

Illicit Flows in the Hong Kong-China-Taiwan Triangle

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The exhaustive focus on conventional military confrontation in the China-Taiwan relationship has obscured a number of other security issues. Despite the lack of extensive formal communication and legal travel, there is in fact a great deal of illicit movement, particularly smuggling, across the Taiwan Strait, and more generally within the Hong Kong-China-Taiwan triangle. How does the internal geography of the triangle affect the non-traditional security problems associated with illicit movement of people and goods that Hong Kong, China, and Taiwan face? Do the conditions in the triangle have any effect on the non-traditional security problems of other countries? In this article I use expert and practitioner interviews conducted in Taiwan and Hong Kong, as well as the occasional police document from Hong Kong, the Philippines, and China, to argue that the geographic characteristics of the triangle encourage illicit flows of people and goods, and exacerbate the security problems of the entities within the triangle, particularly Taiwan. Perhaps more significantly, the "export flows" of transnational organized crime from the triangle, in the form of smuggling and triads, cause security headaches for other countries, near and far, without a shot being fired. In the first two sections, where I lay out the argument, the empirical evidence chiefly consists of pirated goods and the illicit movement of criminals and migrants, in part to show that the geographic factors at work affect all types of illicit flows in similar ways. In the third section, I take drug trafficking as a case study

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in which we can see how all of the geographic factors combine to impinge on the security of countries both within the triangle and without.

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The "Greater China" area, comprising Taiwan (the "remnant" of the Republic of China, ROC), the People's Republic of China (PRC) (particularly Fujian [福建] and Guangdong [廣東] provinces), and Hong Kong, occupies a rare position in the world. All three of its constituent entities share a common language and culture (to the extent that Chinese culture and language can be considered to exist as unified concepts), but somewhat different histories, particularly over the past fifty years. China and its Hong Kong Special Administrative Region both claim that Taiwan is part of the PRC. Taiwan demurs but does not declare outright *de jure* independence. Furthermore, all three entities maintain their own police forces, customs areas, and laws. Until recently legal travel directly between Taiwan and the Chinese mainland was impossible, with the exception of heavily regulated and little used routes between the small ROC-controlled Jinmen (Quemoy, 金門) and Matsu (馬祖) islands and the mainland's Fujian Province,¹ and charter flights during important holidays.²

As a result, Hong Kong served as the primary legal conduit for Taiwanese investment and travel to the mainland. However, as Hong Kong is an autonomous part of the PRC, there is only an unofficial, and often testy, relationship between Hong Kong and Taiwan.³ The actual border between

¹Mainland Affairs Council, Republic of China, "Evaluation of 'Mini-Three-Links' and Directions for Improvement" (December 29, 2006), <http://www.mac.gov.tw/english/english/macpolicy/eval.htm> (accessed January 23, 2008). There was also a mini-links scheme between the Penghu (澎湖) islands and mainland China which was even less frequently used.

²Xinhua, "Mainland, Taiwan Launch First Nonstop Flights in 56 Years," *China Daily*, January 29, 2005.

³For example, several years ago, the unofficial Taiwanese representative in Hong Kong had trouble renewing his visa.

Hong Kong and the Chinese mainland is in the odd position of being technically an internal Chinese border, but one that nevertheless has border guards, immigration points, a secure no-man's land, and a visa requirement for mainland Chinese citizens.

The PRC and the ROC technically remain at war, and there are occasional moments of raised tensions (the most recent being the 1996 Chinese missile tests in the Taiwan Strait), although, given the rapid development in southeastern China, Taiwan, and Hong Kong, the triangle is one of the more economically vibrant regions in the world. This leads to a peculiar situation where the region is economically integrated but politically fragmented, a situation that has an effect not only on legitimate movement within the triangle but also on illegitimate movement. Despite the lack of formal high-level communication and (until recently) legal regularly scheduled travel, there is in fact a great deal of illicit movement, particularly smuggling, across the Taiwan Strait, and more generally within the triangle.

How does the political fragmentation of the Hong Kong-China-Taiwan triangle affect the non-traditional security problems faced by the three entities, particularly the problems associated with the illicit movement of people and goods? Do the conditions in the triangle have any effect on the non-traditional security problems of other countries?

In this article I argue that, since the late 1990s when Hong Kong reverted to Chinese rule and Taiwan was ramping up investment on the mainland, the political, economic, and cultural characteristics of the triangle have encouraged illicit flows of people and goods and discouraged cooperative anti-crime measures, thus exacerbating the security problems of the entities within the triangle, particularly Taiwan. Perhaps more significantly, the "export flows" of transnational organized crime from the triangle, in the form of smuggling and criminals themselves, cause non-traditional security headaches for other countries, near and far, without a shot being fired.

In the next section, I consider the concept of non-traditional security and explain why the study of illicit criminal flows is analytically promising as a means of understanding security concerns in relatively "stable" states

such as Hong Kong, China, and Taiwan. In the second and third sections, where I lay out the argument, the empirical evidence consists chiefly of pirated goods and the illicit movement of criminals and migrants, in part to show that the factors at work affect all types of illicit flows in similar ways. Finally, in the fourth section, I take drug trafficking as a case study in which we can see how all of the factors combine to impinge on the security of countries both within the triangle and without.

Non-Traditional Security Threats

While the traditional security issues of the Hong Kong-China-Taiwan triangle, namely the standoff between China and Taiwan, are at a relatively low level, the non-traditional security problems of the triangle remain a thorn in the side of all three entities. In this section, I take a very particular view of the concept of non-traditional security. First, if non-traditional security means that forces other than states can now destabilize or imperil state control, then those forces must be incredibly strong and, by extension, rare, limiting the analytical usefulness of the concept. Second, if individuals are taken to be the targets of security threats, pains need to be taken to keep every social ill from being securitized. As a result, I am interested in a non-traditional security threat if it is transnational in nature and capable of harming both the state and individuals within the state, no matter what its magnitude. Focusing on illicit flows of people and goods allows us to examine a non-traditional security threat that can affect both state stability and human security.

Traditional security and non-traditional security are not necessarily separate categories so much as different points on a continuum. Alan Dupont talks about categorizing security threats along two axes: the probability of the threat's occurrence, and the severity of the threat. When plotted, crime, both violent and nonviolent, can be seen to be a low-effect, high-probability threat, while conventional war, and especially nuclear war, are high-effect but low-probability events. In Dupont's formulation, the technologies of globalization and the politics of the post-Cold War era,

which have combined to encourage flows, both legitimate and illegitimate, of people, goods, and information across borders, have pushed threats such as violent crime, nonviolent crime, and organized crime out along the severity axis even as they have a high probability of occurring. He thus suggests the idea of "extended security," where crime and more natural phenomena such as disease epidemics and natural resource depletion can cause state instability, or even intra- and inter-state conflict.⁴

If the stability of the state is taken to be the focus of security concerns, that is, if the state remains *what* is being secured, then showing that deforestation, climate change, pollution, disease epidemics, human trafficking, and food and water shortages, all of which have been cited as examples of non-traditional issues of concern, rise to the level of security threats depends on the magnitude of the phenomenon. If, for example, food shortages are sufficiently severe that they cause rioting, they could be said to be a threat to the stability of the state. Some issues, such as deforestation, or even epidemics, must occur on a large scale to have any discernible impact on state stability. A threat of such magnitude is rare, leading to the problems usually faced by analysis of low-probability, high-effect events, namely that a good deal of speculation is needed. Nuclear terrorism, a more traditional security threat that has never actually occurred, but has still produced a large literature, is one example.⁵

Beyond adding non-state actors and natural phenomena to potential sources of security threats, one way around this problem comes from conceptually shifting the target of the security threat from the state to individuals.⁶ When the social or physical welfare of individuals is being threatened, we can talk of "human security" threats. The 1994 United Nations' *Human Development Report* defines human security as "first, safety

⁴ Alan Dupont, *East Asia Imperiled: Transnational Challenges to Security* (Cambridge: Cambridge University Press, 2001), 26-27.

⁵ See Graham T. Allison, *Nuclear Terrorism: The Ultimate Preventable Catastrophe* (New York: Macmillan, 2005).

⁶ Roland Paris, "Human Security: Paradigm Shift or Hot Air?" *International Security* 26, no. 2 (Fall 2001): 87-102.

from such chronic threats as hunger, disease, and repression. And second, it means protection from sudden and hurtful disruptions in the patterns of daily life—whether in homes, in jobs, or in communities."⁷ The report goes on to list the components of human security as economic security, food security, health security, environmental security, personal security, community security, and political security.⁸ Conceptual boundaries are needed, however. The components listed by the UN report could cover most aspects of human life. Defined too broadly or nebulously, human security simply becomes a term to describe any bad thing that could happen to a person, and is rendered analytically useless.

William Tow suggests a solution by limiting analysis to non-traditional security threats that are transnational in nature.⁹ The cause of the problem then emanates from one state and negatively affects another, or both the causes and the effects of a threat are diffused throughout a number of different countries. In the case of the severe acute respiratory syndrome (SARS) epidemic, for example, the disease spread across international boundaries from China in late 2002 to the United States, Taiwan, Canada, Hong Kong, Singapore, and many other countries within a few months. A transnational threat by definition is more than one country's problem. Consequently, it could cause inter-state conflict, or at least friction, and is difficult for one state to tackle, leading to fewer domestic tools at hand for states (and thus implicitly making the threat more likely to cause internal stability problems).

Transnational security threats are often geographically diffuse in the locations of both their causes and their effects. While SARS, for instance, quite clearly started in China and spread around the world, climate change is too diffuse to blame solely on any country—every country producing carbon dioxide is causing it, and every country could experience the down-

⁷United Nations Development Program, *Human Development Report 1994* (New York: United Nations, 1994), 23.

⁸*Ibid.*, 24-25.

⁹Nicholas Thomas and William T. Tow, "The Utility of Human Security: Sovereignty and Humanitarian Intervention," *Security Dialogue* 33, no. 2 (June 2002): 177-92.

sides of global warming, should it occur, although in different ways. On the one hand, the increasing movement of peoples, cultures, and information, not to mention goods and services, across international boundaries suggests that an understanding of many non-traditional security threats as inherently geographically diffuse is an accurate portrayal of the world as it is. On the other hand, if we can track the flow of a threat from one state to another, it would be easier to determine the causal mechanism by which non-traditional security problems might cause interstate conflict, or to see what inhibits the ability of states to fight them. Indonesia's forest fires in 2006, for example, blew smoke east from Sumatra to Malaysia and Singapore, leading to understandable tension among the three countries.¹⁰ Illegal overfishing in Indonesian waters, on the other hand, has been blamed on boats from any number of countries, leaving the Indonesian government with little recourse other than policing its own waters effectively (which it is unable to do).¹¹

Judging from the issues of concern to the United Nations and many analysts, non-traditional security threats can be separated into three categories: natural phenomena, those caused by willfully harmful human behavior, and those that are negative externalities of generally positive human actions. The categories are not necessarily mutually exclusive. In terms of air pollution, for example, countries pollute the atmosphere because they want to develop economically, not because they want to destabilize other states or cause environmental damage. It is the second category of threats that is of interest in this article. Crime, nonviolent or violent, unorganized or organized, is the primary example of a non-traditional security issue that is caused by malignant actors. When the undermining of state stability is not "purposeful," as in the case of the Indonesian forest fires, the scale of the problem must often be sufficiently large in order to cause conflict. However, organized criminals, almost as a matter of course, undermine the

¹⁰Michael Dwyer, "Malaysia, Indonesia at Loggerheads over Haze; Neighbors Clash Again over Blame for the Return of Smog Caused by Forest Fires," *South China Morning Post*, August 18, 2004.

¹¹"Indonesia Cracks down on Illegal Fishing," *The Jakarta Post*, September 4, 2008.

state, either by ignoring state power as they cross borders, by breaking laws inside the country, or by bribing officials and introducing corruption into the state (or exacerbating corruption) to obtain the most advantageous political and economic environment.

Illicit Flows in the Triangle as a Non-Traditional Security Threat

Why should we focus on illicit flows (and especially drug trafficking) in the triangle rather than other human security problems? The other obvious example, the SARS epidemic, clearly shows how the conditions within the triangle encourage human security threats and discourage coordination to fight them. SARS quickly spread from China to Taiwan, no doubt due to the high numbers of Taiwanese businesspeople traveling between the two areas. China then refused to allow Taiwan to send its own experts to World Health Organization (WHO) meetings, or to allow the WHO to send information directly to Taiwanese health authorities.¹² This not only inhibited Taiwan's ability to fight SARS within Taiwan, but also prevented Taiwan from coordinating on a formal level with other public health agencies in Southeast Asia.

I do not claim that illicit flows are uniquely dangerous to the entities within the triangle (or those outside the triangle), but rather seek to present a case study that illustrates the non-traditional security effects of the political, social, and economic conditions within the triangle. In that limited sense, epidemics would work just as well to illustrate the argument. With that said, illicit flows do present some analytical advantages. Diseases are a threat to human security, but become threats to the stability of the state only as epidemics, or pandemics. Smuggling and drug trafficking (an insidious subset of smuggling) in particular are crimes that directly undermine state authority no matter what the magnitude of the problem, in-

¹²Central News Agency (CNA) (Taiwan), "Mainland China Accused of Making Taiwan into 'Quarantine Orphan'," March 28, 2003.

asmuch as they involve crossing borders illegally, depriving the state of revenue, and corrupting officials at all levels of government.

Furthermore, illicit criminal flows such as smuggling and drug trafficking take place at the nexus between human security and state security. One of the reasons for the creation of the concept of human security was the recognition that individuals' well-being and state security are often at odds; that is, states sometimes ignore or hurt their own (or others') citizens to maintain security. However, this is not necessarily the case: state security and human security can overlap.¹³ When the source of a threat is an illicit non-state actor rather than a structural problem or a natural phenomenon, the interests of the state and its people are more clearly aligned. Criminals and terrorists can kill or extort money from regular people, or otherwise impinge on their safety. Likewise, the activities of both criminals and terrorists undermine (or even directly attack) the state's authority and foment corruption, resulting in an increase in some combination of social, economic, and political instability.¹⁴ At a low level, drug trafficking directly affects human welfare, not only through making addicts of a country's citizens, but also through the violent crime it generates. At extreme levels, the resources at the command of organized criminals are such that they can suborn local states. Witness, for example, the drug cartels' control over large swathes of Colombian territory, or a smuggler's successful suborning of a city government in Fujian Province in the 1990s.¹⁵

A focus on organized crime, and drug trafficking in particular, also solves the analytical problems associated with some non-traditional security threats. Illicit flows of criminals, drugs, and even pirated goods are inherently transnational, thus impossible for a state to solve alone. Also,

¹³P. H. Liotta, "Boomerang Effect: The Convergence of National and Human Security," *Security Dialogue* 33, no. 4 (December 2002): 473-88.

¹⁴See, for example, Andrew T. H. Tan and J. D. Kenneth Boutin, *Non-Traditional Security Issues in Southeast Asia* (Singapore: Institute for Defence and Strategic Studies, 2001); and Alan Dupont, "Transnational Crime, Drugs, and Security in East Asia," *Asian Survey* 39, no. 3 (May/June 1999): 433-55.

¹⁵Shawn Shieh, "The Rise of Collective Corruption in China: The Xiamen Smuggling Case," *Journal of Contemporary China* 14, no. 42 (February 2005): 67-91.

unlike some other threats, heroin, the drug of choice for much of Asia, is produced in geographically concentrated areas; nearly all opium is grown in the Golden Triangle of Laos, northern Thailand, and eastern Myanmar (Burma), or in Afghanistan and parts of Central Asia. Drug traffickers then use specific routes from the origin of the drug to their destination that can be traced and analyzed. This allows the mechanisms by which the illicit flows are undermining state security to be clarified.

Encouraging Illicit Flows and Discouraging Coordination in the Triangle

The transnational nature of non-traditional security threats means that usually the best way to combat them is through coordination among different states. Under conditions of anarchy, there are always coordination problems, but the most accepted means of resolving these problems is through communication and/or multilateral regimes, assuming states' interests are aligned. It is reasonable to expect that the technologies of globalization—cheap and quick transportation and communication—combined with coordination problems make illicit flows a security threat in almost any part of the world. It is extremely difficult to measure the absolute magnitude of these flows (they are after all illicit), so it would be more useful to test whether the conditions in a set of countries result in a more dangerous threat than would normally be the case.

For a security threat such as organized crime that is inimical to human security *and* state security at anything above negligible levels, in order to show that the threat is higher than we would otherwise expect, it should be sufficient to show that (1) there are conditions in place, other than generic factors such as transportation links, that encourage the illicit transnational movement of drugs, pirated goods, and criminals; and (2) there are conditions in place that inhibit the relevant states from coordinating their policies, assuming they have the same interest in combating illicit flows. Furthermore, we need to show that criminals do in fact take advantage of these conditions.

What conditions would encourage illicit flows? Legitimate trade has been found to be negatively correlated with an increase in distance between two countries, while shared language, shared religion, shared colonial history, common membership in trading blocs, and (Chinese) ethnicity are correlated with increased (legitimate) trade.¹⁶ There is little reason to think that illicit flows differ in any significant respect. Areas that share a common culture and are relatively close together geographically but are nonetheless politically fragmented—that is, they are divided into two or more countries—could be expected to encourage illicit flows. Crossing international borders raises transportation and transaction costs for criminal groups just as it does for legitimate traders. Like legitimate traders, criminal groups must ensure that there is a support network at both the origin and destination of their illicit flows. Organized criminals often decrease the costs of creating these networks by basing themselves in their own ethnic enclaves in foreign countries, where they can take advantage of kinship and other types of social networks.¹⁷ In two countries that share ethnic and cultural characteristics, however, this need to stay in ethnic enclaves is eliminated, encouraging more widespread activities by transnational criminals. It is also reasonable to expect that a high degree of legitimate trade between two countries encourages illicit flows. As we will see, criminals often piggyback on the supply networks and transportation infrastructure that states and businesses create and use to facilitate legitimate trade.

What conditions inhibit coordination in combating illicit flows, aside from political fragmentation itself? Here I argue that anything that prevents official communication, namely political hostility, would inhibit coordination. If two countries are unwilling to talk to each other, there is little reason to think that they will be successful in joining together to fight

¹⁶James E. Rauch and Vitor Trindade, "Ethnic Chinese Networks in International Trade," *Review of Economics and Statistics* 84, no. 1 (February 2002): 116-30; and Henri L.F. de Groot et al., "The Institutional Determinants of Bilateral Trade Patterns," *Kyklos* 57, no. 1 (February 2004): 103-23.

¹⁷Letizia Paoli, "The Paradoxes of Organized Crime," *Crime, Law and Social Change* 37, no. 1 (January 2002): 51-97.

Table 1
Politically Fragmented Areas with Similar Cultural Characteristics

	Political hostility	Lack of political hostility
Economic integration	Encourages illicit flows Higher barriers to coordination (China-Taiwan)	Encourages illicit flows Lower barriers to coordination (U.S.-Canada)
Lack of economic integration	Discourages illicit flows Higher barriers to coordination (South Korea-North Korea)	Discourages illicit flows Lower barriers to coordination

transnational threats. A particularly hostile country may not even see illicit flows harming the other country as detrimental to its own interests.

Combining economic integration (or the lack thereof) with political hostility (or the lack thereof), we can arrive at expectations about the challenges that politically fragmented areas with shared cultural characteristics face in combating illicit flows, as shown in table 1. The second combination, with low political hostility and high economic trade, would encourage illicit flows, but would be accompanied by low barriers to coordination. The United States and Canada would fit this quite well. The third combination, that of political hostility and a lack of economic integration, would fit South Korea and North Korea. Even though North Korea is economically dependent on South Korean aid and the income derived from the Kaesong industrial park, it would be difficult to say that there is much movement, legitimate or otherwise, between the two countries. The fourth combination, that of little hostility, but low economic integration, would seem to be unstable, since lack of political hostility between two areas that share a culture and language would probably mean over the long term (or even medium term) that economic trade would increase.

It is the first combination (that of political hostility accompanied by economic integration) that is most interesting, for this accurately describes the political-economic situation within the Hong Kong-China-Taiwan triangle, and more specifically, the situation between China and Taiwan. The conditions create what we might call a "perfect storm" in terms of encouraging illicit flows—territorial proximity, common language, common

culture, economic integration, and political hostility. In the case of the illicit flows of criminals, pirated goods, and drugs within the Hong Kong-China-Taiwan triangle, I argue that criminals do in fact take advantage of these enabling conditions, and that inhibiting conditions do in fact prevent Hong Kong, China, and Taiwan from cracking down on them effectively.

Cultural similarities, territorial proximity, and economic integration encourage illicit smuggling flows and transnational criminal activity. A common culture and language throughout the triangle means that the social barriers encountered by transnational criminals in many other parts of the world, leading to concentration in ethnic enclaves, do not exist for ethnic Chinese criminals moving among the three places. Criminals also have an incentive to pass through more than one country within the triangle not only because the authorities in each country do not coordinate well with each other, but also because the social and economic costs of doing so are so low.

The unified cultural space of the triangle allows criminal organizations to move across borders with little trouble. In one major case in April 2000, members of Hong Kong's Sun Yee On (新義安) triad, apparently in response to intense pressure from the Hong Kong police, crossed the border into Shenzhen (深圳), in China, specifically to stage a ceremony to initiate several Sun Yee On members to the second rank of membership (known weirdly as "49"). They were subsequently arrested by the Shenzhen police at the after-party. In their indictment document, the Guangdong Superior People's Court noted that the case was treated as a cross-border crime.¹⁸

Like their Hong Kong cousins, Taiwanese triads have spread throughout the triangle, and have established operations in an arc stretching from Haikou (海口市), in Hainan (海南省), up the coast, through Guangdong, the Pearl River Delta (珠江三角洲), Xiamen (廈門), Fuzhou (福州), to Shanghai (上海).¹⁹ The arrival of members and money from Hong Kong and Taiwanese organized crime groups in mainland China has apparently

¹⁸*Guangdong fayuan nianjian 2001* (廣東法院年鑑, Guangdong court yearbook) (Guangzhou, 2001), 540-41.

¹⁹Ko-lin Chin, *Heijin: Organized Crime, Business, and Politics in Taiwan* (Armonk, N.Y.: M.E. Sharpe, 2003), 202-10.

encouraged a more mafia-like structure among the local gangs. One such triad member was Yang Kuang-nan (楊光南), who fled Taiwan for China after a crackdown in 1996. In 1999, Chinese police arrested him for fighting and sent him to Macao, where Taiwanese police were supposed to pick him up and take him back to Taiwan. Instead, he evaded them at the airport and fled back to China. In November 2000, police found him in Shanghai and shipped him back to Taiwan (it is not clear how they extradited him).²⁰ China's conflict with Taiwan thus complicates Taiwan's ability to fight organized crime and makes mainland Chinese organized crime more professional, which is harmful to the Chinese state and social stability.

The territorial proximity of southeastern China, Hong Kong, and Taiwan allows illegal movement among the three countries with minimum financial outlay and logistics networks, in a way not possible for criminals moving from Europe to South America. For instance, illegal migrants into Taiwan appear to come via illegal sea routes, directly across the Taiwan Strait from Fujian. According to one source, more than 90 percent of illegal immigrants into Taiwan are from the mainland, and of the mainland Chinese who sneak into Taiwan, 90 percent come from Fujian.²¹ Given the relative absence of mainlanders from other provinces, we can conclude that Fujian's proximity to Taiwan (as well as a shared local dialect) encourages illicit cross-border movement. Likewise, smugglers have used speedboats to go directly between the mainland and Hong Kong, thereby bypassing immigration and customs checkpoints. Sometimes smugglers even bring in goods across the river that separates parts of Hong Kong from China.²²

All three entities have encouraged economic integration within the triangle, although Taiwan's government until recently has been more reticent for security reasons. The massive trade and investment flows that move from Taiwan to Hong Kong and China, from Hong Kong to China

²⁰Ibid., 210.

²¹Author interview, academic researcher on police and intelligence issues, Taipei, March 2005. All interviews were semi-structured, and discussions focused specifically on information that interviewees had obtained in the course of their professional duties.

²²Author interview, Hong Kong Customs and Excise Department investigator, Hong Kong, November 2005.

and Taiwan, and increasingly from China to the other two entities are supported by legitimate ports, logistical and supply networks, and business contacts. Unfortunately, these same networks can be used by smugglers to move their own goods.

Someone in Hong Kong, for instance, might make an order for counterfeit goods, and a factory in China will then manufacture the goods and ship them across the border, just like a regular business. Manufacturers there can make goods easily at low cost: bags, clothes, watches, shoes, etc. The smugglers then use cargo containers, and come across the border by truck, hiding goods with false documents among legitimate goods, thus piggybacking on the massive flow of legitimate commerce between Hong Kong and China. They also falsely declare the counterfeit items as other goods, or declare that the vehicles are actually empty. Customs agents can X-ray trucks at the border between Hong Kong and China, but they cannot X-ray every one, or else companies begin complaining about the delays.²³ In an indication of the volume of traffic that crosses the Hong Kong-China land border, in May 2003, the Hong Kong government installed forty-two automatic vehicle recognition systems that were aimed at reducing the average clearance time for vehicles carrying cargo by three seconds.²⁴

Political fragmentation and hostility in the triangle also discourage successful implementation of anti-smuggling measures. First, Taiwan's inability to engage in official, high-level communications with Hong Kong and Chinese officials means that it has to rely on informal, low-level contacts, which are inconsistent in their effectiveness. There have been some semi-official agreements. The Jinmen Agreement (金門協議) of September 1990, for example, obligated Taiwan and China to repatriate criminals from the other side by sending them through Mazu and Mawei (馬尾) islands on Red Cross vessels.²⁵ The agreement's wording was vague, and

²³Ibid.

²⁴Hong Kong SAR Police, *Anti-Smuggling Efforts* (Hong Kong: Hong Kong SAR Police, undated [after 2004]).

²⁵Mainland Affairs Council, Republic of China, "Jinmen Agreement" (金門協議), September 1990, <http://www.mac.gov.tw/big5/negociat/negociate/gd.htm> (accessed January 20, 2009).

while some criminals have been repatriated, its use has been limited, especially when the criminals at issue are being pursued on only one side of the Taiwan Strait.²⁶

Taiwan has signed a police cooperation agreement with the United States, but not with China, and this has hindered collaboration. In the past decade, there has been informal cooperation between Taiwan and Chinese police. The informal channels are forged by retired Taiwanese police officers who attend conferences in China. The Central Police University in Taiwan also invites high-ranking representatives from the PRC, who come to Taiwan as private citizens. The biggest hurdles to cooperation are the difficulty of forging relationships without central government support, and the vagaries of cross-Strait relations. With these informal ties, during times of good PRC-Taiwan relations, cooperation can be as simple as picking up the phone. However, whenever there is a major upset, cooperation is stopped for a time from the PRC side.²⁷ The issue, then, is not that cooperation is impossible, but that it is intermittent and under-institutionalized.

Cooperation between Hong Kong and mainland Chinese police is more formal, and does not suffer from the same impediments as cooperation between either entity and the Taiwanese police. The difference in the quality of the police forces does hurt cooperation, however. Hong Kong is one of the most heavily policed administrative regions in the world. While the Chinese police are certainly capable of cracking down on political dissent, corruption has grown over the years.²⁸ Mainland police have fought corruption within the government with mixed results. In the opinion of one Hong Kong police official, while Chinese police have gotten better in recent years, the lowest levels are still corrupt and incompetent. Moreover,

²⁶Ting-I Tsai, "The 'Black Hole' of Taiwan Criminals," *Asia Times*, January 31, 2007, <http://www.atimes.com/atimes/China/IA31Ad01.html> (accessed January 20, 2009).

²⁷Author interview, academic researcher on police and intelligence issues, Taipei, March 2005.

²⁸See, for example, Transparency International's Corruption Perception Index scores for 2006, where China ranks 70th in the world in terms of corruption, tied with the likes of India and Brazil. Transparency International, "Corruption Perception Index 2006," http://www.transparency.org/policy_research/surveys_indices/cpi/2006 (accessed January 23, 2008).

the higher levels in Guangdong and other southern provinces are Mandarin speakers from outside the region, who may not have the same level of familiarity with the Hong Kong police as the Cantonese-speaking locals.²⁹ Given the closer relationship between China and Hong Kong, one would logically expect to see a smaller opening for illicit flows, but were China and Hong Kong to be under the same jurisdiction, there would be no cross-border coordination problem at all.

Second, the distrustful governments have incentives not to cooperate with each other. Any criminal threat in Taiwan, for instance, is not viewed as a problem by the Chinese government unless the mainland is also a target. Because each country is responsible for its own policing, patrolling the borders or cracking down on smugglers is often left solely to the country that is the target of the crime. According to a Taiwanese source, corrupt officials in Fujian will not only not stop people from leaving for Taiwan, they get a cut at the same time.³⁰ When mainland Chinese are detained in Taiwan, the Chinese government then finds many reasons not to take them back. First, the Taiwan authorities have to check whether the detainees are really mainland Chinese. They then have the headache of getting them back to their home province. Finally, the Chinese government does not particularly want Chinese citizens who voluntarily left China for better prospects elsewhere.³¹ Illegal immigration is, from the Chinese government's point of view, entirely Taiwan's problem.

The above factors do not exist in isolation. A combination of two or more can exacerbate vulnerability to smuggling of the entities within the triangle. Smuggling guns into Taiwan, for use by organized crime elements there, provides a clear example of how Taiwan's political isolation, combined with its relative lack of physical isolation, means that smugglers have only to overcome the logistical issues associated with getting into

²⁹ Author interview, Hong Kong Customs and Excise Department investigator, Hong Kong, November 2005.

³⁰ Author interview, high-ranking Ministry of Foreign Affairs official, Taipei, March 2005.

³¹ Author interview, academic researcher on police and intelligence issues, Taipei, March 2005.

Taiwan, and have to worry less about the political ramifications. Taiwan receives guns from both mainland China and the Philippines. There are two or three cases of gun smuggling from the Philippines every year. Recently smugglers have bought small arms from the communist insurgency and local Filipino organized crime groups.³² Because Taiwan is so close, the smugglers appear to bypass legitimate entry points and standard cargo routes. On October 5, 2000, for instance, Philippine police in Zambales province (at the northern tip of the Philippines) arrested two Taiwanese triad members and eight Filipinos as they were loading 96 firearms, more than ten thousand rounds of ammunition, and a number of magazines and silencers onto a fishing boat bound for Taiwan and Japan.³³ Later, on March 25, 2002, the Taiwan Coast Guard captured four Taiwanese smugglers on a Taiwanese-registered fishing boat, the *Yinsheng 8* (穎升八號), off Danshui (淡水).³⁴ The boat was smuggling 173 firearms and over ten thousand rounds of ammunition, which it had picked up from a smuggling syndicate in a high-seas transfer after making a trip to the northern Philippines.³⁵

Likewise, in the 1990s, there was trafficking of Chinese government pistols into Taiwan from the mainland for sale to local criminals. Some Taiwanese government officials suspected a Chinese conspiracy to disrupt stability, while others attributed the guns to local corruption. Due to a central (Taiwanese) crackdown, this kind of trafficking has not been seen for several years, but once again, it appears to be a problem that the Taiwan government must deal with itself.³⁶ Gun-trafficking shows how the triangle's political and territorial characteristics combine to exacerbate non-

³²Ibid.

³³Philippine Center on Transnational Crime, *Firearms Trafficking* (Quezon City, 2005).

³⁴Lu Chen-mao, "Economic Analysis and Management Strategy Study of Coastal Smuggling Act in the Republic of China" (Master's thesis, Institute of Public Affairs Management, National Sun Yat-sen University, Kaohsiung, Taiwan, July 2003), 80; appendix 4, <http://www.nsysu.edu.tw>.

³⁵Philippine Center on Transnational Crime, *Arms Smuggling* (Quezon City, 2005), 3.

³⁶Author interview, academic researcher on police and intelligence issues, Taipei, March 2005.

traditional security threats to Taiwan. Several nearby sources for firearms, combined with the inability of the Taiwan government to cooperate formally with the source countries, mean that Taiwan is rendered vulnerable to the illegal import of guns into the country.

Exporting Non-Traditional Security Threats from the Triangle

The non-traditional security problems in the triangle are not simply those of Hong Kong, China, or Taiwan alone. The political fragmentation of the triangle and the hostility between China and Taiwan has become the problem of other countries, some far from Asia. Traditionally, the spillover effects from a conflict or state failure have been related to territorial proximity, especially when two adjacent states have porous or otherwise poorly defended borders. Insurgent groups, for example, might use a neighboring country's territory to launch their attacks against their enemy across the border, leading the victimized state to attack the rebel group inside the neighboring country, causing interstate tension or conflict. Colombia's 2008 incursion into Ecuador in pursuit of communist rebels is a good example.³⁷ The direct effects of state failure can also flow across state borders. There have been concerns, for instance, that North Korea's failure could flood northeastern China with refugees.

In recent years, rapidly spreading global epidemics and large-scale transnational terrorist networks such as al-Qaeda have led analysts to worry that spillover effects from conflicts and state weakness are no longer the problem merely of states adjacent to a problem area. Distance has become less important, and non-traditional security threats are not simply transnational, but regional or global in scale. Many analysts assume that it is weak and failed states that are the main sources of transnational security threats: having lost the ability to control their territory, such states become sources

³⁷Chris Kraul, "Colombia Says Farc Struck from Ecuador; It Promises a Formal Protest Demanding Better Border Security," *Los Angeles Times*, April 27, 2008.

of disorder, and havens for criminals and terrorists.³⁸ Implied in this argument is that non-traditional security threats move largely in one direction: from weak and failed states to more developed countries. The forest fire haze of 2006, for instance, drifted from Indonesia to the wealthier countries of Malaysia and Singapore. Likewise, al-Qaeda planned its attacks on the United States on September 11, 2001, from its hideouts in the comprehensively failed state of Afghanistan.

The mechanism by which weak and failed states affect the security of distant states is less clear, but usually analysts blame the technologies of globalization—communications and transportation infrastructure such as telephones, email, satellite television, cheap airplane flights, and comprehensive container shipping networks. These technologies make possible legitimate global trade and interaction, but also allow criminals, terrorists, and diseases to move around the world more easily than in the past.³⁹ These technologies, particularly the global shipping and travel networks, are not arrayed over the world in a uniform way. Rather, both goods and people travel through transportation hubs (such as major airports or seaports) that are often located in developed countries. The extent to which a failed state presents non-traditional security threats to others depends on the ability of the threats to access the global transportation network.

The Hong Kong-China-Taiwan triangle presents an interesting case in the study of spillover effects and non-traditional security threats. The previous section suggested that political fragmentation, economic integration, common cultural characteristics, and territorial proximity were encouraging illicit flows within the triangle, while political hostility within the triangle

³⁸Robert I. Rotberg, "The New Nature of Nation-State Failure," *The Washington Quarterly* 25, no. 3 (Summer 2002): 85-96; Robert I. Rotberg, ed., *State Failure and State Weakness in a Time of Terror* (Cambridge, Mass.: World Peace Foundation, 2003); Robert I. Rotberg, ed., *When States Fail: Causes and Consequences* (Princeton, N.J.: Princeton University Press, 2004); Sebastian Mallaby, "The Reluctant Imperialist: Terrorism, Failed States, and the Case for American Empire," *Foreign Affairs* 81, no. 2 (March/April 2002): 2-7; and James Fearon and David Laitin, "Neotrusteeship and the Problem of Weak States," *International Security* 28, no. 4 (Spring 2004): 5-43.

³⁹Audrey Kurth Cronin, "Behind the Curve: Globalization and International Terrorism," *International Security* 27, no. 3 (Winter 2002-2003): 30-58.

was preventing the states from effectively cracking down on these flows. In this section, I argue that the illicit flows that are exacerbated by conditions within the triangle are exported to other countries in Asia in large part because of the place that the triangle occupies in the global economy.

This runs counter to the conventional wisdom. Neither state weakness nor armed conflict describes the Hong Kong-China-Taiwan triangle, where all three entities are at least fairly wealthy, are at peace (if a tenuous one), and have comparatively high levels of state capacity.⁴⁰ Relative to the countries of Southeast Asia, with the exception of Malaysia and Singapore, China rates about the same or higher in governance indicators. It may not be the most effective government in the world, but it is not the least effective either.⁴¹ Illicit flows (and the security threats they pose) are thus spilling from stronger states into weaker states, all without a shot being fired. Illicit goods and criminals flow out from and through the triangle, and into other countries. The political fragmentation within the triangle that allows criminals to mask the flows' origins, and the political isolation of Taiwan, inhibit the ability of other countries to coordinate and crack down on them. Criminals do indeed take advantage of all these factors in shaping the illicit flows of goods and people.

The Hong Kong-China-Taiwan triangle occupies a key place in the global economy. Current projections indicate that China will soon surpass the United States in manufacturing output,⁴² while Hong Kong, China, and Taiwan collectively are the center of transportation networks in Asia and more generally the world. In 2006, Hong Kong and mainland China accounted for six out of the top ten busiest ports by total cargo volume, and Hong Kong, Shanghai, Shenzhen, and Kaohsiung (高雄) in Taiwan were all among the ten busiest ports in terms of containers moved. Furthermore,

⁴⁰For 2007, for instance, the CIA World Factbook lists Taiwan's per capita GDP (PPP) as US\$29,800, and Hong Kong's at US\$37,300. <https://www.cia.gov/library/publications/the-world-factbook/> (accessed January 23, 2008).

⁴¹See the composite governance indicators created for the World Bank: Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi, "Governance & Anti-Corruption," <http://www.worldbank.org/wbi/governance> (accessed January 23, 2008)).

⁴²Polya Lesova, "China Set to Surpass U.S. as Top Manufacturer," *MarketWatch* (New York), August 12, 2008.

in 2004, Hong Kong, Shanghai, and Kaohsiung were among the top five transshipment ports in the world, meaning that not only do Hong Kong, China, and Taiwan produce a large percentage of the world's goods, they also have some of the most active portals through which cargo moves.⁴³ In terms of the number of international passengers using airports, in 2007 Hong Kong was the busiest airport in Asia (and fifth busiest in the world), while Taipei was the seventeenth busiest in the world. In terms of tons of cargo moved in 2007, Hong Kong's airport was the second busiest in the world, while Shanghai was fourth.⁴⁴ Just as criminals within the triangle can take advantage of legitimate logistics networks, so too can they use the triangle's place in the world economy to export people and goods to far-flung destinations.

Consider that Africa, which is distant from Asia, is one of the prime markets for counterfeit goods made in China. On initial contact, the African buyers might have to ask a middleman with connections to a pirated goods syndicate to source the goods in China, but most buyers are repeat customers, and both buyers and manufacturers often specialize in one type of counterfeit product. Having received the order, the underground factory then makes the goods. It also arranges for the container, which has shipping documents with false declarations, and the shipping itself, which is often paid for by people with vague, false names and pre-paid SIM cards in their cell phones. The shipping company then places the container on a ship or truck bound for Hong Kong. In Hong Kong, the smugglers pay fees to a shipping agent, who prepares the documents and notifies a contact, sometimes another shipping agent identified by only a cell phone number, to pick up the container in the destination country. Every step, with the exception of the manufacturer and the buyer who contacts the manufacturer, can involve legitimate companies that never check

⁴³See Deutsche Bank Research, "Container Shipping: Overcapacity Inevitable Despite Increasing Demand" (Frankfurt: Deutsche Bank, April 25, 2006); and "World Port Rankings, 2006" (Alexandria, Virginia: American Association of Port Authorities, 2006).

⁴⁴"Cargo Traffic 2007 Final from Airports Council International" (Geneva: Airport Councils International, July 29, 2008); and "Top 30 World Airports [by International Passengers]" (Geneva: Airports Council International, July 29, 2008).

to see whether their clients are legitimate. In addition to the underground factory, the syndicates need only one or two people "in the know" who can get the container, load the goods, and seal them up.⁴⁵ Thus, they can keep the syndicate quite small, even though the goods travel through China, Hong Kong, and possibly other areas. The larger issue is that smugglers are able to operate logistically in ways similar to regular transnational corporations that move between China, Hong Kong, and on to other countries. To the detriment of those concerned with intellectual property, consumers in Africa are able to buy pirated goods because of China's status as a global manufacturing center, Hong Kong's status as a global transit hub, and the differing jurisdictions in the two areas.

In addition, while China is known as the source of pirated goods and illegal migrants, the ease with which criminals move within the triangle, and the presence of Hong Kong and Taiwan as developed areas within the triangle, mean that it is relatively easy to mask the origins of illegal migrants or goods, thus complicating the investigations of law enforcement agencies from targeted countries. This makes it more difficult to stop migrants from China, both those who come via totally illegal means and those who use forged documents on legal airplane flights.⁴⁶ Especially in 1999 and 2000, illegal immigrants hiding in cargo containers would be shipped from the mainland to Hong Kong, and thence to North America and elsewhere. From December 1999 to November 2000, there were eleven cases of illegal immigrants inside containers from Hong Kong that were detected by the United States and Canada, and the authorities were tipped off by the Hong Kong government in six of those cases. On December 10, 2000, twelve illegal immigrants were intercepted in containers at the Hong Kong container terminal.⁴⁷ Zhang and Gaylord note that migrant smugglers

⁴⁵ Author interview, Hong Kong Customs and Excise Department intelligence officer, Hong Kong, November 2005.

⁴⁶ Sheldon X. Zhang and Mark S. Gaylord, "Bound for the Golden Mountain: The Social Organization of Chinese Alien Smuggling," *Crime, Law and Social Change* 25, no. 1 (March 1996): 1-16.

⁴⁷ Author interview, Hong Kong Customs and Excise Department intelligence officer, Hong Kong, November 2005.

who ship immigrants in containers are actually the less professional and less organized "snakeheads."⁴⁸ Currently, the more professional snakeheads have illegal immigrants use legitimate documents to get into Hong Kong, where the migrants are provided with forged Hong Kong passports made in the mainland. They then take a regular flight to their destination in the more developed countries of the world, where they will be subject to less scrutiny, having come from Hong Kong with Hong Kong documents.⁴⁹

Taking advantage of a common culture and language, the syndicates that use such methods span both Hong Kong and mainland China. In September 2001, immigration and police officials from Hong Kong and the mainland jointly closed down a people smuggling syndicate that ran three travel document forgery workshops in Guangzhou (廣州), and arrested fifteen syndicate members.⁵⁰ Several years later, in September 2004, the Hong Kong immigration department and the Guangdong public security authorities jointly cracked down on a smuggling syndicate that ran a forgery workshop in Shenzhen, just across the border from Hong Kong, that had been cranking out forged Hong Kong passports and identity cards using specialized tools and computers, and included members from both Hong Kong and (presumably) the mainland.⁵¹ In essence, due to its special administrative status and its transit connections, Hong Kong serves as a relatively convenient gateway to the West for mainland Chinese seeking to emigrate.

As for Taiwan, its political isolation does not merely stop it from establishing high-level official contacts with Hong Kong and China, but also keeps it from cooperating formally with countries outside the triangle. Although Taiwan maintains formal diplomatic relations with approximately two dozen countries, none of them is anywhere near Southeast Asia.⁵²

⁴⁸Zhang and Gaylord, "Bound for the Golden Mountain," 8.

⁴⁹Author interview, Hong Kong Customs and Excise Department intelligence officer, Hong Kong, November 2005.

⁵⁰Hong Kong SAR Police, *Human Smuggling and Illegal Immigration* (Hong Kong, undated [after 2004]).

⁵¹*Ibid.*

⁵²Ministry of Foreign Affairs, Republic of China, "Embassies and Missions Abroad,"

The same impediments to coordination that we see within the triangle also exist when smugglers and other criminals leave the triangle and go abroad. Taiwan has extradition treaties with only a few countries, none of which is in Asia, and none of which is a destination for Taiwanese fugitives. A gambit that has worked in the past involves Taiwan canceling the gangster's passport, whereupon the host country extradites him back to Taiwan for not having legal travel documents. However, this method only works if the Taiwanese police have a good relationship with local police, and such a relationship can only be created informally or at low levels.⁵³

Outside of the triangle, countries in Southeast Asia have become havens for Taiwanese gangsters, who are quite familiar with the level of informal cooperation that the "host" countries have with Taiwan. The "host" countries find themselves in a tight spot—if they cooperate too closely with Taiwan to bring the fugitives to justice, they run the risk of angering China. If they allow the fugitives to stay, they are endangering themselves. In the past, the Philippines has been a popular destination for Taiwanese fugitives, both triad members and ordinary criminals, given the ease of sailing to the northern Philippines from Taiwan. In 1987, for instance, a number of gangsters gave a fisherman NT\$150,000 each to take them to the Philippines. Once there, Taiwanese gangsters have committed sometimes brutal crimes. In recent years, however, increased cooperation between police in the Philippines and Taiwan has limited the usefulness of this outlet.⁵⁴ Informal contacts do help, but they are less efficient than formal communications.

Case Study: Drug Trafficking

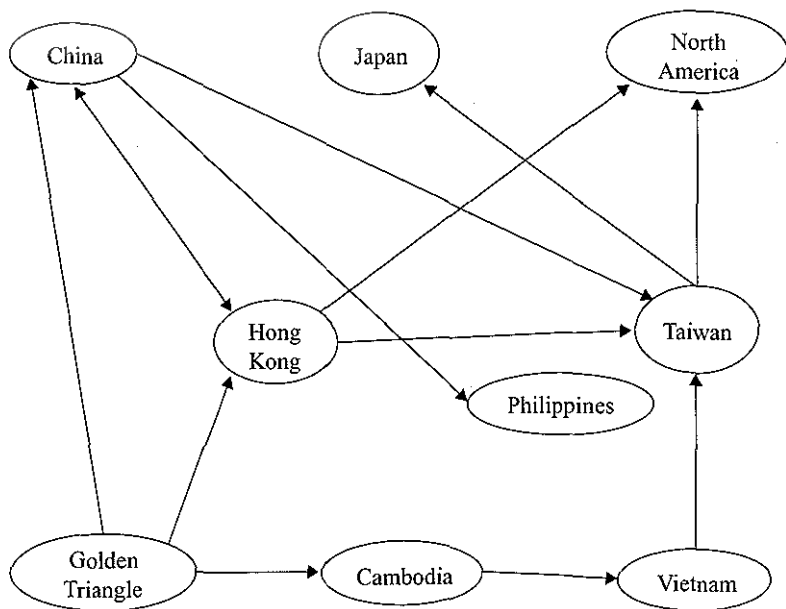
Drug trafficking as an illicit flow is an ideal issue with which to explore the integration of the triangle's internal security problems with the

<http://www.mofa.gov.tw/webapp/lp.asp?ctNode=1064&CtUnit=30&BaseDSD=30&mp=6>
(accessed May 27, 2008).

⁵³Chin, *Heijin*, 213.

⁵⁴*Ibid.*, 195-96.

Figure 1
Drug-Trafficking Routes into, through, and out of the
Hong Kong-China-Taiwan Triangle



effects those problems have on other countries. Whereas more traditional pirated goods mostly are produced in China and then exported abroad, drugs are often produced outside of the triangle, and are then moved into the triangle, either for consumption in Hong Kong, Taiwan, or China, or because the traffickers are using the triangle's political fragmentation and place in the global economy to mask or otherwise facilitate their activities. Drug trafficking is thus simultaneously a problem for the entities within the triangle and countries outside, lending support to the arguments of both of the previous two sections.

Drugs are by and large not produced in the Hong Kong-China-Taiwan triangle. Instead, the triangle serves as both a consumer of and transit point for drugs from the Golden Triangle (the area straddling Yunnan Province [雲南省] in China, northeastern Myanmar, northern Laos, and northern

Thailand), and to a lesser extent, Central Asia. The fractured nature of political relationships within the "Greater China" triangle and the economic place of the triangle within the region shape and exacerbate the flows of the drugs from Myanmar to the United States, Japan, South Korea, and other markets. For their part, drug traffickers take advantage of nearly the entire spectrum of the triangle's illicit flow-enabling characteristics discussed above. Figure 1 shows the complex drug-trafficking routes into and out of the triangle.

Drug traffickers have several routes by which they can import drugs into the Hong Kong-China-Taiwan triangle. Originally the first route went through China into Hong Kong. However, alarmed at increasing drug addiction on the mainland, top Chinese leaders have cracked down hard on drugs and traffickers, and drug shipment seizures and executions of traffickers have gone up. Now, since 2002, the flow has reversed, with drugs such as heroin moving from Southeast Asia through Hong Kong into China.⁵⁵ The old route, and one still used by traffickers, goes overland from Myanmar to Bangkok, where traffickers can either move the drugs by ship to Hong Kong, or fly into Hong Kong's airport.⁵⁶ For smaller quantities, mules usually come into Hong Kong by air. Before getting on the flight to Hong Kong, the mule goes to a hotel room, where drugs are taped to his body. The mule is then escorted to the airport by a member of the syndicate, who boards the same flight and tails him until he passes through customs, after which he is handed over to someone in Hong Kong. The syndicate member then drives or takes the train to Lo Wu (羅湖), the checkpoint on the Chinese border, for entry into China.⁵⁷

Thus, the political fragmentation within the triangle encourages smugglers to move through both China and Hong Kong. A crackdown in one simply shifts the route to the other. Smugglers bring drugs via regular

⁵⁵ Author interview, Hong Kong Customs and Excise Department intelligence officer, Hong Kong, November 2005.

⁵⁶ Dupont, "Transnational Crime, Drugs, and Security in East Asia," 450.

⁵⁷ Author interview, Hong Kong Customs and Excise Department intelligence officer, Hong Kong, November 2005.

transport into Hong Kong (that is, by air or legal cargo ships), taking advantage of Hong Kong's lax import laws, and then smuggle the drugs into Guangdong by sailing (presumably small) boats from Hong Kong to any one of a number of islands or hidden ports along the Guangdong coast.⁵⁸ Essentially, due to Hong Kong's place in the world economy, the proximity of southeastern China, and the different jurisdictions in Hong Kong and mainland China, Hong Kong is not only used to export illicit goods from China to the rest of the world, but it is also used to import illicit goods into China. Ketamine, for example, was previously made on the mainland, but possibly due to crackdowns, it is now manufactured in the Philippines, Malaysia, and India, and shipped through Hong Kong to China.⁵⁹ The syndicate bosses can control their operations from afar—they do not need to be in Guangzhou, Singapore, or Malaysia. In fact, the Guangdong authorities have found that many of the bosses actually reside in Hong Kong, among other places, and can cut ties with the mules if they are caught.⁶⁰ Thus, Hong Kong's special status, combined with modern telecommunications, facilitates drug trafficking.

The second route takes advantage of the existence of separate legal jurisdictions in China, Hong Kong, and Taiwan to send drugs through them to other parts of the world. On this route, heroin moves overland from Myanmar across the border into Yunnan, and from there across southeastern China, where it is either brought across the land boundary from Shenzhen into Hong Kong, or it is ferried by fishing boat to the western coast of Taiwan. Hong Kong and Taiwan then both serve as transshipment points to the United States, Canada, Australia, and other markets, often by air.⁶¹ A Taiwanese source further notes that there are several drug traffick-

⁵⁸ *Guangdong fayuan nianjian 2001*, 531-33; and Xie Chunliang, "Dangqian dupin zousi fanzui anjian de tedian, nandian ji zhengcha chutan" (The peculiar difficulties of current drug smuggling criminal incidents and a preliminary exploration of investigative countermeasures), January 5, 2007, <http://www.dsb.gd.gov.cn/ruizheng/Article/ShowArticle.asp?ArticleID=2157> (accessed January 23, 2008).

⁵⁹ Author interview, Hong Kong Customs and Excise Department intelligence officer, Hong Kong, November 2005.

⁶⁰ Xie, "Dangqian dupin zousi fanzui anjian."

⁶¹ Dupont, "Transnational Crime, Drugs, and Security in East Asia," 450-51.

Table 2
Grams of Heroin Seized in Taiwan vs. Japan (1998-2004)

	Taiwan	Japan
1998	133,418	3,590
1999	107,770	1,979
2000	277,330	7,006
2001	362,499	4,344
2002	599,086	18,037
2003	532,637	5,094
2004	644,501	33

ing routes that go through Taiwan: the first goes through Thailand, Cambodia, and Vietnam, on to Taiwan, and from there to Japan and the United States; the second goes through Yunnan to Guangxi (廣西) to Hong Kong to Taiwan, moving overland and by air and sea through all three entities within the triangle.⁶² Hong Kong is thus not the only possible transshipment point for drugs leaving the Hong Kong-Taiwan-China triangle. A comparison of heroin seizures in Taiwan and Japan, both countries with high levels of economic development and reasonably low overall crime rates, from 1998 to 2004 (the years for which data from both countries were available), suggests that Taiwan has a much bigger problem with drugs either moving into or through the country than Japan does, lending some credence to the argument that conditions within the triangle are exacerbating drug-related problems in Taiwan (see table 2).⁶³

In one interesting case, a gang of smugglers led by two Taiwanese surnamed Chen (陳) and Jian (簡) brought thirty-nine packets of heroin

⁶² Author interview, academic researcher on police and intelligence issues, Taipei, March 2005.

⁶³ Statistics Bureau, "28-9 Seizure of Hemp and Narcotics (1975-2004)," in *Historical Statistics of Japan* (Tokyo: Ministry of Internal Affairs and Communication, 2008); and Ministry of Justice, Republic of China, "Prosecution Statistics: Drug Offenses (Yearly)," <http://www.moj.gov.tw/ct.asp?xItem=29437&CiNode=11621&mp=095> (accessed October 7, 2008).

from Myanmar into Shenzhen, in Guangdong, in September 2007 and sold four packets there. They then transported the rest to Zhangpu (漳浦), in Fujian Province, where they had a fishing boat ready to take it to Taiwan for sale. When the Chinese police caught them on October 18, they found that the network extended from Zhuhai (珠海), near Macao, to Fujian and Taiwan, and included at least eight Taiwanese, five mainland Chinese, a van, and two fishing boats.⁶⁴ Because of a common language and culture, the gang was able to incorporate both Taiwanese and Chinese members without too much trouble, and operate in both countries (as well as possibly Myanmar). Taiwan's proximity allowed them to transport the drugs relatively easily (and illegally) from China to Taiwan. Had the Chinese police not caught the smugglers before they set off from the coast, there was no formal mechanism for them to notify the Taiwanese police that thirty-five packets of heroin were going to enter the country. In short, the cultural and economic integration of Taiwan and China, coupled with their political fragmentation, encouraged transnational drug trafficking across both countries.

Smugglers can also take advantage of the fractured political environment within the triangle to export drugs to even less developed countries. From September 1998 to March 2000, a gang of smugglers operated off the coast of Guangdong Province in China, ferrying "ice" to the Philippines. There was apparently a "Big Boss" (高老板) who brought the group together in Zhuhai in October 1997, although over time members of the gang branched out to cooperate with others and set up their own smuggling businesses. At first, the gang's means of operating was fairly simple. A fishing boat, which had been bought specifically for smuggling purposes, would set out from Zhuhai, in Guangdong Province across from Macao, and stop in the waters of Wuzhu Island, Shangchuan Township (上川鎮烏豬島) near Taishan (台山), Guangdong, west of Hong Kong. A speedboat

⁶⁴"8 ming Taiwanji yifan shexian zousi dupin zai Fujian beibu" (八名台灣籍疑犯涉嫌走私毒品在福建被捕, Eight Taiwan residents suspected of being involved in smuggling drugs are arrested), Zhongguo Taiwanwang (China Taiwan Net), November 30, 2007, <http://www.fjstb.gov.cn/html/20071130/582244.html> (accessed October 7, 2008).

would then collect the "ice," and ferry it out to the fishing boat, which would head directly for the Philippines. Once in the Philippines, the gang would use the speedboat again to ferry the drugs to their destination.⁶⁵ The syndicate occasionally encountered problems. At one point, the speedboat broke down in the Philippines, and the operational leader, Du Yongcheng (杜永成), gave another member, Huang Guoyou (黃國友), money to come to the Philippines to see to the problem, but flew back himself to Hong Kong, while the rest of the gang took the fishing boat back to Zhuhai.

In February 1999, a smuggler from Hong Kong named "Ah Chang" (阿昌) was introduced to the gang by "Big Boss." "Ah Chang" apparently had his own contacts in Tiantou (田頭), another Taishan county township, and on some of the trips to the Philippines the drugs were shipped from Tiantou rather than elsewhere. The drugs were brought down from Guangzhou in a truck, which was driven by one of the conspirators to a hotel parking lot, and then picked up the next morning by a different gang member who would drive it to the coast. In one instance, the gang chose a different route, driving the "ice" to a harbor on Hainan Island, immediately off the coast of Guangdong, and loading the drugs onto a different fishing boat via sampan and speedboat. The gang was finally caught in March 2000, when the speedboat's engine died (again) off the coast of Shangchuan. Some of the gang members tried to dump the drugs into the water, and attempted to flee when they saw a passing fishing boat, but were apprehended by the police.

The smuggling syndicate was spread out over a fairly large territory in a number of jurisdictions. It is unclear where the "ice" came from, although it would be unsurprising if the Golden Triangle was the source. However, even assuming that the "ice" was manufactured in China, the syndicate had contacts within China in at least Guangzhou, Zhuhai, Hainan, and a number of villages and islands in Taishan County. It also had contacts in the Philippines and Hong Kong. It sold the drugs in the former, and the latter was used by the syndicate to provide additional routes and

⁶⁵ *Guangdong fayuan nianjian 2001*, 540-41.

contacts (through "Ah Chang"), as well as serving as a convenient transit hub. In addition, as the mainland Chinese city that borders on Macao (both before and after Macao's return to China in 1999), Zhuhai offers many of the same advantages for smugglers that Shenzhen does—extensive logistical support and sea access that skirts along the territorial edge of mainland Chinese law enforcement authority. It is likely that, without the Hong Kong resident "Ah Chang" and his connections, the syndicate would not have been as widespread or as flexible in its attempts to avoid crackdowns (at one point, one of the syndicate's trucks was captured, but the members escaped).⁶⁶ Even though Hong Kong and Chinese police in theory should be able to coordinate better than police in China and Taiwan, the differing jurisdictions and Hong Kong's direct flights to the Philippines meant that the smugglers could vary their transportation options and avoid crackdowns in one or the other country. The Philippines' proximity to China meant that the smugglers could use completely illegal direct routes (just as between China and Taiwan), routes which were generally not available for transportation to farther flung, wealthier countries. Thus, the political fragmentation and the physical geography of the triangle gave the syndicate flexibility, and this had a detrimental effect on the Philippines, for it allowed the group to continue its drug trafficking for several years, importing large quantities of "ice" into the Philippines.

Conclusion

Could the spillover effects of the Taiwan-China "cold war" have implications for political cooperation between China and Taiwan, or between Taiwan and other countries? Other countries, such as the United States and Thailand, feel the negative effects of drug trafficking in particular. Drugs are considered a serious problem by all the entities within the triangle, and other countries could pressure China to relent on categorically

⁶⁶Ibid.

opposing any formal cooperation between Taiwan and others, simply because official communication is the best way to fight an inherently trans-national threat.

As for relations within the triangle, since Ma Ying-jeou's (馬英九) election as president of the Republic of China in March 2008 on a platform of closer ties with China, a number of new legitimate routes between Taiwan and the mainland have opened up. In line with ROC-PRC agreements, weekend charter flights across the Taiwan Strait began in July 2008, and the number of mainland tourists allowed to come to Taiwan was increased. Daily charter flights, direct shipping and postal links, and chartered cargo flights began in December that year.⁶⁷ Over time, Taiwan's situation relative to China may become more akin to that of Hong Kong: more formal coordination on cross-border criminal issues may be possible, leading to fewer opportunities for criminals to engage in jurisdictional arbitrage, although President Ma's refusal to consider reunification with China puts an upper limit on the potential warmth of relations. Without formal coordination, the increased legitimate traffic between Taiwan and China might actually enhance criminals' mobility, but even if President Ma is able to establish formal anti-crime cooperation mechanisms, the problem of political fragmentation leading to some (if fewer) coordination problems will still exist, and Taiwan's political isolation from the rest of the world will continue to create problems for other countries.

Political cooperation is less of an issue between China and Hong Kong, but the existence of political fragmentation and common cultural characteristics means that problems remain. The increasing political and economic integration of Hong Kong and China cuts both ways. It is easier than ever for organized criminals, illegal migrants, and smugglers to cross between the two entities, but an increase in the quality of the Guangdong police, which established its own anti-smuggling police unit in the 1990s,

⁶⁷See "Talking to Taiwan's New President," *Time*, August 11, 2008; and Ho Ai Li, "Air, Sea Links Launched: Cross-Strait Milestone Promises Big Savings," *Straits Times* (Singapore), December 16, 2008.

and communication between Guangdong and Hong Kong could overcome continuing coordination problems.⁶⁸

The non-traditional security aspects of the standoff between China and Taiwan have not often been placed within the context of the Hong Kong-China-Taiwan triangle, for Taiwan and China are not the only entities within "Greater China" with separate jurisdictions and problematic "international" borders. The fragmentation of political control, and the often politically problematic nature of the borders (especially that of China and Taiwan), combined with the roles that Hong Kong, China, and Taiwan play in the world economy, shape and exacerbate illicit flows both within the triangle and between the triangle and outside countries. The conflict is thus not simply a problem for the United States, China, and Taiwan, but for much of the rest of the world as well.

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