



# Drivers and enablers of serious organised crime in Southeast Asia

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## Question

*What are the predominant drivers and enablers of serious organised crime (SOC) in Southeast Asia? How have these developed and how are they connected to the political, social and cultural dynamics of the region? Focus on Thailand, Viet Nam, the Philippines, Myanmar and Cambodia.*

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# 1. Summary

There are many definitions of organised crime. The UN Office on Drugs and Crime (UNODC) has developed a general definition:

Organized crime is a continuing criminal enterprise that rationally works to profit from illicit activities that are often in great public demand. Its continuing existence is maintained through corruption of public officials and the use of intimidation, threats or force to protect its operations.

Under the UN Convention on Transnational Organised Crime, 'serious crime' refers to offences punishable by a penalty of incarceration for at least four years.<sup>1</sup> Common examples of serious organised crime are modern slavery, human trafficking, money laundering, illegal drugs, illegal arms, fraud and other economic crime.

This review looks at drivers and enablers of serious organised crime (SOC) in Southeast Asia. The four main forms of SOC in the region are: a) illicit drugs; b) human trafficking and migrant smuggling; c) environmental crimes (e.g. illegal logging, wildlife trade); and d) counterfeit goods. While the situation in each country is different, and there are many country-specific factors involved in SOC in Southeast Asia, the review identified a number of common issues relevant across many countries in the region. For some of these the literature makes a direct correlation with SOC (e.g. expansion of the internet), but for others this correlation is not clearly established: rather, the literature indicates that countries with high levels of SOC have these features.

Common factors associated with SOC in Southeast Asia are:

- Corruption, weak democratic foundations and lack of enforcement: Southeast Asian countries (with some exceptions) are characterised by high levels of corruption and weak democratic traditions. These create opportunities for SOC groups to flourish. While a number of countries have introduced measures to combat organised crime, enforcement is often weak.
- Lack of alternative (licit) sources of livelihood: many Southeast Asian countries have high levels of poverty and unemployment/under-employment, with limited opportunities for people to earn a living. This, coupled with differences in economic development between different countries and demand for cheap labour, is particularly a factor in migrant smuggling and human trafficking.
- Conflict: conflict can often create an enabling environment for serious organised crime. Conflict in Myanmar's Shan State, for example, has facilitated the rapid expansion in production of methamphetamines, while decades of conflict in Cambodia enabled the systematic looting of the country's artefacts. Indeed, the benefits to insurgent groups and others from organised crime can dis-incentivise efforts to end conflict.
- Cultural tolerance, indeed demand for, some forms of SOC: notably illegal wildlife products – it is local demand for these that drives illicit wildlife exploitation, not just within Southeast Asia but also from Africa (e.g. rhino horn) and other places. Wildlife products feature in diverse aspects of Southeast Asian life and culture, e.g. medicine, food, decorations. There is similar, albeit less, tolerance in many parts of the region for sexual

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<sup>1</sup> <https://www.unodc.org/e4j/en/organized-crime/module-1/key-issues/definition-in-convention.html>

exploitation, including child sexual exploitation: much of the demand for this comes not from Westerners, but from Asian sex tourists and locals.

- New avenues for SOC are being created through the internet: the rise in social media and e-commerce has made it easier to source and sell products, e.g. falsified medicines and counterfeit goods, and to reach a wider consumer base, within and beyond Southeast Asia. The internet has reduced both costs and risks for those engaged in illicit trade.
- Growth and improvements in regional transport infrastructure: in particular with China as a result of that country's 'Belt and Road Initiative'. This is paving the way for expansion in legitimate commerce and trade in the region, but also for illicit trade. Related to this is the proximity of countries within the region, the multiple lengthy borders – often porous - between them, and the difficulties involved in monitoring all these.
- Strong vested interests in SOC: as well as the obvious organised criminal groups, there are often other influential entities which also benefit from SOC and therefore work to perpetuate it. These can include political groups, the military, business conglomerates and non-state armed groups.
- Chinese influence: China emerges from the literature as a significant factor in driving SOC in Southeast Asia. This is as a consumer of illicit products, e.g. drugs, wildlife products; as a destination country for human trafficking (especially of women); and through its efforts to improve transport infrastructure and communications (which also facilitates illicit trade).

With regard to country-specific information about the causes of SOC, in the time available little was found in the literature on the Philippines and Thailand. However, there was far more on Myanmar, as well as some information on Cambodia and Viet Nam.

**Myanmar**: the literature identifies Myanmar as a particular hub of SOC in Southeast Asia, notably illegal drugs, as well as illegal logging, jade and gem mining, and wildlife trade. A key factor driving the rise of these forms of SOC in Myanmar has been so-called 'ceasefire capitalism' whereby the military entered into ceasefire agreements with insurgent groups, in return allowing them to carry out illicit activities. Other factors are the country's location, improving transport links, relative poverty and lack of economic development, and corruption.

**Cambodia**: serious organised crime in Cambodia includes human trafficking, drugs production and trafficking, illegal logging, arms smuggling and theft of historical artefacts. Poverty and lack of employment opportunities have been important drivers of cross-border migration and trafficking; many women are sold to meet Chinese demand for brides. The drugs trade benefits from Cambodia's central location between Thailand, Viet Nam, Myanmar and China. Arms smuggling and artefact theft were a consequence of the country's decades of conflict.

**Viet Nam**: like Cambodia, Viet Nam's location makes it suitable for drug trafficking. Migrant smuggling and trafficking is driven by the country's relative economic under-development. Again China's demand for women, as well as cultural preference for male children, drives trafficking of Vietnamese women as well as babies and young boys from regions bordering China.

This review drew largely on grey literature, in particular reports by international development agencies and non-government organisations working on combatting SOC in the region. With the exception of sexual exploitation and human trafficking, the literature was largely gender-blind and made no mention of persons with disabilities.

The remainder of this report looks, firstly, at the main forms of SOC in Southeast Asia and the general factors driving each of these. This is followed by a more in-depth examination of the specific drivers of SOC in Myanmar, Cambodia and Viet Nam.

## 2. Regional trends and drivers

A 2019 report on transnational crime in Southeast Asia (UNODC, 2019: 1) identifies four main forms (markets): a) drugs and precursor chemicals; b) trafficking in persons and smuggling of migrants; c) environmental crimes; and d) counterfeit goods and falsified medicines. This section looks at trends in each of these in Southeast Asia and identifies some of the driving factors.

### Drugs and precursor chemicals

Southeast Asia has long been a hub for narcotics production and trafficking. However, over the past decade there have been profound changes in the illicit drugs market in Southeast Asia, with steep increases in the manufacture of synthetic drugs, in particular methamphetamine (meth), and reduced demand for heroin – seen in reduced heroin imports from Afghanistan and reduced local production (UNODC, 2019). A significant contributory factor in this shift has been heavy enforcement measures in China to suppress the drugs trade, which has forced production to move out of the country, and Chinese and international pressure on countries in the region to curb poppy cultivation (UNODC, 2019: 1; ICG, 2019). Much of the manufacture of methamphetamine is taking place in northern Myanmar (discussed below). Nonetheless, the heroin trade is still significant: today the region is almost exclusively supplied by heroin produced in northern Myanmar, and Southeast Asian heroin also dominates the Australian market (UNODC, 2019: 2).

Another change has been the growing importance of the Myanmar-Thailand and Thailand-Malaysia borders for regional and inter-regional trafficking. Southeast Asia has become more important as an origin and transit region for neighbouring countries, including Australia, Japan, New Zealand and the Republic of Korea (UNODC, 2019: 2). Enforcement measures along the northern Myanmar-Thailand border, starting in 2019, have again shifted trafficking routes with more methamphetamine being moved eastward through Lao PDR to Thailand, Cambodia and Viet Nam, as well as to southern Myanmar for shipment by sea, and into central and southern Thailand.

### Human trafficking and migrant smuggling

Human trafficking takes place predominantly from less developed countries in the region, including Cambodia, Lao PDR, Myanmar, the Philippines and Viet Nam, to more developed countries such as China, Malaysia and Thailand, as well as to destinations outside the region. Organised crime groups trafficking people exploit differences in economic development and demand for cheap labour (UNODC, 2019).

Trafficking of women and girls for sexual exploitation is a major problem in most countries of the region (UNODC, 2019: 4). Many are trafficked for sexual exploitation outside the region, especially Japan and Korea, as well as some countries in Europe and the Middle East (UNODC, 2019: 4). Sex markets in the Greater Mekong Sub-region are based on both high levels of sex tourism and strong domestic demand: while sex tourism from the West is the best documented, Asian sex tourists appear to be more numerous (UNODC, 2013: iv). Both sex tourists and local

consumers provide demand for underage victims, and this could be one of the driving forces behind trafficking (UNODC, 2013: iv). Almost 70% of those trafficked for sexual exploitation were underage girls (UNODC, 2019: 4).

Another factor in trafficking of women is the demand for brides in China. The country's one child policy, implemented from 1979 to 2015, and the preference for boys, has led to a shortage of women: the percentage of the population who are women has fallen every year since 1987 (HRW, 2019). The gender gap among the population aged 15-29 years is increasing, and projections suggest that by 2030, 25% of Chinese men in their 30s will never have married (HRW, 2019). This is creating demand for foreign women, which is being exploited by human traffickers. Human Rights Watch (2019) cites the example of Myanmar's Kachin State, from where large numbers of women are being trafficked to become Chinese brides. As well as demand from China, a major 'push' factor is prolonged conflict in Kachin State and neighbouring Shan State which has left many people struggling to survive and with few opportunities to support their families: 'traffickers prey on their desperation' (HRW, 2019).

Due to their relative economic prosperity and continual labour shortages, Malaysia and Thailand are two of the principal destinations for smuggled migrants within Asia. In the case of Thailand, a UNODC report identifies higher wages and the demand for labour in certain industries, combined with the lack of income-generating opportunities and widespread poverty in the source countries (Cambodia, Laos and Myanmar) as the main pull factors drawing migrant workers to Thailand (UNODC, 2017). While there are formal migration channels, complying with these can be expensive, bureaucratic and time-consuming; many migrants therefore turn to smugglers to facilitate their entry and help them find work (UNODC, 2013: iii; UNODC, 2017). Migrant smuggling networks in Southeast Asia are facilitated by corruption among government officials and private employers, a lack of accountability, and inadequate criminal justice responses (UNODC, 2019: 5). The illegal status of migrants can provide opportunities for traffickers to recruit and exploit them (UNODC, 2017).

## **Environmental crimes**

Southeast Asia is home to some of the world's largest illicit wildlife markets, due to a combination of strong local demand (in numerous countries) and reliable local supply from within the region (UNODC, 2019: 5). This demand is also driving trafficking of African ivory and rhino horn, as well as African pangolins and their scales (following decimation of Asian pangolin populations). Population growth as well as burgeoning affluence have led to rising demand for luxury and exotic products, including wildlife products (UNODC, 2013: vii; Tournier, 2015). A report on the wildlife trade in Southeast Asia highlights the diverse ways the region is dependent on wildlife resources (Traffic, n.d.: 1; see also Tournier, 2015: 5):

- Traditional medicines use wildlife as ingredients, including tiger bone, bear gall bladder, pangolin scales and rhinoceros horn;
- Much of the pet trade is dominated by reptiles and birds, and there is an increasing trend for specialist collectors of some of the world's rarest species. This global demand for rare and exotic pets fuels much of the illegal collection and smuggling within the region, as well as from further afield;
- In many parts of the region, wild meat from species such as deer, pangolin and snakes is consumed as delicacies or 'tonic' food. Meat from freshwater turtles, for example, is prized as turtles are long-lived animals and consumers hope to attain similar longevity;

turtle meat is consumed in huge volumes despite three-quarters of species in the region being considered threatened;

- A wide range of animal products are found in Southeast Asia's ornamental trade, including elephant ivory carvings, seashells, coral, horns, antlers and mounted insects such as butterflies and beetles.

While some counter-wildlife trafficking measures have been introduced, their effectiveness is undermined by: one, the sophistication of criminal networks and their ability to adapt and evade restrictions; and two, by lack of capacity and resources on the part of the agencies involved in implementation (Tournier, 2015). The latter (lack of resources) reflects a lack of consideration by government regarding the seriousness of the illegal wildlife trade (Tournier, 2015: 12).

Illicit timber trade is another big problem in Southeast Asia, with organised criminal networks operating at all levels of the supply chain from source forests to consumer markets; they may be involved in commercial-scale illegal logging, timber processing, paper and pulp manufacturing and transporting timber across borders (UNODC, 2019: 6). They are facilitated by weak governance of forest resources, unclear forest tenure, corruption in timber supply chains, and the region's proximity to consumer markets and timber processing industries in China (UNODC, 2019: 6). Again, there is strong demand locally and further afield: agarwood, for example, is a highly prized fragrant heartwood used for medicinal, religious and aromatic purposes in Asian cultures from the Middle East through to China and Japan (Traffic, n.d.: 3).

While various government logging bans and other timber sector regulations in the region are helping to reduce illegal trafficking of timber from the region, 'these same efforts, in combination with persistently high demand, are driving up prices and displacing the trade to alternative species and more vulnerable source countries within and beyond Southeast Asia' (UNODC, 2019: 6). For example, trade in rosewood species increased leading to dwindling supplies in Southeast Asia.

## **Counterfeit goods and falsified medicines**

Counterfeiters in Southeast Asia produce, assemble and repackage a wide range of fake consumer goods and industrial products. Counterfeit goods most commonly associated with Southeast Asia include luxury consumer products such as apparel, footwear, handbags, electronics and perfumes, common goods such as foodstuff and alcohol, and business-to-business products such as chemicals and industrial parts (UNODC, 2019: 6-7). While a large share of these illicit goods are manufactured in China, Southeast Asian countries – in particular Malaysia, Thailand and Viet Nam – are playing a more significant role in manufacture and repackaging, and Singapore continues to be a primary transit hub for the trade (UNODC, 2019: 7). A number of factors have enabled the counterfeit goods trade in the region to develop into a multi-billion dollar industry (UNODC, 2019: 6-7):

- Increasingly accessible manufacturing technologies and the growth in e-commerce and advertising on social media – enabling counterfeiters to broaden and diversify the range of counterfeit goods and spare parts sold online, and to distribute to customers in small parcels via postal and express freight services;
- Low levels of consumer concern and awareness of associated risks with substandard and hazardous goods;
- Difficulty in detecting falsified goods among vast legitimate commercial flows.

Increasing amounts of falsified medicines are being manufactured in Southeast Asia. Again a number of factors are involved (UNODC, 2019: 7-8):

- Legitimate and illegitimate pharmaceutical producers based in India and China have transferred or outsourced some manufacturing to Malaysia, Viet Nam, Myanmar and Cambodia to avoid tougher regulations and enforcement and to benefit from lower production costs;
- The internet has made medicines more affordable and easier to obtain, while also making it more difficult for consumers to know if what they are buying is counterfeit, contaminated or otherwise unsafe. Organised criminal groups in Asia are actively involved in the illicit online medicine trade, and are also increasingly attempting to traffic falsified and counterfeit medicines via online pharmacies into North America;
- Corruption plays a major role in the trade of falsified medicines, with some trafficking networks recruiting current or former pharmaceutical company executives and state officials with knowledge of national regulatory and industrial systems. A number of healthcare professionals have been arrested in relation to falsified medicines, highlighting the role of corruption in the trade.

## Corruption and ‘crisis of democracy’

As seen, corruption is a factor in many forms of serious organised crime in Southeast Asia. The region as a whole, with the exception of Singapore, is characterised by high levels of corruption. Transparency International’s 2018 Corruption Perceptions Index (CPI)<sup>2</sup> found little progress in the fight against corruption in the region. The Philippines and Thailand were both ranked 99 out of 180 countries (with a CPI score of 36/100); Viet Nam was ranked 117 (CPI score 33/100); Myanmar 132 (29/100); and Cambodia 161 (20/100).<sup>3</sup> On Cambodia, for example, Transparency International (2016) note:

Corruption permeates every aspect of the Cambodian social fabric: the elite has monopolised procurement, land concessions and access to resources through the establishment of patron-client networks. A kleptocratic bureaucracy thrives on red tape, while the population is disillusioned with governance institutions.

Ear (2010: 64) makes the same point: ‘Cambodia remains burdened by endemic corruption and an entrenched system of client patronage that leaves many of its population impoverished and subject to exploitation by the country’s rich and powerful’.

Transparency International point to a ‘crisis of democracy’ stifling anti-corruption efforts in Southeast Asia. Risks to democratic foundations in the region include: a) weakening of democratic institutions which diminishes any sustained effort to fight corruption; b) the general decline of political rights; and c) a lack of progress in enforcement of anti-corruption legislation and mechanisms.

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<sup>2</sup> <https://www.transparency.org/cpi2018>

<sup>3</sup> <https://www.transparency.org/cpi2018>

### 3. Myanmar

#### Enabling environment for meth production

Shan State in Myanmar borders China, Laos and Thailand; along with western Laos and northern Thailand, it formed the 'Golden Triangle' - a long established hub of opium cultivation and drug processing (ICG, 2019: 3). However, from the late 1990s heroin production declined, and production of methamphetamines (meth) began. By 2010 there had been a sharp shift in Shan State from heroin to meth: Myanmar remains the second largest global producer of heroin, albeit now far behind Afghanistan, but it has become one of the largest global centres for production of crystal methamphetamine or 'ice' (ICG, 2019: 5). Produced mostly for export, key markets are Japan and Australia, as well as China, the Philippines, Malaysia, Indonesia, South Korea and New Zealand (ICG, 2019: 10). Moreover, 'the trade is becoming highly professionalised, dominated by transnational criminal syndicates operating at huge scale' (ICG, 2019: 11).

Crystal meth is a high-purity pharmaceutical-type product and its synthesis requires trained chemists, sophisticated laboratory equipment, and a supply of massive quantities of specific precursor chemicals, several of which are highly controlled substances (ICG, 2019: 7). All of these must be brought into Myanmar. Many of the chemists reportedly come from Taiwan, while precursor chemicals can be brought in from China, where they are readily available through legitimate pharmaceutical and chemical markets and from illicit precursor-producing factories (ICG, 2019: 9).

In addition, crystal meth production requires what the International Crisis Group (ICG) describes as 'a kind of predictable insecurity' (ICG, 2019: 8):

Industrial-scale clandestine laboratories need to remain hidden and inaccessible to law enforcement or others who may scrutinise them; areas controlled by compliant non-state armed groups are ideal. At the same time, those areas, cannot be too unstable, as this would put the investment at risk. Like any manufacturing business, drug production requires good transport infrastructure for the delivery of large quantities of raw materials and onward movement of the finished product. Crossing the front lines of an active conflict is not an appealing prospect in this regard.

Parts of Shan State perfectly meet these requirements. From the early 1990s the Myanmar junta operated a *laissez faire* policy of allowing insurgent groups in semi-autonomous regions to carry out illicit trade (in drugs, timber, jade, wildlife) to enable conflict to subside (Felbab-Brown, 2017: 2; Bak, 2019). This has been described as 'ceasefire capitalism' (Bak, 2019: 5-6):

the state of Myanmar has used ceasefire agreements to convert former zones of insurgencies into sources of wealth for armed groups and political allies.....ceasefire capitalism has allowed the military-state to enter disputed areas, co-opt non-state actors that are signatories to ceasefire agreements into its networks, and increase its influence over capital flows in disputed territories.

Shan State is one of the areas where this policy was applied. There are areas under the control of militia forces allied with the Myanmar army: in return for keeping out anti-government armed groups and fighting alongside the military in particular operations, the military turns a blind eye to their involvement in illicit activities. Similarly Border Guard Forces, partially within the Tatmadaw

(Myanmar army) chain of command, in practice operate independently much like militias, and have wide latitude to pursue licit and illicit business activities (ICG, 2019: 9). Enclaves within Shan State are under the full territorial control of armed groups and the Myanmar civilian and military authorities cannot freely enter.

As well as providing a stable and secure environment for meth production, these diverse safe havens are also well-located from a transport and logistics perspective – either adjacent to the Chinese border or near major trade routes (ICG, 2019: 9). Indeed, northern Shan State sits astride Myanmar's primary overland trade route, the Mandalay-Lashio-Muse road, connecting the country to its largest trade partner, China (ICG, 2019: 17). Since 1989 Shan State's economy has become closely bound with that of south-west China. Chinese investment has surged, huge plantations have been set up to serve the Chinese market, and cross-border trade has 'skyrocketed' (ICG, 2019: 18). The improvement in transport infrastructure to accommodate the increased flows, has also facilitated illicit trade including drugs. Felbab-Brown (2017: 3) notes that transnational organised crime actors from China, India, Thailand and other places are deeply and intimately involved in Myanmar's illegal drug, logging, mining and wildlife economy.

The drug trade is now so extensive and profitable that it 'dwarfs the formal economy of Shan State, lies at the heart of its political economy, fuels criminality and corruption and hinders efforts to end the state's long-running ethnic conflicts' (ICG, 2019: i). Militias and other armed actors that control areas of production and trafficking routes, and gain revenue from the trade, have a disincentive to demobilise. This is because weapons, territorial control and the absence of state institutions are essential to keep the trade going and maintain those revenues. It is important to stress that the military – through military-linked economic conglomerates (e.g. Myanmar Economic Holdings Limited or MEHL) and cronies – benefit hugely from illicit economic activities in the country, and thus also have little incentive to curb such trade (Felbab-Brown, 2017; ICG, 2019).

Since the late 2000s, and particularly the handover of power to civilian elected government, there have been some changes in the long-established arrangement in areas where ceasefires were underpinned by insurgent groups being given stakes in resource exploitation and illegal economies. The outgoing military regime and associated businessmen, powerbrokers and conglomerates tried to restructure things so that their economic profits increased (Felbab-Brown, 2017: 2). This has led to the ceasefires starting to break down and escalation in violent conflict (Felbab-Brown, 2017; ICG, 2019). 'Currently the ethnic conflict in the northern parts of Myanmar is at its greatest intensity since the 1990s ceasefires' (Felbab-Brown, 2017: 5). However, illicit trade – including in drugs, logging, mining and wildlife trafficking – continues to thrive (Felbab-Brown, 2017).

## **Illegal logging, jade and gem mining**

As well as the drugs trade, Myanmar's illicit economy features illegal logging, jade and gem mining, and wildlife trafficking. One factor contributing to the latter (as well as to the rise in meth production) has been, ironically, efforts to clamp down on opium cultivation and heroin production in northern Myanmar. Under pressure from the United States and China – which has growing addiction rates – the Myanmar junta undertook large-scale eradication of poppy in the late 1990s and early 2000s, and forced insurgent groups to do the same in areas under their control (Felbab-Brown, 2017: 9). The eradication drives caused huge hardships to local populations. 'As coping mechanisms, former opium farmers turned to unrestrained logging, forest foraging and

illicit trade in wildlife for subsistence and profit' (Felbab-Brown, 2017: 9). Insurgent groups and the military also became involved in jade and gem trading, and timber.

'Valued at billions of dollars...the jade industry in particular came to be one of the most significant resource economies, perhaps even surpassing the value of the drug economy' (Felbab-Brown, 2017: 10). Official jade production in Myanmar has plummeted while the illegal trade has thrived: in 2011, 21,000 tons of the estimated 43,000 tons of raw jade disappeared into the black market (Felbab-Brown, 2017: 13). For the military, control of the jade economy became a key enrichment and strategic priority, and they renegotiated ceasefire deals and engaged in land grabs in order to ensure access to extraction economies (Felbab-Brown, 2017). 'Myanmar's jade licensing system is wide open to corruption and cronyism. The main concessions are in government-controlled areas of Hpakant Township, Kachin State, and blocks are awarded through a centrally-controlled process which..... favours companies connected to powerful figures and high-ranking officials' (Global Witness, 2015: 10). Today the profits from the illegal jade economy are predominantly captured by Tatmadaw commanders, former junta members, military business conglomerates, Chinese traders and insurgent group leaders (Global Witness, 2015; Felbab-Brown, 2017: 13).

A large proportion of Myanmar's timber exports to China in recent years consisted of illegal overland flows from contested border regions of Myanmar which are not under government control (UNODC, 2019: 6). Teak is the species most associated with Myanmar, but considerable volumes of rosewood and other species have also been illicitly trafficked from the country to China, Thailand and Viet Nam. In 2006, under intense international criticism from environmental groups for the razing of forests in Myanmar, China and Myanmar struck a timber trade deal restricting the export of unprocessed logs from the latter (Felbab-Brown, 2017: 13). This was followed in 2014 by the Myanmar government imposing an additional timber export ban. Nonetheless, illegal logging and massive environmental degradation persisted with participation by insurgents, the military, businessmen and Chinese companies – all with interests in violating formal policies (Felbab-Brown, 2017).

Since 2006 an unregulated trade in charcoal, often produced from illegal timber, has boomed. 'Supplying China's silicone smelting industry, charcoal now represents a third of Myanmar's timber exports, though charcoal production was almost non-existent in Myanmar before 2007' (Felbab-Brown, 2017: 13).

## Reform challenges

Elected in 2015, the Aung Sang Suu Kyi government's scope for reform and action against such illicit trade is very limited. One concern is that clamping down on illicit economies would produce negative effects on GDP growth, poverty alleviation and income redistribution (Felbab-Brown, 2017: 3). The risks are significant (Felbab-Brown, 2017: 4):

If going after organised crime and actors involved in illicit economies only weakens the new democratically-elected government, either because targeted rivals mobilise and subvert it or because overall economic growth of the country significantly slows down, both the anti-crime project and the larger political democratisation project will be unsustainable.

Another issue is the government's lack of enforcement capacity vis-à-vis a wide range of actors, from insurgent groups to military companies and powerful businesses (Felbab-Brown, 2017).

Thus, even though new regulations to combat corruption, organised crime and illicit trade are promulgated in Naypyidaw, they are not enforced on the ground, particularly in insecure and contested areas (Felbab-Brown, 2017). The example above of bans on timber exports from Myanmar illustrates the challenges faced in enforcement of measures to combat illicit trade.

## 4. Cambodia

### Illegal drugs and arms smuggling

Cambodia is part of a geographical region that has long been recognised as one of the world's major locations for drug production (Ear, 2010). Clandestine laboratories backed by organised crime syndicates manufacture illicit drugs in Cambodia's sparsely populated areas or new urban settings for trafficking to other countries. Ear (2010: 64-65) identifies a number of factors that make Cambodia 'ideal' as both an origin and transit point for drug trafficking: its centralised location between Thailand, Laos, Myanmar and Viet Nam; an under-developed law enforcement structure hindered by corrupt practices; and porous borders spanning unpopulated areas of jungle that are often poorly monitored and controlled. She warns that, without properly trained and equipped law enforcement units, modernisation in the form of more highways crossing national boundaries, will lead to higher volumes of commercial traffic – including illegal substances – passing through border checkpoints. She also notes that the flow of drugs in and out of Cambodia, combined with a large and idle young population susceptible to drug use, is resulting in a trend of increased drug abuse and crime in Cambodia (Ear, 2010).

Cambodia has also been a source and key transit location for small arms smuggling. Following the end of over three decades of conflict in Cambodia, the country was left with large surpluses of arms and weapons, which were sold in the global illegal arms market. During the 1980s and 1990s small arms sales from Cambodia became one of the country's most lucrative activities (Ear, 2010: 65). These included assault rifles, general-purpose machine guns, rocket-propelled grenades, anti-tank weapons, pistols and ammunition (Ear, 2010: 65). While efforts by international partners and organisations have brought nearly half of Cambodia's supply of surplus weapons under government control, the country's central location means it remains a key transit locations for many covert routes of arms movements from China and the Middle East into the region (Ear, 2010).

### Illegal logging

Transparency International (Rahman, 2016: 6) note that Cambodia, like many other countries, falls prey to the "natural resource curse". Valuable assets, such as the country's forests, are being stripped, causing extensive damage to the environment. Factors facilitating land grabbing and illegal logging and mining are abuse of public office involving bribery of public officials, corruption in the procurement process and lax law enforcement (Rahman, 2016). A 2007 Global Witness report (cited in Rahman, 2016) found that relatives of then Prime Minister Hun Sen and other senior officials led the country's most powerful logging syndicate.

Where environmental regulations exist, they are typically not enforced in a just manner (Rahman, 2016). Kleptocratic business elites are reportedly able to subvert the law to their advantage due to their political connections (Rahman, 2016). Despite widespread abuses by the Hun logging syndicate (including land grabbing on a scale that amounted to 'crimes against humanity'), Global Witness could not find a single case of a member of the Hun family being prosecuted or

held to account (Rahman, 2016). Another example is the rise of “rubber barons” who profit from privileged access in the hunt for land concessions in the logging trade (Rahman, 2016: 7). ‘The tragic effects of corruption in natural resource management is exhibited by the fact that Cambodia experienced one of the highest national rates of forest loss from 2000 to 2012’ (BBC News, 2013, cited in Rahman, 2016: 7).

## Human trafficking and migrant smuggling

Cambodia is a source, transit and destination country for human trafficking. According to the United Nations Inter-Agency Project (UNIAP), Cambodian men, women and children are trafficked for sexual and labour exploitation in Thailand, Malaysia, Macau, and Taiwan; men are trafficked for forced labour in the agriculture, fishing, and construction industries, while women are trafficked for sexual exploitation and forced labour in factories or as domestic servants (cited in Ear, 2010: 66). While trafficking is organised and managed by criminal syndicates, the traffickers are often family and friends (Ear, 2010). The literature points to a number of factors driving emigration and human trafficking (Ear, 2010; UNODC, 2017: 11-13):

- The country’s generally poor economic situation relative to the rapid economic growth in some neighbouring countries and other Southeast Asian nations.
- Widespread poverty, landlessness and debt of many rural people.
- A lack of employment opportunities for the country’s rapidly growing population, especially the young. Although official unemployment rates in urban and rural areas of Cambodia are traditionally quite low many people do not have full-time work. Even if they do, wages are often too low to support workers and their families. Unemployment is also considerably higher among young people aged 15 to 24 who, in 2012, comprised 63% of Cambodia’s total labour force. Population growth adds further pressure to Cambodia’s already tight job market.
- With the collapse of the Soviet Bloc in the early 1990s, Cambodia lost much of the economic support it had received from former allies. The political uncertainties and reforms that followed led to uneven economic development. The economic growth that Cambodia has experienced in recent years has failed to benefit large parts of the population, especially those with limited education, training and skills as well as those living in rural areas. Recent economic changes have also caused greater socio-economic disparities and job competition.

Cross-border migration, often carried out illegally, makes people vulnerable to trafficking.

## Stolen artefacts

Cambodia’s decades of conflict enabled the looting of thousands of historic artefacts, taken from hundreds of temples and other sites, and smuggled out of the country to be sold to museums and private collections around the world. For many years the assumption was that most of the looting was a low-level affair, with local people plundering ancient sites and selling statues, carvings and stone reliefs in a haphazard fashion (Carmichael, 2014). However, a recent study by the University of Glasgow highlights the organised and systematic nature of these thefts. In the words of one member of the study team (cited in Carmichael, 2014):

The organized looting and trafficking of Cambodian antiquities was tied very closely to the Cambodian civil war and to organized crime in the country. It began with the war, but

it long outlived it, and was actually a very complicated operation, a very organized operation, that brought antiquities directly from looted sites here in the country to the very top collectors, museums and auction houses in the world.

The study noted that, as well as organised crime groups, the Cambodian and Thai militaries were often involved in looting; at the end of the chain in Thailand was a Bangkok-based dealer who provided the laundering link between the criminals and the collectors and museums (Carmichael, 2014).

## 5. Viet Nam

### Drug trafficking

Like Cambodia, Viet Nam is a key drug trafficking transit point. This is driven by similar factors: the country's proximity to the 'Golden Triangle' and centres of drug production (Myanmar, Laos, etc.); long and porous land borders with Laos (a large supply market) and China (a large consumer market); and ethnic Vietnamese connections with advanced industrial countries (also a very large consumer market) (Vuving, 2010: 174). Other factors typical to many countries in the region are corruption and lack of political will, as well as lack of effective interagency collaboration to combat trafficking. Also as with Cambodia, Viet Nam itself has become a destination for drug traffickers, with widespread drug abuse in both urban areas and the countryside, affecting all strata of society (Vuving, 2010).

### Human trafficking

Human trafficking is a significant problem in Viet Nam. Young women in poor families with poor education are especially vulnerable to traffickers, who pretend to broker jobs for them in larger cities or abroad: many are then sold and forced to become sex workers, mostly in China, Cambodia and larger cities of Viet Nam, but also in Macau, Thailand and Malaysia (Vuving, 2010). China's shortage of women, and the difficulties faced by men (especially in rural areas) in finding wives, has led to tens of thousands of Vietnamese women being sold as brides to Chinese men (Vuving, 2010). Another fallout of China's one child policy and cultural preference for male children, is that it has become a big market for the trafficking of young boys and babies from neighbouring Viet Nam (Vuving, 2010: 175):

In the areas bordering China, this has created a serious security threat to young boys, male babies, and their families. The media have reported cases in which traffickers murdered an entire family in order to take the newborn and young boys across the border, where they would be sold at a high price.

Typically, traffickers are local people who know the victims very well. The illicit trade of women in Viet Nam is usually organised in pyramid schemes: many victims become conduits in the network and, trying to make profit from their local knowledge, return to their home villages and lure their own recruits (Vuving, 2010). The participation of some former victims makes it even harder for the authorities to curb human trafficking.

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## Key websites

- United Nations Office on Drugs and Crime: [www.unodc.org](http://www.unodc.org)

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## About this report

*This report is based on six days of desk-based research. The K4D research helpdesk provides rapid syntheses of a selection of recent relevant literature and international expert thinking in response to specific questions relating to international development. For any enquiries, contact [helpdesk@k4d.info](mailto:helpdesk@k4d.info).*

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