

# UNODC

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**SAGRADO CORAZÓN MODEL OF UNITED NATIONS**

# Letter from the Dais

Dear delegates,

It is our honor to welcome you to this iteration of the Sagrado Corazón Model of United Nations, SACMUN 2026. Specifically, we want to congratulate you on raising to the challenge of being part of this committee, the United Nations Office on Drugs and Crime. This year, your dais will be composed by current and past delegates from both Valencia and Caracas high school and university circuits, so be prepared to be met by a diverse panel of judges. In this opportunity, your Presidents will be Stefano Pizani and Isabella Canelon, which are very excited to meet you in this conference!

Stefano is a 6th (and last!) year medicine student in Universidad Central de Venezuela. He was in his high school delegation in Colegio Emil Friedman. In his university, he took part of LAMUN UCV and UCV HNMUN, attending conferences in Universidad Rey Juan Carlos in Madrid, España and Harvard National Model of United Nations in Boston, Massachusetts. He was also part of the Modelo Venezolano de Naciones Unidas where he had the opportunity of being a Dais in and had the honor of serving as the Secretary General in its 21st edition. He really enjoys delegates who are not afraid to debate, be polemic and interesting. His favorite part of any committee is the Q&A and even though he has a naturally sour face, he's not that grumpy!

Isabella is an International Affairs student in Universidad Metropolitana, and as a delegate had the pleasure of being part of our state's delegation, CADMUN. As a dais, she really enjoys delegates who are dynamic, academic and positive leaders. She believes delegates should aim at being integral in all parts of the committee, so she will be very aware of how you manage every stage of the committee.

This year's topic of UNODC opens the discussion of special economic zones and their use for money laundering in Asia, a topic far from our latitude but with worldwide consequences. We will challenge delegates on proposing solutions tailored not only to this region, but feasible to other regions specially affected by this issue. Remember to investigate, but never forget to be interesting and spicy! Last but not least, never forget the interesting social experience that MUN is, and aim to forge real and durable friendships. MUN is a game, and if you're not enjoying it, you're playing it wrong.

If you have any doubts, do not hesitate to contact us. We're very excited to meet you, and see you in SACMUN 2026.

***May the odds be ever in your favor.***



Sagrado Corazon Model of United Nations  
U. E Colegio Sagrado Corazon  
Valencia, Carabobo

# Committee history

## *United Nations Office on Drugs and Crime*

The United Nations Office on Drugs and Crime (UNODC) is a global leader in the fight against illicit drugs and international crime, and is also responsible for implementing the United Nations' main counterterrorism program. The UNODC was the necessary response to a world where crime was beginning to globalize faster than justice. To fully understand it, one must see it as a structure that bridges two worlds: public health (drugs) and security (crime). This agency emerged from a unification process in the late 1990s.

The United Nations recognized that it was a mistake to have two separate entities, one dealing with drugs and the other with crime, because cartels and organized crime operate as a single machine. These entities were the United Nations International Drug Control Programme (UNDCP) and the Centre for International Crime Prevention. Therefore, in 1997, the Secretary-General decided to merge the United Nations International Drug Control Programme with the International Centre for Crime Prevention. The objective of this organization is clear: to create a united front that could advise countries not only on how to destroy drug shipments, but also on how to reform their laws so that criminals could not find loopholes.

The UNODC also contributes to improving crime prevention and provides assistance in criminal justice reform in order to strengthen the rule of law, promote stable and viable criminal justice systems, and combat the growing threats of international organized crime and corruption. In 2002, the General Assembly adopted an expanded program of activities for the UNODC's Counterterrorism Branch. These activities focus on providing assistance to States, upon request, for the ratification and implementation of the 18 universal legal instruments against terrorism.

The structure of the UNODC is anchored at its headquarters in Vienna, where the Executive Director oversees a dual-mandate organization focused on both health and security. It operates through three main internal divisions Operations, Treaty Affairs, and Policy Analysis which ensure that international laws are translated into actionable research and field programs. This central core is guided by two governing bodies, the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice, which represent member states' interests. On a global scale, the organization functions through an extensive field network of regional and country offices in over 150 nations, supported by specialized units like the Laboratory and Scientific Service and the Container Control Program. This decentralized setup allows the UNODC to combine high-level legal expertise with direct, on-the-ground technical assistance to combat organized crime, corruption, and illicit trafficking effectively.

# Committee faculties

## 1. Normative and Treaty-Based Faculty

The UNODC acts as the "Guardian of the Conventions," ensuring that Member States adhere to international legal frameworks. Its primary role is to assist countries in ratifying and implementing global treaties against drugs, transnational organized crime (UNTOC), corruption (UNCAC), and terrorism. Additionally, it serves as the secretariat for key governing bodies, such as the Commission on Narcotic Drugs, facilitating political dialogue and helping nations draft domestic laws that align with global justice standards.

## 2. Research and Analytical Faculty

This faculty establishes the office as the central intelligence and evidence hub of the United Nations. The UNODC collects and analyzes global data to publish essential reports, such as the World Drug Report, which identify emerging trends in illicit markets, trafficking routes, and new threats like cybercrime. By utilizing technologies such as satellite monitoring for illicit crop cultivation, it provides governments with the scientific evidence necessary to make informed policy decisions and design effective security strategies.

## 3. Technical Cooperation and Capacity-Building Faculty

Through its extensive network of field offices, the UNODC executes direct assistance programs to strengthen the institutional capacities of Member States. This includes training police officers and judges in criminal investigation techniques, modernizing prison systems, and improving container security at commercial ports. Its goal is to provide local authorities with the practical tools and expertise required to confront transnational threats that no single country can effectively combat in isolation.

## 4. Prevention and Alternative Development Faculty

This function focuses on the social and economic root causes of crime and drug abuse by promoting community health and resilience. The UNODC leads "alternative development" initiatives that help rural communities replace illicit crops with legal, sustainable products like coffee or cocoa. Furthermore, it develops evidence-based drug prevention programs and strategies designed to protect vulnerable populations from exploitation, human trafficking, and violence.

## **background and actual situation**

Special economic zones in asia have a pretty long history that goes back to when countries were trying to figure out how to grow their economies faster and compete with richer nations. Basically the whole idea started because governments saw that other places were getting tons of foreign investment by offering special deals and they wanted to copy that success.

At the end of the 20th century, countries like China (considering the case of Shenzhen in 1980) Vietnam, and Thailand created the Special Economic Zones to attract international and foreign investment. The SEZ are specific areas all around Asian countries that have different economic laws than the rest of the country. Governments set aside these specific zones to create a business friendly environment expecting they can jumpstart the economy without having to change laws for the entire nation.

These zones are known for having “The Big Three” benefits, including tax breaks, less red tape (they have a “Single window” system) and better infrastructure because the government invests heavily in these areas.

The really big turning point came when China decided to open up its economy after decades of being closed off in 1978 Deng Xiaoping who was leading China at the time said they needed to try something new to bring in foreign money and technology but they didn't want to change everything all at once so they created these special economic zones as like experiments or test areas where they could try capitalism in just a few cities without messing up the whole country.

China officially approved the first special economic zones around 1979 and 1980 and they picked cities like Shenzhen Zhuhai Shantou and Xiamen which were all in the southern part of China near Hong Kong and Taiwan the idea was to give these cities really special treatment like huge tax breaks super easy rules for foreign companies cheap land and the local governments could make their own decisions without asking Beijing for permission every single time.

Other Asian countries saw what China was doing and they wanted the same results so throughout the 1980s 1990s and 2000s you saw special economic zones free trade zones industrial parks and similar setups popping up all over Southeast Asia South Asia and even in places like the Middle East countries like Vietnam Thailand Malaysia Indonesia the Philippines and others all created their own versions with similar packages of benefits, now here's where the problems start to show up. These zones were designed to have as few rules and controls as possible because the whole point was to make life easy for investors and businesses that meant customs inspections were lighter paperwork requirements were simpler and sometimes you could set up a company in like a day or two without anyone really checking who you were or where your money came from.

Criminals and people involved in illegal activities figured out pretty quickly that these zones were perfect for hiding dirty money and moving it around one of the main ways they did this was through something called trade based money laundering which basically means you use fake trade to disguise illegal money for example you could pretend to import a shipment of goods and say it cost way more than it actually did then when you pay for it you're really just moving illegal cash to another country but it looks like normal business on paper.

In the 2000s and 2010s things got even more complicated because some zones started appearing that weren't really controlled by the national government these are sometimes called grey zones or informal special economic zones and they showed up mostly in border areas where the central government was weak or where local warlords armed groups or powerful business people had their own authority

One famous example is the golden triangle special economic zone in Laos which is run by a Chinese businessman named Zhao Wei. The United States actually put sanctions on him because intelligence reports said his zone was being used for drug trafficking, human trafficking, illegal wildlife trade, online scam operations, and of course money laundering. The zone has casinos, hotels, and businesses, but a lot of what's happening there is illegal, and the money from all those crimes gets mixed in with the legal businesses so it ends up looking clean.

Asia Pacific countries slowly started adopting these rules, but it took a really long time, and even today a lot of the special economic zones and free trade zones still have weak controls. Part of the reason is that governments are afraid if they make the rules too strict, then investors will go somewhere else. So there's always this tension between wanting to stop crime and wanting to keep the economic benefits flowing.

In the 2010s and 2020s, there were some really big scandals that put a spotlight on money laundering in Asia. The 1MDB scandal in Malaysia was probably the most famous, where billions of dollars were stolen from a government investment fund and laundered through banks and properties all over the world, including in places like Singapore and Hong Kong. That scandal led to a lot of pressure on Asian financial centers to tighten up their anti-money laundering systems.

The way these zones are set up makes them really attractive for money laundering because you can move huge amounts of goods and money across borders with very little scrutiny. Customs officials might only inspect a tiny percentage of containers passing through, and even when they do find something suspicious, it's often hard to figure out who's really behind the shipment because the paperwork goes through multiple shell companies and intermediaries.

During the 2000s, researchers and international organizations started publishing reports showing how trade-based money laundering was exploding in Asia Pacific and how free trade zones were being used as hubs for moving illicit goods like counterfeit products, drugs, weapons, and even wildlife. But it took years for governments to start taking action, and even now enforcement is really patchy.

One of the reasons enforcement is so hard is that these zones often involve multiple jurisdictions. You might have a port authority, a special economic zone management board, local police, national customs, and maybe even private security, all operating in the same area, and they don't always communicate well or share information, so criminals can exploit those gaps.

In recent years, there's been more focus on something called beneficial ownership, which means figuring out who actually owns and controls a company. Because a lot of money laundering schemes rely on hiding the real owner behind layers of shell companies, new international standards are pushing countries to create registries where you have to disclose the real people behind a business. But implementing this in special economic zones has been slow because, again, there's resistance from people who benefit from the secrecy.

## Case Studies

### 1. The Golden Triangle SEZ (GTSEZ) – Laos

Located at the border of Laos, Thailand, and Myanmar, this zone is often described as a "de facto colony."

The Golden Triangle Special Economic Zone (GTSEZ) functions as a lawless, high-tech enclave in Laos where the Kings Romans Group exercises more authority than the national government. By operating with its own security, utilizing the Chinese Yuan instead of the local currency, and maintaining a 99-year lease, the zone has become a "de facto colony" and a premier hub for transnational crime. The Kings Romans Casino acts as a massive laundry for illicit funds, allowing profits from the region's notorious drug trade, human trafficking, and the open sale of endangered wildlife to be integrated into the legitimate economy without documentation or oversight. This lack of regulation, combined with its strategic location at the borders of Thailand and Myanmar, has led to its designation by the U.S. Treasury as a base for a global criminal organization, yet it continues to thrive due to its deep economic and political insulation.

The Golden Triangle Special Economic Zone (GTSEZ) functions as a sophisticated, autonomous enclave that effectively operates on Beijing Time and utilizes Chinese Yuan as its primary currency, bypassing Lao national standards. Beyond its notorious reputation for money laundering, the zone has recently evolved into a global epicenter for "pig butchering" cyber-scams, where thousands of trafficked workers are held in captive conditions to carry out international financial fraud. The area is also infamous for its open "wildlife supermarkets," where endangered species like tigers and bears are farmed and sold as luxury products or medicinal wine. Managed by the sanctioned Kings Romans Group, the zone continues to expand its reach through a private international port on the Mekong River, further insulating its illicit trade of narcotics and humans from any meaningful government oversight or international intervention.

### 2. Shwe Kokko and KK Park – Myanmar

Shwe Kokko and KK Park are notorious "scam cities" located along the Moei River in Myanmar's Kayah State, where they operate as fortified enclaves under the protection of the Karen Border Guard Force (BGF), also known as the Karen National Army. These zones have evolved into high-tech prisons for an estimated 100,000 trafficked workers from over 20 countries, who are coerced into running multi-billion dollar "pig butchering" and cryptocurrency scams under the threat of torture, electric shocks, and organ harvesting. Financially, these compounds rely on Trade-Based Money Laundering (TBML) and digital currencies like Tether (USDT) to bypass the global banking system, with the BGF reportedly providing security and utilities in exchange for a direct share of the criminal profits. Despite a highly publicized "zero tolerance" raid by the Myanmar military in October 2025 that resulted in the arrest of over 2,000 people and the seizure of Starlink satellite terminals used to maintain the internet during power cuts, many operations simply shifted to nearby "satellite compounds" like Apollo or Hengsheng Park. As of early 2026, international authorities remain skeptical of these crackdowns, noting that construction continues in Shwe Kokko and that the leadership, including the sanctioned militia leader Saw Chit Thu, continues to benefit from the jurisdictional vacuum created by Myanmar's ongoing civil conflict.

## Case Studies

3. Sihanoukville – Cambodia Sihanoukville, Cambodia, stands as a prime global case study for "Criminal Foreign Direct Investment" (FDI), where a rapid surge of Chinese capital transformed the city from a coastal resort into a fortified hub for transnational crime. Following a 2020 ban on online gambling that saw nearly 450,000 Chinese nationals depart almost overnight, the city was left with hundreds of unfinished "ghost towers" and a massive regulatory vacuum. Criminal syndicates quickly adapted, pivoting to "pig butchering" cyber-scam operations and rebranding their facilities as legitimate "digital tech parks" or "business centers." As of early 2026, despite an intensive government crackdown involving a 700 person task force and the high-profile arrest of tycoon Chen Zhi, an estimated 100,000 people remain trapped in these compounds through human trafficking and debt bondage. These centers generate an estimated \$12.5 billion annually roughly half of Cambodia's formal GDP utilizing sophisticated tools like Starlink satellite terminals for secure communication and generative AI to create convincing deepfakes for fraud. The financial infrastructure of the city remains deeply compromised; illicit profits are laundered through a vast network of luxury real estate, casinos like Royal Yongli and GTI, and shell companies, making it increasingly difficult for international authorities to separate legitimate investment from the proceeds of global cybercrime.

## QARMAS

1. How can the UNODC help member states harmonize their Anti-Money Laundering (AML) laws so that SEZ regulations aren't significantly weaker than national laws?
2. What specific mechanisms can be implemented to ensure that a company "blacklisted" in one SEZ cannot simply move its operations to a neighboring zone?
3. Could the implementation of Blockchain-based trade registries within SEZs provide a real-time audit trail for the UNODC and local authorities without slowing down the speed of commerce?
4. Many SEZs are in developing economies. How does the UNODC provide the technical training necessary for local customs officers to identify sophisticated financial crimes?
5. What role should private banks and logistics firms play in reporting suspicious activity within these zones, and how can they be protected from retaliation by criminal networks?
6. How do we define "stifling" trade? Is there a measurable threshold where the cost of compliance begins to demonstrably reduce Foreign Direct Investment (FDI)?
7. What specific criteria should the UNODC use to designate an SEZ as a "Financial Gray Zone" to prompt international intervention?