

# TRANSNATIONAL ORGANISED CRIME IN SOUTHEAST ASIA: THREAT ASSESSMENT

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Transnational organised crime is considered one of the major threats to human security, impeding the social, economic, political and cultural development of societies. Much attention has been given to the dynamics of professional criminal groups but little has been given to the existence of the markets in which they operate. This edition of the NTS Alert argues that a focus on both of these is needed to address the underlying social, political, and economic factors that allow for transnational organised crime to thrive. In order to address the market dimensions of transnational organised crime, this Alert is framed as a ‘threat assessment’. Drawing data from reliable open-source information, it analyses the size and magnitude of high-priority crimes in Southeast Asia.

The term 'transnational crime' was coined by the then United Nations (UN) Crime and Criminal Justice Branch in 1974 in order to identify certain criminal phenomena transcending international boundaries. In order to provide more clarity, the UN in 1994 defines transnational crime as 'offenses whose inception, prevention and/or direct effect or indirect effects involved more than one country'. Under this definition, a list of 18 crimes were identified: money laundering, illicit drug trafficking, corruption and bribery of public officials and of party officials and elected representatives as defined in national legislation, infiltration of legal business, fraudulent bankruptcy, insurance fraud, computer crime, theft of intellectual property, illicit traffic in arms, terrorist activities, aircraft hijacking, sea piracy, hijacking on land, trafficking in persons, trade in human body parts, theft of art and cultural objects, environmental crime, and other offences committed by organised criminal groups.



Credits: (left) Environmental Investigation Agency (EIA) 2008, Eric Frecon; (right) EIA 2009.

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## Approaches to Transnational Crime

Broadly, transnational crime can be analysed from two perspectives: multi-crime groups of professional criminals, and illicit markets (UNODC, June 2010). To date, most of the attention has been given to the first approach and this is reflected in the United Nations Convention against Transnational Organized Crime adopted on 15 November 2000. The Convention specifically focuses on the 'organised criminal group' which is defined as:

a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences ... in order to obtain, directly or indirectly, a financial or other material benefit.

As the preceding definition shows, existing efforts against organised crime tend to focus on organised groups. This approach is also loosely known as the law enforcement approach because it is the law enforcement agencies – investigators, courts of law, etc. – that take the lead in pursuing and prosecuting organised criminal groups and persons. This approach is no more than a national response strategy against criminals and traffickers within a country's national jurisdiction. For example, most countries in Southeast Asia impose strict policies against drugs, with the death penalty prescribed for drug traffickers. To be sure, this policy acts as a deterrent against criminal groups and traffickers alike. However, despite such draconian measures, most countries in the region are flush with illegal drugs. Disrupting or deterring criminal organisations and traffickers does not solve the problem because the incentives and the drivers remain in place; and as long as they remain unaddressed, the problems will persist.

The second approach on the other hand focuses on the 'illegal market', which is defined as:

a place ... within which there is an exchange of goods and services, the production, selling and consumption of which are forbidden or strictly regulated by the majority of states and/or by international law. (Arlacchi, 2001)

Most transnational organised criminal activities are rooted in market forces of demand and supply, not the plotting of professional criminal groups. While arresting and incarcerating individual perpetrators is important for its general deterrent effect, doing so is not sufficient to counteract illicit trade. So long as there is standing demand, and there remain areas where illicit goods can be sourced and trafficked, the market will adapt to any loss of personnel. The next section analyses the nature of the illicit markets in Southeast Asia.

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## Illicit Drug Trafficking



Young addict injecting opium in Lao PDR.

Credit: UNODC, 2009.

According to the World Drug Report 2010 (UNODC, 2010), more than 15 million people worldwide consume illicit opiates – opium, morphine and heroin. The global demand for these substances is estimated at 3,700 metric tonnes (mt), which yields a market value of USD 65 billion annually. Heroin is by far the most lucrative of all illicit opiates and commands an estimated annual market value of USD 55 billion. It is estimated that some 340 mt of the substance is consumed worldwide each year. Afghanistan is the largest producer of heroin at 380 mt in 2008. Of this, 15–20 mt is trafficked into China (which has the world's largest number of heroin users – 2.2 million), and another 35 mt to South and Southeast Asian countries. Myanmar, the world's second largest producer at 40 mt in 2008, is another major source of illicit heroin to China, Southeast Asia and Oceania.

The size of the annual opium market on the other hand is estimated at USD 7–10 billion and there are an estimated 4 million consumers worldwide. The opium consumed in Southeast and East Asia originates

mainly in Myanmar and to a much lesser extent Lao PDR. Together they produced 75 mt in 2008. It is important to note that there has been a gradual decline in opium cultivation in Southeast Asia. Between 1998 and 2006, opium cultivation in Myanmar, Lao PDR and Thailand decreased from an estimated total of 157,900 hectares (ha) in 1998, to only 24,157 ha in 2006 (UNODC, December 2009). However, since then, opium poppy cultivation has increased in Myanmar and a mixed pattern of increases and decreases has been observed in Lao PDR and Thailand. The overall trend of declining opium poppy cultivation was largely due to successful eradication efforts undertaken by the governments of Myanmar, Thailand and Lao PDR.

Although Myanmar is still the second largest producer of opium after Afghanistan, its share of opium production fell from 32 per cent in 1998 to just 5 per cent in 2009. Opium poppy is now confined almost entirely to the Shan State with a few pockets of cultivation in other states. The success of opium poppy eradication in Myanmar is due in large part to ceasefire agreements that the government signed with a number of insurgent groups. This paved the way for control of opium poppy growing regions and allowed the implementation of measures to reduce opium poppy cultivation. At the same time, in 1999, the Government of Myanmar and local authorities in areas cultivating opium poppy decided to engage in a 15-year plan to eliminate the illicit crop by the year 2014 (UNODC, December 2009).

As a result of sustained efforts by the respective governments, as well as with the active support of international agencies such as the United Nations Office on Drugs and Crime (UNODC), Thailand and Lao PDR have been able to eradicate a large part of their opium poppy cultivation. Opium eradication programmes such as crop conversion and alternative development have been a part of the narcotics crop control strategy of both governments. As a result they have now reached such low levels of cultivation and production that they no longer produce opium for the international market. Table 1 shows the scale and magnitude of opium poppy cultivation in Lao PDR, Thailand and Myanmar over a two-year period. It shows an increase in opium poppy cultivation in both Lao PDR and Myanmar whereas cultivation of the crop declines in Thailand. But when this is analysed in the context of the overall trend in opium poppy cultivation, the increase in Lao PDR and Myanmar is marginal.

Table 1: Southeast Asia Opium Survey 2009

|                                               | 2008           | 2009           | Change from |
|-----------------------------------------------|----------------|----------------|-------------|
| <b>Opium poppy cultivation of which</b>       | 30,388 ha      | 33,811 ha      | +11%        |
| Lao PDR                                       | 1,600 ha       | 1,900 ha       | +19%        |
| Thailand                                      | 288 ha         | 211 ha         | -27%        |
| Myanmar                                       | 28,500 ha      | 31,700 ha      | +11%        |
| <b>Potential production of opium of which</b> | 424 mt         | 345 mt         | -19%        |
| Lao PDR                                       | 9.6 mt         | 11.4 mt        | +19%        |
| Thailand                                      | 4.5 mt         | 3.3 mt         | -27%        |
| Myanmar                                       | 410 mt         | 330 mt         | -20%        |
| <b>Average price of opium</b>                 |                |                |             |
| Lao PDR                                       | US\$ 1,227 /kg | US\$ 1,327 /kg | +8%         |
| Thailand                                      | US\$ 1,250 /kg | n/a            | +17%        |
| Myanmar                                       | US\$ 301 /kg   | US\$ 317 /kg   | +5%         |

|                                                  |                    |                    |      |
|--------------------------------------------------|--------------------|--------------------|------|
| <b>Total potential value of opium production</b> | US\$ 140.4 million | > US\$ 119 million | n/a  |
| of which                                         |                    |                    |      |
| Lao PDR                                          | US\$ 11.8 million  | US\$ 15.1 million  | +28% |
| Thailand                                         | US\$ 5.6 million   | n/a                | n/a  |
| Myanmar                                          | US\$ 123 million   | US\$ 104 million   | -15% |

Source: UNODC, December 2009, p.5.

Even as the production of illicit opiates declined in Southeast Asia, the production, trafficking and consumption of amphetamine-type stimulants (ATS) have increased substantially. ATS refers to various synthetic substances broadly categorised into amphetamine-group substances (amphetamine, methamphetamine, methcathinone) and ecstasy-group substances. Globally, between 13.7 and 52.9 million people used amphetamine-group substances at least once in the preceding year, with a corresponding annual prevalence range of 0.3 to 1.2 per cent of the population aged 15 to 64 (UNODC, World Drug Report 2010). The East and Southeast Asia region, with an estimated 3.4 to 20.7 million users, has by far the largest number of amphetamine-group substance users of any region in the world. The Philippines, Thailand and Lao PDR have the highest annual prevalence of amphetamine-group substance use in the region.

*Table 2: Estimated number of people who used amphetamine-group substances at least once in the past year and prevalence among population aged 15–64, 2008*

| Region              | Estimated number of users annually (lower) | Estimated number of users annually (upper) | Per cent of population aged 15–64 (lower) | Per cent of population aged 15–64 (upper) |
|---------------------|--------------------------------------------|--------------------------------------------|-------------------------------------------|-------------------------------------------|
| East/Southeast Asia | 3,430,000                                  | 20,680,000                                 | 0.2                                       | 1.4                                       |
| Global              | 13,710,000                                 | 52,900,000                                 | 0.3                                       | 1.2                                       |

Source: 'World Drug Report 2010' (UNODC, 2010).

Thailand is one of the biggest markets for ATS trafficked primarily from Myanmar. In 2009, Thai police intercepted 1.2 million amphetamine pills trafficked from Myanmar. Already, in the first six months of 2010, 5 million pills had been intercepted. It was estimated that between 300 and 400 million pills will be trafficked by the end of 2010 (Doherty, 2010). Table 3 presents the annual prevalence of use of four types of drugs as a percentage of the population in Southeast Asia. It shows that use of amphetamine-type stimulants has overtaken other drugs.

*Table 3: Annual prevalence of use as a percentage of the population aged 15–64*

| Country/Territory | Opiates   | Cocaine | Cannabis | Amphetamine-type stimulants |
|-------------------|-----------|---------|----------|-----------------------------|
| Brunei Darussalam | 0.01      | ..      | ..       | 0.3                         |
| Cambodia          | 0.01–0.09 | ..      | 3.5      | 0.6                         |
| Indonesia         | 0.16      | <0.1    | 0.7      | 0.3                         |
| Lao PDR           | 0.37      | ..      | 0.7–1.1  | 1.1–1.7                     |
| Malaysia          | 1.11–1.56 | ..      | 1.6      | 0.6                         |
| Myanmar           | 0.60      | ..      | 0.9      | 0.2                         |
| Philippines       | 0.05      | <0.1    | 0.7–0.9  | 1.9–2.4                     |
| Singapore         | <0.01     | ..      | ..       | ..                          |
| Thailand          | 0.20      | <0.1    | 1.2      | 1.4                         |
| Timor Leste       | ..        | ..      | ..       | ..                          |
| Vietnam           | 0.25–0.28 | ..      | 0.3      | 0.2                         |

Source: 'World Drug Report 2009' (UNODC, 2009), pp. 235-254.

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The United Nations' 'Protocol to Prevent, Suppress, and Punish Trafficking in Persons' (UN, 2000) defines trafficking in persons as:

the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.

It is one of the most egregious violations of human rights. The International Labour Organization (ILO) estimates that there are at least 12.3 million people worldwide who are victims of forced labour of which 2.4 million are a result of human trafficking (ILO, 2005). The prevalence rate of trafficking victims worldwide is estimated at 1.8 per 1,000 inhabitants whereas in Asia and the Pacific region, it is 3 per 1,000 inhabitants (US Department of State, 2010).

The International Organization for Migration estimates that at least 200,000 to 225,000 women and children from Southeast Asia are trafficked annually (Derks, 2000, p.16). Victims from East and Southeast Asia were detected in more than 20 countries in regions throughout the world, including Europe, the Americas, the Middle East, Central Asia and Africa (UNODC, 2009).



Rural Burmese families often sell their young children to work at tea shops in bigger cities.

Credit: US Department of State, 2010.

Table 4: Regional distribution of forced labour as a result of trafficking

| Region                       | Number of people in forced labour as a result of trafficking |
|------------------------------|--------------------------------------------------------------|
| Asia and Pacific             | 1,360,000                                                    |
| Industrialised countries     | 270,000                                                      |
| Latin America and Caribbean  | 250,000                                                      |
| Middle East and North Africa | 230,000                                                      |
| Transition countries         | 200,000                                                      |
| Sub-Saharan Africa           | 130,000                                                      |
| <b>World</b>                 | <b>2,450,000</b>                                             |

Source: ILO, 2005.

An analysis of the profile of trafficked victims in Table 5 shows that female (women and girls) and children constitute the majority of people trafficked for the purpose of both sexual and economic exploitation.

Table 5: Profile of victims of trafficking

|                          | UNODC                      | ILO                                                                          | US Department of State |
|--------------------------|----------------------------|------------------------------------------------------------------------------|------------------------|
| Female (women and girls) | 13% (Girls)<br>66% (Women) | 56% (forced commercial exploitation)<br>98% (commercial sexual exploitation) | 80%                    |
| Children and minor       | ..                         | 40–50%                                                                       | 50%                    |
| Male (men and boys)      | Men (12%)<br>Boys (9%)     | 44% (forced commercial exploitation)                                         | ..                     |

Source: UNODC, February 2009, p.11; ILO, 2005; US Department of State, 2008.

Trafficking for the purpose of sexual exploitation and forced labour are the most common forms of human trafficking. A groundbreaking study of prostitution in Southeast Asia by the ILO estimated that between 0.25 and 1.5 per cent of the female population work as prostitutes in Indonesia, Malaysia, the Philippines and Thailand, and the sex sector accounts for between 2 and 14 per cent of the gross domestic product (GDP) (Lim, 1998).

Table 6: Forms of human trafficking

| Forms of human trafficking     | Estimates by various agencies |     |
|--------------------------------|-------------------------------|-----|
|                                | UNODC                         | ILO |
| Commercial sexual exploitation | 79%                           | 43% |
| Forced economic exploitation   | 18%                           | 32% |
| Others (mixed or undetermined) | 3%                            | 25% |

Source: UNODC, February 2009, p.11; ILO, 2005; US Department of State, 2008.

Human trafficking as a business is highly profitable. According to recent reports, human traffickers and smugglers charge Baht 700,000 (around USD 22,000) per person to smuggle Thai workers into Japan, and Baht 800,000 (around USD 25,000) per head to get Chinese workers into Canada ('2 Japanese Men Deported', 2010). At the global level, the total illicit profits produced annually by trafficked forced labourers is estimated to be about USD 32 billion. Half of this profit is made in industrialised countries (USD 15.5 billion) and close to one-third in Asia (USD 9.7 billion). This represents an average of approximately USD 13,000 per year or USD 1,100 per month for each forced labourer.

Table 7: Annual profits from all trafficked forced labourers

| Region                       | Profits per forced labourer in commercial sexual exploitation (US\$) | Profits per forced labourer in other economic exploitation (US\$) | Total profits (million US\$) |
|------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------|
| Industrialised economies     | 67,200                                                               | 30,154                                                            | 15,513                       |
| Transition economies         | 23,500                                                               | 2,353                                                             | 3,422                        |
| Asia and the Pacific         | 10,000                                                               | 412                                                               | 9,704                        |
| Latin America                | 18,200                                                               | 3,570                                                             | 1,348                        |
| Sub-Saharan Africa           | 10,000                                                               | 360                                                               | 159                          |
| Middle East and North Africa | 45,000                                                               | 2,340                                                             | 1,508                        |
| <b>World</b>                 |                                                                      |                                                                   | <b>31,654</b>                |

Source: ILO, 2005, p. 55.

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## Maritime Piracy

Maritime shipping is the lynchpin of the global economy. Ninety per cent of the global trade is carried by sea and the Malacca Strait alone accounts for over 40 per cent of that volume. Thus the Malacca Strait is one of the world's most important waterways: 43,965 vessels passed through the waterway in 1999 and this volume increased to 70,718 in 2007 (Iyer, 2008). Singapore, according to the Maritime and Port Authority of Singapore (MPA), is the premier port of not only Southeast Asia, but also the world. Singapore is connected to more than 600 ports in over 120 countries. An estimated 140,000 vessels call at its port annually, making it one of the world's busiest ports. Moreover, the maritime sector contributes about 7 per cent of its GDP. Thus, the potential disruption of maritime trade by piracy is therefore a major concern not only for Southeast Asian countries, but also for those in the wider region that rely on the Malacca Strait for trade.

It was estimated that acts of robbery against ships in the Malacca Strait earned pirates anywhere between USD 5,000 to 20,000. Ransoms demanded for the release of crew members on the other hand ranges from USD 100,000 to 200,000 (Raymond, 2005).

Table 8: Earnings of pirates

| Southeast Asia                                              | Somalia-Horn of Africa                                             |
|-------------------------------------------------------------|--------------------------------------------------------------------|
| Harbour and anchorage attacks: USD 5,000–10,000             | Average ransom payment: USD 500,000 – 2 million (2008)             |
| Attacks against vessels at sea (robbery): USD 10,000–20,000 | Earnings per pirate (for a USD 1 million ransom): USD 6,000–10,000 |

Attacks against vessels at sea (hijacking): NA

Annual earning: USD 30 million (2008)

Kidnap-for-ransom: USD 100,000–200,000

Source: Raymond, 2005 (for Southeast Asia); UNODC, June 2010 (for Somalia-Horn of Africa).

Although the money earned by pirates in Southeast Asia is not much when compared to Somali pirates, it is the threat that they pose to freedom of navigation that concerns states. The other major concern is that extremist groups will seek to overcome existing operational constraints in sea-based capabilities by working in conjunction with or subcontracting out missions to maritime crime gangs and syndicates. Finally, there is the danger of an environmental disaster. As pirates become more assertive and sophisticated, they are likely to be more daring in pursuing their objectives, and this increases the risk of, say, their intentionally or unintentionally firing at an oil tanker. Although piracy in Southeast Asia has declined significantly as a result of decisive state actions and improved maritime cooperation among littoral states, the threat still remains. Its elimination, therefore, continues to be one of the highest priorities on the policy agenda of countries in the region.

Table 9: Locations of pirate attacks in Southeast Asia since 2003

| Locations            | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------------|------|------|------|------|------|------|------|
| Indonesia            | 121  | 94   | 79   | 50   | 43   | 28   | 15   |
| Malacca Strait       | 28   | 38   | 12   | 11   | 7    | 2    | 2    |
| Malaysia             | 5    | 9    | 3    | 10   | 9    | 10   | 16   |
| Myanmar              | 0    | 1    | 0    | 0    | 0    | 1    | 1    |
| The Philippines      | 12   | 4    | 0    | 6    | 6    | 7    | 1    |
| Singapore Strait     | 2    | 8    | 7    | 5    | 3    | 6    | 9    |
| Thailand             | 2    | 4    | 1    | 1    | 2    | 0    | 1    |
| Southeast Asia total | 170  | 158  | 102  | 83   | 70   | 54   | 45   |
| World total          | 445  | 329  | 276  | 239  | 263  | 293  | 406  |

Source: ICC International Maritime Bureau, January 2008; ICC International Maritime Bureau, January 2010.

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## Financial Crime

Government revenue is critical to development. However, most Southeast Asian countries suffer from a chronic shortage of revenues due to tax evasion. The following section analyses the leakage of revenues as a result of illicit financial flows and trade mispricing.

### Illicit financial flows

Illicit financial flows refer to 'cross-border movement of money that is illegally earned, transferred, or utilized' (Kar and Cartwright-Smith, 2008) with the intention of evading taxes. Global Financial Integrity (GFI) estimates the worldwide volumes of illicit financial flows from developing countries for the period 2002–2006 at between USD 859 billion and 1.06 trillion. This amounts to over 10 times the value of Official Development Aid (ODA) for the same period. Table 10 shows the volume of financial flows from Southeast Asia.

Table 10: Illicit financial flows from selected countries of Southeast Asia, 2002–2006

| Country           | Illicit financial flows (US\$ million) |
|-------------------|----------------------------------------|
| Malaysia          | 19,027                                 |
| Philippines       | 12,154                                 |
| Indonesia         | 10,361                                 |
| Thailand          | 6,302                                  |
| Brunei Darussalam | 3,299                                  |

|          |     |
|----------|-----|
| Vietnam  | 876 |
| Myanmar  | 624 |
| Cambodia | 382 |

Source: Kar and Cartwright Smith, 2008, pp. 65-67.

## Trade mispricing

Trade mispricing moves more illicit money across borders than any other single phenomenon. It is a major conduit through which profits of companies are shifted from developing countries to banks and tax havens in developed countries. It can occur when the underlying trade involves transactions between related parties, such as trade transactions between international subsidiaries of a large parent corporation. It can also involve transactions between unrelated parties; for example, a local company trading with an independent foreign supplier. As such, trade mispricing presents a channel through which legitimate profits are transferred abroad illegally. GFI's analysis found that the average tax revenue loss to all developing countries was between USD 98 billion and 107 billion annually during the years 2002–2006. This figure represents an average loss of about 4.4 per cent of the entire developing world's government revenue.

Table 11: Tax revenue loss as a percent of government revenue, 2002–2006

| Country           | Average tax revenue loss<br>(US\$ million) | Average government revenue<br>minus grants<br>(US\$ million) | Loss of tax revenue<br>(as a per cent of government<br>revenue) |
|-------------------|--------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------|
| Brunei Darussalam | 0.00                                       | 689.00                                                       | 0.0%                                                            |
| Cambodia          | 76.39                                      | 550.93                                                       | 13.9%                                                           |
| Indonesia         | 3,108.40                                   | 40,657.30                                                    | 7.6%                                                            |
| Malaysia          | 4,947.11                                   | 32,130.18                                                    | 15.4%                                                           |
| Myanmar           | 0.00                                       | -                                                            | -                                                               |
| Philippines       | 4,253.88                                   | 13,859.11                                                    | 30.7%                                                           |
| Thailand          | 1,382.01                                   | 34,578.05                                                    | 4.0%                                                            |

Source: Hollingshead, 2010, p. 31.

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## Environmental Crime

Environmental crime is defined as 'illegal acts which directly harm the environment' (Environmental Investigation Agency, 2008). They include: illegal trade in wildlife; smuggling of ozone-depleting substances (ODS); illicit trade in hazardous waste; illegal, unregulated, and unreported fishing; and illegal logging and the associated trade in stolen timber. This section specifically analyses illegal trade in wildlife, illegal fishing, and illegal logging.

### Illegal trade in wildlife

Wildlife trade, defined as 'any sale or exchange by people of wild animal and plant resources' (TRAFFIC, 2008), involves live animals and plants for the pet and horticultural trades, or the trade in a diverse range of wild animal and plant products needed or prized by humans, including skins, medicinal ingredients, tourist curiosities, timber, fish and other food products. Southeast Asia contains 20 per cent of all known plant, animal, and marine species, most of which are found nowhere else in the world. In all, there are 64,800 known species of which 2 per cent are endangered (ASEAN Centre for Biodiversity). At the same time, Southeast Asia also accounted for an estimated 25 per cent of the global value of illicit wildlife trade (Hoare, 2007). A study published in the December 2009 issue of *Biodiversity and Conservation* found that between 1998 and 2007, more than 35 million animals listed in the Convention on



Freshwater turtles seized in Vietnam.

(CITES) were exported from Southeast Asia (Nijman, 2009). The top animal groups traded were reptiles (17.4 million), seahorses (16 million), birds (1 million), mammals (0.4 million), butterflies (0.3 million) and fish (0.1 million). More than 85 per cent (30 million) of animals were wild-caught, with Malaysia, Vietnam, Indonesia, and China the major exporters of such animals (around 300 species), and the European Union and Japan the most significant importers. One animal species that has attracted the most attention is the tiger. According to the World Wildlife Fund (WWF), the tiger population in the Greater Mekong – Thailand, Vietnam, Cambodia, Lao PDR and Myanmar – dropped from 1,200 in 1998 to 350 in 2010 (Thompson, 2010). This is primarily due to the deliberate and large-scale illegal hunting of tigers for their body parts, mostly for use in traditional medicine. Table 12 provides the estimated market value of selected wildlife products marketed from Southeast Asia.

Table 12: Market value of selected wildlife products from Africa and Southeast Asia to Asia

| Products       | Black market price                                                                                                                                                             | Source           |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Elephant ivory | USD 850 per kilogram<br>Annual value at SEA and Asian markets: USD 100 million                                                                                                 | Africa           |
| Rhino horn     | Asian-rhino horn: USD 20,000–30,000 per kilo<br>Annual value at SEA and Asian markets: USD 8 million                                                                           | Africa and India |
| Tiger          | Skin: USD 20,000 (China)<br>Raw bones: USD 1,200 per kg (China)<br>Bone wine: USD 88 per bottle (China-Myanmar border)<br>Annual value at SEA and Asian markets: USD 8 million | Southeast Asia   |
| Pangolin       | Malaysia: USD 15<br>Indonesia: USD 5–10<br>Guangdong: USD 100                                                                                                                  | Southeast Asia   |

Source: Compiled from UNODC, June 2010; and Thompson, 2010.

### Illegal, unreported and unregulated fishing (IUU)

The total value of current illegal and unreported fishing losses worldwide was estimated at between USD 10 and 23.5 billion annually (Agnew et al., 2009). This represents between 11 and 26 million tonnes or between 10 and 22 per cent of the total fisheries production. Illegal fishing is rampant in the waters of Southeast Asia. Indonesia, for example, has declared itself to be the world's biggest victim of IUU fishing with around 1.6 million tonnes of its fish poached annually resulting in the loss of about USD 3 billion every year (Sembiring, 2009). An estimated 1,000 foreign vessels conduct IUU fishing in 12 per cent of Indonesia's territorial waters each year.

### Illegal logging and the associated trade in stolen timber



Yellow balau log from Lao PDR, awaiting transportation.

Credit: Environmental Investigation Agency, 2008.

Illegal logging occurs when timber is harvested, transported, processed, bought, or sold in violation or circumvention of national or sub-national laws (Miller et al., 2006). Between 8 and 10 per cent of global wood products stems from illegal logging, with annual global market value of losses estimated at over USD 10 billion (UNODC, June 2010). Southeast Asia is a major supplier of illicit timber with an estimated annual turnover of USD 3.5 billion. As much as 40 per cent of wood-based products imported into the EU in 2008 and half of China's imports in 2007 (worth USD 900 million) originated from illegal logging.

Indonesia remains the country most heavily affected by illegal logging. The country possesses 123 million ha of forest (10 per cent of global forest cover) including the third largest tropical rainforest. As much as 80 per cent of timber logged in Indonesia is suspected to be illegally sourced with annual losses in government revenue estimated at USD 2 billion (Human Rights Watch, 2009). The Indonesian Ministry of Forestry estimates that in recent years, the country lost between 1.6 and 2.8 million ha of forest annually (between 3 and 5 ha a minute) to illegal logging and land conversion (UNODC, June 2010).

## Conclusion

The threat assessment presented in this paper clearly reflects the seriousness of the problem. It points to the reality that the traditional law enforcement approach is no longer sufficient because most trafficking flows are driven more by the market rather than by the groups involved in them. A case in point is Thailand's 'war against drugs'. Officially launched in February 2003, the initial three-month phase of the campaign alone killed 2,275 people (Human Rights Watch, June 2004). To be sure, the campaign eliminated many drug lords in Thailand and reduced the volume of illicit drug flow. However, since the demand for drugs still exists in Thailand, the flow of drugs continues. In 2009, Thai police intercepted 1.2 million amphetamine pills trafficked from Myanmar. In the first six months of 2010 alone, 5 million pills have already been intercepted. Law enforcement agencies expect that as many as 300 to 400 million amphetamine pills will be trafficked into Thailand by the end of 2010 (Doherty, 2010). Most of these drugs originate from rebel armies in Myanmar, most notably the Wa State Army, who use revenues generated by the drug trade to finance their war against the Myanmar government.

Efforts that target criminal groups are therefore unlikely to be successful on their own. To deal comprehensively with these intractable and interlinked issues, it is necessary to have a good understanding of the socio-political-economic drivers of illicit markets, and most importantly, it requires international cooperation. The next edition of the NTS Alert will look exclusively at the drivers of transnational organised crime and the regional cooperation framework instituted by ASEAN.

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