**Preventing the illicit use and trade of natural resources by terrorist organizations**



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# **Overview**

The use of proceeds from illegal trafficking and trade of natural resources by terrorist groups has grown to become an increasingly significant threat to global security. In its adopted resolutions 2195 (2014) (1), 2462 (2019) (2), and 2482 (2019) (3), the Security Council, in particular, the Counter-Terrorism Committee (CTC) and the CTC Executive Directorate (CTED), all expressed concern about this issue (4). Illegal trafficking is a topic that the Security Council has on several of its agenda items, where nations were urged to take action to stop the illegal trade in minerals, precious metals, oil, natural gas, and resources used in agriculture and fishing. Natural resource trafficking provides terrorist groups with a sizable source of income and frequently presents opportunities for funding both organized crime and terrorism. Armed groups and terrorist organizations do rely on environmental-based crimes to fund their operations, as the Financial Action Task Force (FATF) acknowledged in its report on money-laundering threats in July 2021 (5). The International Criminal Police Organization (INTERPOL) has also stated that "illicit trade in commodities" is one of the main ways that terrorist organizations are funded (6).

The natural resources that terrorists exploit can be divided into four main categories: oil and natural gas, natural resources used in agriculture and fishing, trade in wildlife, and minerals and precious metals, such as gold. According to the World Atlas of Illicit Flows, sales of illegally obtained oil and gasoline account for about 20% of the largest armed groups' revenue (7). Additionally, illegal taxation and extortion account for 17% of terrorists' income (7). Finally, the illicit charcoal trade accounts for about 1% of all terrorist funding (7). In 2014 and 2015, illegal oil and gasoline sales were the primary source of income for ISIL, one of the largest international terrorist groups. ISIL was able to generate a significant amount of income in the Syrian Arab Republic and the Republic of Iraq by producing and trading oil and natural gas (4). As recently as 2021, the FATF reported that ISIL was extorting funds from oil networks (8). Similarly, the terrorist organization AQAP is still attempting to seize control of ports along the Gulf of Aden as well as oil and gas infrastructure facilities (4).

The Lake Chad Basin region, which is primarily based on agriculture and fishing, has become a growing target for criminal organizations such as Boko Haram and ISWAP (4). These groups frequently impose taxation and extortion on businesses related to fisheries in this region. Boko Haram has also been accused of livestock theft in the Lake Chad Basin region. Water resources, according to some policymakers, can increase the risk of conflict. Terrorist organizations can also use this to undermine government institutions. In Iraq and Syria, ISIL has used water scarcity and control of water infrastructure to impose its will on communities (9). Wildlife trafficking is a well-known source of funding for terrorist organizations such as Boko Haram and Al-Shabaab (4). Many organizations propose a potential linkage between terrorism financing and environmental crimes such as poaching, selling, and/or trading protected species (4).

Many member states have reported that many minerals and precious metals are excavated regularly to fund terrorist groups in Africa, such as ISIL and Al-Qaida. According to a GIABA typology report on money-laundering and terrorism-financing links, Al-Qaida has used rough diamonds from West Africa to fund its operations since the 1990s (4). Illegal mining and the excavation of precious metals also pose significant risks to Latin America, particularly in Colombia and Peru.

Terrorists and criminal organizations can use detailed and intricate global trade systems to illegally trade, smuggle, exploit, and sell resources. This leads to the world's most dangerous terrorist organizations, such as ISIL, to receive funding for future attacks. Not only should such matters be viewed as an extremely high risk for LEDCs because they are most likely to be exploited by criminal organizations, but the security of countries targeted by these terrorist groups must also be cautious. Central Africa, the Horn of Africa, and the Middle East are examples of areas where terrorists are most active in the exploitation and trade of natural resources.

Any crime that generates profit can be used to fund terrorism, indicating that even countries with little to no risk of being attacked by a terrorist group can be used to fund other terrorist attacks (6). Thus, every member of the Security Council must put in the effort to disrupt terrorist operations to prevent future attacks regarding the illicit use and trade of natural resources.

# Definitions of important terms

**Financial Action Task Force (FATF)**

The FATF closely monitors money laundering and terrorist financing around the world. The FATF contributes to the identification of high-risk potential threats to international security. The issue of illicit use and trade of natural resources has been a high priority for the FATF, and they have been heavily involved in exposing terrorist organizations (10).

**The International Criminal Police Organization (INTERPOL)**

INTERPOL has helped reduce the risk of terrorist crime by revitalizing communication and cooperation between member countries' financial intelligence units (FIUs) and police and encouraging the sharing of intelligence and analysis (11).

**Terrorist organizations**

A terrorist organization is one that a court determines is linked to a terrorist act by planning or assisting in the execution of a terrorist act. Governments with regulations may also classify organizations as terrorists. ISIL, Al-Shabaab, AQAP, Boko Haram, ISWAP, and ADF are among the terrorist organizations directly involved in the illicit trade of natural resources (12).

**Natural resources**

Terrorist organizations will illegally extort, trade, and/or produce natural resources to fund organized attacks. Terrorists use four types of natural resources: oil and natural gas, natural resources used for agriculture and fishing, wildlife trade, and minerals and precious metals.

**Illicit Trade**

 The production and distribution of resources that are considered illegal by legislature. It can occur in either black markets or legitimate markets. Illicit trade causes economic damage and poses health and safety risks.

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# Timeline of key events

**December 2014 Resolution 2195 is passed**

The UN Security Council adopts Resolution 2195, which addresses the role of transnational crime in supporting terrorism. This resolution expressed concern that terrorists benefit from the “illicit trade in natural resources, including gold and other precious metals and stones, minerals, wildlife, charcoal, and oil.” (1)

**March 2019 - July 2019 Resolutions 2462 and 2482 are passed**

In 2019, the UN Security Council passed Resolutions 2462 (2) and 2482 (3). Resolution 2462 goes into greater detail about terrorist organizations' illicit use and trade of natural resources. This resolution also urged member countries to continue efforts to combat illegal natural resource trade "as part of broader efforts to ensure that illicit natural resource trade is not benefiting sanctioned entities, terrorist groups, armed groups, or criminal networks." Resolution 2482 also encourages member states to consider ratifying and implementing relevant global instruments, as well as participating in national, regional, and global initiatives aimed at building capacity to combat illicit natural resource trafficking.

**June 2022 Operation Trigger VIII (INTERPOL)**

 On June 30, 2022, INTERPOL coordinated a police operation in Central and West Africa to combat the illegal movement of firearms. Many natural resources were seized as a result of the operation, including gold and wildlife products. 45 tons of illegal goods were seized and linked to organized crime organizations. During the operation, over 26 kilograms of illegally mined gold were also seized. (13)

**October 2022 Security Council Meeting on Cross-Border Coordination**

On October 6, 2022, the Security Council held a meeting to improve communication among member states to reduce illegal trade in Africa. The key point of this meeting was that countries have the tools needed to reduce terrorist efforts but lack proper communication with other member states. According to speaker Paul Simon-Handy, the problem of reducing illegal trade within terrorist organizations is a "crisis of inaction, not a lack of instruments or tools.” (14)

**October 2022 Security Council Briefing in DRC about combating illicit trade in natural resources**

On October 26, 2022, the Secretary-General for the Great Lakes region briefed the Security Council on the ongoing illicit trade in natural resources in the DRC. Many armed groups in the DRC, such as the ADF, have exacerbated insecurity in the country and heightened tensions between countries along the Great Lakes. The briefing urged greater mobilization among regional actors and emphasized the critical importance of coordination among all forces operating on Congolese territory. (15)

# Position of key nations

### Democratic Republic of the Congo (DRC)

The DRC is currently seeing an increase in criminal organizations exploiting its natural resources. The DRC is part of the wide African Great Lakes Region, an area that terrorists are using for exploiting and trading high-value minerals for profit. In 2004, resolution 1533 for the DRC sanctions regime sought to impose additional security measures against the country for "supporting individuals or entities, including armed groups or criminal networks, involved in destabilizing activities in the DRC through the illicit exploitation or trade of natural resources, including gold or wildlife, as well as wildlife products." (16) The main terrorist organization affected by this was the Maia-Maia Apa Na Pale group and its allies, who illegally sold gold to Kalemie dealers and taxed coal from artisanal miners (16). However, in 2020, the ADF criminal organization was linked to illegally cultivating, harvesting, selling, and smuggling cocoa products. Several INTERPOL/UNSC-related notices were issued in 2021 regarding individuals and entities subject to sanctions imposed concerning illegal gold mining and trade in the DRC. Finally, during Operation Trigger VIII on June 13-19, 2022, the DRC reported the seizure of 141 elephant tusks, which were one of many illicit goods linked to a large network that supplied poachers with firearms and ammunition (13).

**Syrian Arab Republic and Republic of Iraq**

ISIL is regarded as the terrorist organization that poses the greatest threat to the global security of any other criminal group. This group has been exploiting the oil networks of Syria and Iraq, generating funds from these reserves as late as 2021. ISIL is also thought to be the wealthiest terrorist organization with a 2015 revenue of around 2 billion USD (17). A significant portion of these funds came from oil trafficking where ISIL was producing up to 75,000 barrels of oil and generating 1.5 million USD in revenue per day (17). However, the terrorist group suffered territorial losses between 2015 and 2017, resulting in lower income from oil trafficking. As recently as 2021, the FATF discovered that the group had in fact continued to generate funds in eastern Syria (8). It was also discovered that cash reserves accumulated during previous exploitation and trade may still be available to the terrorist group.

**Federal Republic of Somalia**

The terrorist organization Al-Shabaab, which is closely affiliated with the AQAP group, has been exploiting and illegally taxing Somalia for the illegal charcoal trade. Since 2011 and 2012, the criminal organization has levied a 2.5 percent tax on charcoal exported from six Somali ports (7). Since 2014, the group has raised the price of charcoal and generated between 7.5 and 15 million USD from checkpoints alone (7). Al-Shabaab also captured between 30 and 40 percent of all charcoal exports from Kismayo (7). As a result, they earned between 8.2 million and 9.8 million USD (7). Al-Shabaab's annual revenue is currently estimated to be around 10 million USD. In 2017, Al-Shabaab was responsible for over 4,500 deaths (7). Because of the higher rate of exploitation and trade, as well as the lack of precaution, the charcoal trade in general, but especially the illegal charcoal trade market, poses numerous environmental risks. As a result, African countries are extremely vulnerable to environmental issues such as deforestation.

**Republic of Colombia**

Colombia is currently experiencing an increase in illegal gold mining issues, which are funding the country's guerilla and military organizations. This is very likely to overtake drug trafficking as a new source of funding for armed groups. According to the UNODC, Colombia produces about 2% of the world's gold (18). In 2021, armed groups such as the ELN, AGC, and FARC illegally used more than 70% of the nearly 100,000 hectares registered by the UNODC for gold mining (18). The DTOC and GFI have discovered evidence that these organizations use gold exports to launder money on an industrial scale. This money laundering system would make this criminal activity more profitable than even drug trafficking, which has long been the largest contributor to Colombia's illegal economy. For the Colombian government, this type of illegal trade is extremely difficult to monitor. Many Colombian gold mines are located near the Colombian-Venezuelan border, allowing Colombian and Venezuelan criminal organizations to "layer" their money laundering and illegal trade networks (19). This makes it extremely difficult for the Colombian government to track down and seize illegal gold because criminal groups can use this layering system to pass their gold off as legal. After being fraudulently legalized, gold can be sold on the formal commodity market, making its way into the supply chains of many major countries (19). According to an assessment conducted in 2016 by INTERPOL and UNEP, illegal mining generates up to 48 billion USD in criminal proceeds per year (20).

# Suggested solutions

Only a few member states have formed public/private partnerships (PPPs) with one another to prevent and detect terrorism and the illicit trade of natural resources by terrorists. Many governments would benefit from establishing PPPs with a diverse range of other member states, including non-financial businesses and professions. Contacting businesses and companies involved in mining, fishing, and logging, as well as other stakeholders involved in distribution, would enable many countries to track terrorist activity in the natural resource trade. This would significantly impede many terrorist groups' efforts to raise funds for terrorist operations. Member states must also collaborate with environmental agencies by establishing intelligence-sharing networks that will allow these agencies to conduct investigations against terrorist groups and identify illicit financial flows that fund terrorist activity. (4)

The Security Council meeting on October 6, 2022, urged member states to improve cross-border coordination on the African continent. According to UNODC speakers, the security council should take a holistic approach that includes regulatory policies and law enforcement mechanisms, increased supply chain transparency, support for counter-terrorism frameworks, and finally cross-border coordination and information sharing. Because the majority of terrorist activity occurs in the African and Middle Eastern regions, member states in those regions must work closely together to reduce illegal trade activity. The UNODC's executive director, Ghada Fathi Waly, stated that stopping the illegal trade of natural resources goes far beyond border seizures, and that member states should be supported in developing policies and legislation to better address terrorist threats. (14)

Another potential solution to curb the illict use and trade of natural resources is to adopt digitalization within nations. Currently border control in many countries are still a human-intensive process, where the paperwork to process such trades from one country to another is done manually. Under these circumstances, human error becomes inevitable and the possibility of fraudulent trade rises. However, through the implementation of technology, not only does it improves the quality of risk assessment and inspection by border agencies, it can link to a customs management system to support customs officers, importers and exporters to ensure that legal trading is occurring. (27) Currently, due to the COVID-19 pandemic, challenges toward in-person trading systems have been posed, ultimately enforcing countries to look into the automation of trade permitting. Thus, in order to alleviate such crimes against the exploitation of natural resources, the use of technological advancements may serve to be a helping hand.

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