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Criminal innovation and illicit global markets: transnational crime in Asia

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Abstract

The size and reach of the market in illicit products and services reflect patterns of globalization, economic growth, and armed conflict as well as government and civil society responses to the impacts of these markets. In Asia, these illicit markets have grown rapidly with the opening up of trade and development of China, India and ASEAN boosted by infrastructure development and increased wealth. Traditional crime groups have re-vitalized and new entrepreneurial crime groups have emerged to capitalise on the illicit market opportunities contributing to a surge in the distribution and the use of narcotics as well as other contraband (i.e. counterfeit products and medicines, timber, exotic species, e-waste, weapons, labour trafficking) in Asia and worldwide. These developments have triggered extreme responses, such as Philippines' President Duterte's bloody 'war on drugs'.

Illicit drugs account for more than a third of the estimated annual \$US100 billion criminal economy in Asia (UNODC, 2013). Countermeasures at the regional (ASEAN, UNODC, INTERPOL) and national level have focused law enforcement on drug supply and distribution while alternative 'harm reduction' approaches, including treatment and de-criminalisation, have not developed apace. Policies such as 'drug free zones' and the 'war on drugs' have unintended consequences, undermining the rule of law and enhancing the profits of criminal organisations. Chronic court delays and severe prison overcrowding are also costly by-products. This paper outlines the illicit markets-criminal organisations nexus in Asia and considers how responses to transnational crime can amplify or diminish its hidden power.

Keywords: organised crime, war on drugs, illicit markets, Asia

Introduction

The scope, diversity and form of organized crime in Asia have been re-vitalized by the opening up and intensification of the region's economy. Rapidly growing economies, increased wealth and a growing middle class help drive consumer diverse demands for scarce licit and illicit products. Black or illicit markets cater accordingly and so counterfeit high street brands and pharmaceutical products or medicines, scarce timber and exotic wildlife trade are intertwined with the long established lucrative recreational drug or narcotic market. The organized armed groups that arise to protect these lucrative underground markets amass capital for their expansion and even to challenge or subvert state security (by corruption and fear) and undermine the traditional constitutional monopoly of violence and the protection of state revenue (Correa-Cabrera, Keck and Nava 2015).

The black market in self-medication and escapism cuts across all levels of society. Both wealthy and poor seek out ways of managing fatigue and life-stress, and markets in cheaper synthetic (analog) narcotics not dependent on variable opium, cannabis or coca yields have developed. This has helped create demand for the recreational use of methamphetamines ('ice'), other amphetamine type stimulants (ATS, e.g. ecstasy) and new psychoactive substances (NPS) as well as synthetic opiates and cocaine. UN illicit drug user surveys and police seizures suggest recreational drug use, especially ATS, synthetic opiates and cocaine, is on the rise (UN World Drug Report 2016). In turn, Asian crime entrepreneurs engage in an industrial-like global business, exporting precursor chemicals such as ephedrine or manufacturing illicit ATS or NPS drugs and importing opiates from the golden triangle or Afghanistan and cocaine via Africa or direct from South America, often for re-export to the USA and valuable markets in Europe and Australia (Hamilton 2016).

In short, the Asian illicit drug business offers highly profitable cross-Pacific and Silk Road or Central Asian trade routes enabling precursors or manufactured "ice" to be exchanged for South American cocaine or opium sourced from the Golden Triangle or Afghanistan and Iran routed via Africa, SE Asia or Pacific Island countries.

The scale of the problem, illustrated by record breaking seizures of illicit drugs, has attracted a sense of urgency about the risks of widening governance gaps and the region's capacities to disrupt the trade and prevent and reduce harms generated by transnational crime. Along with changes in drug preferences, a re-shaping of the distribution of illicit drugs is occurring as a result of rapid developments in transport infrastructure and more open intra-regional trade. Shifts in consumer preferences, complementary criminal investment in other illicit markets (notably, China trade in wildlife delicacies and exotic species used in traditional medicines, e-waste, and timber products) and the relative effectiveness of countermeasures addressing supply and distribution altogether play a role in shaping the quality and cost of the various national drug sub-markets.

The complexity of the region poses special challenges to the development of effective regional responses to transnational crime. Asia covers a vast area and includes over half the world's population, including China and India, the two most populous nations in the world. Asia has the world's fastest growing economies but also extremes of inequality and destitution that are often ineffectively mitigated by governments. Such inequalities generate crime alongside the related problems of poor governance and corruption (Broadhurst, 2006; Broadhurst, Gordon and McFarlane 2012).

Where competent criminal justice systems operate effectively against illicit markets, trafficking flows and organized crime have been displaced to other countries with weaker regulatory and law enforcement capabilities. Thus, policing organized crime has moved beyond purely localized national responses as it becomes increasingly evident that transnational organized crime groups operate in, and manipulate, multi-dimensional global crime markets (ACC 2011). The current view of the morphology of organized crime is that loose, project driven networks of actors are involved in a range of illicit activities, and this is driven by the profitable opportunities offered by criminal markets. Thus, strategies aimed at attacking crime groups, such as criminal association laws or

other measures to disrupt the trade, like ‘war on drugs’ campaigns, will not impact broadly on illicit markets unless the markets themselves are regulated (UNODC 2010a; Broadhurst and Ly 2012).

Responses to transnational crime

Nearly all Asia¹ has signed on to the Palermo or UN Convention on Transnational Organized Crime (UNTOC), which came into force in 2003. This provides a common platform for cross-border co-operation against organized crime and illicit markets. Cross border cooperation and bi-lateral mutual legal assistance have developed accordingly; however, regional integration and law enforcement capability remain limited. Implementation at the operational level encounters considerable practical and logistical challenges; nevertheless, bi-lateral or multi-lateral police task forces are active and avenues for co-ordination and intelligence analysis are strengthening. Nascent ASEAN institutionalization of policing, co-ordination of customs and immigration, along with established global partners such as the UNODC and Interpol, provide a framework for improved regulatory responses to criminal markets and organizations. Policy reform is required to shift focus on harm reduction to tackle the harms of organized crime and criminal markets

Significant increases have been recorded in the number of deaths arising from the use of these powerful narcotics in the US and several other jurisdictions. Alarm over the availability of dangerous synthetic opiates and other NPS has compelled states in the region to act. For example, in October 2015, the People’s Republic of China (PRC) designated previously unregulated *alpha-PVP* (*flakka* - a NPS) as a controlled substance and placed restrictions on the export of *alpha-PVP* and another 115 chemical substances used to make synthetic drugs without any legitimate medical or other use². Improved oversight and regulation of NPS analogues, notably the powerful

¹ North Korea is not a UN member state but some Oceania PICs have not signed the TOC (i.e. Tuvalu, Fiji and the Solomon Islands) while Japan and Papua New Guinea have signed but not ratified the treaty as of June 2016.

² “Flakka” is also prohibited in Australia and many other jurisdictions. In 2015 it was made explicitly illegal

opiate synthetic *fentanyl* and in early 2017 the more potent *carfentanil*, followed alarming increases in deaths caused by these opiates (O'Connor 2016; 2017). Co-ordinated action on the suppression of the export of precursor chemicals across the region is essential and could have a significant impact on supply. Improved regulatory and export tracking controls of these precursors are urgently required. Pharmaceutical industries in India and China are substantial producers supplying traditional domestic medicine markets and are poorly monitored (O'Connor, 2016; 2017). Unlike opium, cannabis and coca, estimates of synthetic opiate, NPS and ATS production are hard to obtain as they are not detected by satellite and farm gate monitoring.

The 'strike hard' deterrence (and incapacitation) approach is another policy response exemplified by the controversial Philippines "double barrel" war on drugs. This has already resulted in acute prison overcrowding and the diversion of production and drug trafficking through new routes (for example, via Pacific Island countries UNODC 2016b³).

Initiated in mid-2016 under the presidency of Roderigo Duterte, this war has caused the deaths of over 7,000 'drug personalities', many at the hands of vigilantes, and a catastrophic surge in incarceration (see below). President Duterte identified the Sinaloa Mexican crime group as operating in the Philippines, which justified the need for harsh measures (*Manila Daily*, 3 August 2016). Indonesia also declared a national 'drug emergency', and a key official has praised the

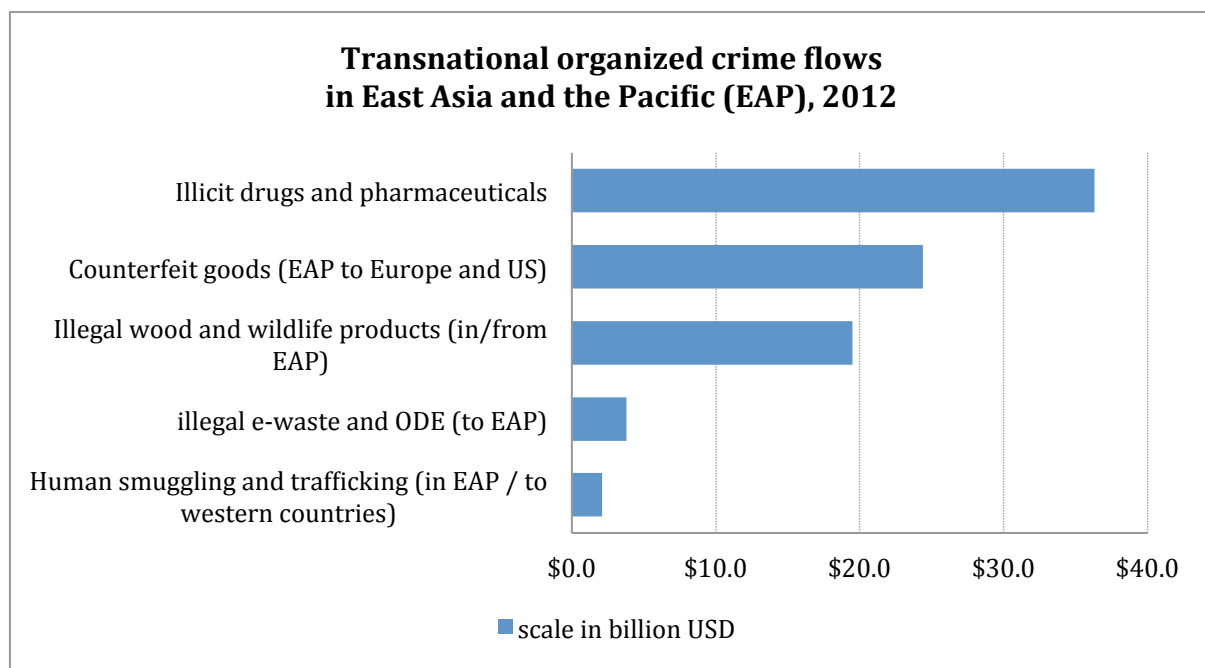
in New South Wales following the deaths of two users. A U.S.-China Economic and Security Review Commission report noted that China was a major source of black-market fentanyl and other NPS because of the weak oversight and regulation of its vast chemical and pharmaceutical industries (O'Connor 2016). In response to U.S. pressure, China has scheduled fentanyl, carfentanil and several other derivatives (see also McLaughlin 2017).

³ The UNODC assessment suggests "PICTs are increasingly targeted by transnational organized crime groups due to their susceptibility to illicit flows...including (a) the geographical location of the PICTs situated between major sources and destinations of illicit commodities; (b) extensive and porous jurisdictional boundaries; and (c) differences in governance and heterogeneity in general law enforcement capacity across numerous PICTs and the region in general" (UNODC 2016b: iii).

Philippines approach.⁴ Indonesia's chronic prison overcrowding remains acute despite non-custodial rehabilitation options for narcotics offenders enabled by reforms in 2010 (Sudaryono 2013; Putri and Blickman 2016). However, the drug use and addiction crisis in both countries maybe over-stated with widely varying estimates of addict or user populations (University of the Philippines Students, 2016; Stoicescu, 2015).

Criminal Markets

Figure 1: UNODC Estimates of the Scale of Crime Markets 2012



Source UNODC, 2013, Transnational Organized crime in East Asia and the Pacific (EAP): A threat assessment: UNODC Regional Office for Southeast Asia and the Pacific, April 2013 Bangkok. Data excludes estimates of the cocaine and cannabis trade.

The United Nations Office of Drugs and Crime (UNODC) East Asia and the Pacific (EAP) regional threat assessment estimated that crime groups earned about \$US90-100 billion per annum from various illicit sources. The UNODC estimate does not include the value of the cocaine and cannabis markets in EAP: the global market for cannabis is estimated to be about \$US150 billion but a

⁴ ABC News (8 Sep 2016), 'Indonesian anti-drugs chief supports implementing Rodrigo Duterte's Philippine-style drug war' available at <http://www.abc.net.au/news/2016-09-08/indonesian-official-wants-philippine-style-drug-war/7824696>

growing medical or legal market is also emerging (Morris, 2016). Profit margins from farm gate to street markets are illustrative of a very lucrative trade. According to Romero (2017) and several online sources⁵ the farm-gate or wholesale price of a gram of cocaine is about \$US2.30 in Colombia, \$US5 in Ecuador, \$US12.50 in Mexico but \$US28 in the USA and US\$176 in Australia. Although wholesale costs for importing to Australia have declined in recent years, retail values are much higher: \$US300 in Australia, much higher than the average of \$US82 in the USA. Retail prices for cocaine per gram vary across the USA but also across the region from \$US119 in the Philippines, \$US107 in Hong Kong China, \$US97 in Indonesia, \$US86 in Thailand but much higher at \$US270 in Japan. Methamphetamine retail prices per gram also vary from less than \$US2 in Myanmar to \$US73 in China, \$US214 in the Philippines and \$US300 in Australia. Heroin can be sold in Japan for \$US684 per gram, \$US140 in South Korea, \$US67 in China and as little as \$US2.40 in Afghanistan but \$US109 in the Philippines and Indonesia. Overall, prices for illicit drugs are volatile and vary greatly across countries and cities, capable of causing rapid shifts in sources, prices and supply.

The illicit supply of narcotics attracts many crime groups and entrepreneurs and remains the single largest and most profitable criminal enterprise attracting venture capital and innovation. The diversity of the Asian and global market for illicit drugs (and other illicit products) necessitates a variety of organizational strategies and criminal formations (from corporations or cartels through to gangs or single project ‘entrepreneurs’). Substantial income is required to finance industrial scale production, supervise cell-networked distribution structures, protect revenues and gain political

⁵ Havocscope Black Market estimates prices for illicit drugs collected from government agencies, academic studies, media reports, and reported data from our sources. (see <http://www.havocscope.com/black-market-prices/cocaine-prices/>). The NSW Crime Commission reports that wholesale price paid by Australian criminal groups to import cocaine was \$AU280,000 a kilo three years ago but now sells below \$AU200,000. The cost for a kilo of ice has fallen from \$AU220,000 to as low as \$AU95,000 and ecstasy had dropped from \$65,000 to \$37,000 (Ralston 2017).

influence. It is unclear whether illicit drug markets underwrite or finance other illicit markets such as fake medicines and exotic species or if it is the opposite. However, descriptions of Hong Kong black societies note that the eclectic range of criminal and legitimate ‘services’ may merge and overlap with ‘grey’ business (Broadhurst and Lee 2009).

The UNODC (2013, 2016) and Interpol (2014) also highlighted the most prominent criminal activities that are most likely to impact on economic growth, resource sustainability and governance in Southeast Asia:

- Illegal drug and narcotic production (e.g. opiates, ATS and NPS) and precursor trafficking. A UNODC (2015) report repeated early claims that the mass manufacture of ATS required collusion at high levels of government with increasingly complex and diverse forms of organized crime.
- Wildlife and timber trafficking - illegal logging, exotic and protected species trade.
- Illegal disposal of e-waste and the use and disposal of prohibited chemicals (e.g. ozone depleting substances [ODS]).
- Human trafficking and smuggling, including child exploitation materials and prohibited aspects of the sex industry.
- Maritime crime, such as piracy and cargo theft but also illegal fishing, including the plunder of breeding grounds and rare and protected species.
- Widespread product counterfeiting and intellectual property theft of ‘high street’ goods and products. Sometimes this includes over-quota legitimate products produced by clandestine extra factory shifts as well as fake and low quality copies.
- Fake or counterfeit medicines, especially erectile dysfunction (ED) drugs and ‘Tramadol’ (a narcotic pain reliever) but also anti-biotic, anti-malarial, HIV treatments and other essential medicines (Interpol 2014).

- Illicit gambling, conventional underground gambling but notably on-line football gaming and pharmaceutical websites operating from safe havens or jurisdictions with weak and ineffective enforcement of telecommunications and internet services (Interpol 2014).

Absent from the transnational criminal activities noted by the UNODC in Asia is the role of organized crime in the construction industry, especially public infrastructure projects so frequently noted by observers of the Italian mafia (e.g. Antonelli and Nuzzi, 2012). Local public works contracts are prone to criminal interference unless rigorous transparency measures are in place; however, the transnational element will be muted since international-based construction contractors may simply pay the local premium for the protection of such business and their supply chains. Criminal control of waste disposal offers yet another attractive ‘grey’ business and is expected to expand in coming years along with the usual mix of logistical, chemical, import/export and tourist or entertainment service enterprises commonly targeted by organized crime groups.

Cross border movement of illicit products into and out of Southeast Asia, notably via India and China, has in part arisen as a consequence of the establishment of free-trade agreements between ASEAN and these countries as well as the massive upgrade of the region’s infrastructure and connectivity now underway. The One Belt One Road, the India-Myanmar-Thailand Trilateral Highway and the Trans-Asia Railway Network (e.g. the Singapore-Kunming rail-link) along with new financial infrastructure (e.g. Asian Infrastructure and Investment Bank (AIIB)) are quickening the pace of change and development. Yet a recent United Nations Office of Drugs and Crime (UNODC) assessment noted:

“Since 2009, the ASEAN Ministerial Meetings on Transnational Crime + China was held twice, resulting in a four-year Memorandum of Understanding on cooperation on organized

crime. However, a fully operational framework on tackling cross-border crime does not exist. By contrast, there are already fully operational and thriving networks of cross-border criminals” (UNODC 2016: 12).

The blurring of legitimate with illegal business is an essential feature of organized crime, especially in the face of capable law enforcement agencies. Also crucial is the ability to move money and profits that require expensive financial and legal services and stable ‘safe havens’.

Organized crime groups and activities

Organized crime groups in East and Southeast Asia are diverse and sometimes ephemeral. Some, such as the triads of southern China, have survived since the 19th century while others form and disband in a generation or less (e.g. Taiwan’s Bamboo Union or Shanghai’s Green Gang). The defining feature of organized crime (as distinct from most crimes that require some degree of organization) is that it offers protection services (the enforcement of contracts) for illicit markets and in some circumstances, black societies can provide similar services in legal markets where state led conflict resolution is weak (cf. Gambetta 1996; Ayling and Broadhurst 2012).

A hallmark of protection is the willingness and capability to perform violence. Violence is almost always strategic and instrumental although so-called ‘honour contests’ between rivals may also occur and de-stabilize in the short-term the market for protection, but sooner or later a monopoliser of criminal violence emerges. The role of protection is central to the continuity of organized crime groups and remains the key element in the capture of state actors or merger of state and criminal power.

A brief description of the major crime groups in Asia follows (following Broadhurst, Gordon and

McFarlane 2012; Broadhurst and Farrelly 2014):

- Chinese ‘black societies’ are involved in protection services but also illicit market activity, including the usual vice crimes and loansharking. Hong Kong triads or black societies are also involved in money laundering and other ‘money trail’ avoidance services and have been implicated in stock market manipulation. Hong Kong and Taiwanese crime groups are also implicated in the financing of large drug shipments, providing the role of lender and insurer. Mainland based Chinese crime groups are engaged in large scale ATS production and export. So-called ‘red-black’ Chinese mafia (Wang 2017) collude with elements of the state and, are now more active abroad and link more readily with other crime groups – an element of what PRC officials call the “going out problem”.
- Japanese organised crime – *yakuza* or *bōryokudan* (‘violent ones’) provide essential protection but are active in all illicit markets, including stock-market and corporate manipulation (Hill, 2003). Active in illegal e-waste disposal in Southeast Asia and ‘grey’ business in the entertainment, gambling and recreational drug markets in popular tourist destinations all over the region including Australia and South America, they also have, according to the National Police Agency of Japan, close links with Korean and Iranian crime groups.
- The Far East Russian *mafiya* are into resource theft, including exotic animals and counterfeit products, mainly via access to Northern China, and have notable links in South Korea (Galeotti, 2010).
- Golden triangle sub-states and Thai ‘*jao pho*’ and the ‘*red Wa*’ concentrate on the illicit drug trade, resource theft, small arms trading and sex or migrant smuggling and trafficking (Chin, 2009). Counterfeit products have also emerged as a significant source of income, especially in Bangkok where middle-eastern and African merchants have

established trading connections with the Sino-Thai crime groups. Despite rapid expansion of ice production, the triangle is estimated to supply at best 20% of the overall Chinese market for ‘ice’.

- Outlaw Motorcycle Gangs (OMCGs) based in Australia and New Zealand with ties to Canada, USA, and the Scandinavian countries also operate as importers and financiers of the illicit drug trade. Some OMCG have ties with Thai and Indonesian crime groups. Usually implicated in the distribution of illicit drugs (including steroids and their analogues), protection and the sex industry but also occasionally complex fraud, their involvement in large scale smuggling of tobacco into Australia from Indonesia and the UAE has also been reported.
- Democratic People’s Republic of Korea (DPRK- North Korea) state-sponsored crime has in the past focused on counterfeit currency; however, small arms trafficking and illicit drug manufacture are also known to occur (Hastings, 2015). Counterfeit and fake goods may also be produced in North Korea and transported abroad via China⁶.

Law enforcement agencies (LEAs) now routinely observe convergence and connectivity among different Asian crime groups. Former ethnic or linguistic distinctions once associated with traditional organized crime groups are now blurred. Major Chinese and Japanese crime groups have become increasingly connected with West African, Iranian, South American and South Asian crime groups, including Mumbai crime groups such as D-Company who also have links with West African, South American and Russian crime groups. Enclaves of African, Arab, Indian and Iranian traders operate openly in Tokyo, Guangzhou, Bangkok, and other major centers of trade often establishing ‘no go’ zones.

⁶ The *Kaiyo Maru* No. 8 operation is reminiscent of the North Korean-owned vessel the *Pong Su* chartered by a Malaysian Chinese drug syndicate in 2003 that offloaded some 150 kg of heroin at a deserted beach off south-western Victoria, Australia. The syndicate was arrested and sentenced to between 22-23 years imprisonment. The *Pong Su* fled the area and was subsequently seized in an Australian special forces operation. Four ships’ officers, including the Political Officer, were arrested and charged with narcotics offences but were surprisingly acquitted.

Strategic violence and the reputation it reinforces still play a crucial role in the enforcement of contracts in illicit markets and in the establishment of distribution markets. In April 2013, *Wo Shing Wo* triad Ah ‘Mouse’ Shing suffered fatal multiple chop wounds by two masked men outside the North District Hospital in Sheung Shui, Hong Kong. Mouse Shing was an associate of a ‘red-pole’ (fighter/enforcer) active in Sheung Shui. The death apparently arose over a long standing territorial dispute with a Tsuen Wan based *Wo Shing Wo* faction seeking control over mini-bus routes, underground gambling, drug trafficking and counterfeit goods.⁷

Although common last century, such fatal acts of violence are increasingly rare in Hong Kong, Macau, Taiwan, Japan and many parts of the Chinese mainland. While organized crime has in part gentrified but not disappeared and many criminal actors remain associated with the old black societies (or triads) *Sun Yee On*, *14K*, *Wo Shing Wo*, the newer black societies (for example *Big Circle Boys* or *Dai Heun Jai*) and other Chinese criminal networks are less known but work to corrupt state officials and offer extra-legal protection (Wang 2017). Hong Kong, Macau and Taiwanese triads had by the 1990s established strong ties with criminal networks in Guangdong and Fujian, transferring the necessary capital and expertise to enable criminal enterprises to continue in more conducive settings (Broadhurst and Lee 2009).

The Hong Kong black societies simply meshed with or rented local protection services in China and Southeast Asia⁸. These looser macro-criminal networks often built on links to corrupt elements of

⁷ In February 2014 Kevin Kau Chun-to a former editor of *Ming Pao* was severely injured by an assailant armed with a meat cleaver who dismounted a motorcycle driven by an accomplice. According to officers of the Hong Kong Police Organized Crime & Triad Bureau (HKOCTB) this was “classic triad hit” - a warning. Two men associated with the *Shui Fong* (a crime group associated with the Macau based *Wo On Lok*) were later arrested in the neighboring city of Dongguan in Guangdong - hired for \$HK100, 000 each to teach Kau a lesson for persons unknown. The attack on Kau followed other recent attacks on journalists perceived as being anti-Beijing. Severe injury is often preferred over death -- the walking wounded makes for permanent advertisement. In the past HK triads have been called upon to demonstrate patriotism and may expect favor from officials in return (Lo 2010).

⁸ Glimpses of the level of potential symbiosis between organized crime and the Chinese state, the so-called

the state, particularly at the county level in China or at the sub-state level in the Golden Triangle (the tri-state confluence of Burma, Lao and China), a lawless borderland described long ago by McCoy and colleagues (1972) as the hub of the heroin trade and cold-war proxy conflicts. The ‘triangle’ is now also known for the mass production of ATS built on the older tradition of opium production and heroin refinement with a genealogy going back to the displaced Shanghai ‘Green gang’ chemists of the 1950s, militarization by the detached nationalist warlord armies, Indo-China wars and ethnic conflict with the Burmese state.

The supply and distribution of illicit drugs such as heroin and ATS remain the main source of income for crime groups operating in the Great Mekong Sub-Region (GMS); however, illegal timber logging and counterfeit or fake products, especially medicines, are lucrative.⁹ The cultivation of opium has remained relatively small in Thailand, but on the borders of the Golden Triangle a thriving cross-border smuggling business operates, drawing small and big crime entrepreneurs (Chin, 2009).

The heroin and ATS then proceed from the Golden Triangle to neighboring Yunnan China and then onwards - supplying consumers throughout East Asia, notably Japan, Korea and Taiwan where most of these drugs are consumed. The ATS or *ya-ba* or *ya-ma* or ice’ pills, (‘mad drugs’ or ‘horse drug’ in Thai idiom) and high grade heroin are transported from the production areas in the Wa or

red-black problem, were evident in the events revealed in Chongqing by the fall of politburo and municipal governor Bo Xia Li and Public Security Bureau (PSB) chief Wang Lu Jun over the murder of a British businessman. The local police agencies control over rent-seeking opportunities and connections with black societies operating underground gambling and illicit drugs was dis-established via high profile corruption charges of leading cadre in the PSB and judiciary – only to be replaced by a new PSB string with connections to leading cadre. The author also observed major Hong Kong triad figures on ‘holidays’ in Phnom Penh through 1998-2008.

⁹ The 2015 Southeast Asia Opium Survey showed, despite significant declines in the mid 2000s, that Myanmar continues to be Southeast Asia's major opium producer - and the world's second largest after Afghanistan. UNODC's Illicit Crop Monitoring Programming supports a global network of illicit crop monitoring systems – which combine field surveys with satellite imaging (UNODC 2015). The extent of the poppy fields has stabilized in recent years with producers switching to the insatiable ATS market. The survey estimated that Myanmar and Lao PDR produced 731-823 metric tons of opium, which when combined with the smuggled precursor chemical (sourced from India or China) acetic anhydride might produce 73-82 metric tons of street-quality heroin.

Northern Shan (north east Myanmar) in modest quantities of a kilogram or less (under the prevailing legal threshold for prosecution for trafficking rather than use in Thailand) to markets in Bangkok via “ants moving house” (Zhang and Chin, 2013) earning for the successful smuggler \$US2,000 per run (personal communication Royal Thai Police 2015). Larger amounts may be diverted via Cambodia for transshipment to highly profitable overseas markets like Australia where premium wholesale prices beckon (ACIC 2016).¹⁰

Pharmaceutical crime, including the import, export, manufacture and distribution of counterfeit and illicit medicines, is another source of illegal profits (Interpol 2014). Yet, although widely acknowledged as an important and rapidly emerging crime vector, cybercrime has not featured until recently in UN assessments of crime risk. The growth of on-line markets, in particular pharmaceutical and on-line gaming, has outstripped the capacity to investigate, as some internet service providers profit from unregulated web and crime-ware services including ‘deep web’ anonymised markets and payment systems. These emerging contraband *darknet* markets capitalise on the efficiency of distribution offered by postal and delivery services. Innovative Internet crypto-markets offer potential high yield growth and their small individualised quantities reduce risks for distributors and other actors in the business.

Organized crime is diversifying and transforming as these broad regional developments unfold alongside the longer-term impact of the globalisation of trade. Opportunities abound for expanding to new ‘blue sky’ industries or locations unhampered by existing protection providers (Cockayne 2016). Notably, traditional ethnic, language and place identities are no longer critical to safe and secure criminal transactions, and crime groups are linked to looser and less hierarchical forms of command and control often tied to a franchised form of criminal reputation.

¹⁰ While enormous profits can be won, risks include the deaths of young Australian men like Jamie Gao. Gao tempted to deal in ice and enticed by two rogue former police was ambushed and killed to obtain 2.73 kilograms of ice worth \$AU750, 000 or more (Partridge 2016).

Asian transnational crime routes

Figure 2: Generalised flows of criminal trade in the region

Source: UNODC 2016:19 [ODS =Ozone Depleting Substances]

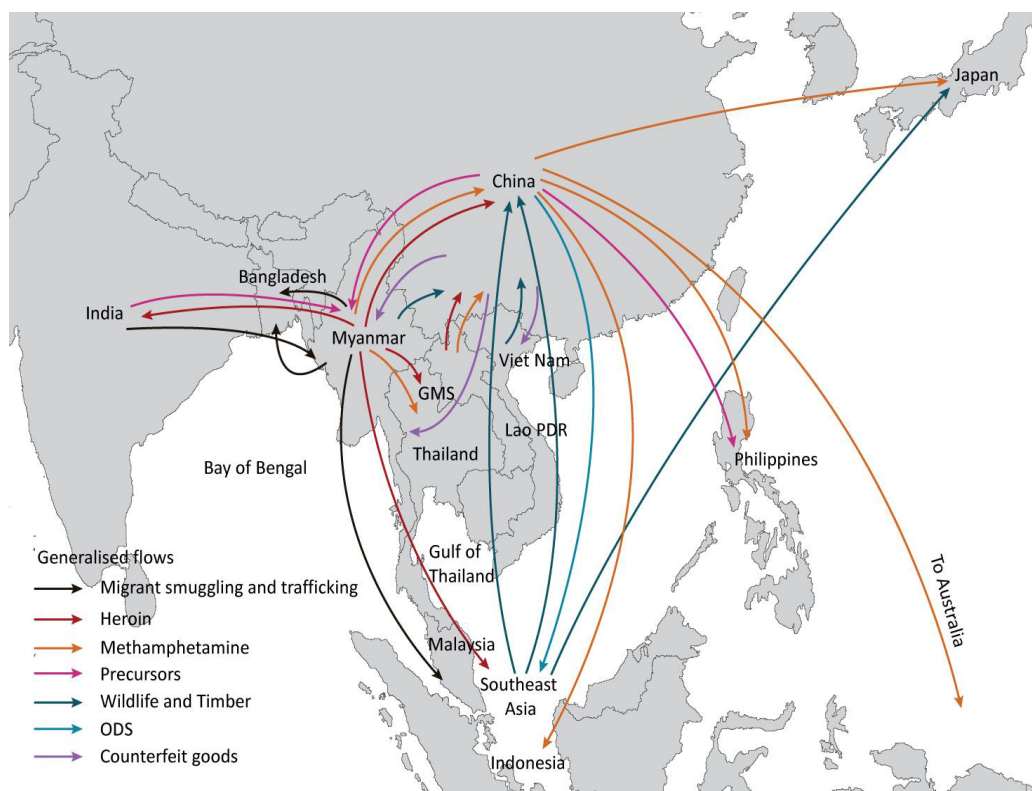


Figure 2 broadly illustrates the patterns of the various illicit Asian markets identified by the UNODC.

The emergence of new African and Iranian crime groups¹¹ and their association, alliances or mergers with Mexican drug cartels¹² and Asian crime groups illustrate the global reach of transnational crime (Ganapathy and Broadhurst, 2008; UNODC, 2015, ACIC 2016; Harris 2015a, b). Regional illicit production and supply chains intermingle with the global trade in illicit goods

¹¹ Between 2009-2015, Malaysian police detained 482 Iranian and 798 Nigerian citizens (426 of whom were on student visa) operating through 30 crime syndicates involved in drug importation (initially cocaine via the Nigerians and 'ice' from Iran) at first by recruiting Malayan female mules and later via air cargo and container ships. Subsequently these groups began to tranship Chinese sourced ATS precursors through Malaysia to Nigeria and South American destinations (Zolkepli 2016).

¹² A Sinaloa drug cartel 'representative', Haracio Herrera Hernandez, was arrested in January 2015 selling cocaine valued at \$US240, 000 to undercover agents in Manila and in possession of 84kgs of "high quality" ice (see *Philippines Daily*, 13 January 2015).

and services. South American crime cartels (such as Mexican Sinaloa and Gulf cartels) engage with Chinese and African crime groups to obtain and trade cheap precursor chemicals for the ATS market while supplying cocaine and wildlife delicacies. A lucrative cross-Pacific and global traffic therefore develops (Hutt 2016, ACIC 2016) and with Asian trade growth more transnational crime opportunities (UNODC 2010).

Connections between Chinese organized crime and Mexican crime groups, such as the Sinaloa and Gulf cartels, have also been widely speculated and sometimes reported, illustrating the impact of the globalization of the illicit trade and the increasing wealth of China and the region. Hong Kong's *14K* and *Sun Yee On* are known to supply the Sinaloa cartel in Mexico¹³ with raw materials to produce crystal methamphetamine. The association was discovered after seizures in the eastern Guangdong city of Lufeng (China) in 2012. In a six-week operation, Mexican authorities seized approximately 900 tonnes of precursor chemical, and a shipment of methamphetamine from China worth \$US10 billion was intercepted in Belize (Harris, 12 January 2014). Mexican criminal groups also smuggle Totoaba fish bladders to Asia, in particular to China where they are highly valued because of the assumed medicinal benefits. They are sold for \$US45,000 per kilogram, which is more than the same amount of cocaine. Those who smuggle the fish are often detained but not punished and the fish are seized. Steep profits from selling Totoaba fish bladders and lenient sanction have made it a popular commodity for criminal organizations (FoxNews.com 11 July 2016)¹⁴. These and other cases help create a lucrative cross-Pacific and global trade (Hutt 2016, ACIC 2016).

¹³ The Sinaloa Cartel derives its name from the province of Sinaloa on the pacific coast of Mexico and is thought to distribute illicit drugs widely across the region including the Philippines, Russia and Argentina (Romero 2017). Philippines authorities cite Sinaloa and Chinese crime groups as the most active in distribution and manufacture in the country (personal communication Philippines NIB, March 18, 2017).

¹⁴ Poaching is a threat to the totoaba (and the vaquita or porpoise of northern gulf of California). It is used for making soup in Chinese cuisine and thought to be a treatment for fertility, circulatory and skin problems. 200 bladders were sold for \$US3.6M in 2013 (see <https://en.wikipedia.org/wiki/Totoaba>).

Chinese crime groups operate clandestine methamphetamine laboratories in southern China, and imported industrial scale “ice” labs operated by Chinese chemists have been shut-down in the Philippines and Malaysia (where African crime groups are involved). Domestic methamphetamine markets in Indonesia, Philippines, Malaysia and Australia have also encouraged local criminal groups to engage in importation of precursor chemicals to produce ATS¹⁵. Philippines authorities cite Sinaloa and Chinese crime groups as the most active in distribution and manufacture of synthetics in the Philippines (personal communication Philippines National Investigation Bureau, March 18-19, 2017). In September 2016 in Pampanga (the Philippines), an industrial-level meth laboratory operating inside a piggery, capable of producing 100kg of methamphetamine per day, was discovered. Seven Chinese nationals at the site were arrested in an operation similar to clandestine labs uncovered in Guangzhou. The laboratory comprised several industrial distillates, a reaction mixer and a combustion tower (Orejas September 2, 2016). In December 2016, Philippines’ authorities arrested three Chinese nationals and seven Filipinos and, in the biggest drug seizure in the country’s history, seized 970 kg of solid methamphetamine and 1,097 litres of liquid methamphetamine with an estimated street value of \$US120 million) (Boykoff and Berlinger December 28, 2016).

The size of seizures from underground laboratories in Guangdong suggests a large and profitable business: in January 2015, 2.176 tons of solid and liquid methamphetamine destined for Shanghai were uncovered in Lufeng; May 2015, 1.26 tons of solid-liquid ketamine, and 2.7 tons of other precursors uncovered in Yangjiang and disguised as black tea bound for Southeast Asia and Taiwan; in Fushon, 317 kilos of methamphetamine and MDMA (ecstasy) and over one ton of ephedrine precursors; and in January 2016, 150 kilos of methamphetamine uncovered in Panyu district of Guangzhou. The PRC Public Security Bureau (PSB) arrested several Hong Kong and

¹⁵ Local crime groups may alternatively acquire ATS pills and opiates from producers in China, Afghanistan, the Golden Triangle and south Asia.

Taiwanese residents as well as dozens of locals for their involvement (Makinen 2016). A further 2 tons of solid and liquid methamphetamine were seized during two later PSB operations in September and October 2016, again in Panyu district of Guangzhou and Jieyang city, bound for Hong Kong.

‘Ice’ production in China may be paid for by imported cocaine or other contraband. In March 2016, Hong Kong police seized 95 kilos of cocaine at Lok Ma Chau near the Chinese border and arrested three Hong Kong citizens who operated from a farm where cannabis and firearms were also seized. In July 2012, Hong Kong authorities, in a joint operation with the US DEA, seized 649 kilos of cocaine smuggled in a container shipped from Ecuador and arrested three locals allegedly involved in a syndicate specialising in transshipping illicit drugs from South America (Chiu, 2016).

In February 2016, Australian police seized 720 litres of liquid methamphetamine – the largest on record (with a ‘street’ value of \$AU900 million). Originally shipped from southern China, it was concealed in thousands of gel pads inserted into push-up bra and art supplies. Four Chinese males, residents of Hong Kong and the mainland, were arrested. The seizure was the product of a joint operation (Taskforce Blaze) between Chinese and Australian law enforcement agencies (LEAs). In another joint operation, Australian authorities seized 90 litres of liquid methamphetamine (estimated value \$AU54 million) from a smuggling vessel of Palm Beach, Sydney, and arrested 8 men (including three Chinese men, a New Zealander and a Taiwanese). Over 6 tons of illicit drugs and precursors have been seized in the first year of the joint PRC-Australian Taskforce Blaze operations (ABC News, 17 November 2016).

India is also a major source of ephedrine, with substantial diversion of ephedrine or pseudo-ephedrine and other pharmaceuticals from legitimate producers. For example, in April 2016, 18.5 tons of ephedrine, diverted from a chemical manufacturer in Thane and bound for Eastern Europe,

were seized in Mumbai. The diversion involved a manager of the company and a Nigerian middle-man¹⁶. In another case, in August 2016, 269 kilograms of Ketamine were seized from a chemical plant near Johor Baru in Malaysia and 19 Indian chemists were detained by police.¹⁷

Heroin is smuggled from Afghanistan (where it helps fund the Taliban) and through Pakistan or Iran to the Makran Coast where it is then shipped across the Indian Ocean, carrying annually an estimated 70 tons to East Africa¹⁸, mostly destined for Europe. Other routes to Europe include Central Asia, Iran, or Turkey (Fisher 2016). West African crime groups traffic drugs to Asia and Australia either directly or via Southern Africa and Western Europe. The drugs are transported via the international mail system, air cargo, or in shipping containers (*Herald Sun*, 7 August 2016).

In Hormozgan, Iranian authorities seized 21 tons of drug precursors imported from China and Taiwan, hidden in second-hand auto parts and shipped via Afghanistan and Pakistan – providing enough chemicals to produce 7 tons of pure-grade heroin (Press TV Iran 29 August 2016). Record seizures of cocaine in Bangladesh (160 kilos of liquid cocaine mixed in oil) and ATS (600 kg) smuggled via the Japanese port of Naha by Taiwanese nationals have also been reported¹⁹.

¹⁶ Express New Service (April 17, 2016) “Banned drug Ephedrine worth Rs 2,000 cr seized from chemical firm, manager among 4 arrested”; <http://indianexpress.com/article/india/india-news-india/banned-drug-ephedrine-rs-2000-crore-seized-in-mumbai-2757050/>.

¹⁷ The Star Online (3 August 2016), ‘Indian chemists nabbed, 269kg drugs seized at ketamine lab’: available at <http://www.thestar.com.my/news/nation/2016/08/03/johor-drugs-bust-ketamine/>

¹⁸ Two sons of an alleged Kenyan drug lord and an Indian and Pakistani citizen were convicted in the U.S. after they sold 100 kilograms of heroin and 2 kilograms of methamphetamines to U.S. undercover agents in 2014 (Namwane and Muyanga 2017).

¹⁹ Theguardian.com (13 July 2015), ‘Huge Bangladesh cocaine seizure points to growing south Asia drug route’, available at <https://www.theguardian.com/world/2015/jul/13/huge-bangladesh-cocaine-seizure-points-to-growing-south-asia-drug-route>; News.am (03 June 2016), ‘Japan’s largest consignment of drugs seized from Taiwanese smugglers’: available at <https://news.am/eng/news/330391.html>; The Malay Mail Online (27 Jan 2017), ‘Malaysian drug lord on Thai police radar over seizure of RM33 million in methamphetamine pills’: available at <http://www.themalaymailonline.com/malaysia/article/malaysian-drug-lord-on-thai-police-radar-over-seizure-of-rm33m-in-methampeth>

The Italian police disrupted an international crime syndicate with ties to the ‘Ndrangheta that imported from Columbia 8 metric tons of cocaine worth \$US1.7 billion and arrested 54 people engaged in the enterprise. ‘Ndrangheta is among the wealthiest and most powerful European criminal groups, linked to families in the US and Australia and in partnerships with criminal groups in Latin America. Italian police also seized 350 kilos of cocaine on board the Brazilian freighter the *Rio de Janeiro* and arrested nine crewmen, all citizens of Kiribati. Bound for southern Italy, the cocaine importation was also linked to the ‘Ndrangheta (Woody 2017).

Illustrating the criminal utility of the direct transpacific sea route, in December 2016 and February 2017, two vessels sought to deliver high-grade Columbian cocaine to Australian markets via Fiji and Tahiti. It is estimated that 60% of seizures occur at sea or in port, as this method allows for bulk delivery (Saviano 2015). In one incident, a private yacht registered in Tahiti carried 1.4 ton of cocaine with a street value of \$AU300 million. A third vessel, a 50-metre ‘mothership’ with a Chinese crew (formerly a commercial Japanese whaler, the *Kaiyo Maru* No. 8), was intercepted off Tasmania and found to have 186 kilos of cocaine on board destined for Melbourne with a street value of \$AU60 million. The Melbourne crime syndicate that arranged the shipment failed because the intercept boat ran aground en-route to the ‘mothership’. The crime syndicate is alleged to have had significant global relationships in Myanmar, Singapore, China and Japan.

Illicit drug markets are not the only source of criminal revenue. The insatiable demand for timber and wildlife products places pressure on cash strapped communities in Southeast Asia and further afield to collude with criminal groups to extract and market these resources. Opportunities to dump e-waste in under regulated jurisdictions in Southeast Asia are also sought, amongst others, by the Japanese *yakuza* and ‘black societies’ in Taiwan, Hong Kong and Korea. These lucrative markets, combined with the demand for all kinds of counterfeit consumer and medicinal products and the smuggling and trafficking of migrant labor, have created irresistible enticements for criminal

enterprises.

Bloated with cash, organized crime groups, often enjoying a degree of state protection (or “umbrellas” in the Chinese idiom), constantly seek new markets, legitimate and illicit. By meshing with the rapidly evolving forms of connectivity and trade across the region and by mimicking best business practice underpinned by the strategic use of violence these predatory groups can achieve impressive access to power.

The examples above illustrate how illicit drug and contraband markets are global and constantly evolving, therefore, requiring effective global, regional and local responses to reduce supply and demand, while adjusting and initiating regulatory reform and improving treatment mitigation for offending drug users. A handful of capable LEAs, a patchwork of cross-border mutual legal assistance agreements and a fledgling and fragile regional security response from ASEAN, APEC and other multi-lateral forum are trying to address these challenges.

However, given the tremendous global development and sophistication in the last three decades of both organised crime groups and the illicit markets they control, can the old “war on drugs” paradigm be considered as an effective countermeasure?

War on drugs – an effective countermeasure?

Attempts to curtail demand by resorting to extra-judicial police killings may have popular appeal, but like former Thai PM Thaksin Shinawatra’s 2003 controversial “war on drugs,” President Duterte’s operation *Oplan Double Barrel* bloody war on drug traffickers in the Philippines is also likely to ultimately serve to consolidate organized crime groups, raise the cost of protection and temporarily displace activities to less hostile locations (Sombatpoonsiri and Arugay 2016). Nor has

the war apparently cowed organized crime. According to the Philippines National Bureau of Investigation, several crime ‘lords’ detained in Manila’s Bilibid Prison continued their drug business with the help of prison gangs and corrupt prison officer and raised P20 million (\$US400,000) for an assassination of President Duterte (Gulf News Philippines 12 February 2017).

A Philippines National Police (PNP) Report released on September 10, 2016 indicated that since Duterte, in July 1, 2016, took over as President, 1,466 suspects involved in drugs were killed during police operations but ‘vigilantes’ had killed 1,490 people allegedly involved with drugs. By January 31, 2017, the number of deaths had increased to 2,555 ‘drug personalities’ or crime suspects killed by police and 4,525²⁰ by vigilantes - in total 7,080 deaths²¹. Over a million (1, 179, 462) drug users had ‘surrendered’ to police under *Project Tokhang*²² (‘knock and request’ home visits) creating a dangerous crisis in the nation’s already over-crowded penal system. The high number of homicides involving vigilantism is a marker of a campaign out of control and highly corrosive of due process of law and the independence of courts.²³

Duterte’s has stated his intention to continue the ‘war on drugs’ until 2022 when his term of office expires. He was quoted as stating there was a need for “greater cooperation in the region, particularly in the capacity building and law enforcement efforts” (Mendez and Regalado, 2016).

The Philippines president’s approach to crime may make cooperation more difficult for some

²⁰ PNP reports suggested the number of extra-judicial homicides was around 4,146 case by mid-January. The accuracy of the PNP death data and the classification of lethal events are unknown. No further reports have been released on deaths (see Rappler’s 59th report last update January 31, 2017).

²¹ See updates: [rappler.com -http://www.rappler.com/newsbreak/iq/145814-numbers-statistics-philippines-war-drugs](http://www.rappler.com/newsbreak/iq/145814-numbers-statistics-philippines-war-drugs).

²² According to Philippines National Police (PNP) about 6.7% of those who had surrendered (79,349) were classed as “pushers”. The report also notes that over 7.07 million homes had been visited under the scheme.

²³ Approximately 3,000 lives were lost in the first few months of the Thai “war on drugs” of whom half were later found not to be drug users or pushers (Human Rights Watch 2008). Duterte has promised to pardon policemen and soldiers who killed drug dealers in the course of his campaign against illegal drugs. Rappler.com news compiled by Bueza as at January 31, 2017 also reports that the Philippines National Police (PNP) have recorded 38 deaths of police or military on operations and 95 wounded (as of 14.1.2017 but 10 police deaths yet confirmed); however not all casualties relate to ‘Oplan Double Barrel’. The PNP recorded as of January 9, 2017, 3,717 unexplained (including extra-judicial vigilante) killing incidents and a further 2,928 deaths were under investigation. The PNP reports that 875 cases had been investigated and 332 suspects were at large.

jurisdictions given his intention to restore the death penalty, reduce the age of criminal responsibility to those 9 years or older and a preference for ‘achieved justice’ based on his leadership methods while mayor of Davao City. In a speech to a business forum in Manila on December 14, 2016, he admitted engaging in killing suspected criminals.

"... go[ing] around Davao with a motorcycle, with a big bike around and I would just patrol the streets and looking for trouble also. I was really looking for an encounter so I could kill. In Davao, I used to do it personally. Just to show the guys that, if I can do it, why can't you?" (Westcott and Quiano 2016).

According to Amnesty International (2017)²⁴, police in Manila were getting paid incentives of between \$US160-300 for each accused drug suspect (the higher bounty applies to alleged “pushers”) killed in the “war on drugs”. Amnesty informants also claimed police planted evidence, stole from the homes of the victims and received commissions from funeral homes for work directed to funeral services. Following the death of a South Korean businessman (Jee Ick-joo) who was kidnapped by police in October 2016 and strangled inside the grounds of the national police headquarters, Duterte declared his police force "corrupt to the core".

Consequently, the police and the National Bureau of Investigation prosecution of the war against drugs was withdrawn and PNP chief General Ronald Dela Rosa initiated measures to counter rampant corruption among police (Murdoch 2017). The implementation of drug testing among police and the civil service and the dismissal and re-education of suspect police are additional

²⁴ Amnesty International’s investigation documents in detail 33 cases that involved the killings of 59 people. Researchers interviewed 110 people across the Philippines’ three main geographical divisions, detailing extrajudicial executions in 20 cities across the archipelago. The organisation also examined documents, including police reports.

measures now in play²⁵. In March 2017, after a brief halt, *Operation Double Barrel – Reloaded* was activated, continuing the campaign albeit promising to be less bloody²⁶.

International agencies such as the United Nations-affiliated International Narcotics Control Board and the UNODC have called on the Philippines to end the extra-judicial killings (Morallo 2017) and it is likely Australian or European LEAs will avoid being involved in a “bloody” campaign that may encourage summary executions and undermine the rule of law. Reducing the harm of black markets in contraband invites a re-assessment of the policies that fuel unproductive “drug wars” toward a focus on public health and civil society treatment measures²⁷. The final section below looks at both opportunities for improvements to address current policies weaknesses and promising countermeasures that could reduce the power of organized crime and the development of illicit markets.

Degrading the power of organised crime?

Economic development has been prioritized by most Asian governments and has generally trumped concerns about illicit trade and organized crime. For instance, genuine economic incentives are driving the current corruption campaign with the focus on China’s vulnerable large state-owned SME [in full] sector. In this sector, “grey” business has flourished and dual role entrepreneurs have navigated with impunity the nexus between the underworld and upper-world (Broadhurst and Wang

²⁵ The PNP Annual Report 2016 notes “...the application of random drug testing and counter intelligence to more than 160,000 PNP personnel nationwide were conducted to rid the organization of misfits and scalawags. Appropriate sanctions and charges were filed on those who were found positive in the drug tests and those who were validated involved in the illegal drug trade” (Philippines National Police, 2016: p9).

²⁶ Duterte’s initial intention was to deploy the Armed Forces of the Philippines (AFP) in conjunction, with the small Philippine Drug Enforcement Agency (PDEA) as a replacement for the systemic police corruption identified. Military deployment to prosecute the anti-drug campaign would carry the risk of the AFP falling to the systematic corruption that faced the Mexican army when tasked with confronting drug cartels that had effectively controlled provincial and local policing agencies (Correa-Cabrera, Keck and Nava 2015).

²⁷ See the impact of recent measures legalising medical marijuana and associated declines in hospitalisation for opiate overdose (Shi 2017).

2014). Without effective governance and rule of law coupled with enhanced capacity among LEAs, since capable LEAs will not share crime intelligence likely to be compromised, it is likely progress against the increasing harms of organized crime will be *ad hoc* and minimal.

As this sketch of the activities of organized crime shows, a central role in its suppression will be the actions of the ASEAN +3 group. Unfortunately, the overall lack of effective action to suppress problems such as illegal drugs, counterfeiting and wildlife extraction reflects ASEAN's relatively weak integration in respect to the common non-traditional security problems. Until there is a sense that ASEAN is a community of shared fate, effective co-ordination to suppress organized crime will succumb to the temptation to window-dress. Worthy but unrealistic aspirations and work-plans for a "drug-free" region by 2015, set out in the 7th ASEAN Ministerial Meeting on Transnational Crime in 2010²⁸, signal this weakness. Yet, China's rapid awakening to the high costs of fake and often dangerous products and the perils of 'ice' on the young should impact on the forms and scale of organized crime.

China's ministry of Public Security increasingly reaches out to foreign police services seeking mutual legal assistance arrangements or joint operations on matters as diverse as the pursuit of fugitives (e.g. Operation Fox Hunt, Skynet and Taskforce Blaze), joint patrols of border regions (as in the upper reaches of the Mekong) or in controlled operations involving drug shipments (as in the recent joint Australia-PRC task force tracking liquid amphetamine).

Alternative policies that seek the regulation of recreational drugs and the pursuit of harm reduction would help to undercut the profits of criminal groups (e.g. Putir and Blickman's 2016 chart the criminalization of traditional uses of cannabis in Indonesia). Unfortunately, little attention has been given to the inherent collusion of consumer choices in the sustainability of illicit markets in general,

²⁸ As in the 'Work Plan on Combating Illicit Drug Production, Trafficking, and Use' adopted in 2010 by the 7th ASEAN Ministerial Meeting on Transnational Crime [AMMTC] (cited in Broadhurst and Farelly 2014: 648) available at: <http://asean.org/joint-statement-of-the-tenth-asean-ministerial-meeting-on-transnational-crime-10th-ammtc-consultation/>

and innovative approaches to the reduction of demand are needed. Policies that re-orient consumer choices so that they undercut the goods and services provided by organized crime are also crucial. A focus on supply disruption, increased expenditure on law enforcement and ramping up deterrence measures has been the principal approach over the past 50 years but has led to little sustained reduction (Lasco 2016; Kleiman, et al. 2011).

The Australian government, among other capable states, invests in overseas crime prevention activities and provides expertise in furthering LEA cooperation around the region. This has mutual benefits and provides some bulwark against the predatory conduct of criminal groups. Australia and the European Union, among others, also provide significant support for UNODC and ASEAN activities in the Asia Pacific region, including the UN Illicit Crop Monitoring Program (Global Smart, 2013; 2015). Continued support for the independent assessment of emerging threats remains crucial to LEA capability development and any hope of reducing the impact of transnational crime activities. For instance, strengthening the monitoring and regulatory control over precursor chemicals manufactured by the underground and ‘grey’ pharmaceuticals industry should help reduce the impact of the rise of potent new synthetic opiates or psychotics. Equally crucial is what we do within Australia to reduce demand for illicit products and the predatory actions of our criminal entrepreneurs. Policy pivots to harm reduction strategies and alternatives to penal sanctions for illicit drug use as well as reducing the reach of prohibition policies are on the table as the ‘lesser evil’, if priority is given to the disruption of organised crime profits and influence.

For many governments, a stark choice now presents between tackling drug misuse or organized crime. Attempts to do both require a substantial increase in public health resources for treatment and prevention but are likely beyond the capabilities of many developing states. Reducing the harm of black markets in contraband and scarce resources invites a re-assessment of the policies that fuel unproductive pseudo drug wars. Wars that in yet another iteration, in the Philippines, impact on the

most vulnerable populations, undermine the rule of law, overwhelm correctional institutions and, so far have done little in degrading the power of organized crime.

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