTs can only confirm the urgent need for improvements in infrastructure and data integrity in this area. Without the capacity to accurately assess and monitor the extent to which the region's legislative, operational, and technical weaknesses are being exploited by cyber criminals, there is a risk that they will continue to operate undetected, targeting vulnerable citizens or organizations who may never come forward.



Conclusion and Recommendations

Conclusion and Recommendations

The Pacific face significant challenges related to transnational organized crime. Situated among major markets for illicit activities, including East and Southeast Asia and North and South America, the PICTs have become an increasingly important transit route for illegal trafficking, particularly methamphetamine and cocaine. In recent years, transnational criminal groups have targeted the Pacific region, not only as a corridor for trafficking but also as a base to seek new opportunities to expand their illicit activities sometimes by forging partnerships with influential figures. The threats posed by transnational organized crime in the Pacific region continue to evolve, and as this report shows, the global trade in drugs, people, timber and wildlife products, and international money laundering appear to increasingly affect and evolve in the PICTs.

The impact of transnational criminal activity in the Pacific region is not fully understood. This study has attempted to assess that impact and present possible options for policymakers and stakeholders in the PICTs to respond to these emerging threats. Traditionally, the Pacific region had largely been isolated from transnational organized crime groups because of its remote geographical location and the small size of its markets. However, recent advancements in aerial and maritime mobility, trade integration, and physical and digital connectivity, while beneficial for legitimate trade and economic activities, have also facilitated the expansion of transnational organized crime groups' influence in some PICTs.

Due to the relatively small size of the population of the PICTs compared to other regions, the Pacific region is and will not likely to be a major market for illicit commodities. However, as this report shows, transnational organized crime groups are increasingly targeting the region to facilitate a range of criminal

activities, by exploiting jurisdictions where they can establish a presence with minimal law enforcement resistance. Transnational organized crime groups often set up legitimate businesses in the Pacific which enable them to gain a foothold in the region and develop connections with prominent political and business leaders, sometimes using these businesses to conduct and conceal illicit activities, which may be difficult to detect.

The recommendations for each crime type presented in the chapters of the report are intended to help PICTs governments to better identify threats related to transnational organized crime and to develop responses. An important objective of this report is to raise awareness of the various and evolving transnational organized crime threats in the Pacific region and to stimulate greater cooperation among the PICTs to develop responses at the national and regional levels. The following recommendations can be applied to all different types of transnational organized crime.

Turn plans and strategies into actions

As outlined in the Introduction chapter of the report, in 2018, leaders of the Pacific adopted the Boe Declaration, which recognizes organized crime as a major non-traditional security threat in the region. In addition, in April 2024, the region also endorsed the Pacific Regional Transnational Organized Crime Disruption Strategy at the Pacific Island Forum, Forum Sub-committee on Regional Security (FSRS). These documents reflect the strong political will of the Pacific to address transnational organized crime and will serve as essential blueprints for relevant national authorities and regional organizations relevant to transnational organized crime to enhance their cooperation and coordination.

However, while these documents provide clarity and direction for the Pacific, it is important that the region develops and implements concrete plans and strategies contained within them to produce timely and actionable responses to the growing and evolving transnational organized crime challenges in the Pacific.

Invest in data development

UNODC has observed a significant lack of data and information from PICTs across all types of transnational organized crime analyzed in this report. This issue is not new; it was highlighted in the previous Pacific TOCTA report in 2016, yet the challenge persists. In 2023, none of the PICTs submitted the Annual Report Questionnaire (ARQ), a mandated data collection tool that gathers aggregate data on various drug-related subjects, ranging from demand and supply to regulatory issues.¹ This lack of official data submission from the Pacific also affects other global crime data collection tools, such as the questionnaire for the UNODC Global Report on Trafficking in Persons.

In some cases, UNODC has noted that data is available in PICTs but is scattered across different authorities. For example, drug supply data, such as seizure records, are often collected and stored by national police agencies, customs administrations, and other law enforcement bodies, but without a central authority responsible for compiling it into national-level data. As a result, there is often no comprehensive dataset representing the national situation—only fragmented data from individual authorities.

One potential solution to this problem is to designate a central authority with clear roles and responsibilities, supported by national coordination mechanisms among relevant authorities. Investing in data development is critical, as it will help the Pacific better understand any notable changes in the organized crime landscape. Comprehensive data will also enable Pacific leaders to set priorities and respond effectively, contributing to the development of an evidence-based response.

1 UNODC, “Annual Report Questionnaire (ARQ).” Accessed at: <https://www.unodc.org/unodc/en/data-and-analysis/arq.html>.

Update legislation

As noted in the Introduction, several international conventions and tools have been developed by the global community to address transnational organized crime, including the United Nations Convention against Transnational Organized Crime (UNTOC) and its supplementary protocols. There are also three UN drug conventions, including the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988, which aims to strengthen international cooperation through measures such as extraditing drug traffickers, facilitating controlled deliveries, and transferring proceedings.² When countries become signatories to these international treaties, they are obligated to fulfill their commitments, typically by enacting appropriate national legislation to ensure full compliance with the treaties’ provisions. This is particularly important for addressing drug and precursor trafficking related challenges as it is not an overstatement to say that in recent years the speed at which new substances appear in the illicit drug market has outpaced the time required to schedule them under national and international control.

At the time of writing, several countries have not ratified the UNTOC and its protocols on trafficking in persons, smuggling of migrants and the illicit manufacture and trafficking of firearms (see Table 1 of the Introduction chapter). It is also the case for all three UN drug conventions. UNODC encourages those countries to ratify these important international legal tools and amend their national legislation to align with international standards and norms. One official who met with UNODC at a regional drug meeting for the Pacific expressed concern about generally outdated national drug legislation, noting that it does not provide sufficient legal grounds for national authorities to effectively address new substances that may emerge in the illicit drug market.³ Additionally, it is equally important for signatory countries in the Pacific to continue fulfilling their obligations.

2 United Nations, “Treatment, care and rehabilitation of people with drug use disorder,” April 2020. Accessed at: <https://www.un.org/en/conferences/drug#:~:text=It%20is%20intended%20to%20limit,cooperation%20to%20deter%20drug%20traffickers>.

3 UNODC Global SMART Forensics Regional Meeting for the Pacific, Fiji, November 2022.

Safeguard maritime and aerial domains

Most PICTs do not share land borders with other countries, forcing organized crime groups to target maritime and aerial domains for the trafficking of people and illicit commodities. Safeguarding these domains is a critical element in successfully addressing organized crime challenges in the Pacific. However, the vast maritime boundaries combined with small populations dispersed across many islands increase the vulnerability of PICTs in effectively monitoring, identifying and disrupting trafficking activities by sea. Enhancing the capacity of maritime law enforcement authorities through the provision of cutting-edge technology on maritime domain awareness (MDA) and strengthening MDA analytical capabilities would support PICTs to better deal with transnational trafficking activities.

Some PICTs, such as Fiji, Papua New Guinea, Samoa and Tonga, are home to highly frequented seaports. Additionally, certain airports in the region, including those in Papua New Guinea and Fiji, experience relatively high levels of air traffic. Prioritizing assistance to these major ports in the Pacific to improve risk screening and develop risk profiles for incoming and outgoing cargo and passengers should be a priority for the region. Furthermore, it is also crucial to improve airspace surveillance in the Pacific, given recent cases involving ‘black flights’ for drug trafficking.⁴

Increase community resilience to organized crime

As previously mentioned, some PICTs have small populations dispersed across many islands. This geographical characteristic poses challenges for law enforcement authorities in effectively monitoring the illicit trafficking of commodities through these sparsely inhabited islands. In addition, people in these remote areas may have limited income generation opportunities, making them vulnerable to exploitation by organized crime groups who may hire them as transporters for illicit commodities. In some cases, traffickers travelling from other regions may stop over these small islands to replenish supplies during their long journeys to primary destinations, such as Australia and New Zealand. It is also important to note

that there have been instances of washed-up drugs to remote islands of the Pacific where fishermen or local people have picked up and tried to distribute them, ending up being charged with drug related offences.⁵ Instituting a community-based crime prevention approach, particularly in remote islands is therefore crucial. Building community resilience to organized crime both as victims and the source of recruitment would be an important measure for addressing organized crime challenges in the Pacific. This approach should be complemented by strengthening security services of law enforcement authorities in the remote areas in the Pacific.

Establishing inter-regional cooperation frameworks while strengthening established regional cooperation mechanisms

The Pacific region has established regional frameworks to enhance cooperation and strengthen the capacity of national authorities to address challenges posed by transnational organized crime. These include the Pacific Transnational Crime Network (PTCN), which comprises the Pacific Transnational Crime Coordination Centre (PTCCC) and national Transnational Crime Units (TCUs). Supported by the Australian Federal Police, New Zealand Police, and the United States Joint Interagency Task Force West, the PTCN is acknowledged by Pacific and international partners as a crucial network, serving as the sole network in the region that centrally coordinates intelligence related to transnational crime.⁶ In addition, platforms such as the Pacific Islands Chiefs of Police (PICP), the Pacific Immigration Development Community (PIDC), the Oceania Customs Organization (OCO), the Pacific Islands Law Officers’ Network (PILON), and the Pacific Fusion Centre, offer opportunities for cooperation and coordination on different levels. All in all, while there is room for improvement within these networks, governments in the Pacific have already taken positive steps to address transnational organized crime through

⁴ For more information, see the ‘Drug Trafficking’ chapter of this report.

⁵ For instance, according to a media report, in 2023, eight Tongan nationals were sentenced between three to 13.5 years’ imprisonment for the supply and possession of 36 kg of cocaine. The drug washed ashore and picked up by the offenders who did not return it to law enforcement authorities but stored it and tried to identify buyers. Source: Island Business, “Eight Jailed for cocaine washed up on Tongan beach,” April 2023. Accessed at: <https://islandsbusiness.com/news-break/tonga-drugs/>.

⁶ Pacific Transnational Crime Network (PTCN). Accessed at: <https://www.picp.co.nz/ptcn>.

regional law enforcement cooperation supported by the regional strategy to combat the threats.

These initiatives would benefit greatly from similar types of efforts to strengthen law enforcement networks with source and destination countries and regions to bolster cooperation to develop robust multilateral responses with international partner countries and agencies. As highlighted throughout the report, the Pacific's organized crime landscape is increasingly influenced by neighbouring Asia and the Americas. Despite this situation, the level of inter-regional cooperation between these neighbouring regions and the Pacific remains inadequate. Given the growing infiltration of organized crime actors and their influence from these neighbouring regions, it would be beneficial for the Pacific to establish channels for sharing criminal intelligence to effectively address inter-regional organized crime challenges.

Improve coordination among international partners

Some law enforcement officials from the Pacific, interviewed by UNODC, have noted that the region is increasingly becoming a crowded space due to the growing financial and technical assistance offered to PICTs by international partners to PICTs.⁷ While this is a positive development in light of the escalating criminal activity highlighted in the report, there are concerns regarding the absorption capacity of PICTs, which can be more pronounced for smaller PICTs.

To address these challenges, it is essential for international partners to coordinate their efforts in a more strategic manner. Enhanced coordination among international partners will ensure that assistance is delivered to PICTs in a structured way, optimizing their absorption capacity and preventing the duplication of resources. Furthermore, it is also crucial to improve the monitoring and evaluation of the assistance provided to PICTs to ensure its effectiveness. One national authority interviewed by UNODC has stressed that some sophisticated equipment supplied to PICTs often remains unmaintained due to a lack of financial resources from recipient countries.⁸ This issue could be mitigated through robust monitoring and evaluation processes.

⁷ Interview #57 and #58.

⁸ Interview #57.

Annex

Details of interviews conducted

Interviewee	Occupation	Country
1.	Prosecutor	Tonga
2.	Prosecutor	Tonga
3.	Law enforcement	Tonga
4.	Prosecutor	Tonga
5.	Prosecutor	Marshall Islands
6.	Prosecutor	Marshall Islands
7.	Law enforcement	Australia
8.	Journalist	Australia
9.	Journalist	Australia
10.	Journalist	New Zealand
11.	Prosecutor	Micronesia
12.	Law enforcement	Micronesia
13.	Academic	Australia
14.	Academic	Australia
15.	Journalist	Pacific-based media
16.	Prosecutor	Vanuatu
17.	Prosecutor	Vanuatu
18.	Prosecutor	Vanuatu
19.	Prosecutor	Vanuatu
20.	Legal officer	Vanuatu
21.	Law enforcement	Palau
22.	Diplomat	Nauru
23.	Law enforcement	Nauru
24.	Prosecutor	Nauru
25.	Law enforcement	Nauru
26.	Law enforcement	Nauru
27.	Academic	Australia
28.	International expert	International organization

29.	International expert	International organization
30.	International expert	International organization
31.	Prosecutor	Tuvalu
32.	International expert	International organization
33.	Prosecutor	Marshall Islands
34.	Law enforcement	Australia
35.	Law enforcement	Australia
36.	Researcher	Civil society
37.	Law enforcement	New Zealand
38.	Law enforcement	New Zealand
39.	Prosecutor	Commonwealth of the Northern Mariana Islands
40.	Diplomat	Marshall Islands
41.	Regional expert	Regional organization
42.	International expert	International organization
43.	International expert	International organization
44.	International expert	International organization
45.	Prosecutor	Palau
46.	Journalist	International media
47.	Regulator	Fiji
48.	Law enforcement	Australia
49.	Academic	New Zealand
50.	Law enforcement	Papua New Guinea
51.	Law enforcement	Papua New Guinea
52.	Journalist	International media
53.	Law enforcement	Philippines
54.	Law enforcement	Philippines
55.	Researcher	Cambodia
56.	International expert	International organization
57.	Law enforcement	New Zealand
58.	Law enforcement	New Zealand
59.	Regional expert	Regional organization
60.	Regional expert	Regional organization
61.	Health expert	Fiji
62.	Law enforcement	France
63.	Law enforcement	Fiji
64.	Law enforcement	Samoa




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