

Introduction:

Fighting Transnational Organized Crime

This report is one of a series of transnational organized crime threat assessments UNODC has carried out in the framework of its regional programme approach. Like the rest of the world, East Asia and the Pacific has experienced rapid economic and social change during the past few decades and faces considerable regulatory challenges posed by this change. This report reviews the manner in which criminal enterprises have developed alongside legitimate commerce in recent years. Drawing on official statistics, academic studies, and interviews with law enforcement officials, it attempts to outline the mechanics of trade: the how, where, when, who, and why of the contraband markets affecting the region. It also endeavours to give the best reading of the available data on the size of selected markets. Though the list of contraband markets discussed is not comprehensive and it is impossible to quantify the value of these markets with any precision, these estimates are offered to prompt public debate on areas of great public policy significance.

The structure of this threat assessment

This threat assessment profiles transnational organized crime in the East Asia - Pacific (EAP) region, covering the following contraband flows:

People

- Smuggling of migrants and labour trafficking within the Greater Mekong Sub-Region
- Trafficking of women and girls for sexual exploitation within the Greater Mekong Sub-Region
- Migrant smuggling from East and Southeast Asia to the United States and the European Union
- Migrant smuggling from South and West Asia through Southeast Asia to Australia and Canada

Drugs

- Trafficking of opiates from Myanmar and Afghanistan into East Asia and the Pacific
- Trafficking of methamphetamines from Myanmar and China to the region

Environment

- The illegal wildlife trade in East Asia and the Pacific
- Illicit trade in wood-based products from the region to the world
- Illicit trade in electrical and electronic waste (e-waste) from the world to the region
- Illicit trade in ozone-depleting substances (ODS) from East Asia to the world

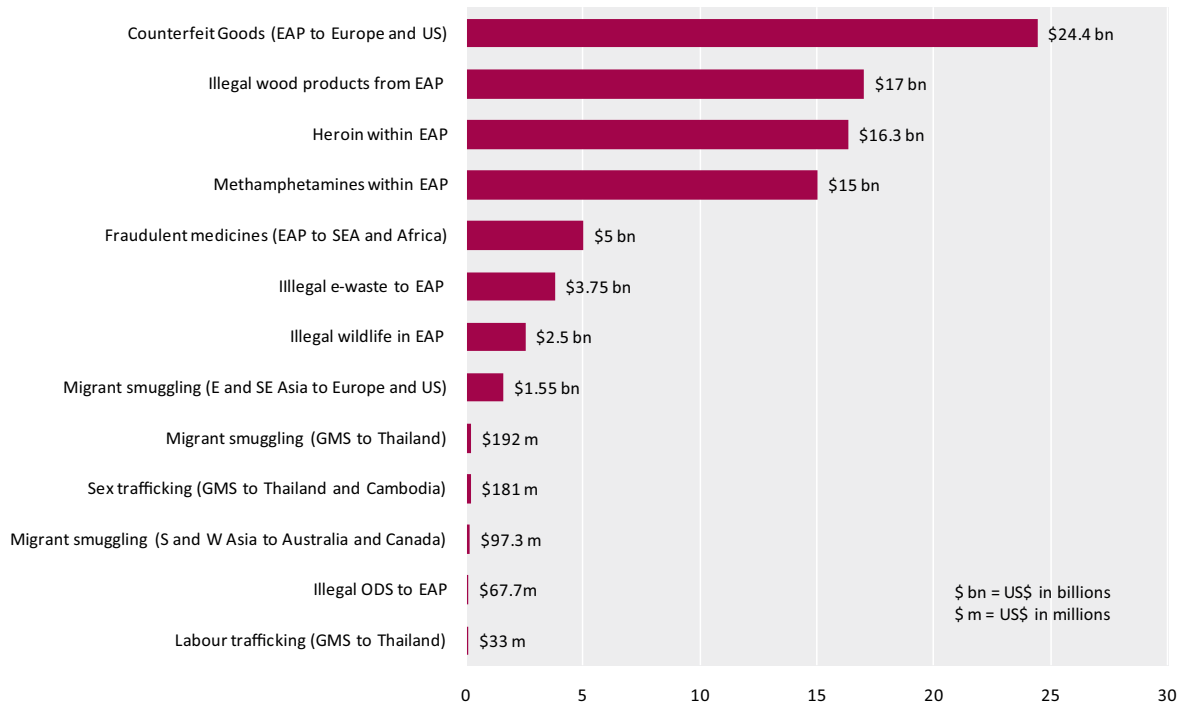
Goods

- Counterfeit consumer goods from East Asia to the United States and the European Union
- Fraudulent essential medicines from East Asia to Southeast Asia and Africa

The discussion includes estimates of the revenues generated in selected illicit markets in East Asia and the Pacific, which, taken together, have a combined annual income of nearly **US\$ 90 billion**. This corresponds to twice the GDP of Myanmar, eight times that of Cambodia, and 13 times that of Lao PDR. The graph below depicts the flow values that have been calculated on the basis of the information available.

Criminal organizations still profit significantly through the trafficking of **illicit drugs**, in the form of heroin and ATS, but these account for only one-third of the total value of illicit flows reviewed in East Asia and Pacific. Another one-third of the value is represented by counterfeit goods and fraudulent medicines. The second largest illicit flow in the region is the trafficking of wood and wood

Transnational Organized Crime Flows in East Asia and the Pacific discussed in this report



products. These illicit markets are diverse, dynamic, and innovative. The high degree of concentration on illicit drugs in the region should be broadened.

The value of the flows should not be the sole basis for prioritization in combating transnational organized crime. In terms of the dollar value, for example, **human trafficking and migrant smuggling** are quite small, but the damage done to the victims is immense. Human trafficking and migrant smuggling are still a high profit-low risk crimes where conviction rates are far too low. Efforts to solve these problems must be embedded in a wider migration and development policy framework. The region needs a coordinated policy for law enforcement action against migrant smuggling. Uncoordinated law enforcement measures may simply divert routes elsewhere and increase the demand for high-risk smuggling services.

The trade of **counterfeit goods** is often perceived as a “soft” form of crime, a matter of violating trade regulations seen by many as unfair. This trade can, however, produce some very concrete negative outcomes for the region and the world, including:

- the circulation of dangerous goods for sale;
- the perpetuation of exploitative working conditions;
- the loss of government revenues;

- the promotion of corruption;
- in the case of fraudulent medicine, the cultivation of treatment-resistant microbial strains of disease.

As the largest value contraband flow reviewed, the counterfeit goods market deserves renewed attention from the region.

This report also illustrates that **environmental crimes** are among the most serious and profitable forms of transnational organized crime in East Asia and the Pacific. Many countries in the region are richer in natural resources than they are in their capacity to protect them. Growing local demand, as well as growing export markets, have placed great strain on resources unique to the region. Criminal opportunists have placed the global environmental heritage in jeopardy.

The response

Leaders of the Association of Southeast Asian Nations (ASEAN), at the 12th ASEAN Summit in 2007, reiterated their commitment to establish an ASEAN Economic Community (AEC) by the year 2015. The AEC will create a single regional common market of more than 600 million persons and will facilitate the free flow of goods, services, investment, capital and labour.

However, regional integration under the AEC will doubtless also make possible the increased mobility of illicit goods, including drugs, illicit wildlife and timber, and counterfeit products. The ASEAN region continues to be one of the most rapidly developing parts of the planet. And while the AEC will bring positive and welcome changes and provide the region with an unrivaled access to knowledge and the power to communicate, it will simultaneously provide opportunities for transnational organized crime to expand.

Already, several ASEAN governments have given priority to upgrading cross-border infrastructure links, in particular the Singapore-Kunming Rail Link as well as a number of road networks that include the North-South corridor from southern China through Myanmar, Thailand and Lao PDR to Viet Nam; the East-West corridor linking Myanmar, Thailand, Lao PDR and Viet Nam; and the South-South corridor linking proposed and existing deep sea ports in Cambodia, Thailand and Myanmar. Under the AEC, trade and customs procedures along these routes will be harmonized, standardized and simplified.

It is inevitable that organized criminal groups will utilize the improved transportation connections and take advantage of the streamlined border controls to smuggle illicit goods throughout the region and beyond.

The nations of East Asia and the Pacific have expressed their resolve to oppose transnational organized crime.

Success in reducing the threat posed by TOC to human security will require more than political will alone, however. It will require concrete action. The action needed can be expressed under four imperatives:

1. Understand the problem

In order to adequately protect societies from these threats, we have to first measure the ability of transnational organized crime to undermine political and social stability and economic development. We need to understand the nature and dimensions of the threat, and this is no easy task. Information on organized crime is often limited to anecdotes and case studies. There are very few global data sets on organized crime topics. None are comprehensive. The topic is sensitive. In addition, international data-sharing has been slow to develop – particularly

when it comes to estimating the size of the problem among markets that are extremely dynamic. The information that does exist is often out-of-date and frequently contradictory. Any assessment is likely to be controversial.

This report therefore represents the best assessment of the available data. The analysis, however, can only be as strong as the information on which it is based. This publication is offered in part to precipitate the collection and sharing of better data on organized crime topics.

2. Establish the normative framework

International norms and conventions are required to set the stage for a response. During the past decade, the Convention against Transnational Organized Crime and the Convention against Corruption have delivered this framework, and it is increasingly being used to set the legislative and regulatory basis at country level for countering these problems. This must continue and expanded to create a consensus, across society, that crime and corruption will be resisted by both civil society and national authorities.

3. Build technical capacity

Countries must equip themselves to respond. This response needs to come at both the “upstream” and “downstream” levels. At the upstream level, national security strategies need to incorporate an assessment of the threats posed by transnational organized crime. This assessment may place crime on the priority list of national security threats.

Most of the efforts to counter transnational organized crime are already focused downstream, at the tactical or technical level. This must continue, in order to ensure that law enforcement, prosecutors and the judicial establishment are trained and equipped to meet the challenge. Specific recommendations on how technical capacity can be built are included in the conclusion of this report.

4. Expand regional partnerships

In our globalizing world, none of the former three will succeed if we do not have a fourth – the response beyond borders. At present, most contraband flows begin on one continent and end on another. Often the activities are cycled through a third continent. Globalization permits trafficking groups to operate seamlessly across borders. High-volume, cross-border flows of people, money and commodities create

greater opportunities for criminals to make money. There are simply more people and situations to exploit.

For this reason, only interventions that are made at the scale of the problem – at a regional or global level – are likely to have any chance of succeeding. Unfortunately, law enforcement is inherently national in character.

It is therefore necessary to integrate national responses into international strategies. This can be done by promoting partnerships across borders and developing international networks that champion ‘transnational organized justice.’ This includes promoting regional collaborative efforts on border control, mutual legal assistance, extradition and similar efforts that require a vision that transcends national boundaries. This will help minimize the growth of “safe havens” for transnational organized crime. As has been stated repeatedly: *“It takes a network to defeat a network.”*