

## Title Smuggling as an Economic and Strategic Alternative for States: When, Why, and How?

Mohamed Amine Souyad

University of Algiers 3, (Algeria), [souyad.amine@univ-alger3.dz](mailto:souyad.amine@univ-alger3.dz)

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### Abstract:

Almost all literature in security and strategic studies deal with smuggling as an economic, social, or security problem that needs to be tackled by national and coordinated international measures. However, this research paper addresses this phenomenon from a different perspective, as it assumes that smuggling can offer economic or strategic values for a state. It attempts to answer the following question: How, when and to what extent can smuggling be economically and strategically significant for the state?

In order to answer this question, this research paper initially presents a theoretical framework for smuggling, which covers various definitions for the phenomenon, its different types, and its drivers. Then, it examines some of its security implications that concern state officials and security and military agencies. Finally, it investigates the different cases where smuggling can be beneficial from economic and strategic terms.

The paper concludes that smuggling can be an option for states under sanctions to circumvent their subversive effects. It may also be a crucial way to deliver military and logistic support to proxies. Moreover, many “rogue states” pursuing nuclear weapons had relied on black markets conducted by smuggling networks to have an access to nuclear-related devices or fissile materials. In addition, some states tend to tolerate smuggling activities across its borders either as an option to reduce unemployment and poverty rates in its neglected border areas or as a way of leverage against its neighbors or rivals.

**Keywords:** Smuggling; Sanctions; Iraq; Iran; economic alternatives.

### Introduction:

Smuggling constitutes a socio-economic threat to both national and international security. It is a transnational phenomenon that affects two or more states at once. Thus, coordinated regional or international efforts are required to mitigate its security implications. However, contemporary international relations displays numerous cases where states relied directly or indirectly, on this illicit business to achieve certain economic or strategic benefits. Iraq, Iran, Syria, Russia, Liberia, Angola, Libya, Morocco and many other countries have all engaged in smuggling directly via its national institutions (including the central bank, national companies, customs services), or in collaboration with smuggling networks or other criminal organizations. They-to some extent-also tolerated smuggling activities across its national borders as well.

This research paper investigates the reasons behind such state reliance on a type or another of smuggling, and it assesses the effectiveness of this illicit

method in achieving certain state's strategic or economic goals. It attempts to answer the following questions: How, when and to what extent can smuggling be economically and strategically significant for the state?

The importance of this study lies in its tendency to put the general security perspective of smuggling into question, and presents a distinct angle through which security phenomena should be viewed. It is based on the assumption that every security problem may entail strategic, economic or political benefits for a state or another. For instance, while the rise of tensions between Iran and the Gulf States in the Middle East is a security problem, it has been geopolitically and economically beneficial for the United States. The same is true for Iraq, as the rise of terrorism embodied by the Islamic State (ISIS) presented a source of unity for the Iraqi society, despite its subversive security implications.

This paper includes two parts: The first part presents a theoretical framework for smuggling as it deals with definitions of this phenomenon, examines the different aspects of it, and investigates its negative security implications. The second part presents the five cases where smuggling can be beneficial to nation-states in economic and strategic terms. Each case is illustrated with various prominent examples.

## **1 - Smuggling: Definition, Taxonomy, Drivers, and Security Implications**

### **1.1. Definition of smuggling**

Scholars and pundits in the field of international relations and security studies have given numerous definitions to smuggling, which is a multifaceted phenomenon that has known evolutions over time driven by various political, economic and strategic factors.

In its basic meaning, smuggling refers to *“the clandestine import of goods from one jurisdiction to another.”*<sup>1</sup> It also refers to *“the secret or illegal import or export of goods, or the organization of human crossing of a border from countries of origins through transit countries, to countries of destination.”*<sup>2</sup>

The World Customs Organization (WCO), in turn, defined smuggling as: *“customs offence consisting in the movement of goods across a customs frontier in any clandestine manner, thereby evading customs control.”*<sup>3</sup>

It can be obviously drawn from these definitions that smuggling is a form of illicit trade that entails an illegal transportation of goods and people from a country to another through the circumvention of borders control, in a violation of state laws and regulations.

Smuggling includes illicit trade of both illegal and legal goods. Illegal goods are those products prohibited by customs and applicable laws such as drugs, weapons and fake currency, which are not allowed to exchange through legal channels either. Moreover, Goods that are restricted to import by government to protect its national industry is also included in this category. On the other hand, goods that can be traded legally, such as cars, electronic items, can be objects of smuggling when individuals or groups seek to evade excise taxes and custom

duties that are imposed by governments. Thus, smuggling is driven by both taxes avoidance and prohibiting rules evasion.

Intensity, extent, objects, methods, and effects of smuggling is determined by various factors, including: high tariff rates, restriction and prohibition, extent of corruption, and abundance of products within the state. High tariff rates that states imposed on almost every imported product as a source of revenue usually prompt individuals and groups to engage in illicit methods to evade them, as those tariffs create significant price disparity between domestic and international market. Similar outcome result from wide and varied restrictions and prohibition for commercial and economic activities. A trend that is enhanced by high levels of corruption that encourage people to rely on corrupt acts of bribery, misdeclaration and counterfeiting to maximize their profits and circumvent the law enforcement measures.<sup>4</sup> The smuggling of oil out of Iraq following 2003 have been carried out with the help of corrupt senior officials seeking personal wealth.

Furthermore, the gap between demand and supply of certain products due to their scarcity in the local market like oil and gold, or government commercial restrictions drive individuals and groups to look for filling the gap between demand and supply with any possible way, including smuggling, particularly during times of crises in order to maximize their financial profits.

### **1.2. Types of smuggling:**

Various classifications have been proposed to smuggling depending on the criteria taken into consideration. David Merriman, for instance, classified smuggling into two forms, which are:

#### **a. Bootlegging:**

It refers to *“the purchase of goods in one country but consumption or resale in another without paying applicable taxes and duties.”* Due to price differential, smugglers transport commodities over relatively short distance between neighboring countries circumventing border controls. Most bootlegger use simple and low cost techniques to transport their cargo and avoid detection, like vans and trucks whose structures have been altered to be able to hide the contraband.

#### **b. Wholesale smuggling:**

It is the sale of goods without paying the applicable taxes and duties. Wholesale smugglers usually operate at a much larger scale than bootleggers do; therefore, they rely on significantly sophisticated and complex methods of evading applicable taxes and fees, as they usually mix between legal and illegal techniques. For instance, they sometimes legally ship their cargo to free tax zone- where they are accorded “in transit” status- before smuggling it to its final destination,<sup>5</sup> or through colluding with customs, political or military senior officials at the state of destination, as which they enter the local markets without getting taxed or even checked.

On the other hand, Naveen Kumar et al., distinguished between outright smuggling and technical smuggling.

**First, outright smuggling:**

It takes place through direct illegal ways of evading customs duties or import and export restrictions, and it occurs when taxes are very high, the smuggled products are prohibited, or the when there is a strong demand for a particular product like gold.<sup>6</sup> Non-declaration and lack of the possession of any import documentation can also be included in this category of smuggling.

**Second, technical smuggling:**

also known as commercial fraud, which take play through legal channel of trade but adopting different methods and means to evade or reduce customs duties and fees. Practices within this category include: first, undervaluation, which means the false declaration of weight, quantity, costs, and value of imports in order to minimize payment of applicable customs and fees. Second: Mis-declaration, which refer to mis-declaring products from categories with high customs duty to lower customs duty categories.<sup>7</sup> It also include the mis-declaration of the state of origins to avail certain benefits and avoid custom duties as states usually give certain commercial advantages or tariff exemptions for states with which they have bilateral trade agreements.

In addition, smuggling has been categorized into different types based on the objects that are to be smuggled, including human smuggling, smuggling of weapons, smuggling of drugs, smuggling of tobacco, smuggling of antiquities, and smuggling of oil and gasoline.

**a. Smuggling of drugs:**

drugs trafficking is a major business for criminal organizations that have been smuggling different types of drugs, such as Heroin, Cocaine and Cannabis from their known production areas to the consumption areas, mainly in North America and Western Europe, using various methods of importing through the air, sea and land routes. In North Africa, smuggling of drugs have taken place for several decades, mainly Morocco-grown Cannabis that is directed toward the Algerian local market or toward Europe across the Mediterranean.<sup>8</sup> This Cross-border drug trafficking has been a source of tensions between the two North African countries, as occasionally Algerian officials accusing-implicitly or explicitly-their Moroccan counterparts for purposely tolerating that illicit trade to undermine Algeria. On the other hands, identical rhetoric has been largely used by Moroccan officials.

**b. Smuggling of Weapons:**

Criminal organizations usually seek to seize control of the high quantities of dispersed arms and weapons in civil wars and armed conflicts areas to either consolidate their violent capabilities or sell them in global black markets. Rifles, sub-machine guns, heavy machine guns, portable anti-aircraft guns, and many

other types of light and small weapons are usually smuggled by those movements. Thus, it is a serious threat to national security, as they may be the used for criminal or terrorist activities, or to wage an insurgent campaign against an established government. For instance, Arms dealers like victor Bout and Sarkis Soughanalian have been a critical source of armament for many terrorist and insurgent movements around the globe,<sup>9</sup> and oppressive political regimes as well like Liberia's Charles Taylor. The American Sarkis Soughanalian, as an example, provided weapons for militias fighting in the Lebanese civil war during the 1980s. In this context, a Moroccan security official stated that "the fight against arms smuggling is part of the fight against terrorism" following the spillover of the Libyan weapons to the Maghreb region since 2011. "*Terrorist groups operating in Western Tunisia are believed to have sourced arms and explosives from Libya,*"<sup>10</sup> a Tunisian security official added. These statements point out the nexus between arms smuggling and terrorist activities.

States also may rely on smuggling methods to deliver its military or logistic support to its proxies beyond its national borders, as it will be outlined later.

### **c. Smuggling of oil and gasoline:**

Oil and its refined products like gasoline are very lucrative and attractive products for smugglers due to their unequal abundance from a country to another, and dependently their price differential. Ordinary individuals or organized groups engage in this cross-border illicit trade as it generates a huge amount of income. For example, oil smuggling was a main source of wealth for insurgents, Shiite militias, Sunni tribes, and terrorist organizations in Iraq following the US-led invasion in 2003 due to the state of chaos and "internal anarchy" that prevailed since that time. ISIS as a prominent instance had been reportedly exporting around 22.000 barrel of oil per day to the black market before its collapse, a number that provide the terrorist group with a huge amount of money used to fund its military campaign Syria, Iraq and beyond. Moreover, it is the most lucrative legal product smuggled across the Algerian-Moroccan frontier due to the price variation between the two countries. In 2013, the Wali the Telemcen province states that 265 million liter of petrol (both gasoline and diesel) are being smuggled every year,<sup>11</sup> a number that reflects a security gap along the mutual borders.

### **d. Human or migrant smuggling:**

First, it is necessary to distinguish between human trafficking and human smuggling. First, Human smuggling is only one facet of a broader human trafficking, and they mainly differ in purpose. While human trafficking aims at exploitation as its profits mainly driven from the sale of trafficked persons' sexual service or labor; human smuggling is "*the procurement, in order to obtain directly or indirectly, a financial or other material benefits of the illegal entry of a person into a state of which the person is not a national or a permanent resident.*"<sup>12</sup> Thus, its profit is not driven from exploitation, but from the fees paid

for illegal cross-border transportation. Moreover, if human smuggling means the illegal trans-border transportation of migrants, human trafficking does not necessarily involve trans-border transfer of the victims.

In recent decades, an unprecedented level of illegal migration have taken place from the underdeveloped regions to the more developed ones, particularly Western Europe and North America. A trend that frightened policy makers in those regions, and had driven them to take the necessary measures and coordinate their policies to put a halt to this growing phenomenon, and reduce its security effects. Most of those illegal migrations were unlikely to succeed without the substantial help of human smuggling networks operating across international borders in exchange for amounts of money. Usually, human smugglers provide four types of services to their clients, which are:<sup>13</sup>

- Facilitation/coordination: identification and coordination between the potential illegal smugglers are roles that some smuggling networks play initially to facilitate their journey and reduce the expected risks.
- Transportation: transport migrants from one location to another via land routes, sea or air.
- Logistics: logistical support maybe provided by smugglers in form of shelters, food, guiding maps...etc., which are very needed during their journey from their states of origin to their final destination.
- Fraudulent documents: smugglers provides fraudulent documents to unlawful migrants in order to facilitate their entrance to the country of destination and avoid detention, including visas, birth certificates and national identity cards.

**e. Smuggling of antiquities:**

Products of archeological excavation, elements of historical monuments, historical objects over 100 years old, artistic works such as paintings, sculptures, postage stamps, books and furniture have been objects for cross-border illicit trade that generates high amounts of revenues.<sup>14</sup> The selling of those precious objects were reportedly a key source of income for the Islamic state in Iraq and Syria since 2014, following its control of the Historical cities of Palmira in Syria and Mosul in Iraq.

**f. Smuggling of tobacco:**

Tax and price differential of high-demand illicit commodities such as tobacco products and alcohol is the main economic incentive for their transnational smuggling. As smugglers look for profits, like any businessman, they tend to

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purchase these products in low price markets and reselling them in other markets, where prices are high in a way that involve circumvention of legal controls. The following map depicts the smuggled products across the Algerian-Moroccan frontiers, which mainly include gasoline, drugs (cannabis), alcohol, and rivotrils.



**Source:** Querine Hanlon, Matthew M. Herbert, "Border Security Challenges in the Grand Maghreb," *United States Institute for Peace*, n. 109 (May 2015), p. 9.

### 1.3. Smuggling as a security problem:

Smuggling represents a serious threat to national security. It is a key facet of transnational organized crime, and strongly associated with other criminal activities,<sup>15</sup> including drug trafficking, money laundering, prostitution, and terrorism, as many criminal organizations and terrorist groups very often collaborate with smuggling networks to transfer their illegal goods or fighters across national borders in exchange for amounts of money. For instance, the Islamic State in Iraq and Syria (ISIS) had relied on tribal smuggling networks across the Syrian, Turkish and Jordanian borders with Iraq to get weapons and recruits into the Iraqi battlefield.

Moreover, illegal trans-border trade that evade government taxes and custom duties lead to the decrease of government revenues,<sup>16</sup> which in turn undermines the ability of governments to provide high quantities and qualities of public goods, particularly those governments that broadly account on taxes collection as a main source for their revenues.

Furthermore, smuggling lead to the escape of scarce goods such as diamond, gold, oil, vulnerable rare animals outside state borders. On the other hand, it is the main avenue of the presence of harmful products in the local and national markets like cheap fake or counterfeit medicines, cosmetics, tobacco and automobile parts,

which do not fit the standards of the original products, thus, smuggling is a serious threat to public health.

Consequently, smuggling as a phenomenon hinders the development of legal market economies, as it expands black markets, provide cheap products that undermine local industries, and promote bribery and other forms of corruption, which challenge the morals and values of the society. For example, illegal migrants usually tend to look for illegal employment, a more that constantly contribute to the development of the black labor market.

## **2 – The economic and strategic significance of smuggling for states:**

Despite the negative security implications of smuggling, some states may find it a source of economic and strategic benefits, including:

### **2.1. Smuggling as a way to circumvent international sanctions and arms embargo:**

Sanctions have been tools for international community to force “rogue states” to comply with international rules and standards such as non-proliferation regimes, non-aggression, non-interference, and protection of human rights. Those sanctions have taken various forms, ranging from limited commercial and financial restrictions to comprehensive economic embargos. While some of those programs of sanctions imposed internationally have been effective in brining oppressive regimes or “rogue states” back into international standards, others have had devastating effects on the society and economy of the targeted state without successful impact on the political regime’ assertive policies or principles as was the case of Iraq during the 1990s.

On the other hand, States under sanctions very often take all possible options to circumvent those tough sanctions, and reduce its economic and social impacts, including smuggling. They usually tend to collaborate with transnational criminal organizations to either generate revenue, secure supplies of essential products, or strengthen its hold on power. This move gradually foster a symbiosis between crime and politics that would persist beyond the lifting of sanctions mainly because:

- States assign its national institutions such as banks, national companies, and borders guards in the service of smuggling and crime in general.
- States tolerate underground economic activities in order to reduce the social effects of sanctions, consequently, profitable illicit commerce flourish, black markets become a way of life, and a cross-border sanctions-evading trading relationships emerge and may endure beyond the sanction period.
- An “uncivil society” emerge due to the increasing level of public tolerance for illicit criminal practices, which they may consider them as patriotic.

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Smugglers, for example, may be perceived as more patriotic as they collaborate with the state to face the enemies' hostile actions.

One observer summed up these criminalizing effects of sanctions as follow: *“sanctions unintentionally contribute to the criminalizing of the state, economy, and civil society of both the targeted country and its immediate neighbors, fostering a symbiosis between political leaders, organized crime, and transnational smuggling networks.”*<sup>17</sup>

The international sanctions against the Milosovic regime in former Yugoslavia best illustrate this case. On May 30, 1992, the United Nations Security Council issued the resolution 757 to impose sanctions against the Milosovic regime, as a response to its complicity in the war raging in Bosnia and Herzegovina. The sanctions aimed at pressuring the Milosovic government to curtail its support to the rebel Serbs in Bosnia, which would in turn presumably make the Bosnian Serb leadership more willing to negotiate a truce or a political settlement. And they covered various governmental sectors, including trade, air travel, financial transactions, scientific and technical cooperation, sports, and cultural exchanges.

The implications of those sanctions were severe and subversive on the former Yugoslavia's economy and society. For instance, The Serbian economy contracted by 26% in 1992 and 37% in 1993, a result that generated a humanitarian and social misery, including high rates of unemployment, poverty, starvation, homelessness, crime, refugees and internal displacement.

Moreover, sanctions led to the booming of an underground economy, which was encouraged by the Milosovic government as an alternative to prevent social unrest. Furthermore, as the country was highly dependent on imported oil that suffered severe shortage due to the sanctions, the Serbian government collaborated with black marketers to secure Russian oil supplies through Montenegro's Port of Bar, over the Bulgarian Border at Kalotina, and via the Danub.

Oil smuggling ranged from small-scale local freelancers that engaged in gasoline smuggling using cars and trucks to large-scale trade, which was more organized and directed by state officials. At the high end of the spectrum, state institutions including banks, customs service, and national companies were put at the service of smuggling and clandestine financial transactions. In addition, Milosevic's loyalists, including his son Marko that dominated the business in the town of Bela Crkva on the Romanian borders, monopolized large parts of cross-border oil smuggling. The infamous paramilitary leader “Zeljko Raznotovic”, known as “Arkan” conducted very successful Russian oil smuggling, a success that led Milosevic to reward him with the ownership of several gas stations in the country. All these embargo-busting commercial deals deepened and expanded ties between organized crime and the state. Thus, sanctions enhanced the criminalization of politics and the politicization of criminality. Moreover, smuggling at the social level deemed as a patriotic duty and an accepted and expected method of trade.

An observer explained this as: “*all dealings bringing goods into the state (whether corruption or smuggling) were not viewed as breaking the law, but rather as a holy patriotic mission.*”<sup>18</sup> This is because sanctions targeted the livelihood of millions of Serbs, and have been internally portrayed as unjust and illegitimate. Thus, all options-whether legal or illicit-are plausible to circumvent those sanctions, and reduce their consequences.

Iraq presents another example of sanctions-busting through smuggling. Following its invasion of Kuwait in 1990, Iraq was under tough international sanctions that undermined its economic, military capabilities and political legitimacy as well. Consequently, Saddam Hussein’s regime relied on smuggling and other criminal activities to mitigate the effects of sanctions, and access to critical good and hard currency. Thus, smuggling expanded in an unprecedented level, and it became the central activity of the state, and one in which all levels of the government were complicit. Saddam’s regime used the state institutions, including the central bank, commercial enterprises, and diplomatic and intelligence services to help skirt international restrictions.<sup>19</sup>

The main object of smuggling was oil, which was had been to neighboring countries, like Turkey and Jordan through trucks, Iran through ships, and Syria through pipelines. This process was facilitated by a long tradition of smuggling in the region. It is stated in a special report that: “*Iraq exploited long-established business relationship with its neighbors, cross-state tribal connection, and use of ancient smuggling routes... He (Saddam) established a clandestine transnational network based on mutual profitability.*”<sup>20</sup> Moreover, other critical goods like cement, asphalt, and other materials were smuggled to Iraq from different sources including Dubai through Saudi Arabia. While some goods were disguised as legitimate cargo, others were smuggled by Iraqi diplomatic couriers.

Ultimately, while international sanctions have led to the expansion of smuggling activities, and empowerment of smuggling networks operating in Iraq, it led to the criminalization of the Iraqi economy and society, as smuggling became the norm, and an accepted method of business. A fact that continued in the years following the collapse of the Baathist regime in 2003.

The third example is the case of Iran that has been a subject of tough international sanctions since 2006 because of its militarized nuclear programs. Those sanctions have stifled the Iranian economy that mainly account on the oil revenues. And in order to reduce the economic and social effects of those sanctions, the Iranian government relied on its regional allies like Iraq and Syria, and collaborated with smuggling networks either to sell its oils outputs in the black markets to generate revenues, or to access to supplies of various necessary goods. Many reports stated that since the imposition of sanctions, the Iranian oil has been smuggled to Iraq, Syria and Turkey by trucks to circumvent the International ban on its oil.

The autocratic regimes, like the Charles Taylor in Liberia, Idi Amine in Liberia, Taliban in Afghanistan and Qaddafi in Libya that were under arms embargo, have

reached deals with arms dealers, like the Russian Businessman Victor Bout and the American Sarkis Soughanalian; to have an access to sophisticated small, light, and even heavy weapons. Rifles, sub-machine guns, heavy machine guns, portable anti-aircraft guns, and many other types of light and small weapons have been delivered by those individuals to their clients through official and non-official channels. For example, Viktor Bout, who was named as “the merchant of death”, had sold weapons to several murderous regimes before his detention in 2008, particularly Liberia’s Charles Taylor. A United Nations’ document stated the following: “[Bout is a] businessman, dealer and transporter of weapons and minerals [who] supported former President Taylor's regime in [an] effort to destabilize Sierra Leone and gain illicit access to diamonds.”<sup>21</sup> He had also armed both sides of Angola’s civil war, and supplied weapons to governments from the Central African Republic, Democratic Republic of Congo, Sudan, and Libya using his multiple air transport companies. Reports pointed out that almost all parts of his weapons originated from former Soviet republics like Ukraine, Moldova, Bulgaria and Romania.

### **2.2. Smuggling as a way to deliver military and logistic support to non-state proxies:**

The retreat of interstate wars since the end of the Second World War in 1945, due to the presence of nuclear weapons, the increase of economic interdependence and the entrenchment of international law by the United Nations and its affiliate organizations; has driven many regional and global powers to look for other options to expand their influence dynamics in its near and far abroad.

Supporting proxies have been a crucial and a widespread option relied on by powers to influence trajectories and dynamics of internal conflicts in third countries presenting strategic value for the sponsoring powers. The United States support to the Afghani Mujahedeen to counter the 1979 Soviet invasion, the Russian support to the separatist armed groups in Eastern Ukraine, and the Iranian reliance on a wide range of Shiite militias in the Middle East present prominent examples of this strategy, usually referred to as “proxy warfare”.<sup>22</sup> This support is aimed at either changing or preserving the structure of political authority in the target state, and it takes various forms, including arms, logistics, cash, training, intelligence, and safe havens.

The delivery of these forms of support requires illegal and illegitimate methods due to the prohibition of this option by international laws and standards as it violates state sovereignty. Smuggling is a key way through which states support their proxies abroad, taking advantage of the porous character of national borders, and “ungoverned spaces” dispersing alongside borders. States security agencies may directly use traditional smuggling routes or collaborate with criminal organizations operating across borders to deliver its support.

Countless cases illustrates this fact. Iran since the Islamic revolution in 1979 has been violating Iraq’s sovereignty by supporting its Shiite militias, including the Badr Organization, the Mehdi Army, and the different militias fight under the

banner of the “Popular Mobilization Forces” that has been created to fight the Islamic State terrorist group since 2014. The Quds’ Forces, which is the responsible entity for Iran’s foreign military operations, have been delivering that support hand-to-hand through infiltrating the Iraqi territory via the uncontrolled international borders following the collapse of the central government by the 2003 U.S.-led invasion, and the dismantle of the Iraqi Security forces by the Provisional Coalition Authority led by U.S. ambassador Paul Bremer. The Similar path has been followed by Iran in supporting its proxies in other Middle Eastern countries, like Hezbollah in Lebanon, Hamas in Gaza, the Houthis in Yemen, and the Alawet and Shiite militias in Syria.

In the Maghreb region, Media reports indicated that part of the weapons that terrorist groups were fighting with during the 1990s bloody war in Algeria have come from Morocco through its Eastern borders. Egypt also have been reportedly militarily supporting the Khalifa Hafter’s Army in Libya since 2014 in order to enhance its power and enable it to seize control of the capital city of Tripoli.

Russia by its own, have often crossed the Eastern Ukrainian borders to back the separatist movements in the Donbas region in Eastern Ukraine, as a part of its broader strategy to undermine the new Ukrainian leadership following the Western-backed popular uprisings that led to the downfall of president Yanokovic regime in March 2014.

All these aforementioned cases illustrates how smuggling can bring strategic advantages for a state to achieve its foreign or defense policies. The common trait between all these cases is that those sponsoring states have exploited the state of chaos raging in their targeted states, and the weakness of their security forces that prevent them from monitoring and controlling their national borders.

### **2.3. Smuggling as a way to obtain nuclear-related technological devices and fissile materials in order to develop a militarized nuclear program:**

“Rogue states” aspiring nuclear weapons have reportedly often relied on black markets to acquire substantial technological devices and radioactive materials necessary for building militarized nuclear programs as they are hard to get through official channels, either because they are prohibited for sale by international treaties or under strict surveillance by specialized international organizations and western major powers.

The trafficking and smuggling of nuclear and radioactive materials thrived following the demise of the Soviet Union. In addition, it was a “Eurasian phenomenon” as former Soviet republics were unable to protect their nuclear assets, including warheads, radioactive materials, and equipment, which they were reportedly aspired by different state and non-state actors in the region and beyond.<sup>23</sup> Many incidents displayed that the illicit trade of nuclear contraband were active during the 1990s in countries bordering the former Soviet Union. From 1991 to 2012, five recorded incidents of smuggling in the Black Sea region involved High-enriched Uranium.<sup>24</sup> However, the true dimensions of this

business are somewhat ambiguous because its size is unknown and reports and data suggest little evidence of rogue states' engagement in this market. Nevertheless, some reports pointed out that Iran, North Korea and Iraq have sought fissile materials through clandestine channels.

Pakistan also presents a prominent example for this case, as it had been relying on black market to obtain every required material to develop a nuclear program following the Indian first nuclear weapon in 1974, a move was well depicted by a report from Pakistan's Inter-Services Intelligence published September 15, 2011, stated that:

*"Pakistan, as an under-developed country with no industrial infrastructure, had to buy each and every bit of material and piece of equipment surreptitiously from abroad in the open market and had to establish a network of cover companies within the country and outside to by-pass embargoes and import all the necessary items."*<sup>25</sup>

Abdelkadeer Khan, the father of the Pakistani nuclear bomb, directed the procurement, and furthermore played a key role in black market sale of nuclear technology and equipment for Iran, North Korea and Libya in exchange for millions of dollars. His smuggling network that prospered during the 1980s and 1990s offered a menu of critical materials and technical expertise. After years of intelligence gathering, Khan's network was uncovered in 2003 following a US-UK-Germany-Italy joint operation conducted to interdict the BBC China, a German-registered vessel containing components for 1000 centrifuges bound for Libya.<sup>26</sup> His network that involved around 30 companies and intermediaries in Switzerland, Turkey, Netherlands, United Arab Emirates, South Africa, and Malaysia sold nuclear-related objects to various state actors. For instance, in 1987, Khan closed a three million dollars deal with Iran, by which Khan provide Iran with drawings, specifications, calculations for a complete plant, materials for 2000 centrifuge machines, and electric drive equipment.<sup>27</sup> This deal was reached in Dubai, where it subsequently became the base of operations for Khan's networks after his removal from Khan Research Laboratories by the Former Pakistani president Musharraf in 2001 amid U.S. intense pressure.

#### **2.4. Smuggling as a way to reduce unemployment in border areas:**

Various states around the world tend to tolerate smuggling activities and refrain from following individual smugglers or smuggling networks operating across national borders, as this illicit business represent the livelihood of local border populations, especially the youths. Such move has been driven by the fact that almost all border areas in the world-particularly in the developing world-suffer from government neglect, high rates of unemployment, lack of economic activities. Thus, loose customs and law enforcement measures to protect national borders may be a deliberate government policy to allow local population to get their livelihood, and it is an option to reduce popular resentment due to government failure to provide public goods to its entire population. Therefore,

many analysts and pundits have suggested developing border areas as a crucial policy and a first step for dealing with smuggling, and eliminating its effects.

In many occasions, U.S. customs and senior officials have blamed Mexico for not taking effective and appropriate measures to put an end to the high level of contraband and human smuggling across their borders. Similarly, Egypt have reportedly tolerated trade of fruits, vegetables and gasoline across its borders with Sudan, Gaza and Libya as a source of revenue for local poor populations.

### **2.5. Smuggling as a way of leverage for a state against its rivals or neighbors:**

Tolerating all types of cross-border criminal activities, including smuggling, can be a way of leverage for a state to use against its rival neighbors, in order to distract their security and military efforts, to drain up their economic capabilities, or to get a leverage to use in any negotiations or bargaining. History has shown a lot of models for this case.

Algerian officials occasionally accuse their Moroccan counterparts for enhancing, or at least tolerating drug smuggling across their borders with Algeria as a way to undermine Algeria, spoil its young population, distract its military resources, and exhaust its financial resources by keeping it busy fighting smuggling and organized crime.<sup>28</sup>

Similarly, The U.S. Administration and the new Iraqi Shiite leadership had accused the Syrian regime for tolerating terrorist and criminal activities along its border areas, and enabling them to infiltrate the Iraqi territories to undermine the U.S. role in Iraq, and preventing the new leadership from establishing its political power over its territory following the overthrow of Saddam's regime in 2003. Those recurrent Syrian acts had caused tensions and diplomatic crisis between the two countries reached its peak in 2009 following a set of terrorist attacks in Baghdad conducted by AL-Qaeda operatives that were reportedly helped by the Syrian intelligence service.

The Baker-Hamilton report summarized the case as follow: *"Syria is also playing a counterproductive role. Iraqis are upset about what they perceive as Syrian support for efforts to undermine the Iraqi government. The Syrian role is not so much to take active measures as to countenance malign neglect: the Syrians look the other way as arms and foreign fighters flow across their border into Iraq, and former Baathist leaders find a safe haven within Syria. Like Iran, Syria is content to see the United States tied down in Iraq."*<sup>29</sup>

### **Conclusion:**

After examining and investigating the dynamics that lead states to rely on smuggling as an alternative option to attain certain economic and strategic ends, this paper concludes that:

- Almost all security phenomena/problems can be wield by a state or another to achieve strategic, political or economic benefits, including smuggling that many states around the world have account on as a method to circumvent international

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sanctions, supporting proxies, pressing rivals, reducing unemployment in its border areas, or accessing critical nuclear materials.

- State's reliance on smuggling involves various components, including:
  - The goals: accessing to critical goods and supplies (oil, food, materials, and arms), generating alternative revenues (hard currency), or coercion (military and diplomatic pressure).
  - The involvement of state institutions in the smuggling activities, including the central bank, national companies, and customs services... etc.
  - Existing transnational network of allies and colluding actors: including neighboring countries, criminal organizations, cross-border tribes... etc.
- Despite the strategic and economic benefits that states can generate from smuggling, the latter may lead to the criminalization of the state's economy and society, the entrenchment of crime as a norm or even a sort of patriotism, the expansion of underground economy, and the empowerment of organized crime groups.
- States' policies may be a key driver for smuggling and other criminal activities, including corrupt policies, harsh sanctions, and military interventions.

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