

## **Illicit financial flows through drug trafficking – impact on development and security.**

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### **Background to the Illicit Financial Flow**

The Caribbean region is no stranger to the illicit drug trafficking environment, especially where it concerns the illicit trafficking of cannabis (also known referred to as ganja). Since as early as 1913 the Colonial Government of Jamaica was one of the first Caribbean countries to make cannabis illegal. However, this did not deter the cultivation and consumption of cannabis in a cultural and traditional medical way. Therefore, a very vibrant illicit cannabis industry developed, and was fueled by funds obtained by trafficking cannabis buds and oils to North America and Europe. The illicit financial flows not only fueled the illicit trade in cannabis but also fund other illicit activities.

### **Current Dilemma**

However, since 2015 there has been a shift in the Caribbean’s approach to cannabis through the decriminalizing of the possession of small amounts for personal use and the establishment of a medical cannabis industry in states such as Jamaica and St. Vincent and the Grenadines (SVG). Additionally, there has been a recognition of the rights of the Rastafarian communities to use cannabis sacramentally within these countries.

The challenge with the above new approach to cannabis has brought into sharp focus the illicit financial flows through the trafficking of cannabis and other illicit substances. This is because in recent time many official financial institutions are still refusing services to traditional cultivators and even small traders who now seek to enter the legitimate and legal cannabis industry. Traditional cultivators are finding it extremely difficult access legal funding to install the requisite fencing and to pay very expensive Licensing fees that are being required by Cannabis Licensing Authorities in the Caribbean. As such this has led to a number of them remaining in the illicit industry, or seeking funding from the illicit drug trade. This is made easier because the current legal cannabis industry is a cash based business, with the lack of bank accounts and bank transfers, because internationally cannabis remains an illicit plant, based on the UN Conventions, and the Correspondent Banking rules is used by many financial institution as an excuse for not facilitating trade in cannabis by legitimate businesses. This has left an avenue for illicit financial flows from drug traffickers that can derail the development prospects of a legal medicinal cannabis industry.

Even in times of environmental challenges such as the recent eruption of the La Soufrière volcano in St. Vincent and the Grenadines (SVG) demonstrated how problematic it can be for small traditional cultivators to access legitimate legal financing. Many of these traditional cultivators were from the “red” and “orange” zones that had their crops and livelihood

damaged, and efforts by civil society groups and others to assist in funding the relocation of traditional cannabis farmers were made difficult because a number of funding agencies refuse to allow for financing cannabis cultivators who have been legally recognized by their government. This will not doubt propel traditional small farmers to seek assistance from illicit financial flows such as those available in the drug trafficking trade.

### **Recommendation for Regulated industry**

It is therefore recommended that, firstly, the legitimacy of the traditional cannabis cultivators and the industry be recognized by international organizations such as the International Narcotics Control Board (INCB), and international financial institutions, thereby allowing access to financial resources for investing in their business.

Secondly, that countries such as those in the Caribbean have a long cultural history of the use of crops, such as cannabis, which had not always been viewed as illicit. This cultural and traditional use must be financed so as to protect the indigenous right of peoples such as the Rastafarians and Maroons, thereby removing any incentive for these groups to seek funding from activities like drug trafficking. The ability of indigenous groups such as these to access financing will aid in the development of their communities, and allowing them to achieve *Goal 11: Sustainable Cities and Communities* by “safe guarding cultural and natural heritage”.