



# Money Laundering and the Illegal Wildlife Trade

## Why in News

Recently, the [Financial Action Task Force \(FATF\)](#) has released the **first global report** on the [Illegal Wildlife Trade \(IWT\)](#) namely, “**Money Laundering and the Illegal Wildlife Trade**”.

- The report comes amid increasing **international concern** that the crime could lead to more **zoonotic diseases** in the future.
- The report has also described IWT as a “**global threat**”, which also has links with other organised crimes like modern slavery, [drug trafficking](#) and arms trade.

## Key Points

### ▪ Transnational Organised Crime:

- The parties involved in the IWT are usually engaged in other major transnational organised crime that fuels **corruption, threatens biodiversity**, and can have significant public health impacts.
- The illegal trade is estimated to generate revenues of **up to \$23 billion a year**.
- According to the **2016 UN World Wildlife Crime report**, criminals are illegally trading products **derived from over 7,000 species of wild animals and plants** across the world.

### ▪ Origin and Route of IWT:

- Usually, the **countries that are rich in biodiversity** and/or where there may be **weaker law enforcement oversight** and criminal justice are treated as source countries for IWT.
- Similarly, most parties involved in such crime transit the wildlife through other countries to blur the exact end destination.
- Transit countries typically include **trade and transport hubs or countries with higher levels of corruption**. The laundering of the proceeds occurs across source, transit and destination countries.

### ▪ Methods Used for IWT:

- It has been observed that the criminals are relying on “**established**” methods to launder proceeds from IWT, including **mobile or social media-based payments, third party payments** and the **placement and layering of funds** through the formal financial sector.
- The **accounts of innocent victims** are also used for high-value payments to avoid and **evade detection**.
- IWT also uses **shell and front companies** to conceal payments and launder their money.
  - Shell company is an inactive company used as a vehicle for various financial manoeuvres or kept dormant for future use in some other capacity.
  - A front organization is any entity set up by and controlled by another organization, such as, organized crime groups, banned organizations, religious or political groups, advocacy groups, or corporations.
- Also, **legitimate pet stores and private zoos, farms or parks** are often used to

facilitate the illicit pet trade in many countries (such as Asia and the Americas) and are used to justify trading, breeding, or otherwise exploit protected wildlife.

- Additionally, the role of **online marketplaces and mobile, social media-based payments and darknets** have facilitated the fast and movement of illegally traded animals.

#### ▪ **Link with Zoonotic Diseases:**

- The spread of **zoonotic diseases** underlines the importance of ensuring that wildlife is traded in a **legal, safe and sustainable manner** and that countries remove the profitability of illegal markets.
- The exact connection between the **trading of pangolins and its scales to the Covid-19 outbreak** is yet to be established but it has been noted that the **price of pangolins has increased between 100% to 600% mark-up.**

- Further, India has also been a source country for illegal **pangolin** trading.

## Challenges with IWT

- The lack of the **required knowledge, legislative basis and resources** to assess and combat the threat posed by the funds generated through the illegal trade is one of the major issues with IWT. This limited focus on the financial side of IWT has largely prevented jurisdictions from being able to identify and sanction IWT networks.
- IWT makes **other industries more vulnerable to misuse** which includes traditional medicine, décor and jewellery and fashion.

## Recommendations

- The countries should consider implementing the good practices which include providing all relevant agencies with the **necessary mandate and tools**; and **cooperating** with other countries, international bodies and the private sector.
- The legislative changes are necessary to **increase the applicability of anti-money laundering laws** to the illegal wildlife trade-linked offences.
  - India amended the **Prevention of Money Laundering Act** in 2012 removing a value threshold — of ₹30 lakh and above — that was earlier applicable to the wildlife trade predicates.
- It has suggested treating **IWT as money laundering offences** since the proceeds enter the global market through money laundering and also money laundering offences carry more severe penalties in many countries.

## Way Forward

- The illegal wildlife trade is devastating our wildlife and putting the global ecosystem at risk.
- The world needs to ensure the survival of endangered species and also needs to build strong public-private partnerships to prevent, detect and disrupt IWT, following the money that fuels it and the organised crime gangs, poachers and traffickers behind it.

**Source:IE**