



APEC PATHFINDER DIALOGUE III

APEC PERU
2016

Strengthening the Fight against Illicit Trade and Corruption



Chairs' Summary Report

In Lima Peru, during the third Asia-Pacific Economic Cooperation (APEC) Senior Officials Meetings in 2016, the Governments of Peru and the United States co-hosted the APEC Pathfinder Dialogue III on Strengthening the Fight against Illicit Trade and Corruption throughout the Asia-Pacific Region. Over 120 delegates from APEC, the Association of Southeast Asian Nations (ASEAN), international organizations, the private sector, and civil society shared best practices, lessons learned, and proven methods to combat the devastating role of corruption in wildlife trafficking, environmental crimes, illegal mining and logging, illicit fisheries, and trafficking in persons. The Dialogue was co-chaired by Dr. Pablo Sanchez, Chair of the APEC Anti-Corruption and Transparency Experts Working Group (ACT) and Attorney-General, Peru, and the U.S. Pathfinder Coordinator, Mr. David M. Luna, Senior Director for National Security and Diplomacy, Bureau of International Narcotics and Law Enforcement, U.S. Department of State.

Participants

Keynote speakers and APEC fora leaders included Ambassador Liliam Ballon, Director of Environmental Issues, Ministry of Foreign Affairs, Peru; U.S. Ambassador to Peru, Brian A. Nichols; Mr. César Fourment, High Commissioner for Combatting Illegal Logging, Peru; Mr. Raul Salazar, APEC Senior Official and Ministry of Foreign Affairs, Peru; Commissioner Laode Syarif, Komisi Pemberantasan Korupsi (KPK), Indonesia; Mr. Krisitian Hölge, United Nations Office on Drugs and Crime (UNODC); Mr. Rodrigo Urquiza Caroca, Chair of APEC Mining Task Force; and Dr. Ruth Turia, Chair of the APEC Experts Group on Illegal Logging and Associated Trade (EGILAT). The American Bar Association's Rule of Law Initiative supported the Dialogue in collaboration with the UNODC and the Organization for Economic Co-operation and Development (OECD).

Combating Illicit Trade and Corruption

Like all forms of transnational organized crime, trafficking in one area strengthens criminal organizations in other areas, fuels corruption, and imperils our security.

Pathfinder panelists presented a range of case studies, lessons learned, and best practices to combat illicit trade and corruption, including trafficking in persons, wildlife trafficking, and illegal logging and mining. Participants shared examples where these crimes converge in poly-crime networks of corrupt officials and criminals, who undermine legitimate industries and markets.

Fighting Corruption related to Human Trafficking: Human trafficking often occurs alongside other crimes, including environmental crime. The illicit trade in natural resources is often sustained by exploited labor – for example men, women, and





children who are forced, coerced, or deceived into illegal fishing, mining, or logging. Pathfinder participants shared lessons from the Associated Press Pulitzer Prize winning investigation of the illegal fishing industry in Southeast Asia that freed more than 2,000 slaves. Indonesia described its national strategy to prevent human trafficking and illegal fishing, including numerous arrests and the seizure of hundreds of vessels. The International Organization of Migration (IOM) graphically depicted the misery of trafficking and slavery, and the need for integrated regional cooperation to repatriate and rehabilitate victims. Australia called for a targeted use of anti-money laundering and asset confiscation systems against human trafficking and smuggling, and affirmed the need to tackle associated corruption. The OECD noted the importance of effectively implementing its *Principles for Combatting Corruption related to Trafficking in Persons*. The United States provided examples of human trafficking in many natural resource extractive industries, and commended the regional leadership of Indonesia and Australia in the Bali Process on People Smuggling, Trafficking in Persons, and Related Transnational Crime.



Fighting Corruption related to Wildlife Trafficking: Participants called for urgent action to arrest the rapid decline in many forms of wildlife, and to safeguard the rich habitats found in the Amazon Basin and elsewhere in the APEC region. The UNODC and other experts noted entrenched corruption along entire wildlife trafficking supply chains, including extensive corruption in the issuance of permits. The OECD called for targeted use of anti-corruption systems against wildlife trafficking networks, supported by good practice principles. Freeland-Brazil called for further mapping of illicit wildlife networks to enable targeting of anti-corruption and law enforcement strategies—delivered through stronger regional law enforcement cooperation and coordination. The Royal United Services Institute for Defense and Security Studies, the Wildlife Conservation Society, and the UNODC identified the need to greatly strengthen the use of financial intelligence in wildlife crime investigations, and that investigation skills must be widely developed.



Fighting Corruption related to Mining, Logging and other Resources: The Chair of the Mining Task Force, Mr. Rodrigo Urquiza Caroca, explained that good governance and avoidance of corruption are essential to fully realize the economic benefits of mining and to avoid social and environmental harm. Several experts noted major governance challenges raised by mining, such as a lucrative illegal gold mining sector that releases hundreds of tons of poisonous mercury into the environment and food chains.



The OECD launched its report *Corruption in the Extractive Value Chain* which provides a detailed analysis of risks and corruption prevention measures. The OECD noted that one in five cases of transnational bribery occur in the natural resource extraction sector, which deprives host countries of much needed revenues. Indonesia's KPK described its successful multi-agency strategy to strengthen governance and prevent corruption in natural resource extraction industries—including logging, mining, oil and gas—which boosted government revenues by approximately U.S. \$1 billion in 2014. Similarly, the Government of the Philippines described methods employed by the Environmental Ombudsman to tackle corruption in the natural resources sector. The Government of Peru called for effective action against corruption in mining and forestry, noting the crucial role of sustainable forestry in mitigating climate change. Global Media Max, and Earth Observation, described the use of satellites and smartphone technology to combat deforestation and converging illicit threats and to create clean supply chains.



Clear strategies to strengthen partnerships for sustainable security

The Pathfinder Dialogue included break-out sessions to identify strategies to prevent a range of crimes, including trafficking in persons, forests and wildlife, and other natural resource extraction industries. Cross-cutting anti-corruption strategies identified for continued Pathfinder action in 2017-2018 include:

- Coordinating and sharing information across agencies and disciplines, both domestically and internationally—including APEC partnerships for sustainable security with ASEAN and Pacific Islands Forum (PIF) economies
- Increasing research, analysis, and data to understand the full breath of illicit industries and their economic impact
- Targeting implementation of the UN Convention against Corruption (UNCAC)
- Using systems to detect money laundering and to confiscate proceeds of crime more frequently
- Utilizing technology to detect, measure, and combat corruption and illicit industries
- Providing greater training and capacity-building on environmental crime and illicit trafficking
- Developing principles on fighting corruption related to environmental crime, and an APEC Code Against Illicit Trade (action within the ACT five-year strategic plan), and
- Strengthening public awareness campaigns around the indicators of illicit industries, especially human trafficking, so that citizens can be empowered to report crimes.

Progress in 2016 and beyond

The Pathfinder Dialogue is guided by the APEC ACT five-year strategic plan and APEC Leaders' call for action. With Peru's strong leadership and support, the third Pathfinder Dialogue was designed to encourage quality growth and human development by mitigating corrupt and criminal risks to our communities and our natural resources. Ms. Trinh Nhu Hoa noted full support from Vietnam as Chair for the APEC Anti-Corruption Working Group in 2017. Ms Trinh noted the relevance of the APEC Pathfinder Dialogue to Vietnam's interests and supported further cooperation in 2017. Papua New Guinea similarly echoed support for APEC 2018. The Chair of the Mining Task Force noted the potential for keeping mining as a critical area on the APEC anti-corruption and Pathfinder agenda.

By strengthening international cooperation across borders, sectors, and industries, APEC and Pathfinder Dialogue sponsors are committed to nurturing "cultures of integrity" across Asia-Pacific economies, markets, and supply chains, through a spirit of active engagement and partnerships for sustainable environment and human security. In the process in building partnerships, APEC can lead pathfinding ways to tackle corruption, and to safeguard our precious natural resources and ecosystems, including our wildlife, rainforests, oceans, and most importantly our citizens.

"This is our shared priority: to leverage our expertise across various sub-fora to tackle numerous converging economic, security and environmental challenges to advance our APEC green growth agenda and help bring our planet and humanity back into balance so that we may build a better world."

David M. Luna, Opening Remarks, APEC Pathfinder Dialogue III, August 18, 2016