

# The Rising Wind: Is the Caucasus Emerging as a Hub for Terrorism, Smuggling, and Trafficking?

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## Introduction

This paper focuses on the routes of weapon, drug, and human trafficking in the Caucasus. It reviews the current regional security environment and provides an overview of the major violent non-state actors—such as terrorist groups, insurgency movements, and organized crime syndicates—operating across the region. The majority of the paper centers on the geography, patterns, and dynamics of the routes used by these groups in their trafficking activities. Finally, it discusses whether there are links between organized crime and the terrorist operations and analyzes the future evolution of the issue. The goal of the paper is to provide policymakers with information about the nature and challenges related to the trafficking routes in the Caucasus, as well as recommendations on how to find ways to contain and suppress the problem. The methodology employed involves the analysis of a broad variety of open sources, including printed and electronic media, the Internet, academic conferences and seminar proceedings, and interviews. Due to the scarcity of documented cases dealing with this issue, most of the conclusions are based on empirical reasoning. The views expressed in this paper are those of the author, and do not reflect the views or positions of any government structure.

The current era of human history is heavily influenced, and is perhaps even defined, by globalization. This “Triple I” phenomenon—internationalization, interdependence, and interaction—can be described, in the simplest terms, as the “increasing volume and variety of cross-border flows of people, goods, services, capitals, and technologies” across the globe.<sup>1</sup> However, there is also a dark side to this phenomenon. The positive effects of globalization are coupled with negative ones: the growing volume and variety of worldwide cross-border exchanges of dangerous criminals, illegal migrants, explosive ideas, deadly weapons, and lethal diseases. This specific pattern of globalization—a sort of “Globalization v. 2.0”—is accompanied by many side effects, uncertainties, and complexities. It is characterized by the emergence of a number of threats that were regarded as irrelevant and peripheral just fifteen years ago, particularly violent non-state actors. These actors include terrorist, insurgent, and criminal networks, which fester and flourish while the significance of the traditional nation-state diminishes. Today, these non-state actors represent one of the most prominent security challenges at all levels: global, regional, national, and local. Notably, they play a leading role in the field of illegal smuggling and trafficking of weapons, drugs, and humans across increasingly porous and transparent borders and seas, traveling between coun-

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<sup>1</sup> See <http://en.wikipedia.org/wiki/Globalization>.

tries and even continents. Since the magnitude of such illegal activity is growing year by year, the perpetrators are only rewarded for their transgressions by earning billions of dollars. A significant portion of these criminal funds has been used to support terrorist operations, including their political, recruitment, and logistical activities, thereby sustaining the “economy of terrorism.” While they are separate phenomena, terrorism, insurgency movements, and transnational organized crime sometimes coexist—a global phenomenon that can be observed in the Caucasus in particular.

### **The Caucasus: Unstable Security Environment**

This essay defines the South Caucasus as a region encompassing Azerbaijan, Armenia, and Georgia, while the North Caucasus includes states in the Russian Federation. This area has an important geopolitical position as the crossroads between Europe and Asia, the North and South, and the Black and Caspian seas, representing a key square in the “Eurasian chessboard.”<sup>2</sup> Historically, the Caucasus has been a vital link in a transcontinental trade and transit route known as the Great Silk Road. Today, that traditional route is being revived as an important passage in an East-West transportation corridor. At the same time, the region is characterized by fragmentation, volatility, and uncertainty, particularly in the post-Soviet era. It contains a kaleidoscopic variety of cultures, ethnicities, and religions. The three newly independent countries of the South Caucasus still remain in transition to full independence and are not yet well established; they continue to experience a certain degree of political instability and socio-economic difficulty. While Armenia, Azerbaijan, and Georgia are members of the Community of Independent States (CIS), within them are three non-recognized, self-styled quasi-states, or para-states,<sup>3</sup> which *de facto* represent the parallel shadow organization known as the “Community of Improvised States.” This “Community” emerged in the aftermath of the numerous ethno-political armed conflicts in the region,<sup>4</sup> many of which still remain unsettled. In addition, some areas of the South Caucasus remain functionally lawless (such as the Pankisi Gorge in Georgia), not under full control of the central governments (like the Javakheti district and the Kodori Gorge in Georgia), or occupy “gray areas” (like the triangle area between Georgia, Russia, and Azerbaijan).<sup>5</sup>

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<sup>2</sup> Definition in Zbigniew Brzezinski, *The Grand Chessboard: American Primacy and Its Strategic Imperatives* (Moscow: Mezhdunarodnye Otnosheniya Publishing House, 1998) (in Russian).

<sup>3</sup> These quasi- or para-states include the “Nagorno-Karabakh Republic” in Azerbaijan, the “Republic of Abkhazia,” in Georgia, and the “Republic of South Ossetia” in Georgia. The proclaimed “Chechen Republic of Ichkeria” in the Russian portion of the North Caucasus was defeated and eliminated by the Russian government.

<sup>4</sup> These were the Armenian-Azerbaijan, Georgian-Abkhaz, and Georgian-Ossetian conflicts.

<sup>5</sup> Analogous with the notorious tri-border area between Argentina, Paraguay, and Brazil, which is known as a safe haven for terrorists and organized criminals, the Georgia-Russia-Azerbaijan tri-border area is a remote region with a harsh physical environment, homogenous population (primarily Sunni Muslim), and depressed economic situation. Together, these factors have awakened the ethnic and religious identity of the people in the region.

There are also some other potential points of friction in the Caucasus. For example, there are a large number of refugees or internally displaced people dispersed across the region, and both the number of foreign migrants and the diaspora pool are growing. As a part of the notorious “Eurasian Conflict Rim,” which encompasses Iraq, Iran, Afghanistan, Central Asia, and the Middle East, the Caucasus provides the geographic link between those turbulent zones and Russia, other former Soviet states, and Western Europe. Finally, since the early 1990s, the Caucasus has emerged as the staging ground for a variety of internally- and externally-based violent non-state actors.

The pool of non-state actors operating in the region is heterogeneous, decentralized, and fragmented. Furthermore, each nation has its own policies on terrorism and different abilities to combat it. States also have various tendencies to exaggerate or distort the realities on the ground in order to achieve political ends or to demonstrate their commitment to the “Global War on Terror.” From the traditional Western-centric point of view, there are very few terrorist groups and activities in the Caucasus. Terrorism, however, is still a real threat.

Over a decade ago, Azerbaijan suffered significantly from Armenian terrorist attacks on its territory during the war in Nagorno-Karabakh. Azerbaijan is currently fighting to suppress radical Islamist cells, which have emerged since the end of 1990s. For its part, Armenia remains in the shadow of a national liberation ideology, which resulted in the wave of terrorist attacks carried out worldwide during the 1970s and 1980s by the Armenian Secret Army of Liberation of Armenia (ASALA).<sup>6</sup> More recently, there was a major terrorist conspir-

### List of the Violent Non-State Actors in the Caucasus

#### Azerbaijan:

- “Nagorno-Karabakh Republic” and its military wing (ethnic Armenians)

#### Armenia:

- Kurdistan Workers Party (PKK) cells
- Remnants of the Armenian Secret Army for the Liberation of Armenia (ASALA)

#### Georgia:

- “Republic of Abkhazia” and its military wing
- “Republic of South Ossetia” and its military wing
- The White Legion (*Tetri Legioni*)
- The Forest Brothers
- The Hunter Battalion (*Monadire*)
- Armenian parties of Javakheti (*Virk, Javahk*)
- Chechen cells

#### Russia:

- Chechen insurgency (five fronts, thirty-eight territorial sectors, many independent groups)
  - The Caucasian Front (CF)
  - Dagestani Jamaat Shariat\*
  - Ingush Jamaat Khalifat\*
  - North Ossetian Jamaat Al-Howl\*
  - Kabardin-Balkar Jamaat Yarmook\*
- \* operating as a formal part of the CF

#### Transnational Actors:

- Al Qaeda and affiliated movements

#### Organized Crime:

- Georgian community
- Armenian community
- Chechen community

**Sources:** 1. Author’s own electronic database; 2. Jangir Arasli, *World War Four: Informational Analytical Handbook on Non-State Paramilitary Systems* (Moscow: Astrel Publishing House, 2003).

<sup>6</sup> MIPT Terrorism Knowledge Base; available at [www.tb.org/Group.jsp?groupID=258](http://www.tb.org/Group.jsp?groupID=258).

acy surrounding the ASALA, which ended with a murder in the Armenian Parliament in 1999. In fact, the parliament continues to harbor some former ASALA members.<sup>7</sup>

Georgia continues to suffer from low-level conflict in the separatist regions of Abkhazia and South Ossetia, fighting against groups that it identifies as “terrorist entities.” Tensions in the ethnically Armenian district of Javakheti and in related ethnic districts have led to the use of terrorist-like tactics and the manifestation of internal political struggles on the local level.

Russia continues to fight (with a visible degree of success) against a Chechen insurgency that has been responsible for a number of major acts of terrorism in the recent years.<sup>8</sup> At the same time, Russia faces the spillover of terrorism from Chechnya into neighboring Dagestan and the mushrooming of urban, underground, radical Islamist cells across the North Caucasus.

In addition to the groups operating at the national level in the Caucasus, clandestine “out-of-area” terrorist networks such as Al Qaeda, the Kurdistan Workers Party (PKK, or Kongra-Gel),<sup>9</sup> and Mujahedeen-e-Khalk (MEK); even the Sri Lanka-based Liberation Tigers of Tamil Eelam (LTTE) are operating in the region, mostly for purposes of fundraising and money laundering. Last but not least, the activity of some ethnically oriented criminal communities from the Caucasian countries (including Armenian, Georgian, and Chechen organized crime groups) extends far beyond the geographic limits of the region, especially with respect to ethnic diasporas that have settled in Russia, Ukraine, and other places in Europe.<sup>10</sup>

All the groups mentioned above only increase the threat to security in the Caucasus. One of the most dangerous challenges in this region remains the illegal smuggling and trafficking of human beings, weapons, drugs, alcohol, tobacco, caviar, money, and other items by non-state actors.<sup>11</sup> These groups, however, do not have exclusive control of smuggling and trafficking activities. Often, corrupt government officials are also involved, working in conjunction with individual non-state and criminal networks.<sup>12</sup> The

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<sup>7</sup> Asthig Karapetyan and Gohar Poghosyan, “Vow to Ararat,” *Abovyan City.com* (27 October 2005); available at <http://www.abovyan.com/index.php?option=com-content&tasu=view&id31871temid=2>.

<sup>8</sup> Four Chechen rebel groups have been labeled as Foreign Terrorist Organizations (FTO) at different times by the U.S. Department of State. See MIPT Terrorism Knowledge Base; available at [www.tkb.org](http://www.tkb.org).

<sup>9</sup> Onnik Krikirian, “Kurdish Nationalism in Armenia,” *Radio Free Europe/Radio Liberty Newsline* (6 January 1999); available at <http://www.rferl.org/newsline/1999/01/5-not/not-060199.asp>.

<sup>10</sup> Dr. Leonid Maximenkov and C. Namiesniowski, “Organized Crime in Post-Communist Russia: A Criminal Revolution?” *Commentary* 48 (unclassified) (September 1994); available at [www.csis-scrs.gc.ca/en/publications/commentary/com48.asp](http://www.csis-scrs.gc.ca/en/publications/commentary/com48.asp).

<sup>11</sup> This paper will only look at the first three of the items mentioned.

<sup>12</sup> In one recent example, a drug trafficking ring, which was penetrated in August 2006 on the southern Azeri border with Iran, was led by an active duty police officer. See [www.day.az](http://www.day.az), available from [www.day.az/news/society/55879.html](http://www.day.az/news/society/55879.html) (in Russian).

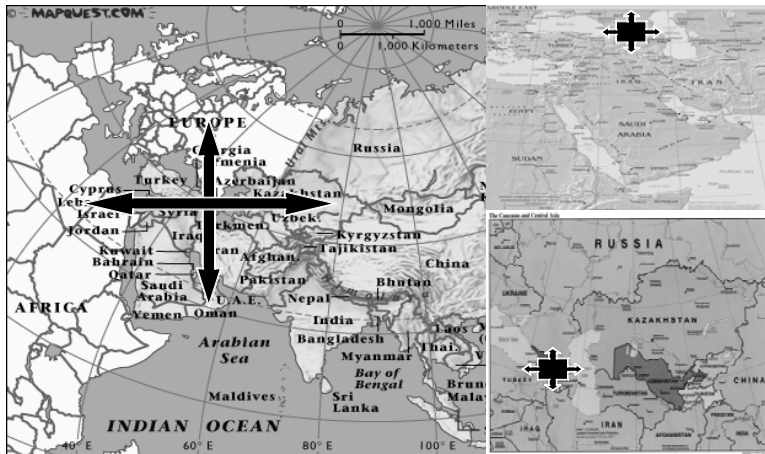


Figure 1: “The Crossroads”

security implications of such activities and collaborations are negative and diverse. Specifically, the threat involves the following:

- Financial resources generated by smuggling and trafficking are being diverted to support terrorist groups’ training, equipment, and operations
- The national security of individual countries is eroding due to the circulation of illicit weapons, growing drug addiction among the younger generation, and the resulting additional strain placed upon the working portion of the population
- Regional security is also eroding due to frictions caused by the cross-border movements of individuals associated with smuggling and trafficking activities.

The Caucasus serves smuggling and trafficking networks in a triple capacity: it is a region of origin, transit, and destination for smugglers and traffickers. The factors that support these activities in the region (as touched upon previously) are three-fold: first, an unstable political and military environment, which generates demand for weapons and their diffusion within war zones; second, an uneasy socio-economic situation, which stimulates the emigration of local populations; and third, a vital geographical position, which results in the use of the region as a transit route for drugs and migration from Asia to Europe. For these reasons, terrorists and criminals today employ trafficking and smuggling tactics, exploiting the well-worn tracks of the Great Silk Road.

### **The Border Environment: Diverse, Porous, and Fragile**

As soon as trafficking activity crosses state borders, it emerges as a center of gravity. The border environment in the Caucasus can be summarized by one word: *complexity*. There are ten inter-state borders among six different countries in the region, each with very different characteristics, from porous borders to tightly controlled ones. There are

also two sea theatres (the Black Sea and the Caspian Sea), which have lengthy, exposed coastlines. In addition, there are three major international airports and three major seaports that serve as vital entry and exit points to the region. The “Iron Curtain” borders that the Soviet Union shared with Turkey and Iran have virtually disappeared. Other borders are brand new, having emerged only after the collapse of the Soviet Union along the administrative lines that divided the former Soviet republics. These newer boundaries still need to be examined and agreed upon by the states concerned. The border regime between some states is characterized by streamlined visa-issuing procedures and simplified crossing for citizens of certain countries. For example, Azeri citizens do not require visas to go to Russia, and Russian citizens do not need visas to go to Azerbaijan. The population of Nakhchevan, a region on the Azeri border with Iran, enjoys certain visa privileges for travel to Iran.<sup>13</sup> Ethnic kinship remains a relevant factor; many ethnic groups, clans, and families straddle the borders of neighboring countries (see Figure 2).

Illegal cross-border movement related to petty crime is common among these populations. Smugglers, hunters, poachers, and pathfinders are all armed for their business. The natural protection offered by the mountainous and forest-covered terrain also supports illegal trafficking activity. Corruption among authorities (such as border guards, customs officials, and law enforcement officials) only contributes to border security breaches. The situation is further complicated by factors like ineffective border control and management due to a lack of both professionalism and proper instruments, as well as relatively weak structures. The following section examines the various inter-state borders that divide the Caucasus.

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### *Azerbaijan-Iran and Azerbaijan-Turkey*

The major portion of border security support infrastructure along Azerbaijan’s borders, including fortifications and technical installations with Iran, suffered from the severe upheavals in the early 1990s and was twice partially destroyed: first in 1990 during a popular uprising against the communist government, and then in 1993 during the Armenian-Azeri war over Karabakh. More than 110 kilometers of today’s Azeri-Iranian border is under the control of the so-called Nagorno-Karabakh Republic (for more detail, refer to the case study below). Efforts to restore the damaged infrastructure and build additional capabilities will require time; for instance, the electronic border sur-

**Insight: Azerbaijan’s Border Environment**

**Total land borders:** 2,657 km (with six countries)

**Total sea borders:** 988 km (with four countries)

**Entry-exit points:** one international airport; one seaport/ferry terminal; four major border crossings (with Russia, Georgia, Turkey, and Iran); four secondary border crossings

**Strength of the border guard troops:** no more than 5000 men (The Military Balance, 2005/2006)

**Territory out of control:** up to 16 percent occupied by the Republic of Armenia and the Armenian ethnic separatists (including over 160 km of borders with Iran)

<sup>13</sup> *Novoye Vremya* 140 (1202) (17 August 2006).



Figure 2: Cross-border ethnic kinship

veillance system in the Nakhchevan enclave will be introduced no earlier than 2010.<sup>14</sup> The Azeri-Turkish border, however, being a mere fifteen kilometers wide and having only a single border-crossing point at Sadarak, is firmly controlled.

#### *Azerbaijan-Armenia*

The Azerbaijan-Armenia border is heavily protected by combat troops on both sides. In fact, it represents an extension of the frontline of the Nagorno-Karabakh conflict, and is virtually inaccessible for any movements besides military ones.

#### *Armenia-Turkey and Armenia-Iran*

These two borders, officially regarded as outer borders of the Community of Independent States, are protected by the Russian Federal Border Service troops (under the Operational Group Armenia).<sup>15</sup> The difference between the Armenian-Turkish border and the Armenian-Iranian border, however, is that the Armenian border with Turkey remains officially closed for political reasons, while the border with Iran is extensively exploited since this country has emerged as Armenia's second-largest trade partner and unofficial regional ally (for more detail, refer to the case study below).

#### *Georgia-Turkey*

The level of security at this border has significantly decreased since the collapse of the Soviet Union and Georgia's subsequent independence. The level of border protection is relatively low. The Sarpi border crossing on the Black Sea is characterized by a high

<sup>14</sup> Statement by LTG Elchin Guliev, Head of State Border Protection Service of Azerbaijan, 1 August 2006; available at [www.day.az/news/society/55370.html](http://www.day.az/news/society/55370.html).

<sup>15</sup> Available at <http://scorpic-dmb.narod.ru>.

volume of people and cargo movement, and it is regarded as one of the primary hubs for migrant smuggling and human trafficking.

### *Georgia-Armenia and Georgia-Azerbaijan*

These two borders were drawn along arbitrary administrative lines of the former Soviet republics, and thus still require definition and agreement by the states involved. For instance, the Georgian-Azeri border still needs to be delineated; only 308 kilometers were agreed upon—just 65 percent of the total length as of August 2006.<sup>16</sup> These borders are transparent, which means that they are protected only by infrequent patrolling. There are many unofficial crossings, paths, and tracks that bypass official border-crossing points and are quite accessible to all kinds of actors, benign and not. Another important factor is the presence of Azeri and Armenian trans-border populations, who live in Georgia on the borders with Azerbaijan and Armenia.

### *Russia-Georgia and Russia-Azerbaijan*

This border environment is not as fluid as some of those discussed above. While Russia has normalized relations with Azerbaijan, its relations with Georgia are politically complicated and uneasy. The Georgian-Russian border has still not been delineated, contains many contested areas, and remains a subject of protracted negotiations. It is worth mentioning that two border crossings—the Roki tunnel in South Ossetia and Psou in Abkhazia—are managed by the separatist regions and are out of the control of the Tbilisi-based central government. The situation on the Russian-Azeri border is much better: only five to six percent of the total length remains undefined.<sup>17</sup>

There are a number of points of both active and frozen conflict nearby—including Chechnya, Dagestan, the Pankisi Gorge, South Ossetia, and Abkhazia—which negatively influence the border areas, leaving them exposed to illegal smuggling, trafficking, and even terrorist operations (see Figure 3). In September 2002, a Chechen rebel force of around 200 militants under the command of warlord Ruslan Gelayev broke through the border into the Russian region of Ingushetia from the Georgian side. Gelayev himself was killed in the ensuing skirmish with federal troops, leading his force back to Georgia by an alternative route through Dagestan in December 2004.

More recently, such insurrections have diminished significantly, although conflict continues to be carried out by decentralized groups of two to three unarmed people in civilian clothes. For instance, on 1 August 2006, two members of a militant Chechen separatist group were detained at the border area of Botlih in Dagestan, caught while trying to sneak into Georgia (or Azerbaijan) for the purpose of medical treatment.<sup>18</sup> The level and intensity of covert cross-border movement, including illegal smuggling

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<sup>16</sup> *Novoye Vremya* 133 (1195) (5–7 August 2006).

<sup>17</sup> Statement of Colonel Ilham Mehtiev, Deputy Head of State Border Protection Service of Azerbaijan, *Echo* 147 (12 August 2006); *Novoye Vremya* 137 (1197) (12–14 August 2006).

<sup>18</sup> Statement by the press officer of the Ministry of Internal Affairs of Dagestan, Russian Federation, 3 August 2006; available at [www.day.az/news/society/55605.html](http://www.day.az/news/society/55605.html) (in Russian).



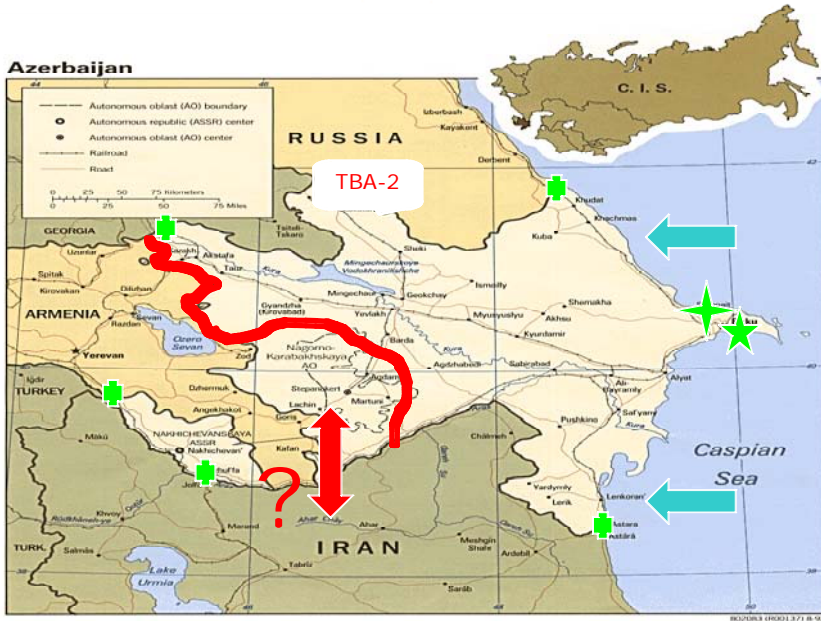


Figure 3: Azerbaijan’s border environment

and trafficking, depends on the season due to the mountainous environment; crossings tend to increase in the summertime.<sup>19</sup>

Because of the reasons mentioned above, the Russian government believes that the strength of its border protection force on its southern border—which consists of twelve *pogranichny otryad* (POGO), or border troop detachments of regiment-size units<sup>20</sup>—is not sufficient to maintain control. For this reason, two new mountain rifle brigades of the regular Russian Army will be sent to support the mission of border protection.<sup>21</sup> At the same time, Azerbaijan is planning to increase the protection of its northern and northwestern borders by deploying an additional seventy border posts and twenty coastal posts.<sup>22</sup>

This overview of the regional border environment should provide insight into why the illegal smuggling and trafficking of weapons, drugs, and human beings became and still remains possible in the Caucasus. The next section analyzes the regional patterns of smuggling and trafficking.

<sup>19</sup> There are more than ten mountain passes on the Russian border with Georgia and Azerbaijan.

<sup>20</sup> “The Armed Forces of the USSR, Russia, and CIS Countries,” available at [www8.brinkster.com/vad777/russia/Others/pv.htm](http://www8.brinkster.com/vad777/russia/Others/pv.htm) (in Russian).

<sup>21</sup> *Izvestia* 145 (11 August 2006) (in Russian).

<sup>22</sup> Statement by LTG Elchin Guliev, op cit.

## **Pattern One: Weapons**

The circulation of weapons in the Caucasus, instigated by inter-state and intrastate conflicts in the region, is only to be expected. There are several categories of weapons that are smuggled and trafficked, each with their own characteristics.

### *Inbound Trafficking*

Inbound trafficking of weapons occurs because of outside support for military activities in the separatist regions, which remain the main facilitators, recipients, and users of smuggled weapons. Although separatist groups in the Caucasus tend to claim that their militaries were built from the “war trophies” of previous armies, the reality is a different matter. For example, all the weapons, equipment, ammunition, and spare parts for the military of the Nagorno-Karabakh region come from Armenia, and the military arsenal includes a variety of quite sophisticated weapons, including heavy armored assets. For this reason, the military in the breakaway region today has over than 300 main battle tanks,<sup>23</sup> which is more than some NATO member countries, including Canada, the Netherlands, Belgium, Denmark, Norway, and Portugal. This arrangement allows Armenia, which has an alliance with Nagorno-Karabakh, to hide surplus tanks, armor, and artillery that exceed the limits of the Conventional Forces in Europe Treaty in the “black hole” of Nargorno-Karabakh. This further destabilizes the regional balance of power. Similarly, Abkhazia and South Ossetia also obtain weapons from outside Georgia, ostensibly from private sources in Russia and Ukraine. Notably, while the supply of arms to the separatist regions is mostly overt (since the supplying sides recognize the independence of the regions), according to international law, the transactions remain illegal.

### *Transit Trafficking*

Due to the geographic location of the Caucasus, some elements of the international illegal arms trade definitely transit through the region, often concealed as commercial cargo. For example, Azeri customs discovered six disassembled MIG-21 jet fighters on a Russian cargo plane at the Baku international airport on 19 March 1999.<sup>24</sup> The cargo plane was allegedly en route to Serbia from Kazakhstan.

### *Internal Circulation and Outward Trafficking*

Both the internal circulation and outward trafficking of weapons take place largely in war zones as exchanges between different factions, including terrorist entities. Such transactions mostly involve small arms and light weapons, ammunition, land mines, and explosives that travel along complex routes. For example, three ethnic Georgian paramilitary structures—the White Legion, Forest Brothers, and Hunter Battalion, which are supported by the Georgian government in the context of conflict with Abkhazia—have emerged as almost autonomous and uncontrollable actors. They are

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<sup>23</sup> *The Military Balance 2002-2003* (London: The Institute for Strategic Studies, 2003), 66.

<sup>24</sup> Reuters, “Azerbaijan Detain Russian Plane Bound for Yugoslavia” (23 March 1999); available at [www.aeronautics.ru/azerbaijan1.htm](http://www.aeronautics.ru/azerbaijan1.htm).



Figure 4: Weapons trafficking routes in the Caucasus

particularly engaged in weapons smuggling (among other activities) within their operation areas, which include Mingrelia, the Gali district, and the Kodori Gorge in western Georgia. Similar phenomena take place in Chechnya and Dagestan, where local terrorist and insurgent groups purchase weapons from Russian sources and disperse them to the population for operational or commercial purposes. At the same time, some high-end weapons, like man-portable air defense systems (MANPADS), are smuggled into Chechnya and Dagestan from abroad. In the summer of 2002, Chechen insurgents managed to smuggle several dozen MANPADS across the Georgian-Russian border to Chechnya. The Chechen insurgents subsequently shot down several Russian helicopters, resulting in the loss of a high number of personnel and posing serious implications for operations, which lasted until the end of the year.<sup>25</sup>

The remnants of Cold War-era Soviet arms arsenals in the Caucasus are an additional threat, particularly in two Russian military bases in Georgia: the 12<sup>th</sup> in Batumi, and the 62<sup>nd</sup> in Akhalkalaki, both of which are due to be disbanded in 2008. It is feared that a portion of the weapons and ammunition stored at these bases will fall into the hands of local militants, including ethnic Armenians who are active in Akhalkalaki. Despite being strictly prohibited and punishable by law, the regional tradition of arms possession by the local population complicates matters by stimulating the proliferation of firearms and handguns in the Caucasus. (To view the weapons trafficking routes in the region, see Figure 4.)

<sup>25</sup> Available from [www.gazeta.ru/2002/11/20/ivanovposadi.shtml](http://www.gazeta.ru/2002/11/20/ivanovposadi.shtml).

## Pattern Two: Drugs

The Caucasus plays two roles with respect to drug trafficking, serving primarily as a transit region and secondarily as a cultivation region. Both of these roles, however, share a common key element: drugs have a high value-to-bulk ratio, and their transport does not require significant logistical support. This makes drug trafficking very attractive; perpetrators tend to make a large profit without significant investment of effort.

### *Strategic Drugs*

Since the Caucasus is situated near Afghanistan, which provides nearly 87 percent of the global heroin supply, the region naturally serves as a transit area for drugs. Its relevance continues to grow in the light of the current situation in Afghanistan, tensions surrounding Iran, and the formation of the “Balkan heroin pipeline.”

Because of the international presence in the Balkans, the regional processes of law enforcement and security sector reform, and the intended integration of the Balkans into the European Union, significant emphasis has been placed on countering drug trafficking in the Balkans, causing some drug trafficking routes to drift toward the Caucasus. Consequentially, the Caucasus is becoming an alternative corridor to Europe, as drugs are trafficked through Russia, Ukraine, and on to Europe. Simultaneously, some drugs are trafficked in the opposite direction, from Europe to the Caucasus. These traffickers deliver more expensive or “elite” drugs, like cocaine or amphetamines. Such “elite” drugs are increasing in popularity among youth in the wealthy strata of Caucasian society.

### *Soft Drugs*

By virtue of the favorable climate in the Caucasus, opium and cannabis are cultivated, produced, and consumed locally. However, there are now indications that these goods, while produced locally, are also exported outside of the Caucasus, primarily to the greater Russian market.

Today, Azeri law enforcement officials recognize that the country is increasingly being used as a transit point for drugs arriving from Afghanistan and destined for Russia, Georgia, and Europe.<sup>26</sup> The countries of origin for drugs are Iran (by land and sea), Kazakhstan (by air and sea), and Turkmenistan (by sea). All in all, there are at least thirty-eight identified drug trafficking routes running through Azerbaijan (inbound, outbound, and transit).<sup>27</sup> Supply shipments are conducted in a decentralized pattern, ei-

**Insight: Azerbaijan’s Official Drugs Statistics**  
(for the first half of 2006)

- Drugs intercepted: **103.98 kg**
- Drug crops destroyed: **150 tons**
- Drug dealers and traffickers apprehended: **1,076**
- Heroin price (per gram): **USD 40-50**
- Cocaine price (per gram): **USD 15-16**
- Cannabis price (per gram): **USD 3**

<sup>26</sup> *Zerkalo* 142 (5 August 2006) (in Russian).

<sup>27</sup> Statement by LTC Taniverdi Aydinov, police officer, Analytical Branch, Main Counter-Narcotics Department, Ministry of Interior of Azerbaijan, in *Echo* (11 August 2006).



Figure 5: Drug trafficking routes in the Caucasus

ther in person by couriers (e.g., within the human body) or in unaccompanied commercial cargo shipments. The items trafficked range from low-grade, label “555” heroin to high-quality, label “999” heroin. There is also an increasing flow of cannabis from Iran, as well as cocaine and marijuana from Russia, which is mostly delivered by messengers, arriving by legal means of transportation, such as automobiles, trains, or ferries. The pool of traffickers is international. Perpetrators detained for drug-related crimes in the first half of 2006 in Azerbaijan (in addition to local citizens) included forty-seven foreign nationals (twenty-three from Georgia, fifteen from Iran, and others from Russia, the Central Asian states, and Afghanistan).<sup>28</sup> Azerbaijan pays a high price for its strategic position, one negative backlash of which is the transit of illicit drugs, many of which filter into the Azeri population. There are 300,000 drug users in the country, among them 15,000 to 18,000 (including teenagers) who are addicted to hard drugs.<sup>29</sup> Over the last year, drug-related crime rates in Azerbaijan rose by more than nine percent. The drug issue has risen to a national-level security threat. (For the main drug trafficking routes in the region, see Figure 5.)

### Pattern Three: People

The illegal movement of people is completely different from the two kinds of trafficking discussed previously. It encompasses two subcategories: migrant smuggling and

<sup>28</sup> Statement by LTG Oruj Zalov, Deputy Minister of Interior of Azerbaijan, 28 July 2006; available at [www.day.az/news/society/55097.html](http://www.day.az/news/society/55097.html).

<sup>29</sup> *Bakinskije Vedomosti* 28 (1486) (12 August 2006).

human trafficking.<sup>30</sup> But, as with drug trafficking, the Caucasus plays two roles—source and transit region—with respect to human smuggling and trafficking. Wars, unstable political situations, economic hardship, and poverty encourage people to seek better places to live; for the people of the Caucasus and surrounding regions, such destinations include Europe, Russia, Turkey, and the Persian Gulf states.<sup>31</sup> People of the Caucasus provide a cheap labor force, whether in prostitution or in agricultural zones. After moving to a new destination, migrants often become victims; they are either underpaid or suffer from forced labor, sexual exploitation, or even the removal of bodily organs.<sup>32</sup> The cost of smuggling or trafficking to the Caucasus is high; it results in the disruption of economies, the degradation of the population, broken families, and the spread of diseases.

All three countries of the South Caucasus are categorized with Tier II status with respect to human trafficking by the U.S. Department of State. This designation signifies that these countries do not fully comply with the minimum standards of the 2003 Trafficking Victims Protection Reauthorization Act, and have failed to show increasing efforts to combat the problem.<sup>33</sup> Georgia is regarded by some experts to be a major trafficking channel.<sup>34</sup> Yet, while neither Azerbaijan nor Armenia contains major routes for human smuggling and trafficking at present, the situation in Armenia is changing. According to Armenian non-governmental sources, in 2005 at least 5,000 Armenian women were recruited into prostitution in Turkey and the United Arab Emirates (UAE). Reportedly, many corrupt mid-level officials are involved in human trafficking.<sup>35</sup> Iran, which is emerging as a trafficking hub of growing importance, is another complicating factor. As both a source and transit country, it was downgraded to a Tier

**Insight: Azerbaijan's Official Human Smuggling and Trafficking Statistics (2005)**

- SOM / THB related crimes: **160**
- SOM / THB perpetrators charged: **153**
- SOM / THB victims identified: **231**
- Countries of origin: China, Vietnam, Russia, Iran, Iraq, Central Asian states, South Asian states, and African states
- Countries of destination: EU (including Germany, Italy, Spain, Greece, Sweden, Netherlands), Turkey, the Gulf states (including UAE), India, and Pakistan

<sup>30</sup> Smuggling of migrants and trafficking of human beings can be distinguished from one another. In the first case, the movement of people takes place by their consent, and in the second case, the movement takes place by force, coercion, or fraud.

<sup>31</sup> U.S. Department of State Report, 2005 (6 June 2006); available at [www.usdoj.gov/ag/annualreports/tr2006/assessment\\_of\\_efforts\\_to\\_combat\\_tip.pdf](http://www.usdoj.gov/ag/annualreports/tr2006/assessment_of_efforts_to_combat_tip.pdf).

<sup>32</sup> *Zerkalo* 147 (12 August 2006) (in Russian).

<sup>33</sup> U.S. Department of State, *Trafficking in Persons Report 2004*; available at [www.state.gov/g/tip/ris/tiprpt/2004/](http://www.state.gov/g/tip/ris/tiprpt/2004/).

<sup>34</sup> Mark Galeotti, "People-trafficking Erodes Security in Former Soviet States," *Jane's Intelligence Review* (April 2005): 25.

<sup>35</sup> Statements by: John Miller, Senior Advisor of U.S. Department of State, Chief Bureau for Monitoring and Combating Trafficking; and Edik Bagdasaryan, Chairman of the Association of Investigative Journalists of Armenia; available at [www.a1plus.am/ru/?page=issue&id=29666](http://www.a1plus.am/ru/?page=issue&id=29666) (in Russian).

III country in the most recent U.S. Department of State *Trafficking in Persons Report*.<sup>36</sup>

The movement of smuggled or trafficked people is mostly overt. Smugglers and traffickers tend to use legal documents, official border-crossing points, and public means of transportation to transport people. A relatively limited number travel with fake documents or cross borders illegally, but the use of forged travel papers continues to grow. For example, during one month (June 2006), citizens of Iran, Afghanistan, Pakistan, Georgia, Syria, India, and China were detained in Azerbaijan while traveling with fake documents or documents belonging to other individuals.<sup>37</sup>

There are a large number of facilitators of human trafficking, who provide safe houses, instructions on disguising people, contact points in the destination country, visa support, tickets, and travel documents (when needed). They cooperate with shadowy travel agencies, various unofficial mediators, corrupt officials in law enforcement agencies responsible for issuing passports, border guards who provide information on border crossings, and even some corrupt foreign embassy employees.<sup>38</sup>

Human trafficking and smuggling groups emerged in the early 1990s in the aftermath of the post-Soviet economic crisis. They consist of a limited number of individuals, usually with only five to ten members in each group. Currently, there are no indications that broad organized trafficking networks exist. Instead, decentralized groups act independently and solely for profit, and show no link to politically motivated actors, including terrorists. In the first half of 2006, a total of eight such groups were apprehended in Azerbaijan by the Ministry of Interior.<sup>39</sup> However, the current situation could change; local groups could merge into larger transnational organizations. At the end of 2005 and the beginning of 2006, border troops in the Azeri Ministry of National Security and the Ministry of Interior jointly managed to break a human smuggling ring. It consisted of more than forty individuals from Azerbaijan, Kyrgyzstan, Uzbekistan, Turkey, and the UAE who were involved in the business of human smuggling from countries of Central Asia and Russia to Dubai and Turkey.<sup>40</sup> A trend toward transnational networks is one of the greatest concerns today with respect to smuggling of migrants and trafficking of human beings in the Caucasus. The main routes used for human trafficking in the region are shown in Figure 6.

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<sup>36</sup> *Iran Focus* (6 June 2006); available at [www.iranfocus.com](http://www.iranfocus.com).

<sup>37</sup> "Trend" Analytical Group (July 2006) (in Russian).

<sup>38</sup> In April 2006, the media in Azerbaijan reported that some officials in the American Embassy in Baku assisted in trafficking of women to the U.S. for prostitution (this assertion was later denied); available at [www.redtram.ru/go/42549568](http://www.redtram.ru/go/42549568).

<sup>39</sup> Statement by LTG Oruj Zalov, Deputy Minister of Interior of Azerbaijan, 28 July 2006; available at [www.day.az/news/society/55097.html](http://www.day.az/news/society/55097.html).

<sup>40</sup> Statement by LTG Elchin Guliev, Head of State Border Protection Service of Azerbaijan, 10 February 2006; available at [www.day.az/news/society/41211.htm](http://www.day.az/news/society/41211.htm).



Figure 6: Human trafficking routes in the Caucasus

### Quasi-State Black Holes: Case Study on Nagorno-Karabakh

Quasi-states are the remaining destabilizing factor in the Caucasus. These separatist regions emerged in the aftermath of the dissolution of the Soviet Union and are not recognized internationally or legally. While they claim to be “democratic,” these quasi-states are not democratic regimes, and are instead non-transparent, authoritarian separatist enclaves. Driven by motivations to survive, supported by their own military and security forces, the separatist regimes have instituted *de facto* martial law. They have survived by drawing upon a “besieged fortress” mentality, the financial and lobbying capabilities of ethnic diasporas, and the selfish geopolitical ambitions of regional powers. These separatist regions are supported by hidden sources and, presumably, by criminal and illegal activities as well. The conduct of illegal smuggling and trafficking networks is particularly present in these quasi-states. Due to limited space, this article will focus on the example of the so-called Nagorno-Karabakh Republic, an area dominated by ethnic Armenians that has proclaimed itself independent from Azerbaijan.

Although located on Azeri territory, the Nagorno-Karabakh Republic regards Azerbaijan as an enemy, and instead has cultivated direct links to Armenia and Iran. Both Armenia and Iran have entered into strategic alliances<sup>41</sup> with Nagorno-Karabakh, which are characterized by a mixture of *realpolitik*, geographical proximity, and simi-

<sup>41</sup> Sami Rosen, “Armenia and Israel Throw Down a Gage to Iran and Turkey,” *Axis Information and Analysis* (20 January 2006); available at [www.axisglobe.com/article.asp?article=606](http://www.axisglobe.com/article.asp?article=606). See also *Parameters—U.S. Army War College Quarterly* (Winter 2001–02); available at [www.carlisle.army.mil/usawc/parameters01winter/jalali.htm](http://www.carlisle.army.mil/usawc/parameters01winter/jalali.htm).



lar leadership.<sup>42</sup> For its part, Armenia maintains a strong political, military, and security alliance with Nargono-Karabakh, heightening the complexities in this intriguing situation.

The border between Armenia and Iran, otherwise known as the Megri Corridor, is forty-eight kilometers wide and is protected by Russian Federal Border Guard Service troops from the 127<sup>th</sup> Border Detachment.<sup>43</sup> Despite the fact that this is a Russian unit, at least half of its personnel are ethnic Armenians.<sup>44</sup> The official statistics about this unit indicate a very limited level of activity. For instance, at the Karchivan border crossing, the major gateway from Iran to Armenia, only eight border violations were reported in 2004 and fourteen in 2005. In addition, only 0.1 kilograms of drugs were confiscated at this border crossing from 2004 to 2006.<sup>45</sup> Such statistics seem incomplete, if not ridiculous, given the nature, intensity, and magnitude of illegal smuggling and trafficking in the region. Border troops under Russian command and control remain a complicating factor for smugglers and traffickers in this area who are looking for secure routes. Thus, their options are limited to the use of territory that is under control of the Nagorno-Karabakh Republic.

The quasi-state of Nagorno-Karabakh controls over 110 kilometers of what is (officially) the border between Azerbaijan and Iran and which coincides with the Araz (Araks) River. Transportation between Iran and the Nagorno-Karabakh territory involves small boats and several pontoon bridges, which are patrolled by the separatist region's army. Smuggled materials presumably consist mostly of drugs, but may also include weapons or individuals. After the smuggled items are delivered to the separatist region, smugglers may encounter a number of further opportunities. The portion of the Armenian-Azeri border claimed by Nagorno-Karabakh is not protected by border guards, customs officials, or the police; it is instead completely controlled by the armies and security services of both Nagorno-Karabakh and Armenia. This means that there is not only a lack of formal control, but also an opportunity to bypass the official Iranian-Armenian border (the Megri Corridor) while remaining protected by the Russians. Smuggled materials are easily transferred from Nagorno-Karabakh to southern Armenia along two axes. The major one is Lachin-Kafan, also known as the notorious Lachin Corridor, and the auxiliary route is Goradiz-Megri, otherwise known as Route A-81. In Armenia, these two routes merge into the Megri-Kafan route, which originates in Iran. The route is currently being repaired as part of the gas pipeline construction

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<sup>42</sup> The Presidents of Iran (Mahmood Ahmadi Nejat) and Armenia (Robert Kocharyan) both started their political careers within militant groups and participated in war.

<sup>43</sup> Available at <http://scorpic-dmb.narod.ru/Armenia.htm> (in Russian).

<sup>44</sup> Ibid.

<sup>45</sup> Statement by Col. Vilsur Zyanchurin, Commander of the 127<sup>th</sup> "Megri" Border Detachment, Operational Group "Armenia," Russian Federal Border Guard Troops, reported by the Noyan Topan News Agency, 10 May 2006; available at [www.mediaforum.am](http://www.mediaforum.am).



Figure 7: The Nagorno-Karabakh “black hole”

package financed by the Export Development Bank of Iran.<sup>46</sup> From this vantage point, smuggled goods (or people) can move out of Armenia via the only two available routes: either the Megri-Goris-Yerevan-Tbilisi route (Route E-117) or the Megri-Yerevan-Ashtarak-Kutaisi route (Route A-82). Georgia thus serves as a “distribution center” to the outside world, providing a link to Turkey, Russia, Ukraine, and Western Europe.

In addition, Nagorno-Karabakh has a related terrorist dimension. This region is particularly supported by ethnic Armenians in countries like Lebanon, Syria, Iran, and Iraq. Some of these supporters have ties with terrorist or extremist organizations, including those that have been designated as Foreign Terrorist Organizations by the U.S. Department of State, including ASALA.<sup>47</sup> Many members of ASALA fought against Azerbaijan during the war over Karabakh as part of the Armenian and Nagorno-Karabakh militaries. Some evidence suggests a link between extremist Armenian groups and Hezbollah in Lebanon concerning the exchange of tactical and technical terrorist training.<sup>48</sup> Such linkages virtually enshrine a Caucasus-Middle East “terrorist circuit,” which centers on Iran.

<sup>46</sup> Available at [www.souzarmyan.ru/k2monitnews.php?Action=Full&NewsID=5538](http://www.souzarmyan.ru/k2monitnews.php?Action=Full&NewsID=5538). See also *Iran News* (16 November 2005) (in Russian); available at [www.iran.ru/rus/print\\_news.php?news\\_id=35351](http://www.iran.ru/rus/print_news.php?news_id=35351).

<sup>47</sup> MIPT Terrorism Knowledge Base, available at [www.tb.org/Group.jsp?groupID=258](http://www.tb.org/Group.jsp?groupID=258).

<sup>48</sup> Matthew A. Levitt, “Confronting Syrian Support for Terrorist Groups,” *Middle East Intelligence Bulletin* 5:5 (May 2003); available at [www.meib.org/articles/0305\\_s1.htm](http://www.meib.org/articles/0305_s1.htm).

Overall, the Nagorno-Karabakh “black hole” represents a serious security threat in the Caucasus (for a map of the trafficking hub, see Figure 7). It strengthens the Iranian-Armenian strategic alliance, providing Iranians with a “back door” to Europe, and has the potential to serve (under certain circumstances) as a regional terrorist base.

## Iran: “Geo-Drugs” as an Asymmetric Weapon

Why is the issue of Iranian drug trafficking through Nagorno-Karabakh so relevant? Iran, though located along the heroin trafficking route from Afghanistan and Pakistan, is not regarded as a significant producer or distributor of narcotics by the West. Furthermore, the Iranian leadership has positioned the country as the region’s most committed participant in the “war on drugs” and has created a robust system to deal with the problem (the country has lost more than 3,500 servicemen since 1979 in anti-drug operations). However, due to global geopolitics, the status quo could soon change. The current standoff between the West and Iran over the Iranian nuclear program is emerging as a determining factor. Iran, anticipating a possible backlash, is preparing an asymmetric response to the worst-case scenario. This response could be conducted in many ways, possibly including the use of drugs as a strategic weapon against the West. Early in the summer of 2006, several senior Iranian officials threatened to flood Europe with narcotics should the U.S. or anyone else undertake hostile actions against Iran—threats which sounded feasible (see sidebar).<sup>49</sup> Surrounded mostly by pro-Western or unfriendly countries, some with a significant U.S. military presence, Iran sees its ability to channel drugs to Europe as an attractive strategic option. To do so, it can use sea routes and the so-called Nagorno-Karabakh Republic and its 110 kilometer-wide border with Iran.

### Iranian Threats on the Drugs Issue

**Quote 1:** if “Western states continue their pressures on Iran over its nuclear program, Iran can allow the transit of drugs and narcotics through its waters and other areas”

- Dori Hajafabadi, Former Head of Iran’s intelligence under President Khatami, now Attorney General

**Quote 2:** if “Iran wanted to, it could end its barriers to the drug traffic and thus allow it to flood the West”

- Fada Hossein-Maleki, Chair of Iran’s Drugs Control Agency

## A Terrorism-Trafficking Nexus: Is It Really There?

The answer to whether a nexus between terrorist groups and illegal trafficking organizations actually exists is dependent on which groups are considered terrorists. Three of the four countries in the Caucasus are facing insurgencies on their territories. These countries—Azerbaijan, Georgia, and Russia—often accuse the insurgents of terrorist activities. In the case of Azerbaijan and Russia, these accusations seem to be true. Factions from Nagorno-Karabakh, Chechnya, and most recently Dagestan have at different times conducted terrorist attacks against Azerbaijan and Russia. Similar situations exist

<sup>49</sup> Dariush Mirzai, “Iran’s New Threat Against Europe: Drug Trafficking,” *Asia News* (5 June 2006); available at [www.asianews.it](http://www.asianews.it).

in the separatist regions of Abkhazia and South Ossetia in Georgia. If it is commonly accepted that the separatist regions are responsible for terrorist attacks, then the conclusion is obvious: there is a nexus between terrorism and trafficking. An example of this is the so-called Chechen Republic of Ichkeria, created within Russian territory by ethnic separatists in the early 1990s operating beyond the control of the Russian government. Before being militarily suppressed in 2000, the separatist regime was deeply engaged in criminal activities to finance its existence, including arms and drugs trafficking. Some of this trafficking activity passed through Russian borders. Russian authorities have pinned responsibility for these activities (although somewhat vaguely) on some Islamic countries and organizations. Today, Nagorno-Karabakh is employing the same *modus operandi* and is presumably sustaining itself, at least in part, through illegal trafficking.

Beside the cases mentioned previously, no clear evidence exists to show that terrorist groups are engaged in weapons, drug, or human trafficking in the Caucasus. There are no modular networks combining terrorist and criminal components as have been established in other countries, such as the Revolutionary Armed Forces of Colombia (FARC), the Liberation Tigers of Tamil Eelam (LTTE) in Sri Lanka, or the United Wa State Army (UWSA) in Myanmar. Even the PKK, the largest terrorist organization in the Caucasus, mostly engages in illegal money laundering rather than illegal smuggling and trafficking.

The major distinction between the terrorist and criminal organizations is that the latter are purely profit-driven, while the former are primarily motivated by political or ideological goals. Transnational organized criminals are clandestine by nature and try to avoid any exposure. In contrast, terrorists prefer to gain exposure for spectacular attacks, due to the political ends they pursue. Nevertheless, the distinction between criminals and terrorists can blur, and their activities may overlap. Terrorists can provide organized crime services in exchange for money; organized crime thus emerges as a significant “force multiplier” for terrorism. Today, drug traffickers and human smugglers have a tendency to merge in the Caucasus,<sup>50</sup> and they could easily merge with terrorist structures as well. Regardless of the modalities of cooperation between terrorist and criminal groups, the problem of international smuggling and trafficking in the Caucasus has grown to a significant level.

## Conclusion

As outlined above, the subject in question is complex, and the problem of the links between crime and terror in the Caucasus is real. In sum:

- The Caucasus has emerged as an important source, transit, and destination region for illicitly transported arms, drugs, and human beings. As a result, it has security-related relevance beyond the areas of oil and geopolitics.

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<sup>50</sup> Galeotti, “People-trafficking Erodes Security,” 26.

- The continuation of illegal smuggling and trafficking undermines the political, economic, and border integrity of the newly independent states in the Caucasus. Furthermore, illegal smuggling and trafficking in the Caucasus cannot be regarded as a solely domestic problem; instead, it is an international problem.
- Quasi-states and separatist regions remain a focal point with respect to the problem of illegal smuggling and trafficking. These regions function as source, transit, destination, and distribution areas. Violent non-state actors have become the primary causes of the problem.
- The Caucasus could replace the Balkans as the primary trafficking hub in Eurasia.
- Iran could emerge as a major spoiler with respect to illegal smuggling and trafficking in the context of the current standoff with the West over its nuclear program.
- Border control and management remains crucial to fighting illegal smuggling and trafficking in the region. However, establishing full and effective border control in the region will be impossible in the foreseeable future.
- Regional cooperation to combat illegal smuggling and trafficking remains complicated, restrained, or even blocked by inter-state and intrastate conflicts and tensions. For example, the Armenian-Azeri and the Georgian-Russian partnerships remain strained.
- The countries of the Caucasus are making some progress in their efforts to contain illegal smuggling and trafficking. However, major initiatives have been stalled due to limited resources, corruption, and insufficient oversight, and these countries are thus lagging behind international standards and practice.
- To perpetrate any large-scale trafficking through the region, collaboration with and protection from corrupt authorities is necessary. However, there is no concrete evidence of such collaboration at the present time.
- So far, no direct link exists between terrorism and organized crime in the Caucasus. However, such a nexus could emerge in the near future because of the evolving regional, continental, and even global situations.
- Illicit smuggling and trafficking should not be regarded as the primary mode of financial support for terrorist-related activity, at least in the Caucasus. Rather, money laundering, counterfeiting, fundraising, and investments in legal businesses represent more serious concerns; they are opportunities to covertly funnel finances in support of terrorist operations.
- Future illegal trafficking and smuggling routes in the Caucasus will likely be determined by developments relating to two emerging geopolitical conflicts, those between the U.S. and Iran and between Russia and Georgia. In addition, an underground movement of Wahhabi/Salafist terrorism, which is spreading across the North Caucasus, should be regarded as another factor in increasing illegal

trafficking and smuggling. Finally, the renewal of the rivalry between the U.S. and Russia could redefine the issue once again.

This article has discussed a long-term problem of growing significance—one that cannot be immediately eliminated. However, the problem can be managed, contained, or even diminished. In the interim, it will demand significant resources, effort, and time. Below are some policy recommendations for the way ahead. In order to address the issue on multiple levels and with various means, the following measures and steps are necessary. They must be undertaken by out-of-area players, both those who are directly and indirectly affected. Specifically, it is important to:

- Define the overall strategy of countering illegal smuggling and trafficking in the Caucasus
- Launch a regional initiative that aims at enhancing multilateral interaction and cooperation in combating illegal smuggling and trafficking
- Take a robust and unambiguous political stance towards regional “quasi-states” or separatist regions as primary support structures for illegal smuggling and trafficking
- Increasingly involve international structures (such as NATO, Interpol, the specialized EU agencies, etc.) in monitoring and dealing with problems related to illegal smuggling and trafficking
- Establish a bilateral framework for cooperation between states—both regional actors and relevant international players
- Assist in defining, improving, adjusting, and harmonizing the national security strategies, related legislation, and criminal codes of regional players
- Strengthen border control and management, interagency coordination, visa regimes, training of specialized personnel (including border guards, customs officials, the police, and security agents), and technology (specifically, biometrics identification) in the countries of the Caucasus through financial, educational, and technical assistance
- Strengthen export regimes and military stockpile security in order to control and ensure transparency, thereby preventing weapons smuggling
- Increase intelligence sharing to the maximum level possible
- Establish a regional coordination and information center that deals specifically with the issue of illegal smuggling and trafficking
- Encourage an increased role for local NGOs and the media in fighting corruption and human trafficking and raising public awareness of these issues
- Support locally based think tanks in conducting research and other activities related to illegal smuggling.

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