The Economic Approach to the Analysis of Drug Trafficking in Central Asia

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Abstract

Drug trafficking is one of the main problems in Central Asia, and addressing it requires huge efforts. However, the efficiency of these efforts is doubtful, since the more effort, the more adaptive drug trafficking becomes. In Central Asia, this problem is associated with both historical prerequisites and the socio-economic situation in the region. This article discusses drug trafficking in Central Asia as an economic phenomenon and identifies the key factors that enable public policy to be more efficient in this field. The authors have analyzed the main strategy for the development of Central Asian countries and the development of synergistic actions system for developed economies (the main consumers of Afghan drugs), which may contribute to a significant reduction in drug trafficking. The major contribution of the article is in the analysis of existing and possible new routes of drug trafficking and the development of an index to assess the country's attractiveness for drug traffickers. The authors have identified two new routes and emphasized the downward trend in the attractiveness of the traditional Northern route. The novelty of the article lies in the developed conceptual models: drug circle; upstream – midstream – downstream drug trafficking; the Index of Drug Trafficking Attractiveness.

Keywords: Drug Trafficking, Central Asia, Economic Approach, Strategy, Security.

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1. Introduction

Today, drug trafficking is a global problem that is becoming increasingly acute in the context of the development of new technological and financial solutions in the field of drug logistics. There are many ways government agencies may reduce drug trafficking in a particular region. Despite their efforts, drug trafficking remains an unresolved problem. Consequently, either these measures are inefficient, or drug cartels are adapting to them. The article proposes a different approach to assessing drug trafficking: any cartel is an economic entity subject to economic laws, therefore, it should be considered as a corporation. The authors present a conceptual model of the drug circle and argue that drug trafficking is economically similar to the production process of any other legal product, for example, oil production. In this regard, the authors conclude that governments should rethink their measures to treat cartels as economic agents.

The practical significance of the article lies in the analysis of the main drug trafficking routes and trends towards their change in Central Asia and Russia. The authors have proposed the Index of Drug Trafficking Attractiveness (IDTA) based on the Global Competitiveness Index. IDTA allows to assess the attractiveness of a country for drug trafficking and draw conclusions about drug trafficking in the studied countries.

The article substantiates the hypothesis according to which drug trafficking in Central Asia and Russia can be considered as an economic process, in which there is a tendency to optimize logistics. The novelty of the article includes the developed conceptual models and IDTA, as well as the proposed measures to counter drug trafficking on a global scale. The analysis of drug trafficking corridors allows to identify the possibilities of drug trafficking in previously not involved countries.

2. Literature Review

Issues related to drug trafficking in Central Asia are studied by many organizations; their publications help to analyze the situation in the region. In this study, the authors have used data from the United Nations Office on Drugs and Crime (UNODC), the Central Asian Regional Information Coordination Center for Combating Illicit Trafficking in Narcotic Drugs, Psychotropic Substances and Their Precursors (CARICC), American Narcological Centers, the Ministry of Internal Affairs of Russia, The World Bank and the World Economic Forum (WEF) (UNODC,2018; UNODC, 2020; CARICC,2017; CARICC,2018; Schwab,2016).

In this article, the authors apply a number of conceptual ideas that were used to assess the drug situation in the United States and Latin America. When developing IDTA, the authors used the results of the study by Wainwright (Wainwright,2017), in particular, the assumption that drug prices rise with each kilometer of distance covered; however, many of the data for North America and the methods applied in (Wainwright,2017) are not available and are not appropriate for Central Asia.

The security aspect of drug trafficking is covered in many studies on this topic, but the specifics of Central Asia were considered in (Makarenko, 2001). Given the age of the publication, in this article the authors develop the ideas of security of Makarenko (Makarenko,2001), in particular in the socioeconomic context.

The main reasons for the influence of drugs on different social groups, especially young people, were presented in (Ismayilova and Terlikbayeva,2018), and in this article the authors develop this aspect in an economic context.

The main disadvantages of the drug control system are identified by Ekici (Ekici,2016). Based on the results of his study, the authors formulate recommendations for countries involved in drug trafficking. (Levi-Sanchez, 2017) put forward the idea that local residents do not recognize and devalue government regulatory mechanisms. The authors have not developed this idea in this article, but nevertheless they agree with it. The proposed recommendations are aimed at strengthening the confidence of citizens of Central Asian states in their governments through the economic policy of improving the living conditions of the population and thereby contributing to the reduction of drug trafficking.

3. Materials and Methods

The study is based on the geo-economic analysis of drug trafficking routes in Central Asia and, as a result, on identifying and proposing ways out of the "drug economics" model for Central Asia. For this, the authors have proposed a conceptual model for comparing a drug cartel with a corporation and assessed the country's attractiveness for drug trafficking using IDTA based on the Global Competitiveness Index of the WEF (WEF,2018). The IDTA calculation includes two stages, which are described in the Results section. The second (complete) stage has the following representation (1):

$$IDTA = (GCI * \alpha + BRN * \beta + DV * \gamma) * AD, \tag{1}$$

where GCI is the value of the Global Competitiveness Index for the country; BRN is the number of borders that a drug must cross during transportation from the place of production to the country of main consumption; DV is a dummy variable ranging from -1 to 1, where -1 is a difficult political situation close to civil war, 0 is a relatively stable situation with moderate risks of social unrest, and 1 is a stable economic and political situation with the authorities' ability to overcome the political crisis without institutional changes; α, β and γ are correction coefficients for comparison with the WEF index.

The WEF conducts a comprehensive analysis of the economies, that is why GCI weight is the largest. The borders crossed during transportation are not equally important for the transportation of drugs. The Afghan border is easier to cross than the Russian or Chinese, as the situation in the country is chaotic, so the weight of BRN should be equal to the weight of DV. Due to the fact that there are no uncrossable borders, which is consistently proven by Colombian and Mexican drug smugglers to the United States, which has one of the most secure borders (Puyana,2017), DV coefficient should not exceed the value of one border on a route with a minimum of borders, which in the study is a route with four crossed borders. Therefore, γ should not exceed 0.25, and for β = γ their maximum value should not exceed 0.25. Therefore, α = 0.5. For any further application of this methodology, the coefficients must be estimated in accordance with the methodology proposed above.

AD is the average deviation of the distance, calculated as follows (2):

$$AD = \frac{D_n}{\sum_{1}^{n} \frac{1}{n}} \tag{2}$$

where D is the length of the route through the studied country, and n is the number of theoretically possible routes. The distance was calculated using the Google Maps service and its suggestions for the fastest route between the most actively used customs points, for Russia – Moscow as the most suitable transport hub (except for routes via Azerbaijan and Ukraine).

IDTA is a static indicator, and therefore it is impossible to assess development trends on its basis, but it can reflect the current situation in the studied country. IDTA follows the general trend of "negative methodology": the lower the index, the more attractive the country is for drug trafficking.

The recommendations given in the Discussion section are based on the model of the drug circle developed by the authors. Poor living conditions of

the population and lack of prospects determine the formation of the drug circle (Figure 1).

Figure (1): Drug Dircle
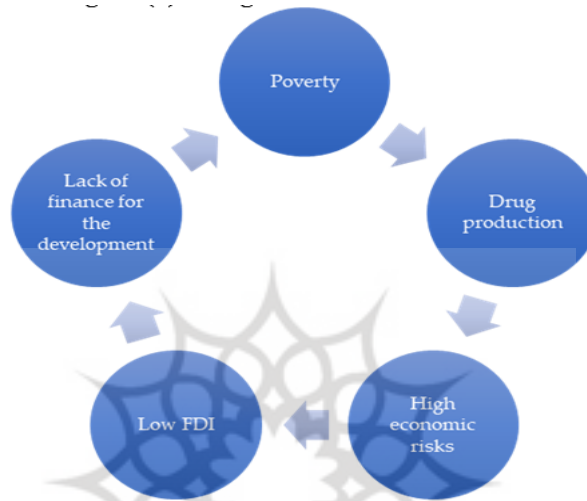
The only way to get out of the circle in Figure 1 is not fighting drug production, which leads to even higher economic risks, but overcoming the lack of foreign direct investment, the main ways of which are described in the Discussion section.

4. Results

4-1. Assessment of the main drug trafficking routes by geographic conditions
Drug trafficking and retail are prohibited in all the studied countries, with no exceptions. In this regard, many efforts are being made to combat the production, transportation and sale of drugs (UNODC,2018; UNODC, 2019). The business of drug manufacturers is analyzed in this article from an economic point of view. The drug business operates according to the same economic laws as legal activity. For example, the traditional division of the oil and gas industry into upstream, midstream and downstream sectors can be applied to the activities of drug cartels (Figure 2).

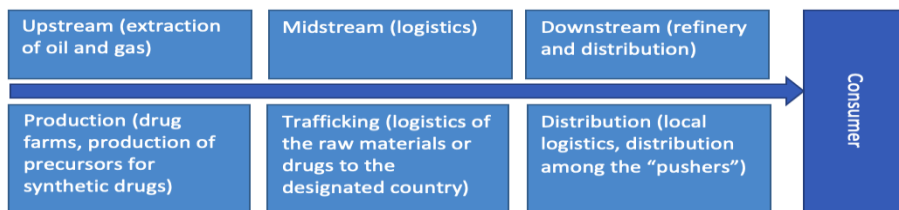**Figure (2): Similarities between Drug trafficking and Oil Production**

Figure (2) allows to identify the opportunities and threats for counteracting drug trafficking and to the opportunities of drug dealers to reduce costs. Thus, a multinational oil company, which has the full production cycle for petroleum products, will not suffer much from the loss of a drilling site, since it takes into account the exhaustion of fields in its activities; for shale oil, for example, the risks of low production and rapid well depletion are already embedded in the consumer price (Wood Mackenzie,2018). It is logical to assume that the loss of one point of drug production will not entail serious losses for a drug producer (Wainwright,2017).

When speaking about midstream, in the oil industry, the main way to reduce costs is to find the optimal transportation route and, therefore, the best logistics solution (for long distances onshore, pipelines are the most commonly used mode of transportation, at sea – tankers). In addition, the lower the risks, the better the chosen route (Russia, for example, is looking for alternative routes for gas export, since transportation through the territory of Ukraine is fraught with risk).

Drug trafficking is subject to the same rules, but with some nuances. First, weak legal regulation and weak or corrupt drug enforcement agencies create a good environment for drug traffickers, reducing the risk of product loss. Consequently, the more unstable the situation in the country, the more attractive it is for the drug trafficking. An unstable economy also causes social unrest and is one of the causes of poverty, and drug trafficking and production allows the poorest citizens to survive, while romanticizing the job of drug smuggling makes it more attractive to young people (De Danieli, 2014).

The distribution stages have many similarities: both the drug dealer and the gas station try to reduce their costs (risks) and gain more profit by advertising their strengths, such as availability (in the case of a drug dealer, timely delivery), good quality fuel (drugs), financial reliability (stability of delivery, low risks of opportunistic behavior of a dealer) and even a

guarantee of the quality of services (this is quite true for drug dealers as well (Wainwright,2017), there are numerous cases of a drug dealer's guarantee execution). Thus, drug trafficking in Central Asia can be viewed through the prism of economic indicators.

First, it is necessary to overview the existing drug trafficking routes in Central Asia. The main producer of natural raw materials for drugs in Asia is Afghanistan. It is a major exporter of drugs, and due to the geographical diversity of Eurasia, there are several routes for transporting Afghan drugs to consumers. It's notable, that the new government of the country has decreased the quantity of produced drugs, as it follows from scarce information on the situation in the country, still today the influence of the change of the regime in Afghanistan on drug trafficking in Asia is hard to assess. The three main routes are the Northern route through Central Asia to Russia and then partially to Europe, the Balkan route – through Iran, Turkey and the Balkan Peninsula to European consumers, and the Southern route, which has many different corridors and allows the export of drugs not only through Africa to Europe and the countries of the Persian Gulf, but to Australia and Oceania and even China (UNODC,2018). These routes were formed as a result of the growth of the main consumption in the most developed countries located in Europe. Nevertheless, the formation of new routes is very likely in the current economic situation, especially in connection with the fall in income of Russian citizens.

The next step is to analyze the data from the WEF and the World Bank Group using the proposed "negative methodology" (Table 1).

Table (1): The Global Competitiveness Index[1]

Country	2013	2014	2015	2016	2017
Russia	4.2	4.2	4.4	4.4	4.5
Mongolia	3.9	3.7	3.8	3.8	3.8
Iran	4.2	4.1	4	4.1	4.1
Kazakhstan	4.4	4.4	4.4	4.5	4.4
Tajikistan	3.8	3.9	4.0	4.1	4.1
Kyrgyz Republic	3.4	3.6	3.7	3.8	3.7
Pakistan	3.5	3.4	3.4	3.4	3.5
Azerbaijan	4.4	4.5	4.5	4.5	4.6
Bosnia and Herzegovina	3.9	4.0	3.7	3.8	3.7
Cyprus	4.3	4.3	4.3	4.2	4.0
Moldova	3.9	3.9	4.0	4.0	3.9
Turkey	4.5	4.5	4.5	4.4	4.4
Ukraine	4.1	4.1	4.1	4.0	4.0

([1] **Source:** Schwab,2016; WEF,2020)

It follows from Table 1 that countries with a constant and stable growth of the index, indicating the worst conditions for drug trafficking, are Russia, Azerbaijan and Tajikistan, countries with a stable dynamic of the index are Mongolia, Iran and Kazakhstan, while Kyrgyzstan, Bosnia and Herzegovina, Cyprus, Moldova, Turkey, Ukraine and Pakistan show multidirectional dynamics of the index.

The methodology proposed in the article allows to conclude that countries with more stable index dynamics are less attractive for drug trafficking. From this point of view, the Northern Route through Russia has no future, since a significant part of it passes through a country with a correctly working system for combating drug trafficking, in addition, another part of it passes through Kazakhstan, also a country with positive index dynamics. Nevertheless, the Northern Route remains one of the main channels for the delivery of drugs to Europe.

To assess the attractiveness of a route for drug dealers, it is important to introduce another variable – the number of borders to cross. The more borders, the higher the price for consumers. It should be noted that five countries of the Eurasian Economic Union (EAEU) have a common customs territory, so there are practically no borders between its members (Dragneva,2017). Various route options through the countries indicated in Table (1) are presented in Table (2).

Table (2): Analysis of the most probable drug trafficking routes (the number of borders to cross – minimum and maximum, involving other hubs)

Afghanistan– EAEU – Germany	Afghanistan – Ukraine – Germany	Afghanistan – Azerbaijan –Germany	Afghanistan – Iran – Germany (Persian Gulf)	Afghanistan –Turkey – Germany	Afghanistan – Pakistan – Malaysia
4	6 (via the EAEU)	6 (via the EAEU)	5 (3)	6 (via Italy)	5 (via India)
6	8	8 (via Ukraine)	7 (via Ukraine) (3)	11 (via Bosnia and Herzegovina)	

As follows from Table 2, the smallest number of borders on routes from Afghanistan to Europe and even to Asian markets passes through the EAEU (3 out of 5 are the shortest and almost a third of 24 possible routes, according to the authors' calculations, runs through the EAEU). This data allows to introduce a correction coefficient into the WEF index. Table 2 lists

the main drug trafficking hubs. The logistics of drug trafficking is flexible, although, like any other business, drug dealers seek to reduce risks by bribing customs and police officers and tend to follow reliable routes, these routes are often closed due to the activities of law enforcement and internal security services to identify corruption crimes. Consequently, drug dealers are forced to change routes. There are several countries, the territory of which they are forced to cross – the so-called hubs (American Addiction Centers, 2020). In Table 2, the hubs are listed after Afghanistan. The authors adjusted the WEF index in accordance with the proposed methodology, the results are presented in Table (3).

Table (3): Calculations of the index of drug trafficking attractiveness (the lower, the more attractive)

EAEU (Russia)	EAEU (Kazakhstan)	Ukraine	Azerbaijan	Iran	Turkey	Bosnia and Herzegovina	Pakistan
4.25	4.7	2.75	3.8	4.3/ 3.8	4.7	3.6	3

The analysis of Table 3 allows to make conclusions on the institutional and geographical attractiveness of drug trafficking routes by country, but there is another important aspect that is assessed by any producer – the price of goods.

The political situation in the countries of Central Asia has an impact on the drug trafficking as a whole. The weaker is the government of the country, the higher is its vulnerability to corruption and drug trafficking. Taking into account the recent solution of several conflicts in the region and the high pace of economic growth the countries of the region are becoming more resilient to drug trafficking, at least for a time being.

4-2.Assessment of Drug trafficking Routes by Distance

Drugs are considered an expensive good with a constant or almost constant demand. However, drug producers have practically no effective strategies for expanding the market, which intensifies competition in the market. Moreover, herbal drugs exported from Afghanistan are becoming less popular than synthetic drugs developed and produced in New Zealand, Malaysia and China (UNODC,2019). In this regard, classical price competition arises in a market with many participants controlled by a limited number of cartels that interact as oligopoly companies. Their strategy is aimed at lowering prices in order to oust competitors from the market. This leads to finding the best and cheapest routes. In the above analysis, geographic conditions were assessed, so below the authors apply

the same methodology for routes, but introduce the variable of the route length (Table 4).

Table (4): The Length of the Route in Km

Afghanistan – EAEU – Germany	Afghanistan – Ukraine – Germany	Afghanistan – Azerbaijan – Germany	Afghanistan – Iran – Germany (Persian Gulf)	Afghanistan – Turkey – Germany	Afghanistan – Pakistan – Malaysia
5936	6894	6730	6669 (3841)	6671	6351
7329	6388	6360	6397 (3841)	7418	

According to Table (4), the length of the route from Afghanistan to Europe is much shorter when using corridors through the EAEU and Ukraine. However, there are also alternative options for diversifying markets, for example, exporting drugs to the Persian Gulf and Southeast Asian countries through Malaysia (Niknami and Dehpahlavan,2013; Veicy,2022).

To improve the quality of IDTA, the authors introduce another coefficient and calculate the final value of the index in accordance with the described methodology.

Table(5): The IDTA Values for the Chosen Countries

	EAEU (Russia)	EAEU (Kazakhstan)	Ukraine	Azerbaijan	Iran	Turkey	Bosnia and Herzegovina	Pakistan
Less borders	3.78	5.16	2.84	3.83	4.29 /3.8	4.69	4	3
Less distance	–	–	2.63	3.62	4.12 /3.8	–	–	–
Average	3.78	5.16	2.74	3.72	4	4.69	4	3

The analysis of Table (5) allows to prove the hypothesis put forward in the article: the Northern Route remains the most convenient route for drug trafficking, but new routes are emerging – through Ukraine and Azerbaijan. In addition, one of the most convenient routes runs through Iran and the Gulf countries, as they are one of the main drug consumers and, at the same time, have a convenient geographic location for transporting drugs to Europe via Italy and Switzerland.

The higher index makes Russia and Kazakhstan less attractive for drug trafficking, and Ukraine and Azerbaijan will soon face the problem of drug trafficking. In addition, Azerbaijan is rapidly developing its economy, and the population has income to buy drugs. In this regard, Azerbaijan can become one of the markets for Afghan drugs and one of the new routes for

their transportation. Ukraine is in a state of civil war, and this provides many opportunities to cross borders without attracting the attention of border forces. Today, it may be an ideal logistics hub for drug trafficking. In addition, the country's technological base inherited from the Soviet Union could make it a hub for the trafficking and production of synthetic drugs. Pakistan is the traditional route for the transportation of Afghan drugs via the Southern Route and remains one of the key logistics hubs (Shahbazbegian and et al,2016).

The geographical conditions of the drug trafficking are significantly affected by counteractions on the international level. In this regard, the SCO mechanisms of international coordination of efforts in this sphere are of high influence on the geography of drug trafficking. EAEU with its common borderline has an important positive effect in joint actions against smuggling, still a big shortcoming is the one and only borderline with thorough control of goods transit. As a result, the SCO mechanisms and EAEU as a trade union allow to conclude, that the best drug trafficking route for the criminals is the one with the least number of countries, included in both organizations. In this regard, the index, developed hereabove is supported by empirical findings on international cooperation.

4-3. Economic Reasons for Drug Production in Central Asia
Central Asia is one of the poorest regions in the world, which until recently had little prospects for economic development. China's Belt and Road Initiative (BRI) gives reason to hope for more active development of the region (Noorali and Ahmadi,2022). However, because the BRI includes both investment and infrastructure components, its implementation creates new opportunities for drug trafficking, which will benefit from higher volumes of goods transported through better infrastructure and, consequently, lower control due to limited resources of law enforcement authorities. Consequently, additional control will be required at the borders of more developed countries, which will lead to additional costs. Nevertheless, these costs can be called one of the most effective investments in the fight against drug trafficking, as they will allow the Central Asian countries to benefit from economic development through integration into the global logistics system and global value-added chains (Karami,2022).

Today, one of the main reasons for drug production in Central Asia is poverty and poor quality of life with unstable growth rates (Figure 3) (UNODC,2019).

Figure (3): GDP growth Rates in Central Asia (%), based on Data from
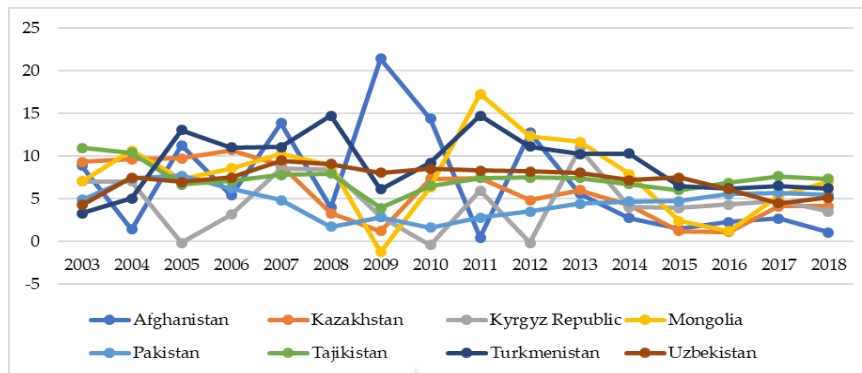
(**Source:** The World Bank,2020)

Figure (3) demonstrates an average GDP growth trend in Central Asia of 5–6%, which is much higher than the average GDP growth at the global level (~ 2%), but still lower than that of the most dynamically developing countries (The World Bank,2020). In addition, the studied countries are highly dependent on the economies of their largest neighbors; a recession as a result of the global crisis of 2008–2009 demonstrates their dependence. This is the first economic reason for the development of drug production in Central Asia.

Another factor is the high level of migration, especially seasonal migration to more developed countries, thanks to which the population of the studied countries gets the opportunity to earn seasonal income, but at the same time, outside the migration seasons, economic problems and social tension increase (Makarenko,2001).

There are a number of social reasons, such as higher birth rates in Central Asian countries, lack of educational opportunities, high levels of nepotism and crime, which collectively impede the development of human capital (UNODC,2018; Basir and et al,2016; UNODC,2020). At the same time, the risks of military or civil conflicts in a particular country worsen the situation.

Generally, all the mentioned factors are affected or affect poverty themselves, hence the national policies of the countries are subject to the effect of drug trafficking. In addition to that, the major powers, namely, China, Russia and India, affecting the development of the Central Asian countries plan actions taking into attention the situation with drug

trafficking. As a result, the effects of drug trafficking in Central Asia lie far beyond economies of the regional countries and become a part of geopolitical interactions.

5. Discussion
The results of the study show that, despite the increasing performance that is being demonstrated in the fight against drug trafficking year after year, many countries do not trust the statistics, since the increase in the number of drugs discovered and excluded from the illegal scheme does not entail serious economic consequences for drug cartels. Moreover, drug cartels are flexible and work hard to ensure a stable supply in their main markets – the developed countries. The losses incurred lead to only a small increase in prices (Wainwright,2017; UNODC,2020), but this measure does not work in the context of competition from synthetic drugs. Consequently, these measures lead to an even greater inflow of labor for the cartels, since the citizens of Central Asian countries do not receive sufficient profits from drug smuggling, which prevents them from leaving the business.

IDTA assessment allows to forecast the formation of the main drug trade and transportation hubs. The authors have analyzed the routes of drug trafficking from Afghanistan to Germany, one of the most developed and wealthy European countries. Evaluating routes from Afghanistan to France would yield similar results, with a route through Turkey being the most appropriate.

The situation in the EAEU remains difficult, despite the measures taken to counter drug trafficking, including through the implementation of the mechanisms of the Shanghai Cooperation Organization (SCO). The fight against drug trafficking requires intensive development of state institutions and human capital. Measures aimed only at reducing drug production, according to the above UNODC data, are inefficient. Despite the situation with drug trafficking, EAEU countries, especially Russia, have significantly increased their interactions (trade and investments) with Central Asian economies and countries of South Asia due to the sanctions' pressure. This puts forward another considerable dilemma – the control over drug trafficking in the region. The Russian reporting authorities don't see a significant increase in drug trafficking on the Russian territory, so the results of the study, demonstrating the high influence of the Ukrainian crisis on the change of drug trafficking routes to Europe through Ukraine comply with the real situation. Another important factor, contributing to this situation is

the decrease of attraction of drug trafficking business in Central Asia due to the high economic growth, caused by the change of the Russian economic policy in the region and high revenues for the local businesses from the parallel imports.

A two-stage calculation of IDTA allows to take into account drugs of both natural and synthetic origin in the analysis. Herbal drugs are mainly produced in the same region where the respective raw materials are grown. Synthetic drugs are often produced in more developed countries, where there is access to modern chemical technologies (at least, equipment for the production of synthetic drugs is imported from developed countries) (Cohen,2018; Tops,2018). In this regard, their precursors are often the object of illicit trafficking in synthetic drugs.

The first stage of calculating IDTA allows forecasting the main route of precursors, since they are imported to more developed countries, while the distance is less important than the availability of the necessary technologies for drug production. The second stage of the calculation is more focused on herbal drugs from Afghanistan, which do not require complex technological solutions, but only safe routes.

The main measures to reduce the income of the drug business should be:

In developed countries:
1. Increasing the efficiency of the penitentiary system in preventing the repetition of crimes by previously convicted persons. The drug market is limited by users and has a very low upward trend among the wealthy and the elderly (with the exception of rare exceptions, such as dependence on opiate anabolic steroids) (Ismayilova,2018). The activities of state bodies should be aimed at combating drug trafficking among young people and at reforming the penitentiary system by improving the living conditions of previously convicted citizens and creating opportunities for returning to ordinary life after imprisonment.
2. Conducting comprehensive work with young people to clarify the negative effects of drugs.
3. Establishing state control over soft drugs. Developed countries can apply the Dutch practice of legalizing soft drugs, which has led to a reduction in negative external social effects due to the fact that the market is regulated not by illegal corporations, but by the state that sets the institutional boundaries of this market.

4. Creating a support system for the development of the least developed economies. The fight against poverty in the states of Central Asia should be a priority for development banks and should be included in the framework of the Belt and Road Initiative, since poverty leads to an increase in crime, people find themselves involved in drug trafficking in search of additional income for survival.
5. Conducting preventive work to identify drug trafficking routes.
6. Creating a single center for monitoring drug prices. This may allow to determine which of the sectors (upstream, midstream or downstream) reduces prices or, conversely, increases them. In addition, it will be possible to detect the emergence of new drugs, which is especially challenging with synthetic drugs.

In developing countries:
1. Developing an adaptive approach to countering drugs – focusing on hubs, not flows. Such an approach will reduce the most significant drug flows without wasting resources on nonessential traffic, as well as identify key local participants in drug trafficking chains and isolate them, which will lead to additional costs for cartels.
2. Stimulating the development of national economies. Poverty is one of the key factors that allow drug cartels to attract labor and massively bribe officials. The development of national economies leads not only to higher incomes of citizens, but also to a more perfect institutional structure of society. As a result, the investment climate will improve, and the attractiveness of the economy for drug trafficking will decrease.
3. Cooperation with international security institutions, such as the SCO, and international development banks (Asian Infrastructure Investment Bank, Asian Development Bank, etc.) These institutions allow to introduce institutional models that are most effective for national economies, especially for developing ones, and receive additional financial resources, aimed at institutional and infrastructure development. The latter limits the ability of traffickers to cross the state border in the least developed regions, where the concentration of government forces is minimal.

The applied measures will be efficient only if both directions of development are implemented simultaneously, otherwise, due to the economic nature of the activities of drug traffickers, changes in trading

conditions will lead to the adaptation of market participants (Akgün,2014; Dohrer,2020) and zero or low effectiveness of the introduced measures.

Both developed and developing countries are involved in the problem of drug production: developing countries are producers, but most of them do not want to produce drugs, and developed countries encourage drug production through demand, supported by the ability to pay.

6. Conclusion

The current situation confirms the hypothesis of the adaptability of drug trafficking routes and the economic nature of the laws by which drug cartels operate. The analogies made in the article allow to identify mechanisms of drug trafficking state regulation, similar to state regulation of the corporations' activities, which should mainly be aimed at economic counteraction to drug trafficking, while today the most widely used methods are force. The drug trade must be made unprofitable so that cartels do not have the opportunity to earn money from drug production. The measures being implemented today increase the costs of cartels, which they pass on to the producers of raw materials for the production of drugs.

The main conclusion followed from the results of the study is that cartels avoid risk rather than take risks, they prefer the safest routes for their activities, and although the shortest and most convenient routes are still used, their attractiveness is declining. Given this, government authorities can regulate the institutional framework of their activities to counter drug trafficking and introduce measures that create additional risks for drug trafficking and reduce the country's attractiveness for drug cartels, in particular, special operations based on unverified information, special customs control regimes for people and goods from the countries most involved in drug trafficking, bulk purchase of drugs on the black market with further tracing of supply chains, etc.

The economic analysis of the causes for drug trafficking and production in Central Asia demonstrates that most of the studied issues are caused by the economic problems of the Central Asian region, primarily poverty. These problems form the drug circle, and the only way to break it is to stimulate investment in the economies of the studied countries, which requires cooperation with leading security institutions, such as the SCO, to stabilize the criminal situation and thus improve the investment climate. Accordingly, new investors will be attracted to the economy of the studied

region, at the same time the tools of leading development banks should be used to create a more comfortable investment climate.

Assessing the situation in Central Asia in this context, the authors have identified trends towards optimizing logistics and reducing costs at the stage of drug production and drug trafficking using cheap labor from Central Asian countries.

New routes are emerging in the direction of the Afghanistan – Europe corridor, which poses a serious threat to the European Union and its economy, especially considering that the system for countering drug trafficking in the EAEU is relatively efficient, and Ukraine seems not have the resources to counter drug trafficking. There is also no comprehensive system of counteracting drug trafficking in Azerbaijan, since it did not face this problem on such a scale.

7. Acknowledgment

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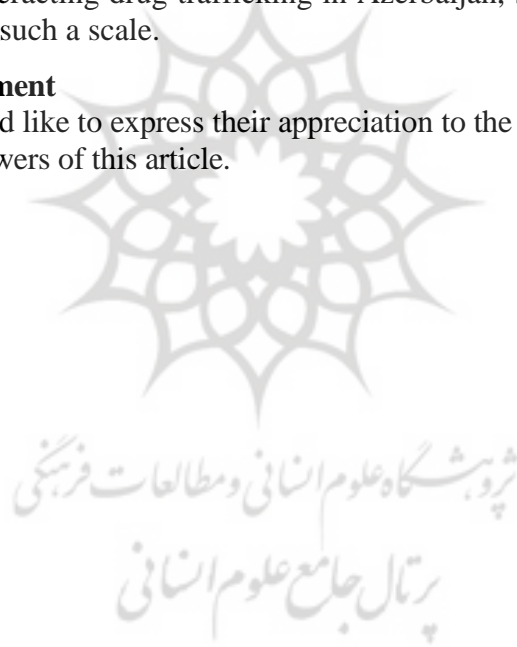
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