



UNODC

United Nations Office on Drugs and Crime

Cash in the Trash

The role of corruption, organized crime
and money laundering in waste trafficking



Unwaste

Tackling waste trafficking to support a circular economy



Funded by the
European Union

In cooperation with



This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of UNODC and do not necessarily reflect the views of the European Union.

Copyright © 2024, United Nations Office on Drugs and Crime

SUGGESTED CITATION

UNODC, Cash in the trash: the role of corruption, organized crime and money laundering in waste trafficking, 2024.

ACKNOWLEDGEMENTS

This publication was produced by UNODC Regional Office for Southeast Asia and the Pacific, as a deliverable of the *Unwaste* project, generously funded by the European Union.

The primary contributors to this publication are Vittoria Luda of UNITAR SCYCLE and Nancy Isarin along with UNODC staff members, including Ioana Cotutiu, Fabrizio Fiorini, Jazlyn Lee, Kari Lucas, Muendao Suandee, and Annika Wythes. Revisions by Francesco Checchi, Colin Craig, Jenna Dawson-Faber, Badr El Banna, Benedikt Hofmann, Roxana-Andreea Mastor, Chervine Oftadeh, Tanya Wyatt of UNODC, Elena D'Angelo and Elise Vermeersch of UNITAR SCYCLE, and reference check by Nur Adlina Binti Mohd Yusoff are gratefully acknowledged.

Coordination, and review of the publication by Ioana Cotutiu of UNODC.

Graphic design by Ni Chen, Akara Umapornsakula, Otto Wagner, coordination by Floriane Cartron.

This report has been formally edited by Tina Hirschbuehl.

DISCLAIMER

The contents of this publication do not necessarily reflect the views or policies of UNODC, Member States, or contributory organizations, and neither do they imply any endorsement.

CONTENTS

Abbreviations.....	3
List of figures and boxes.....	4
Executive summary.....	5
Introduction.....	7
1. Corruption and waste trafficking.....	7
1.1. Risks of corruption in the waste management chain.....	7
1.2. The challenge of corruption	12
1.3. Preventing corruption.....	13
1.4. Criminalization and law enforcement.....	14
1.5. International cooperation.....	15
2. Involvement of organized crime in waste trafficking	16
2.1. Two main criminal structures.....	17
2.2. Profitable and low-risk.....	18
3. Money laundering and waste crime.....	21
3.1. Stages of money laundering.....	21
3.2. Money laundering and UNTOC and UNCAC	22
3.3. Money laundering schemes used for waste trafficking.....	24
3.3.1. Shell companies	24
3.3.2. Trade-based money laundering.....	24
3.3.3. Offshore banking in tax havens.....	24
4. Focus on the ASEAN region	24
5. Policy implications and best practices	26
5.1. General recommendations to prevent waste crime.....	26
5.2. Recommendations to prevent corruption.....	27
5.3. Recommendations to prevent Transnational Organized Crime.....	27
5.4. Anti-money laundering recommendations.....	27
Conclusion	28
Endnotes	29

ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
ASEAN-PAC	Association of Southeast Asian Nations – Parties Against Corruption
COA	Certificate of Approval
EMB	Environmental Management Bureau
DENR	Department of Environment and National Resources
DOE	Department of Environment
EMPACT	European Multidisciplinary Platform Against Criminal Threats
EU	European Union
FATF	Financial Action Task Force
FinCEN	Financial Crimes Enforcement Network
NBI	National Bureau of Investigation
OC	Organized Crime
OCG	Organized Criminal Group
OECD	Organisation for Economic Co-operation and Development
PIC	Prior Informed Consent
Pt	Philippine Peso
TBM	Transboundary Movements
UNCAC	United Nations Convention against Corruption
UNODC	United Nations Office on Drugs and Crime
UNTOC	United Nations Convention against Transnational Organized Crime
WCO	World Customs Organization
WEEE	Waste Electric and Electronic Equipment

LIST OF FIGURES AND BOXES

Figures

- Figure 1** Overview of possible private actors in the transboundary movement (TBM) of waste. Source: Isarin et al. (2023)
- Figure 2** Overview of key public actors, the processes they are responsible for and which may expose them to the risk of corruption, and the goals of corruption. Source: Isarin et al. (2023)
- Figure 3** Key stages of corruption risk in the waste management chain. Source: Isarin et al. (2023)
- Figure 4** Key chapters of UNCAC, the only legally binding anti-corruption instrument in the world. Source: UNODC
- Figure 5** ASEAN State parties to UNCAC. Source: UNODC
- Figure 6** The two main criminal structures involved in waste trafficking. Source: INTERPOL, UNITAR elaboration
- Figure 7** How Organized Criminal Groups (OCGs) traffic waste. Source: as cited, with UNITAR elaboration
- Figure 8** Money laundering typically involves three stages: placement, layering and integration. Source: UNODC

Boxes

- BOX 1** Officials linked to waste trafficked from Canada to the Philippines
- BOX 2** Media reports of waste trafficking and alleged corruption – False import declarations for e-waste
- BOX 3** Corruption and related offences as outlined by UNCAC
- BOX 4** UNTOC definitions of Organized Criminal Group and serious crime
- BOX 5** Operation Green Tuscany
- BOX 6** Operation 30 Days at Sea
- BOX 7** Criminalization of the laundering of proceeds of crime pursuant to UNTOC and UNCAC

EXECUTIVE SUMMARY

Worldwide, waste trafficking is increasingly recognized as a serious crime linked to corruption, organized crime and money laundering. The ASEAN region has been a prominent destination for illegal waste shipments in the past years, with criminal networks exploiting legal businesses and infrastructure to smuggle waste in this region. Malaysia, Indonesia, Viet Nam and Thailand in particular have faced challenges due to increased waste imports. Although there are few cases that indicate the scale of the problem, it is estimated that the region remains vulnerable to corruption and is likely to be targeted by criminal groups.

The fight against corruption in waste management is a critical global challenge. The United Nations Convention against Corruption (UNCAC) serves as a key international framework, offering a comprehensive approach to prevent and counter corruption. UNCAC provides a list of corruption offenses and encourages nations to go beyond minimum standards in prevention, criminalization and law enforcement. The Convention emphasizes the roles of governments, the private sector and civil society in combating corruption.

While limited research has been conducted on the nexus between corruption and waste crime, the available evidence suggests that the waste sector is highly vulnerable to corruption. Waste management stages involve public and private actors, creating opportunities for corruption. Corruption risks include bribing officials for permits, falsifying documents, overlooking violations and obstructing inspections. Although there are few documented cases of waste trafficking involving corruption, the cases illustrated in this report highlight these challenges. Preventing corruption in waste management is key and requires transparent legislation, independent anti-corruption bodies and robust enforcement. Implementing digital

procedures, increasing awareness on the risks and criminalizing corruption are among key strategies. Countries must align their laws with UNCAC and actively enforce them. Addressing corruption in the waste management chain demands a multifaceted approach involving legal measures, international cooperation, public awareness and strong enforcement. UNCAC provides a comprehensive framework, but its effectiveness depends on nations proactively implementing it and fostering a global environment of waste management practices in which corruption has no place.

Waste trafficking involves a spectrum of actors, from individual traders to sophisticated organized criminal groups (OCGs). This report also delves into the involvement of OCGs in waste trafficking and money laundering, shedding light on the complex and often transnational nature of these criminal activities. OCGs engage at various stages of waste shipments, forming networks across borders. They infiltrate waste management sectors and use seemingly legitimate companies to engage in illegal practices. Exploiting loopholes, they manipulate legitimate businesses for illegal gain, reflecting their sophistication and adaptability. However, due to gaps in legal responses to crimes that affect the environment, waste trafficking often falls under administrative and civil law rather than criminal law.

Despite the scarcity of comprehensive global data on OCGs in waste trafficking, international literature and reported cases indicate the existence of the problem, revealing trends that point to OCG involvement in waste trafficking. Two significant operations illustrate the magnitude of waste trafficking. Operation Green Tuscany, supported by Europol, dismantled an OCG trafficking plastic waste from Italy to China and uncovered a network of criminals collaborating across countries. An INTERPOL operation, 30 Days at Sea 3.0, involved 67 countries and uncovered numerous offences,

with criminals exploiting vulnerabilities amid the Covid-19 pandemic.

Illegal waste trafficking generates substantial profits, estimated at billions of dollars annually. This report also explores the intricate nexus between money laundering and waste trafficking, shedding light on the sophisticated methods used by OCGs to launder proceeds from these criminal activities. Money laundering, the process of disguising the illegal origins of funds, follows three stages: placement, layering and integration. Criminals involved in waste trafficking exploit these stages, making it challenging for authorities to trace the illicit funds back to their source.

Criminal networks often rely on specialized service providers and money laundering experts. The scale and complexity of these operations necessitate diverse laundering techniques, including shell companies, trade-based money laundering and offshore banking. Several high-profile cases illustrate the intricate money laundering schemes linked to waste trafficking. These cases show that criminals employ shell companies, manipulating financial flows through prepaid cards and cash withdrawals to launder substantial sums. Also, trade-based money laundering, involving falsified invoices and misrepresented waste shipments, have allowed criminals to move money internationally under the guise of legitimate trade.

The United Nations Convention against Transnational Organized Crime (UNTOC) and UNCAC contain provisions related to money laundering and mandate member states to criminalize money laundering offenses and promote global cooperation among judicial, law enforcement and financial regulatory authorities. Both UNTOC and UNCAC outline offenses related to money laundering, addressing conversion, concealment, acquisition, possession and participation in money laundering activities.

Waste trafficking is a highly profitable and low-risk activity that attracts criminal groups seeking to diversify their activities and launder illicit profits. The adaptability of OCGs and their exploitation of legal loopholes, as well as the complex transnational nature of these activities require international collaboration, stricter regulation and enhanced enforcement measures. Such measures are critical to dismantling OCGs and preventing the environmental and socio-economic impacts of these crimes. As criminal enterprises evolve, coordinated efforts are needed to tackle these illegal practices. By disrupting the financial networks of criminal organizations and strengthening international cooperation, the international community can prevent and significantly reduce waste trafficking and its impacts.

INTRODUCTION

Worldwide, waste trafficking is increasingly recognized as a serious crime, with close links to corruption, organized crime and money laundering.¹ This report will illustrate how corruption at various levels enables waste trafficking. It will also shed light on another key feature of criminal waste activity, financial crime, which can involve tax evasion or the laundering of illicit profits. The crimes – often large-scale, complex schemes – are in many instances carried out by organized criminal groups (OCGs) and networks and frequently include transnational elements.

The following sections provide a short overview of the existing connections between these crimes, both globally and in the ASEAN region. This is followed by recommendations on how to prevent corruption, transnational organized crime and money laundering.

1. CORRUPTION AND WASTE TRAFFICKING

While little research has been conducted on the nexus between corruption and waste crime,

the available evidence suggests that the waste sector is highly vulnerable to corruption.² This is mainly due to the complexity of the waste trade, which involves many actors, financial flows and different jurisdictions. The low risk of being caught and low penalties also make waste trafficking an attractive business model.

1.1. Risks of corruption in the waste management chain

Waste management covers a wide range of activities, including the collection, handling, transport, storage, treatment and disposal of waste. In ASEAN, the EU and in many other countries, waste trade and management are regulated and bound by certain rules and conditions, although the effectiveness and enforcement of regulations may vary from country to country.

Each stage involves different actors from the public or private sector. For example, private actors involved in the transboundary movement of waste include waste management companies, brokers and exporters who facilitate the cross-border transportation and disposal of waste (see Figure 1).

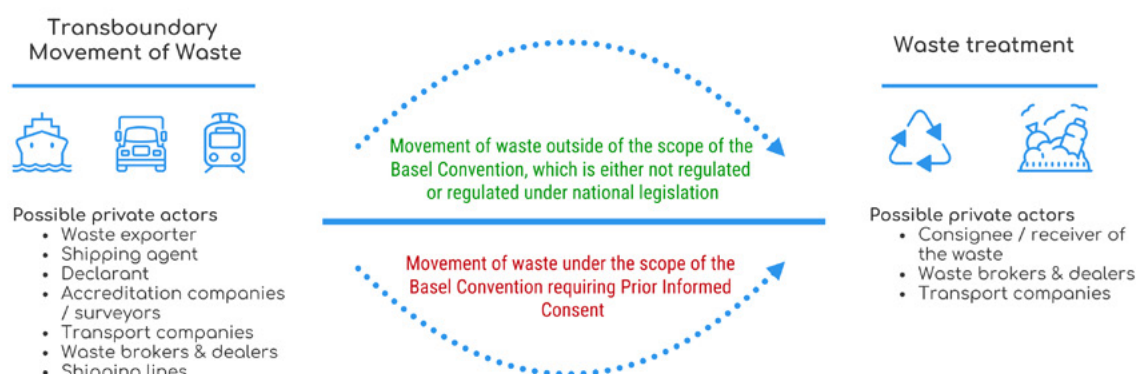


Figure 1 Overview of possible private actors in the transboundary movement (TBM) of waste.

Source: Isarin et al. (2023)

CASH IN THE TRASH: THE ROLE OF CORRUPTION, ORGANIZED CRIME AND MONEY LAUNDERING IN WASTE TRAFFICKING

Public actors involved in the transboundary movement (TBM) of waste typically include government agencies responsible for environmental protection; customs and border control authorities; regulatory bodies overseeing the implementation of waste management and international trade policies; law enforcement agencies; and judicial authorities. Figure 4 illustrates the public sector actors involved in different stages of the waste trade, the processes they are involved in and the associated risks of corruption at different stages.

Corruption can occur at different stages of the waste management chain, even before any transactions take place, for example during the licensing or allocation of waste trading or processing quotas, or during the procurement phase for waste management contracts. The rules and procedures for transporting

waste across borders vary depending on how the waste is classified (hazardous or non-hazardous) and on its intended treatment in the importing country. To circumvent the rules, which are often time-consuming and costly to comply with, corruption has been used, such as bribing officials to obtain permits or licences or overlooking violations of waste management regulations. Such actions could be addressed under UNCAC Article 15; if foreign public officials are involved, UNCAC Article 16; or, if the private sector is involved, UNCAC Article 21 regarding bribery in the private sector.

The TBM³ of hazardous or other wastes covered by the Basel Convention requires Prior Informed Consent (PIC) from the importing country. The PIC procedure is a mechanism under the Basel Convention that allows countries to control the import and export of certain hazardous wastes and wastes requiring





Key public sector actors	High risk processes	Goals of corruption
National and local (environmental) authorities 	<ul style="list-style-type: none"> Procurement and tender procedures for waste collection and/or treatment Issuing of licences or permits for waste treatment sites Issuing of transport registrations Issuing of consent for transboundary movements of waste 	<ul style="list-style-type: none"> Favour certain companies to win the tender Obtaining permits, licences or registration without necessary qualifications or based on false information
Environmental authorities and surveyors 	<ul style="list-style-type: none"> Compliance monitoring and inspection Quality control of the waste 	<ul style="list-style-type: none"> Avoiding detection Obtaining certificate of quality
Customs officials 	<ul style="list-style-type: none"> Import/export control clearances 	<ul style="list-style-type: none"> Avoiding detection Obtaining approval or clearance for import or export of prohibited waste
Law enforcement agencies and judiciary 	<ul style="list-style-type: none"> Independent controls Receiving and investigating complaints Prosecuting cases 	<ul style="list-style-type: none"> Avoiding or hindering investigations Avoiding sanctions

Figure 2 Overview of key public actors, the processes they are responsible for and which may expose them to the risk of corruption, and the goals of corruption.

Source: modified from Isarin et al. (2023)

special consideration. PIC is the first step in the TBM process and may be considered vulnerable to corruption. Corruption can be used to obtain TBM approval without meeting all the required conditions. For example, individuals or companies may offer monetary incentives or other benefits to influence relevant officials to overlook the absence of required documents, to expedite the approval process without proper scrutiny, to falsify documents, or to misrepresent the composition of the waste. UNCAC speaks of “undue advantage”. This is understood as promising, offering or giving an undue advantage to a public official in order that the official act or refrain from acting in the exercise of their official duties (active form of bribery of a public official; cf: UNCAC Article 15(a)), or the solicitation or acceptance of an undue advantage by any person who directs or works, in any capacity, for a private sector entity in order that he or she, in breach of his or her duties, act or refrain from acting (passive form of bribery in the private sector; cf: UNCAC Article 21(b)).

Moreover, operators or facilities that receive waste for interim or final treatment may do so

without having the necessary qualifications, permits or licences. In some cases, the waste must undergo a pre-shipment inspection to assess its quality. This is often carried out by accredited foreign inspection bodies that can act on behalf of the government. However, there is a risk that waste will be approved for shipping if there is corruption involved, even if it does not meet the quality standards of the importing country.

As inspections can take place at all stages of the TBM of waste chain, so can corruption (see Figure 3). Officials responsible for ensuring compliance with the applicable rules at the waste’s point of origin, transit or destination can be pressured or otherwise persuaded not to carry out the required inspections, or to turn a blind eye to non-compliance. This can include people in a variety of positions: politicians, environmental authority officials, customs or border control officials, police officers, port authority officials, health and safety inspectors, other law enforcement officials, as well as prosecutors and judges.



Figure 3 Key stages of corruption risk in the waste management chain.

Source: Isarin et al. (2023)

CASH IN THE TRASH: THE ROLE OF CORRUPTION, ORGANIZED CRIME AND MONEY LAUNDERING IN WASTE TRAFFICKING

For example, permits to import and export waste, and licenses for storage and processing facilities can be obtained illicitly through bribery or extortion. Corrupt officials may “overlook” or even facilitate the submission of fraudulent or inadequate documentation. They may also overlook irregularities, such as cases where waste treatment facilities do not meet environmental standards or lack adequate capacity to treat waste.

During the monitoring and compliance stage, inspectors can be bribed, for example to falsify inspection reports to give the illusion of compliance with regulations (such as the Basel Convention or national laws). Bribery can also lead to manipulation of waste classification to avoid inspection procedures, or in a misallocation of resources, diverting funds and manpower away from monitoring waste imports or exports or waste treatment facilities.

Enforcement can be selective or it can be recorded without actually taking place, allowing some actors to operate without scrutiny or real oversight. Corruption can also occur at the prosecution stage, with methods such as obstruction of justice, bribery, tampering with evidence and other methods potentially used in waste trafficking cases. There have so far been few successful prosecutions of waste trafficking worldwide.



BOX 1: OFFICIALS LINKED TO WASTE TRAFFICKED FROM CANADA TO THE PHILIPPINES

Between 2013 and 2014, more than 100 containers of waste were shipped from Canada to the Philippines. The waste had been declared as recyclable plastic scrap, but examination of the containers revealed the contents to be a mixture of hazardous and household waste. In 2018, the Office of the Ombudsman in the Philippines found probable cause to charge an official of the Department of Environment and Natural Resources (DENR) with mishandling the import of the containers of waste from Canada. The DENR had issued six import clearances to the importer, despite an existing notice against the importing company for violating laws regarding the importation of heterogeneous and assorted plastic materials. Subsequently, in 2020, the National Bureau of Investigation (NBI) of the Philippines filed graft and environmental crime complaints against eight officials from the DENR and the Bureau of Customs who authorized illegal waste shipments for import in the Philippines. After a nine-month investigation, the NBI found all eight officials responsible for wrongly issuing import clearances for the import of scrap plastic materials, despite the importer's failure to complete requirements in its application for clearance to show that it was capable of recycling the materials imported.

The customs officials involved reportedly only imposed a fine of Pt 50,000 (\$885) to the faulty waste importer, then the officials issued another import clearance for the same non-compliant importer while the waste was already in the Philippines. The NBI said the officials should not have issued another import clearance, noting that any import clearances for recyclable materials must be issued 30 days before import but that in this case, the clearance had been issued after arrival of the shipment.

The waste was shipped back to Canada in 2019.

This case highlights how government authorities responsible for environmental protection, customs and border control can inadvertently facilitate illegal trade by authorizing and clearing imports that should be prohibited from entering the country. Furthermore, the authorization of a known non-compliant waste importer, coupled with low penalties, exacerbates the issue. In this instance, the alleged corruption occurred within the monitoring, compliance and enforcement stages.

Sources:

Bueta, Gregorio Rafael P. (2020). *Waste Trade in the Philippines: How Local and Global Policy Instruments Can Stop the Tide of Foreign Waste Dumping in the Country*. Greenpeace and EcoWaste Coalition. <https://www.greenpeace.org/static/planet4-philippines-stateless/2020/03/da311344-waste-trade-in-the-philippines-report-v2.pdf>

Office of the Ombudsman (Philippines) (2018). *DENR Exec to Face Graft Charge for Canadian Trash Mess. 29 June 2018*. <https://www.ombudsman.gov.ph/denr-exec-to-face-graft-charge-for-canadian-trash-mess/>.

Pulta, Benjamin (2020). *DENR, Customs Execs Face Raps Over Canada Garbage Mess*. Philippine News Agency. 23 January 2020. <https://www.pna.gov.ph/articles/1091753>.

BOX 2: Media reports of waste trafficking and alleged corruption – False import declarations for e-waste

In a case reported by the media in one of the countries in Southeast Asia in 2018, e-waste was imported under false import declarations and with the intention of avoiding tax requirements by factories. About 10 companies dealing in electronics components were suspected of importing the waste for the purpose of incineration, recycling or landfilling. It was alleged that government authorities may have been involved in aiding the illegal waste shipment.

There is currently no publicly available information regarding any subsequent investigation or legal action taken in this case. If the allegations against authorities are accurate, corruption may have occurred at the stage of import clearance. In such a scenario, relevant authorities could have purposely neglected to fulfil their official duties, potentially even assisting with false import declarations.

Source:

Thai PBS (2018). <https://news.thaipbs.or.th/content/272431>. (in Thai)



1.2. The challenge of corruption

In analysing corruption as a facilitator of crimes, it should be noted that there is no single, universally accepted legal definition of corruption. While a legally binding anti-corruption instrument does exist – the United Nations Convention against Corruption (UNCAC)⁴ – UNCAC *does* not provide a definition of corruption, recognizing that corruption is a continuously evolving phenomenon affected by various factors. The Convention instead offers a list of universally-agreed upon corruption and related offences and allows each State party to the Convention to go beyond the minimum standards expressed (for the full list of corruption and related offences, see Box 3).

Key Chapters of UNCAC

- **Chapter II:** Preventive measures
- **Chapter III:** Criminalization and law enforcement
- **Chapter IV:** International cooperation
- **Chapter V:** Asset recovery

Figure 4 Key chapters of UNCAC, the only legally binding anti-corruption instrument in the world.

Source: UNODC

UNCAC is in fact the only legally binding anti-corruption instrument in the world, and UNODC is the guardian of this instrument. Adopted by the General Assembly in October 2003, the Convention entered into force in December 2005. To date, there are 190 parties to UNCAC, a number that represents a groundbreaking commitment to tackle corruption. All ASEAN Member States are also State parties to UNCAC.

UNCAC is unique in its holistic approach, adopting prevention and enforcement measures, including mandatory requirements to criminalize corrupt conduct. The Convention also reflects the transnational dimension that corruption might have, providing an international legal basis to enable international cooperation and recovery of proceeds of corruption (i.e. stolen assets). In addition, it emphasizes the important role of government, the private sector and civil society in the fight against corruption. Of particular importance is the UNCAC peer review mechanism, which helps State parties assess their national anti-corruption laws, processes and institutions, and enables them to learn from and assist each other. UNCAC thus provides a comprehensive framework for State parties to prevent and combat corruption.

1.3. Preventing corruption

UNCAC emphasizes prevention as the best way to combat corruption. The measures covered in the Convention's "Chapter II: Preventive measures" are aimed at hindering corruption in both the public and private sectors. The measures include: developing and implementing anti-corruption policies; maintaining a body or bodies to implement these anti-corruption policies and to share anti-corruption knowledge; maintaining appropriate systems for the recruitment, hiring and promotion of public officials; and ensuring transparency in the funding of political parties and candidates. Further measures include preventing conflicts of interest and maintaining codes of conduct for public officials; enabling the reporting of corrupt conduct; maintaining financial and other disclosures by public officials; and enforcing appropriate disciplinary measures.

In addition, the Convention requires effective procurement systems based on transparency, competition and objective criteria in decision-making; transparency, accountability and integrity in the management of public finances; and transparency in public administration, including access to information. It also requires the integrity and independence of the judiciary and prosecution services; prevention of corruption in the private sector; promoting the participation of civil society and individuals in the fight against corruption; and prevention of money laundering. Preventive measures are also crucial in addressing corruption in the waste trade.

While these are general measures, many of them can be implemented to reduce the risk of corruption in the waste management chain. By focusing on corruption prevention in waste trafficking, countries can reduce the environmental and human health impacts, while decreasing economic losses and opportunities for tax evasion, thereby increasing revenues.

They can also ensure a more level playing field for the private sector by limiting unfair advantages in obtaining contracts or licenses, and they can reduce leakages of public funds intended for essential services (e.g. health, education, waste) or infrastructure (e.g. roads).

Adequate legislation is the first step in establishing measures to prevent corruption in waste trafficking. All ASEAN member states have ratified or acceded to the UNCAC and taken steps to implement the Convention (see Figure 5). Many have established anti-corruption agencies and passed national legislation to criminalize corrupt acts.⁵ This is important because it provides a basis for enforcement efforts and enhances transparency and accountability of government bodies.⁶ Indeed, transparency, accountability and integrity are often seen as proxies for the absence of corruption, as they contradict the abuse of power.⁷

UN Convention against Corruption in the ASEAN Member States		
ASEAN States parties to UNCAC		Date of ratification/ accession
 Brunei Darussalam		2 December 2008
 Cambodia		5 September 2007
 Indonesia		19 September 2006
 Lao People's Democratic Republic		25 September 2009
 Malaysia		24 September 2008
 Myanmar		20 December 2012
 Philippines		8 November 2006
 Singapore		6 November 2009
 Thailand		1 March 2011
 Viet Nam		19 August 2009

Figure 5 ASEAN State parties to UNCAC.

Source: UNODC

In addition to having anti-corruption legislation in place, countries should mandate their anti-corruption bodies to independently investigate cases of possible corruption, including cases related to waste trafficking. It is also important to develop and implement anti-corruption and integrity policies at customs administrations or environmental inspectorates. Further precautions include implementing a staff rotation system or a clear code of conduct for public officials: see UNCAC Article 7 on the public sector, including sub-paragraph 1(b): “adequate procedures for the selection and training of individuals for public positions considered especially vulnerable to corruption and the rotation, where appropriate, of such individuals to other positions”, and Article 8 on codes of conduct for public officials. Staff rotation, for example, is in place in Vietnam and Sri Lanka, and can help to prevent corruption in general, by reducing the opportunities for officials to develop close relationships with businesses or individuals who may seek to bribe them. Clear codes of conduct can help to ensure that public officials are aware of the ethical standards they are expected to uphold. Other measures to prevent corruption in waste trafficking include:

- Transitioning to digitalization of procedures (e.g. customs procedures). This can help to reduce human intervention in permitting and clearance processes. For example, in Malaysia, paper and metal waste and scrap can only be imported upon completion of the online e-permit process. If all the requirements for the e-permit are met, a Certificate of Approval (COA) is issued. Customs can only clear the import of paper and metal waste and scrap with a valid COA.
- Increasing awareness of the risks of corruption in waste trafficking. This can be done through advocacy and training of law enforcement officials⁸, and the

participation of society (see UNCAC Article 13). By understanding how corruption works in this context, officials will be better equipped to detect and prevent it.

- Criminalizing the practice of corruption. As noted above, the UNCAC requires State parties to criminalize universally agreed corruption offences. Countries should ensure that their laws and policies are in line with the UNCAC and that they are effectively enforced.

1.4. Criminalization and law enforcement

While preventing corruption is fundamental, the ability to enforce the rules and hold people accountable is critical to anti-corruption efforts. The Convention addresses the criminalization of a range of corrupt actions (Chapter III: Criminalization and law enforcement) including bribery, embezzlement and misappropriation (in both the public and private sectors), trading in influence, abuse of functions, illicit enrichment, as well as corruption-related offences such as money laundering, concealment and obstruction of justice (see Box 3 for some of the key corruption offences).

Effective law enforcement is critical to the investigation and prosecution of corruption. For this reason, UNCAC provides for a range of enforcement methods, including: freezing, seizure and confiscation of the proceeds of corruption; protection of witnesses and whistleblowers; maintenance of a dedicated law enforcement capacity; possibility of cooperation with national authorities; waiver of bank secrecy provisions to enable the investigation and prosecution of criminal offences; and possibility of cooperation between national authorities and with the private sector. The Convention also provides guidance on the liability of legal persons as

well as on prosecution, adjudication, application of sanctions and compensation for damages.

1.5. International cooperation

Given the transnational dimension that corruption can have (as is often the case with waste trafficking), State parties are *required* to cooperate in criminal matters relating to corruption and *encouraged* to cooperate in civil and administrative proceedings. UNCAC also allows for extradition and mutual legal assistance in the investigation and prosecution of corruption offences. The Convention itself can be used as a legal basis for international cooperation. Law enforcement cooperation is central to UNCAC, with the Convention addressing joint investigations and the use of special investigative techniques. Other forms of cooperation covered by the Convention include the transfer of sentenced persons and criminal proceedings.

BOX 3: CORRUPTION AND RELATED OFFENCES AS OUTLINED BY UNCAC



- Bribery of national public officials (Article 15)
- Bribery of foreign public officials and officials of international organizations (Article 16)
- Embezzlement, misappropriation or other diversions of property by a public official (Article 17)
- Trading in influence (Article 18)
- Abuse of functions (Article 19)
- Illicit enrichment (Article 20)
- Bribery in the private sector (Article 21)
- Embezzlement of property in the private sector (Article 22)
- Money laundering (Article 23)
- Concealment (Article 24)
- Obstruction of justice (Article 25)

Source:

UNODC (n.d.). United Nations Convention against Corruption. https://www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf.

“Environmental criminals make use of corruptive practices at different levels and on a variety of targets (i.e. local authorities, accreditation bodies and border customs officers) to facilitate their transborder activities. Sometimes they even integrate them within the criminal network. Compared to other organised crime activities, environmental criminals are the ones who make the greatest use of corruptive measures for the perpetration of their criminal business.”

Source: Europol (2022), p. 11

2. INVOLVEMENT OF ORGANIZED CRIME IN WASTE TRAFFICKING

This section provides an overview of organized criminal group (OCG) involvement in waste trafficking. There is little comprehensive data on this at the global level, and almost none related to the ASEAN region. However, some indications of the modus operandi employed by OCGs in this context can be drawn from international literature on the topic and from cases from other regions.

Actors involved in waste trafficking can range from individual traders or opportunistic legitimate business owners/operators (usually

responsible for minor unintentional violations or non-compliant actions) to more structured OCGs that deliberately engage in illegal activities.⁹ One reason for the lack of reliable statistics and data on OCG involvement in waste trafficking is the diversity of legal responses to crimes that affect the environment. Such crimes, which include waste trafficking, often fall under administrative and civil law, rather than criminal law, and there is a lack of recognition of crimes that affect the environment as “serious crime”.¹⁰



BOX 4: UNTOC DEFINITIONS OF ORGANIZED CRIMINAL GROUP AND SERIOUS CRIME

Article 2(a) of the United Nations Convention against Transnational Organized Crime (UNTOC) defines “organized criminal group”, for the purposes of the Convention, as: “a structured group¹¹ of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes....in order to obtain, directly or indirectly, a financial or other material benefit.”¹²

Article 2(b) defines “serious crime”, for the purposes of the Convention, as “conduct constituting an offence punishable by a maximum deprivation of liberty of at least four years or a more serious penalty.”

Source:

UNODC (n.d.) *United Nations Convention Against Transnational Organized Crime and the Protocols Thereto*. <https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf>.

Nonetheless, there has been a number of reports of waste trafficking involving OCGs in recent years, with several countries collecting evidence of OCG involvement in the illegal trade and management of plastic waste.¹³ According to INTERPOL, the nature of the trade and the number of people that need to be involved suggest that waste trafficking is necessarily both *transnational* and *organized*. The offence may be committed either at a single stage of the shipment, such as when an unlicensed importer forges their own license documentation, or at multiple stages of the shipment, with the exporter, shipping line and importer working together with a transnational OCG or network.¹⁴

2.1. Two main criminal structures

In its 2022 Strategic Report,¹⁵ INTERPOL describes two main criminal structures involved in waste trafficking: OCGs and legitimate companies engaging in illegal business practices (see Figure 6).

OCGs that infiltrate the waste management sector are usually hierarchical in structure, with

a centralized decision-making process and a strict chain of command. This, along with relatively simple logistics and a limited number of stakeholders, allow OCGs to manage the entire crime cycle. They commit mainly illegal waste disposal, sometimes accompanied by waste trafficking, fraud and racketeering.¹⁶

The second criminal structure may involve legitimate companies that operate in the environmental compliance sector but engage in illegal business practices to increase their profits or cut costs. From an organizational standpoint, they may appear as more flexible and decentralized chains of individuals or clusters of various companies/criminal groups. This structure is better suited for the purpose of trafficking waste across borders. The complex logistics of transnational waste trafficking requires a more sophisticated division of roles among criminal actors, who may have diverse capacities and expertise, and who cooperate opportunistically at different stages of the criminal activity. The infiltration of legitimate businesses by criminal enterprises reveals a certain level of sophistication and professional competence among offenders.¹⁷

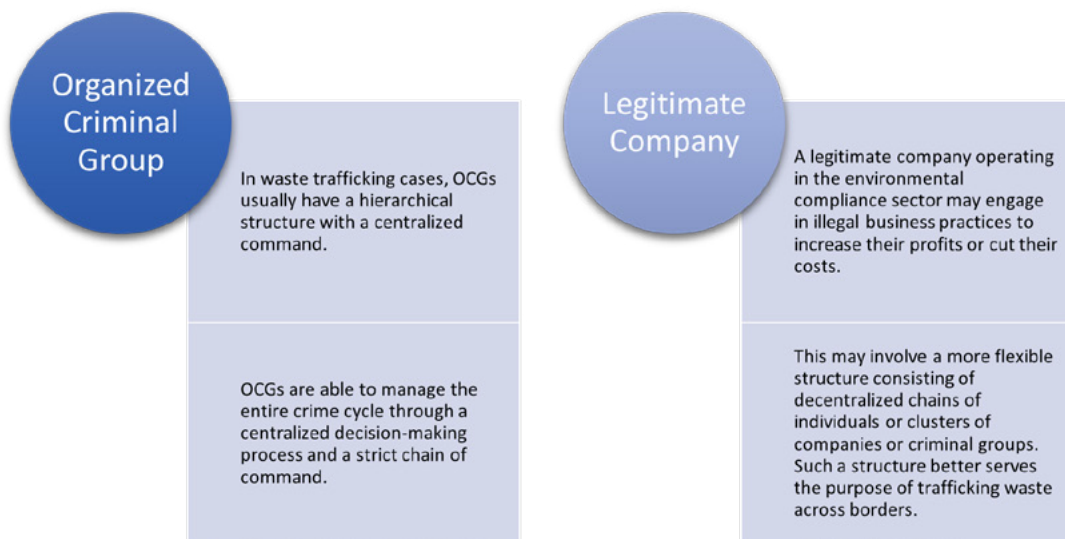


Figure 6 The two main criminal structures involved in waste trafficking.

Source: INTERPOL, UNITAR elaboration

2.2. Profitable and low-risk

As an extremely profitable and low-risk business, the waste management sector provides criminal groups and networks with the opportunity to diversify their activities and launder their profits. The large quantity of waste generated by industrial production processes and households in industrialized countries (see e.g. figures on waste generation in Europe¹⁸) has led to growing demand for waste management and disposal services. Stricter regulations and rising costs to legally dispose of waste are tempting industries to opt for cheaper alternative waste management suppliers that may however engage in illegal or unethical practices.

In 2020, UNODC, Canada and Ireland co-chaired the Financial Action Task Force (FATF) work on environmental crime and money laundering. The resulting report noted that “criminal syndicates play a significant role in waste trafficking in many advanced economies. This includes organized crime groups owning or operating legitimate front companies in waste management, but which do not operate as stated. Instead, they often use sub-

standard disposal or storage processes. These companies may engage in fraud to secure contracts for waste disposal and then illegally dumping, resulting in illicit proceeds – while also costing the government millions in clean-up costs.”¹⁹ Criminals legally register companies which then act as brokers or “facilitators” for waste management and disposal services. These companies often offer lower prices than competitors that offer legal waste disposal.

To avoid detection, a common modus operandi used in waste trafficking is for companies to “frequently change management and terminate after a short period of activity, while a new trading entity, created by the same group of suspects, takes over the business.”²⁰ In some cases, criminals operate at different stages of the waste cycle in multiple jurisdictions, which helps them to avoid detection and further complicates law enforcement efforts. In the most large-scale and complex cases, OCGs control the entire processing cycle, from source to destination. These groups have significant human and financial resources.²¹

OCGs involved in this type of crime often commit other offences, including offences



Figure 7 How Organized Criminal Groups (OCGs) traffic waste.

Source: as cited, with UNITAR elaboration

that constitute serious crime under the United Nations Convention against Transnational Organized Crime (UNTOC). They may “engage in large-scale fraud, threaten and intimidate legitimate competitors, disregard environmental and safety regulations, and feed an illegal economy that draws on modern slavery in some cases.”²²



BOX 5: OPERATION GREEN TUSCANY

In 2019, a joint law enforcement operation by Italy, Slovenia and Europol dismantled a large OCG that trafficked plastic waste from Italy to China through Slovenia. The law enforcement operation, named Operation Green Tuscany, resulted in the arrest of 96 people (74 Italian and 22 Chinese nationals).

The waste was first sent to Slovenia, where Slovenian companies provided Italian companies with forged documents stating that the imported waste had been recycled. The shipments were then sent to China. On some occasions, the transporters received the false documents before the shipments had even arrived in Slovenia.

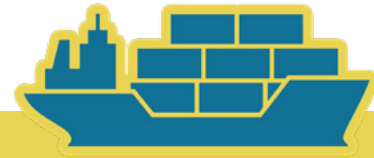
The investigation revealed that the OCG behind this scheme was composed of a network of individuals responsible for specific steps in the trafficking operation. The Chinese suspects based in Italy maintained strong ties to individuals in China, the destination country, while working with Italian and Slovenian criminals. The criminals included two representatives affiliated with the Camorra Italian organized crime group, who were operating in the textile waste sector and subsequently arrested for usury and extortion.



Source:

Europol (2019). Trash Worth Millions of Euros. 18 September 2019.

<https://www.europol.europa.eu/media-press/newsroom/news/trash-worth-millions-of-euros>.



BOX 6: OPERATION 30 DAYS AT SEA

Operation 30 Days at Sea 3.0 saw 300 agencies across 67 countries join forces against marine pollution in March 2021. The operation resulted in an unprecedented 34,000 inspections and identified 1,600 marine pollution offences. It also uncovered 130 cases of waste trafficking at various ports. Europol and Frontex coordinated the European leg of the operation, as part of the European Multidisciplinary Platform Against Criminal Threats (EMPACT) action plan on environmental crime, while INTERPOL coordinated the global activities.

The operation uncovered a major criminal network trafficking plastic waste between Europe and Asia, triggering cooperation between authorities from both regions. Twenty-two suspects were arrested and thousands of tonnes of waste were prevented from being illegally shipped to Asia.

Several countries in Europe, Asia and Africa reported illegal shipments of contaminated or mixed metal waste falsely declared as metal scrap. In one case, the Italian Coast Guard seized and prevented 11,000 tonnes of metal scrap mixed with plastic, rubber, mineral oil and other contaminants from being loaded onto bulk carriers headed for Turkey. Namibia, the Philippines and Croatia also reported cases of illegal waste shipments from Europe. Growing trends included an increase in Covid-19 disposable items such as masks and gloves.

According to INTERPOL, criminals had been quick to exploit growing vulnerabilities in environmental security and the reduced risk of detection during the Covid-19 pandemic, when Operation 30 Days at Sea 3.0 took place.

INTERPOL's findings and conclusions are consistent with those of other law enforcement authorities in Southeast Asian countries – that criminals operating in the waste sector are testing vulnerabilities at all levels, exploiting legislative and enforcement gaps to their advantage, and adapting quickly to new measures put in place, for example by renaming or creating new companies or changing location.

Sources:

INTERPOL (2021). *Operation 30 Days at Sea 3.0 Reveals 1,600 Marine Pollution Offences Worldwide*. 29 April 2021. <https://www.interpol.int/News-and-Events/News/2021/Operation-30-Days-at-Sea-3.0-reveals-1-600-marine-pollution-offences-worldwide>.

Europol (2021). *1,600 Offences Detected in a Global Operation Against Marine Pollution*. 29 April 2021. <https://www.europol.europa.eu/media-press/newsroom/news/1-600-offences-detected-in-global-operation-against-marine-pollution>.

National and regional meetings of the *Unwaste* project.

3. MONEY LAUNDERING AND WASTE CRIME

One way to slow the growth of OCGs is to target their profits and finances. This would undermine the profitability of their criminal operations and reduce their incentives and ability to engage in criminal activity. However, identifying profits from waste trafficking is difficult, mainly because they are mixed into legitimate bank accounts with gains from the legal waste trade, for example using shell companies.²³ In other words, the money is laundered, which is the conversion of the proceeds of crime to disguise their illegal origin.²⁴

UNTOC promotes international cooperation to deter, detect and combat money laundering schemes linked to waste trafficking and

to investigate, prosecute and punish those responsible (see Box 7). In practice, however, successful international cooperation in this field remains challenging, due in part to different national legal and/or procedural frameworks.²⁵

3.1. Stages of money laundering

Money laundering typically takes place in three stages: *placement*, *layering* and *integration*. Placement involves removing the funds from direct association with the crime; layering involves creating complex financial transactions to disguise the source and ownership of the funds; and integration involves making the money available to the criminals again by introducing it back into the economy, but now from seemingly legitimate sources (see Figure 8).

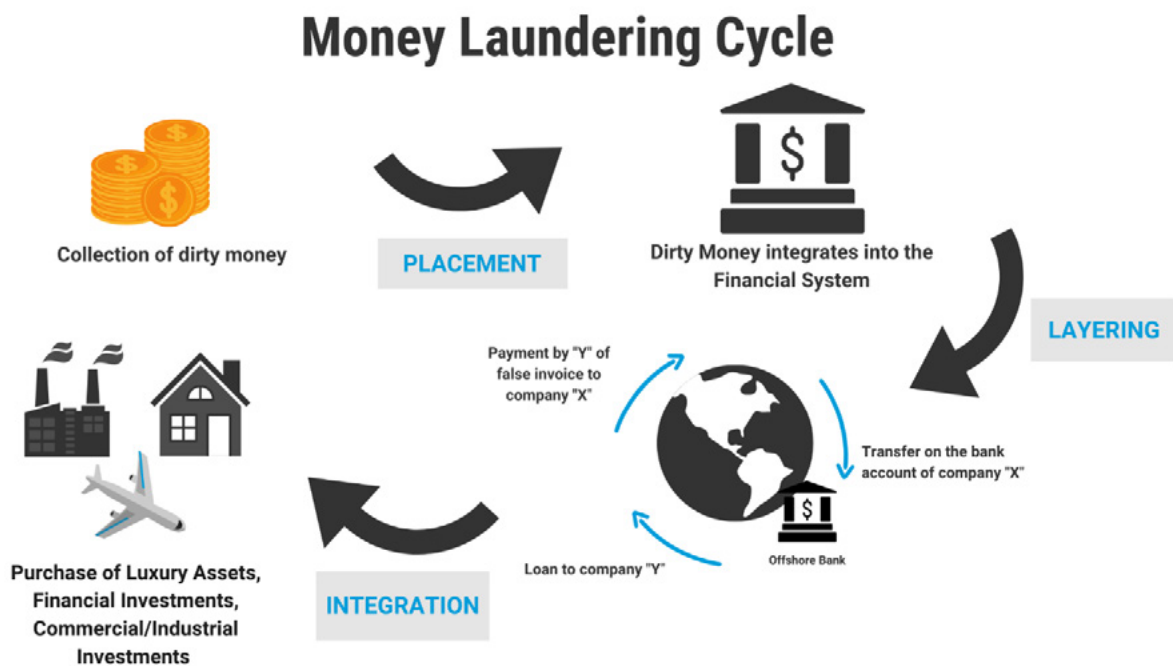


Figure 8 Money laundering typically involves three stages: placement, layering and integration.

Source: UNODC

“The ‘low risk, high reward’ nature of environmental crime makes for a lucrative and safe source of revenue for criminals. This is partly due to a regulatory and legal environment that is not always consistent globally and does not fully address the financial aspects and money laundering (ML) risks of these crimes.”

Source: FATF (2021), p. 3

3.2. Money laundering and UNTOC and UNCAC

Both UNTOC and UNCAC require State parties to criminalize money laundering offences. Under Article 7(4), UNTOC requires State parties to “endeavour to develop and promote global, regional, subregional and bilateral cooperation among judicial, law enforcement and financial regulatory authorities in order to combat money-laundering.” UNCAC covers offences committed in support of corruption, including money laundering, and it also emphasizes the need for international cooperation in the investigation and prosecution of offenses covered by the convention.

The evidence suggests that money laundering from waste trafficking is a growing problem. In 2021, the US Financial Crimes Enforcement Network (FinCEN) issued a Notice²⁶ calling attention to a rising trend in crimes that affect the environment and associated illicit financial activity, and requiring financial institutions to file a specific suspicious activity report on these crimes. According to the aforementioned FATF report, the amount of money generated through illegal waste trafficking worldwide is estimated at \$10–12 billion per year.²⁷ Europol states that “in 2020, the annual revenues for the trafficking of hazardous waste in the EU were estimated at between €1.5 billion and €1.8 billion, while the profits generated by trafficking of non-hazardous waste ranged between €1.3 billion and €10.3 billion.”²⁸ The European Commission

estimates that illegal waste shipments within the EU, and between third countries and the EU, represent around 15–30% of the total EU waste trade, generating €9.5 billion in annual revenues from the illegal waste market in the EU alone.²⁹ The proceeds from waste trafficking are often combined with profits from the legal trade in waste, however, making it difficult to detect how much money is being laundered.

In addition, not least because they have to transport massive quantities of physical materials, OCGs that carry out waste trafficking on a large scale often have to rely on specialized service providers, such as “technical, legal and financial specialists, brokers, and professional money launderers.”³⁰ The size and sophistication of laundering techniques varies depending on the criminal activity and the amount laundered. In general, money laundering schemes may involve cash, gold, real estate, luxury goods or cryptocurrencies. In addition, criminals are likely to open multiple bank accounts located in various jurisdictions, especially in tax havens.³¹ In the documented cases of money laundering linked to waste trafficking, the OCGs used shell companies, cash withdrawals and bank accounts located in various countries.

For example, in 2006, an Italian crime group was found to have been involved in the illegal dumping of toxic waste in southern Italy. Using a web of shell companies, they laundered the proceeds, estimated at more than €1 billion from these activities.³² In another investigation



BOX 7: CRIMINALIZATION OF THE LAUNDERING OF PROCEEDS OF CRIME PURSUANT TO UNTOC AND UNCAC

Article 6, Paragraph (1) (a) (i) of UNTOC and Article 23, Paragraph (1) (a) (i) of UNCAC require the criminalization of the conversion or transfer property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the 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 action.

Article 6, Paragraph 1 (a) (ii) of UNTOC and Article 23, Paragraph (1) (a) (ii) of UNCAC require the criminalization of the concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime.

Article 6, Paragraph 1 (b) (i) of UNTOC and Article 23, Paragraph (1) (b) (i) of UNCAC require the criminalization of the acquisition, possession or use of property, knowing, at the time of receipt, that such property is the proceeds of crime.

Article 6, Paragraph 1 (b) (ii) of UNTOC and Article 23, Paragraph (1) (b) (ii) of UNCAC require the criminalization of participation in, association with or conspiracy to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the offences established in accordance with Article 6.

Sources:

UNODC (n.d.). United Nations Convention Against Transnational Organized Crime and the Protocols Thereto. <https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf>.

UNODC (n.d.). United Nations Convention Against Corruption. https://www.unodc.org/pdf/corruption/publications_unodc_convention-e.pdf.

in Italy, a company operating in the metals and waste disposal sector carried out transactions totalling around \$14.2 million (€12 million) with firms previously investigated for illegal waste trafficking to East Asian countries. The company was used to launder money for criminal organisations. The money was laundered by exchanging financial flows through prepaid cards and cash withdrawals and transferring them to foreign entities.³³

In 2023, in collaboration with Eurojust and Europol, Italian and German law enforcement authorities successfully dismantled an

OCG believed to be involved in illegal waste trafficking, false invoicing and money laundering across multiple European countries. A fake German company linked to the OCG leader issued false invoices for non-existent scrap iron. The leader and network members funnelled up to €70 million, withdrawn in cash from German accounts, into Italy. The money was moved among fictitious OCG-managed companies in various countries. Profits funded illegal waste trafficking or were laundered through activities such as the purchase of an Italian football team.³⁴

3.3. Money laundering schemes used for waste trafficking

3.3.1. Shell companies

Shell companies are often used as a tool for laundering the proceeds of waste trafficking. Unlike front companies, which are fully functioning businesses used to disguise illicit financial activities, shell companies exist only on paper and have virtually no real business operations. In the context of waste trafficking, the individuals or organizations involved may set up shell companies to create the appearance of legitimate waste management operations. By channelling the proceeds of the illegal trade through these companies, criminals can disguise the money trail and make it extremely difficult for authorities to trace the funds back to their illicit origins. Some authorities in destination countries have been confronted with cases of illegal waste shipments where the companies involved were untraceable, non-existent or bankrupt.

3.3.2. Trade-based money laundering

Trade-based money laundering is another common method used by criminals to launder the proceeds of waste trafficking. This technique involves the manipulation of international trade transactions to disguise the origin and movement of illicit funds.³⁵ In the context of waste trafficking, criminals can engage in trade-based money laundering by inflating or undervaluing the price of waste shipments, falsifying invoices or misrepresenting the nature of the waste being traded. These are common methods used in waste trafficking cases identified in Southeast Asia and the EU. These deceptive practices allow criminals to move money across borders under the guise of legitimate trade, making it difficult for authorities to trace the illicit origin of the money. By exploiting the complexity and volume of international trade, criminals

can effectively launder the proceeds of waste trafficking while avoiding scrutiny by law enforcement authorities.

3.3.3. Offshore banking in tax havens

Offshore banking in tax havens provides an ideal environment for the misuse of funds and the laundering of the proceeds of waste trafficking. Tax havens offer a number of advantages to individuals and organizations seeking to conceal the source of their wealth, including strict financial secrecy, low or no taxation and lax regulatory oversight. Criminals involved in illegal waste trafficking can exploit these jurisdictions by setting up offshore bank accounts to receive and launder their illegal proceeds. They can manipulate the complex web of transactions, often involving multiple offshore entities, to disguise the source and movement of funds. Through this process, they can effectively cleanse and legitimize the tainted money, making it very difficult for the authorities to trace it back to its illicit origins.

4. FOCUS ON THE ASEAN REGION

Like any other “business”, the illegal waste trade has established routes and preferred destinations, depending on the type of waste. For example, Southeast Asia has been a known destination for illegal trafficking of plastic waste, while Africa is targeted for electric and electronic equipment (e-waste or WEEE).³⁶

Enforcement experts estimate that high import volumes and the detection of multiple illegal cases are indicators of OCG involvement. For example, Europol mentions that when China banned the import of plastic waste in 2018, OCGs had to turn their sights on other opportunities for waste trafficking, such as Malaysia, which was subsequently reported to have become the largest importer of

plastic waste in ASEAN.³⁷ Europol reports that Indonesia, Vietnam, Thailand and Taiwan Province of China are key destinations, with Singapore and Hong Kong (China) as key transshipment points, while criminal networks are also thought to target Bangladesh, India, Laos, Pakistan and – in spite of the ban – mainland China.³⁸ In consultations, government experts from Southeast Asia highlighted an increase in illegal waste imports into the region in the immediate period after the China ban. They also noted that the imports of some types of waste and (documented) illegal cases have decreased following policy reforms and enforcement measures in subsequent years. However, they emphasized that many challenges remain, and that international cooperation is key to bringing those involved to justice and to combatting waste trafficking in the region.

In terms of *modus operandi*, Europol found that European criminal networks traffic plastic waste by exploiting legitimate businesses, such as waste collection and recycling companies. The criminals often cooperate with international brokers that organize the illicit business with other criminal organizations located outside the EU. A common *modus operandi* is to reintroduce contaminated plastics into recovery processes by falsely declaring them as clean used plastics ready for recycling.³⁹

INTERPOL has also observed the infiltration of OCGs into the legal waste management and recycling sector in the ASEAN region.⁴⁰ For example, the sharp increase in plastic waste imports into Southeast Asia in 2018–2019 put severe pressure on the limited recycling capacity of emerging import countries, and criminals were found to exploit the infrastructure of legitimate businesses that had either exhausted their import quota or whose licenses had not been renewed. This is incentivized by the fact that companies that have been licensed by relevant government bodies are usually not investigated at customs unless there are specific risk indicators or if the

authorities have received specific information to do so. Even if a company's license has expired, the customs officers may not have the most up-to-date list. As a result of these practices, countries in Southeast Asia have put in place a series of regulatory and enforcement measures to prevent illegal waste entering their countries.

Similarly, according to INTERPOL, "it has been increasingly observed in Thailand that recycling facilities purposely avoid renewing their expiring licenses in order to cut costs, while maintaining import contracts with foreign export companies and even engaging in new ones."⁴¹ Thailand attempted to cease issuing new plastic import licenses in 2018, with a two-year grace period for existing licenses to expire.⁴² However, licensed factories in the customs free zone are exempt from this measure and are permitted to import clean, homogenous plastic scraps for the sole purpose of processing and re-exportation.⁴³ Additionally, Thailand revised its Factory Act in 2019 to permit existing factories to operate without an expiry date, instead of having to renew their licenses every five years.⁴⁴

These increased imports of plastic waste have in some cases challenged local storage capacity and led to an increase in illegal landfilling of untreated domestic plastic waste in importing countries.

With regard to e-waste, recent investigations have revealed complex criminal schemes organized by European networks to collect e-waste from several countries and ship it to Asia and Africa. For example, outdated solar panels are increasingly found to be illegally shipped from the EU to these regions,⁴⁵ in a process involving document fraud, criminals located in several EU Member States, multiple traders, waste treatment companies and front companies, logistics businesses, as well as intermediaries in transit and destination countries. As the number of obsolete solar panels is likely to rise in the near future, it is anticipated that this trend will also increase.

In terms of prosecution, the ASEAN countries surveyed are in a similar situation to other geographical regions, where prosecutions related to waste trafficking are very rare, if not non-existent.

As this section has demonstrated, the ASEAN region serves as a prominent destination for illegal waste trafficking, with criminal networks exploiting legal businesses and infrastructure to smuggle waste in this region. Malaysia, Indonesia, Viet Nam and Thailand, for example,

have faced challenges due to increased waste imports. While there are few cases showing the involvement of corruption, money laundering and OCGs in waste trafficking, it is estimated that the region remains vulnerable and is likely to be targeted by criminal groups. As the region plays a key role in the global waste trade, it is important to strengthen the existing measures to tackle corruption, transnational organized crime and money laundering in relation to waste trafficking.

5. POLICY IMPLICATIONS AND BEST PRACTICES

The above findings were presented to the authorities of selected ASEAN countries during the joint UNODC–UNEP *Unwaste* regional meeting held in June 2023 in Bangkok.^{46,47} Based on the findings from this report, the delegates formulated the following recommendations aimed at preventing corruption, transnational organized crime and money laundering associated with waste trafficking.

5.1. General recommendations to prevent waste crime

- Consider all aspects of corruption, money laundering and OCGs in the context of waste crime; bridge knowledge gaps by assessing scale and intersections through research and information sharing.
- Improve inter-agency communication through better information sharing between agencies with different expertise and mandates.
- Enhance capacity building by sharing techniques to fight corruption, money laundering and OCGs in the context of waste crime.

- Foster international cooperation between countries of origin, transit and destination as well as between importing and exporting companies to prevent waste crime-related issues.
- Establish adequate legal frameworks and increase intelligence sharing to collect and maintain information on beneficial ownership of companies.
- Encourage regular dialogues on *modus operandi*. Establish a task force model to obtain data and conduct analysis of selected cases post-interception (e.g. as a follow-up to the results of enforcement operations such as the WCO-led Operation DEMETER).⁴⁸
- Improve or create communication networks for the purpose of investigation and knowledge sharing. It is recommended to create a joint task force to track transactions and perpetrators.
- Involve prosecutors to bring criminals to justice.
- Consider giving the private sector actors operating in the waste sector the legal responsibility to conduct due diligence across their supply chain.
- Conduct joint investigations to detect the actors involved in fraudulent methods.
- Share best practices and cases.

5.2. Recommendations to prevent corruption

- As a government, adopt an integrated approach to assess corruption risks, identify weak links in the chain and draft appropriate responses. This approach should include tasks such as identifying weaknesses in various procedures (e.g. quality control, permit issuance, inspection and investigation); taking enforcement action; and developing policies, regulations and capacity building measures.
- Conduct research and generate intelligence to identify actors involved in corruption in the waste management chain.
- Develop codes of conduct and training materials with a specific emphasis on waste trafficking risks for anti-corruption and oversight authorities.
- Undertake corruption risk assessments in organizations to help them identify and mitigate potential vulnerabilities.
- Facilitate the reporting of corruption cases, through whistleblower protection legislation at national level, and increase transparency through freedom of information regulations.
- Join and make efficient use of relevant international cooperation networks such as the Global Operational Network of Anti-Corruption Law Enforcement Authorities (GlobE Network).

5.3. Recommendations to prevent Transnational Organized Crime

- Ensure that waste trafficking and related offences are punishable by maximum sentences of at least four years' imprisonment so that they meet the definition of "serious crime" under UNTOC, to enable the use of UNTOC as a basis for international cooperation in relation to such crimes.
- Share and use best practices to address gaps in national frameworks.⁴⁹
- Raise awareness about legal frameworks available for international cooperation on waste trafficking, including UNTOC.

5.4. Anti-money laundering recommendations

- Use financial monitoring to find the root of illegal waste activities.
- Focus on foreign-owned companies to follow the money.
- Better evaluate the nexus between following the money and waste flows.
- Identify the proceeds of crime, to open the door to investigations.
- Provide banks with more guidelines to enable

CONCLUSION

Global concern over the links between organized crime, corruption and money laundering in the waste trade has received increasing attention worldwide, including in the ASEAN region. The complexity of the waste trade, its high profit potential and limited dedicated enforcement capacity create a ripe environment for illegal activities. Corruption can occur at various stages of the trade, but also during the investigation and prosecution of waste crimes. In addition, OCGs operate as specialized brokers in waste trafficking, using sophisticated methods to evade traditional law enforcement methods. Money laundering further complicates the situation, with profits funnelled through various channels. International cooperation faces hurdles due to legal discrepancies and differing interpretations. Mutual legal assistance is hampered by these differences, which hinders efforts to identify the involvement of OCGs and combat waste trafficking effectively.

Despite these challenges, government and enforcement authorities in the Southeast Asia region are finding ways to move forward on this issue. Research is essential to understand the links between waste trafficking, corruption, organized crime and money laundering. In addition, at the national level, governments need to take a comprehensive approach and identify vulnerabilities across the waste trade value chain. This includes crafting effective policies, taking decisive enforcement action and building institutional capacity. International cooperation is also crucial, requiring initiatives such as regular dialogue, joint task forces, intelligence sharing and establishing communication networks for joint investigations and exchanging best practices.

ENDNOTES

1

Among others see Europol (2022). *Environmental Crime in the Age of Climate Change. Threat Assessment 2022*. https://www.europol.europa.eu/cms/sites/default/files/documents/Environmental_Crime_in_the_Age_of_Climate_Change_threat_assessment_2022.pdf, p. 14.

2

Isarin N, Baez-Camargo C, and A. Cabrejo le Roux (2023). *Environmental Corruption Deep Dive Series – Nexus Between Corruption and Waste Trafficking*. Basel, Switzerland: Basel Institute on Governance.

3

Under the Basel Convention, a transboundary movement means any movement of hazardous wastes or other wastes from an area under the national jurisdiction of one State, to or through an area under the national jurisdiction of another State, or to or through an area not under the national jurisdiction of any State, provided at least two States are involved in the movement.

See: <https://www.basel.int/Implementation/Controllingtransboundarymovements/Overview/tabid/4325/Default.aspx>.

4

UNODC (n.d.) *United Nations Convention against Corruption*. <https://www.unodc.org/unodc/en/treaties/CAC/>.

5

For more information, see UNODC (2024) *Turning the Tide: A Look Into the European Union-to-Southeast Asia Waste Trafficking Wave*, “Part 1: Legal Frameworks to Address Waste Trafficking in the ASEAN region: A Review and Gap Analysis”. https://www.unodc.org/documents/bmb/environmental-crime/FINAL_for_printing_-_Turning_the_tide.pdf

6

UNODC (2011). *Corruption, Environment and the United Nations Convention against Corruption*. https://www.unodc.org/documents/corruption/Publications/2012/Corruption_Environment_and_the_UNCAC.pdf.

7

UNDP (2015). *User's Guide to Measuring Corruption and Anti-Corruption*. <https://www.undp.org/sites/g/files/zskgke326/files/publications/Users-Guide-Measuring-Corruption-Anticorruption.pdf>.

8

UNODC and other international organizations such as the World Customs Organization (WCO) and the OECD have developed a range of materials and tools for assessing corruption risks and developing anti-corruption measures.

9

Among others see Huisman J. et al. (2015). *Countering WEEE Illegal Trade (CWIT) Summary Report, Market Assessment, Legal Analysis, Crime Analysis and Recommendations Roadmap*. https://weee-forum.org/wp-content/uploads/2021/07/CWIT-Summary-Report_Final_Medium-resolution.pdf. Lyon, France: CWIT.

10

Eurojust (2021). *Report on Eurojust's Casework on Environmental Crime*. https://www.eurojust.europa.eu/sites/default/files/assets/report_environmental_crime.pdf.

11

According to UNTOC Article 2(c), “structured group” shall mean a group that is not randomly formed for the immediate commission of an offence and that does not need to have formally defined roles for its members, continuity of its membership or a developed structure”.

12

UNODC (n.d.). *Transnational Organized Crime*. <https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf>

13

INTERPOL (2020). *Strategic Analysis Report. Emerging Criminal Trends in the Global Plastic Waste Market since January 2018*. <https://www.interpol.int/content/download/15587/file/INTERPOL%20Report%20criminal%20trends-plastic%20waste.pdf>, p.6

14

Ibid, p. 15

15

INTERPOL (2022). *Strategic Report. The Nexus between Organized Crime and Pollution Crime*. https://www.interpol.int/content/download/17946/file/INTERPOL%20Report%20OC-PC_Final.pdf.

16

Ibid, p. 9.

17

INTERPOL (2020), p. 6.

18

Among others, see European Environment Agency (2022). *Waste Generation in Europe. 28 June 2023*. <https://www.eea.europa.eu/ims/waste-generation-and-decoupling-in-europe> and World Economic Forum (2022). *Here's How Much Waste People in the EU Produced in 2020. 23 February 2022*. <https://www.weforum.org/agenda/2022/02/municipal-waste-european-union-eurostat-circular-economy/>.

19

FATF (2021). *Money Laundering from Environmental Crime*. <https://www.fatf-gafi.org/content/dam/fatf/documents/reports/Money-Laundering-from-Environmental-Crime.pdf>, p. 17.

20

Europol (2022), p. 14.

21

Ibid, p. 14.

22

Noel L. et al (2018). *Independent review into serious and organised crime in the waste sector*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915937/waste-crime-review-2018-final-report.pdf, p. 3.

23

FATF (2021), p.17.

24

UNODC (n.d.). *Money Laundering*. <https://www.unodc.org/unodc/en/money-laundering/overview.html>.

25

ADB-OECD (2017). *Mutual Legal Assistance in Asia and the Pacific: Experiences in 31 Jurisdictions*. <https://www.oecd.org/corruption/ADB-OECD-Mutual-Legal-Assistance-Corruption-2017.pdf>.

26

FinCEN (2021). *FinCEN Calls Attention to Environmental Crimes and Related Financial Activity*. FIN-2021-NTC4, 18 November 2021. <https://www.fincen.gov/sites/default/files/2021-11/FinCEN%20Environmental%20Crimes%20Notice%20508%20FINAL.pdf>.

27

FATF (2021), p. 16.

28

European Environmental Bureau 2020, *Crime and Punishment* (<https://eeb.org/?p=101230>), cited in Europol (2022), p. 13.

29

European Commission (2021). *Questions and Answers on New Rules on Waste Shipments*. 17 November 2021. https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_5918

30

Europol (2022), p. 7.

31

Ibid, p. 12.

32

Sanction Scanner. (n.d.) *Blog/FATF's New Report: Money Laundering from Environmental Crime*. <https://sanctionsscanner.com/blog/fatf-s-new-report-money-laundering-from-environmental-crime-452>

33

FATF (2021), p. 29.

34

Eurojust (2023). *Crackdown on a Criminal Network Dealing with Waste Trafficking and Money Laundering*. 16 February 2023. <https://www.eurojust.europa.eu/news/crackdown-criminal-network-dealing-waste-trafficking-and-money-laundering>.

35

FATF (n.d.). *Trade-Based Money Laundering*. <https://www.fatf-gafi.org/en/publications/Methodsandtrends/Trade-basedmoneylaundering.html#:~:text=For%20the%20purpose%20of%20this,to%20legitimise%20their%20illicit%20origins>

36

Europol (2022), p. 7.

37

Ibid, p. 16.

38

Ibid

39

Ibid

40

INTERPOL (2020), p. 36.

41

Ibid, p. 35.

42

Customs Department notification No. 59/2564 (2021). https://ctat.or.th/admin/fileuploads/contents/2021-05-13T10-27-41_T_0012.PDF

43

Ibid.

44

Factory Act (No.2) B.E. 2562 (2019). <https://www.diw.go.th/webdiw/wp-content/uploads/2023/01/17087275-2.pdf> (English version: https://www.jetro.go.jp/ext_images/thailand/e_activity/pdf/FactoryAct_02_2562.pdf)

45

Europol (2022), p.16.

46

UNODC (2023). *Joining Forces Against Waste Trafficking: Project Unwaste Holds First UNODC-UNEP Regional Meeting on Illegal Waste Flows*. <https://www.unodc.org/unodc/en/environment-climate/webstories/unwaste-regional-meeting.html>

47

The *Unwaste* project is working or consulting with government agencies in Indonesia, Malaysia, Thailand and Viet Nam.

48

Operation Demeter started in 2009, as a joint global Customs initiative targeting the illicit cross-border shipment of hazardous and other waste en route from Europe to countries in the Asia/Pacific region and Africa. The operation is focused on monitoring and controlling cross-border movements of environmentally sensitive commodities within the scope of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. From 2019, the scope of the operation expanded to movement of Ozone Depleting Substances regulated by the Montreal Protocol.

49

See UNODC (2022). *Combating Waste Trafficking. A Guide to Good Legislative Practices*. https://sherloc.unodc.org/cld/uploads/pdf/Combating_Waste_Trafficking_-_Guide_on_Good_Legislative_Practices_-_EN.pdf.



UNODC

United Nations Office on Drugs and Crime

United Nations Office on Drugs and Crime (UNODC)

United Nations Building, 6th Floor, Secretariat Building, Raj damnern Nok Avenue, Bangkok 10200, Thailand
Tel. (66-2) 288-2100 Fax. (66-2) 281-2129 E-mail: unodc-thailandfieldoffice@un.org

Website: <https://www.unodc.org/roseap/>

✕ @UNODC_SEAP



Funded by the
European Union