

## Cross-Border Crime and Grey Area Phenomena in Southeast Asia

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### Introduction

With the collapse of the Soviet bloc in eastern Europe in the late 1980s and early 1990s, it appeared that the international system could be on the threshold of an era of unprecedented peace and stability. Politicians, diplomats and academics alike began to forecast the imminent establishment of a new world order, increasingly managed by democratic political institutions. These, it was believed, would develop within the context of an integrated international economic system based on the principles of the free market. As this new world emerged, it was assumed that serious threats to international stability would decline commensurably.

However, the initial euphoria that was evoked by the end of the Cold War has waned and there has been increasing realisation that threats at the lower end of the conflict spectrum – so called grey area phenomenon (GAP) – may soon assume greater prominence. Such concern has been stimulated largely by the remarkable fluidity that now characterises international politics – an environment in which it is no longer apparent exactly who can do what to whom and with what means. As Richard Latta observes, the establishment of a new global security may reduce inter-state conflict only at the expense of an increase in pandemic security threats that fall below the level of conventional war.

Such perceptions are certainly evident in Southeast Asia where few, if any, of the region's actors view the end of the Cold War as an "*unmixed blessing*." Although visibly relieved by the decline of global tension and the settlement of East-West ideological conflict at the international level, policy makers have, nevertheless, begun to express increased concern about the strategic uncertainties that are now seen to exist at the regional level. While many of these misgivings emphasise "traditional" security threats (such as inter-state rivalry, territorial disputes, external aggression and the rise of new hegemonic powers), a number focus on the contemporary challenge posed by unconventional GAP forces. As the former governor of Indonesia's National Defence Institute has observed, there is the very real possibility that Southeast Asia might soon become the theatre of "*prolonged, low intensity conflicts*" which have the potential to replace the larger

conflicts that were fuelled by superpower rivalry during the Cold War.

### Grey Area Phenomena

GAP can be loosely defined as threats to the stability of sovereign states by non-state actors and non-governmental processes and organisations. While many GAP problems come to involve violence, not all do. Those which manifest themselves in an aggressive manner are typically associated with the activities of non-state actors, such as international crime syndicates, drug trafficking organisations and terrorist groups. Non-violent GAP forces are more generally related to the threat posed by non-governmental processes and influences, such as environmental degradation, uncontrolled or illegal migration, famine and the transnational spread of diseases such as AIDS and cholera. Whenever GAP influences are associated with violence and aggression, however, such conflict is generally organised, employed for either economic or political purposes, and characteristically falls short of major conventional warfare.

All GAP issues, whether violent or not, represent a direct challenge to the underlying stability, cohesion and fabric of the modern sovereign state. However, unlike the challenge posed by traditional security concerns such as overt external aggression, the GAP threat is of a somewhat more transparent and insidious nature. This is because it typically stems from a context that exists outside formal state structures and only occasionally from an origin which can be directly linked to, or identified with, another polity, power faction or global ethno-religious bloc.

In terms of violent GAP, there are four features of the contemporary international system that are serving to facilitate their growth and occurrence:

#### *The Dollarisation of the Globe*

This is essentially a consequence of the permeation of Western commercial values throughout the globe via electronic communications and widespread travel. Its effect has been to define personal meaning and satisfaction in terms of driving a flashy

car, wearing designer clothes, owning expensive jewellery, living in exotic surroundings – in short, having access to and enjoying the very best that Western consumerism and commercialism can offer.

The quickest and easiest way to such riches (and the satisfaction that they appear to engender) is through crime. The result has been the emergence of so-called “*black dollar*” groups – organisations seeking material wealth on the back of sustained criminal activities which can cover anything from arms and narcotics trafficking, to gem and wildlife smuggling, piracy and even the trade in human body parts.

#### *The Resurgence of Atavistic Forms of Identity*

Since the end of the Cold War, there has been a major resurgence of religious fundamentalism (Islamic and other) and other natavistic forms of identity such as ethnicity. This particular feature of the present international system is helping to sustain, and in certain cases create, highly destabilising sub-national communal conflicts, many of which have involved armed factions that are prepared to use terrorist strategies as either a primary or secondary mode of struggle.

While ethno-religious communal conflict is hardly new, there are at least three inter-related factors working to amplify primordial conflict in the present international system:

- The perceived failure of regimes that have defined themselves on the basis of all-embracing unifying secular belief systems such as communism, pan-Africanism and pan-Arabism;
- The disintegration of the imposed order of the Cold War, a factor which has allowed ethno-religious forces to take on greater freedom and autonomy in their own right (particularly in states that have had no previous experience of ethnic accommodation); and,
- Sponsorship by Iran and Sudan and the influence of veteran fighters of the Afghanistan War, a combined factor that has ensued the violent manifestation of at least one major form of religious identity – Islamic fundamentalism.

#### *The Proliferation of Weaponry*

We are living in an age where organised violence has become a tool that is increasingly available to sub-state actors and groups. The basic division between the government, army and people – the bedrock of the Trinitarian concept of conventional

warfare – has collapsed as a result of the production and diffusion of armament technology. This de-structuring, rooted in the mass production and proliferation of basic and advanced combat weapons, has made it increasingly difficult for the state to monopolise violence and has given a variety of militant organisations options that were formerly reserved only to the government and its armed forces.

#### *Globalisation*

The present international system is now more globally interdependent than at any other time in history. Today one can physically move from one part of the world to another in the same time (if not more rapidly) that it used to take to journey from one city to another, with such international travel being largely open to all. In terms of non-physical movement, the world has been reduced to mere seconds and even micro-seconds. Real-time events happening on one side of the globe can, for instance, be observed from distant jungle locations simply by accessing Cable Network News (CNN) or the British Broadcasting Corporation (BBC) via a generator. Money moves even faster, with an estimated US\$1 trillion being electronically transferred around the globe each day.

This transnationalisation of world politics has worked to the advantage of GAP actors. In particular, it has allowed groups to shift capital, communicate and generally operate on a genuinely global scale, exploiting favourable tactical and logistical environments that may exist many miles from their home base. In today’s world, GAP actors have the potential to operate with the same speed, precision and international dimension as decision makers in advanced nations states.

For the remainder of this article I will examine two criminal GAP influences that have emerged as an increasingly prominent threat to cross-border security in Southeast Asia: illicit heroin production and trafficking from the Golden Triangle; and armed maritime crime. Both:

- Stem from the activities of non-state actors (as opposed to non-governmental processes);
- Have come to involve violence, albeit in varying degrees;
- Have been facilitated, although not exclusively, by three of the four factors outlined above – dollarisation, proliferation of weaponry and globalisation; and,

- Have been identified by the CSCAP Working Group on Transnational Crime as the most pressing manifestations of cross-border crime currently taking place in Southeast Asia.

### **Illicit Heroin Production And Trafficking**

#### *The Scope of the Heroin Industry in the Golden Triangle*

In 1997 the Golden Triangle countries collectively cultivated approximately 184,920 hectares of opium poppy, generating a potential yield of 2,639 metric tons of opium gum. In global terms, the Golden Triangle presently accounts for approximately 60% of all known illicit opium production – fuelling an underground industry which is now thought to be worth at least US\$160 billion.

In 1987 under 20% of the heroin seized in the US came from the Golden Triangle. Today it is well over 60% – reflecting a massive increase in supply from the region (most of the residual coming from Colombia which is emerging as an increasingly important source for North American heroin). By the end of 1993, heroin had overtaken cocaine as the main non-alcoholic drug of abuse in three major metropolitan areas. In Australia, a country with 30,000 addicts (roughly the same proportion of addicts to the total population as in the US), 80% of all heroin comes from the Golden Triangle, while Taiwanese seizures of heroin, imported primarily from Burma, surged from 22 kilograms in 1990, to in excess of 790 kilograms in 1993.

The main producer country in the Golden Triangle is Burma, currently accounting for approximately 91% of all the heroin that is refined in the region. According to the US State Department, on the basis of current figures Burma could satisfy most of the world's demand for heroin on its own. In a report issued in June 1996 by the US Embassy in Rangoon, the export of opiates alone from Burma now "*appear to be worth as much as all legal exports*", or US\$922 million at the official exchange rate.

#### *Principal Trafficking Routes*

A large amount of the heroin that is currently produced in the Golden Triangle is smuggled across the Burmese-Thai border, transported to Bangkok, Malaysia or Singapore and trafficked from there to Japan, Australia or the US in shipping containers or on board commercial and passenger flights. A secondary route makes use of Laos as a transit point for shipments bound for Cambodia and Vietnam. The Cambodian heroin is exported to international markets either in shipping containers from the

south-western port of Koh Kong or by human couriers (from as far afield as Nigeria) from Phnom Penh's international airport. Most of the Vietnamese heroin is trafficked north through the southern Chinese provinces and then taken either overland or by boat to Hong Kong and Macau where local triad gangs operate sophisticated transit routes to a variety of points in Asia and North America.

A final route makes use of Nigeria as an intermediary trans-shipment point for heroin bound for both Africa (most of which goes to South Africa) and the US. Rampant corruption at virtually all levels of government administration have ensured that this country is now playing an increasingly critical role in the international distribution of Southeast Asian heroin, principally to the North American market.

#### *The Threat Posed by the Southeast Asian Heroin Trade*

The Golden Triangle's burgeoning trade in heroin is causing growing concern, both regionally and internationally, for a number of reasons. First, it is contributing to growing social instability by fuelling high rates of crime. Drug related arrests in the southern Chinese provinces, for instance, have jumped nearly 50 times since 1990 on account of the heroin trade: it is estimated that 80% of the crimes committed in the southern Chinese border regions are perpetrated by heroin addicts. In Vietnam, the number of drug arrests increased by 25% in the first six months of 1997 compared with the same period in 1996. This followed an even greater increase (66%) in 1996 with some 70% of the cases involving heroin. In the Philippines there has been a quantum leap in the number of foreigners detained in prison for offences relating to heroin trafficking (although cannabis and meth-amphetamine hydrochloride – more commonly known as *Shabu* or "*ice*" – remain the country's two main drug problems), while in Thailand a staggering 80,000 persons were arrested in the first nine months of 1996 for heroin and other drug-related offences.

Second, it is helping to foster the spread of one of the most lethal diseases of our time – AIDS. According to the Office of Narcotics Control Board (ONCB) in Bangkok, Thailand has to administer at least 50,000 confirmed heroin addicts, most of whom are also HIV positive as a result of sharing needles. Similarly Burma, which was free of AIDS only a few years ago, now has an estimated 200,000 people carrying the HIV virus, 74% of whom were tested heroin drug users. China has been especially hard hit. The Government officially admits that the

outbreak of an AIDS epidemic in Yunnan is directly related to drug addicts sharing needles to inject heroin. Indeed Ruili, a small border town in the southern province of Yunnan with one of the highest concentrations of opium addicts in the province, is now in the dubious position of also being the AIDS capital of China.

Third, the costs associated with trying to control the Golden Triangle's growing drug trade are contributing to a lack of economic performance, both regionally and internationally. As production and trafficking from this part of the world has increased, so more and more resources have had to be diverted to treat addicts through detoxification, health and rehabilitation programmes, as well as to finance the clinics needed for those also afflicted with AIDS on account of their habit. Moreover the violence, crime and organised illicit activities that typically come to surround drug addiction and (especially) trafficking mean that public resources have also had to be channelled into law enforcement – further reducing the availability of funds to stimulate economic productivity.

Fourth, drug money from the Golden Triangle is playing a key role in undermining and weakening already vulnerable regimes by encouraging official corruption in government and military circles. The profit margins involved in the heroin trade are truly colossal, and all the more so because they are untaxed. The 1988 wholesale price for 1 kilogram of heroin in Thailand, for instance, was approximately between US\$3,400 and US\$5,600. It is estimated that the same kilogram would have cost the British wholesaler up to US\$51,000, increasing to US\$250,000 in the US, depending on purity levels. The current cost of a single 'hit' of heroin (less than a gram) in London is around 10 UK pounds while the wholesale price for a whole kilogram sold in New York is well over 14 times the purchase price in Yunnan.

The problem of drug induced corruption has been especially serious in Thailand, Laos and Cambodia. In all three states senior officials, politicians and members of the police and judiciary have been implicated in illicit activities relating to heroin production and its trafficking – both regionally and internationally.

Fifth, the profits from the Golden Triangle's heroin trade have also provided drug barons with the financial means with which to acquire extensive and advanced armouries. This is a further factor that is seen as contributing to political destabilisation as it has enabled narcotic warlords throughout the region

to establish fortified no-go "grey areas" outside central government control. Weapons, procured mainly from Cambodia, Afghanistan, China and the former Warsaw Pact countries of Eastern Europe, that have already found their way to drug groups operating in the Golden Triangle include: Stinger and Strella surface-to-air-missiles (SAMs), Kalashnikov assault rifles, sub-machine guns, Claymore landmines and rocket-propelled grenades (RPGs).

Sixth, there is at least a residual concern that Southeast Asia could soon degenerate along the "narco-terrorist" path already taken by a number of South American countries. The region contains many ethnic and religious extremist organisations that are seeking new ways to finance their revolutionary activities. Although bank robberies and kidnappings can be lucrative (used extensively in the Philippines and Cambodia), drug trafficking is a far more effective and reliable means of quickly generating cash for arms, foreign expertise, communications and other logistical equipment. According to Dr Chayachoke Chularsiriwongs – a senior Lecturer at Bangkok's Chulalongkorn University – an unholy 'marriage' between terrorism and drugs trafficking remains a particularly serious threat in the opium-producing and ethnic diverse regions of southern and southeastern Burma.

### **The Southeast Asian Heroin Trade and Money Laundering**

#### *What Is Money Laundering?*

Money laundering refers to the process of 'cleaning' illicit financial proceeds to make them appear legitimate so that they can be safely re-invested without leaving a tell-tale paper trail. One of the most commonly used money laundering methods for heroin produced in the Golden Triangle is the Chinese Underground Banking System (UBS). The system essentially relies on trust between families, secret societies or ethnic groups who may be located thousands of miles apart. The UBS has two main advantages: First, it provides anonymity – there is no official paper trail for law enforcement authorities to follow. Second, the system is faster than that used by official banks – hundreds of thousands of dollars can be transferred to another country in a matter of hours. The system works in the following way:

Suppose a heroin dealer ('A') in Hong Kong wants to wire some of his proceeds to Bangkok. 'A' goes into a pawn-broker in Hong Kong (usually run by a family member) and informs the owner of his

intentions. The pawnbroker notifies a sister company in Bangkok and issues 'A' with a chit authorising him to collect the funds on arrival. 'A' then leaves the equivalent sum with the pawnbroker in Hong Kong which is deposited into a bank account nominated by the sister company in Bangkok. 'A' travels to Bangkok, shows his chit, and receives his money.

Other important laundering methods include:

- Bulk smuggling of cash in courier-carried luggage and its investment in off-shore bank accounts;
- The physical transformation of cash – most commonly to cheques or money orders;
- Investment of money in front/shell companies; and,
- Invoice manipulation – involving the falsification of shipping documents and invoices through the over-valuing or under-valuing of imports and exports.

The major money laundering centres of choice for Southeast Asian drug cartels presently include Canada, Thailand, Hong Kong and, increasingly, Cambodia.

Drug proceeds dominate the Canadian money laundering scene, thanks, largely, to relatively weak currency controls and cash reporting laws. A large proportion of the money that is laundered in the country originates from profits 'earned' through the Southeast Asian heroin trade.

Multiple factors encourage money laundering in Thailand and Hong Kong including bank secrecy laws which inhibit investigations (though this is now being addressed in Thailand), low income tax requirements, limited constraints on buying or forming shell and front companies, the existence of a free-wheeling stock exchange and a thriving underground banking/remittance system.

Cambodia's attraction stems from the largely unregulated nature of its cash economy which makes it easy to unload 'dirty' money at restaurants, nightclubs, hotels, luxury-goods dealerships and gambling establishments (although until the country develops a more sophisticated financial infrastructure, it is unlikely to replace the more traditional centres such as Thailand and Hong Kong).

The Golden Triangle remains one of the most prolific heroin producing and trafficking areas in the world, generating an illicit trade which has had an insidious, corrosive, far-reaching and, at times, highly destabilising impact. Narcotics from this region have been linked to an explosion of AIDS and HIV, social instability, a lack of economic performance, official corruption and the growing force of organised international crime. These effects have been felt, in one form or another, throughout Southeast Asia, Northeast Asia, Australasia and North America. Burma has established itself at the heart of this narcotic nexus, remaining a key player in the on-going process of pumping heroin into the world's 'veins'.

### Armed Maritime Crime

For the purposes of this paper, the International Maritime Bureau (IMB) definition of armed maritime crime will be adopted. This conceptualises such illicit activity as "*any act of boarding any vessel with the intent to commit theft or other crime and with the capability to use force in furtherance of the act.*"

#### *Types of Armed Maritime Crime Currently Taking Place in Southeast Asian Waters*

It is possible to identify three main types of armed maritime crime that are currently taking place in Southeast Asian waters:

*Harbour and anchorage thefts/attacks* – a form of piracy and armed robbery that has been encouraged by the relatively relaxed security procedures of many small and not so small ports in the region. The IMB defines these type of assaults as Low-Level Armed Robbery (LLAR) – an opportunist attack on a ship, mounted close to land by small high speed craft, crewed by criminal "*maritime muggers*" normally armed with knives. Their targets are usually cash and portable high-value personal items with an average theft of between US\$5,000 and US\$15,000.

*Ransacking and robbery of vessels on the high seas or in territorial waters.* This is a more common form of maritime crime and one that, if carried out in narrow sea-lanes, has the potential to seriously disrupt maritime navigation. This is especially true in cases where vessels are out of control because the crew has been detained or locked up. The IMB defines these types of assault as Medium Level Armed Assault and Robbery (MLAAR) – violent attacks of robbery involving serious injury or murder by well organised gangs, usually heavily armed and working from a 'mother' ship.

*Hijacking of vessels to convert them for the purposes of illegal trading – the so-called phantom ship phenomenon.* This manifestation of armed maritime crime follows a typical pattern. Vessels are first seized and their cargoes off-loaded into lighters at sea (such merchandise either being kept by the pirates themselves or sold off to private bidders). The ships are then fraudulently re-registered and issued with false documents to enable them to take on board a fresh payload. The new cargo is never delivered to its intended destination but transferred to another vessel and taken to an alternate port where it is sold to a pre-arranged buyer who more often than not is a willing participant in the whole venture. The IMB defines these types of assault as a Major Criminal Hijack (MCHJ) – well resourced and planned international criminal activity, using large gangs of highly-trained and heavily-armed operatives fully prepared to use firearms.

### *Statistical Incidence*

In terms of statistical incidence, the threat posed by armed maritime crime in Southeast Asian waters has exhibited a marked rise since the end of the Cold War. As the table below illustrates, attacks rose from three in 1989, to 60 in 1990, before reaching an all time high of 102 in 1991. Between 1992 and 1997, 511 separate attacks were recorded – representing an annual average incident rate of 85. Since 1991, these assaults have been of sufficient quantity to consistently designate Southeast Asia as the region most severely affected by violent acts of maritime crime anywhere in the world.

The actual problem of armed maritime crime in Southeast Asian waters is undoubtedly far more serious than the above mentioned figures suggest. According to Eric Ellen, Executive Director of the International Chamber of Commerce's Commercial Crime Division and Director of the IMB, most shippers are reluctant to report attacks against their vessels both because of the delays that subsequent investigations will necessarily entail (it costs an average of US\$25,000 a day to keep a merchant vessel operational) as well as the fear that it will merely serve to increase insurance premiums. Indeed, according to the Regional Piracy Centre's (RPC) Far East Manager, John Martin, in many cases it is actually written into shipping associations' manuals of procedures that attacks on ships should specifically not be reported to any law enforcement or information gathering body, official or not.

Most experts believe that the number of armed maritime attacks which are actually reported represent only the "tip of the iceberg." Eric Ellen,

for instance, asserts that at least 143 instances of armed maritime crime which took place in Philippine waters in 1993 (and which resulted in the loss of 30 lives) were never recorded with either the IMB or the RPC. Equally Wulf Steinworth, who coordinates maritime crime response at the International Transport Workers' Federation in London, estimates that under-reporting of cases could miss at least 50% of all attacks that take place against merchant shipping.

In terms of type of assault, one of the most disturbing trends that has emerged in Southeast Asia in recent years is the increase in MCHJ/phantom ship attacks. The IMB estimates that on the basis of current trends, this form of armed maritime crime could soon create economic problems comparable with those caused by the Italian Mafia. Already the practice is believed to be costing more than US\$200 million per year in stolen cargoes and fraudulent practices.

A number of factors account for the overall increased incidence of armed maritime crime in Southeast Asian waters over the past few years:

- The increase in commercial maritime traffic throughout the region – providing a ready supply of potential targets;
- The reduced superpower naval presence in the region since the end of the Cold War – a factor that has left vast stretches of water effectively unpoliced. Local criminals and seafarers have, as a result, been emboldened to attack largely defenceless vessels, often laden with valuable equipment and carrying thousands of dollars worth of merchandise; and,
- There are also allegations that a number of armed maritime crime rings have benefited from Chinese material and financial support over the last few years with Beijing using such parties as a way of indirectly exerting expansive maritime claims in the South China Sea. Such support, it is alleged, has allowed armed maritime crime rings to operate on a higher, more sophisticated level.

Both the IMB and CRG believe that the incidence of armed maritime crime in Southeast Asia is likely to further increase as a direct result of the Asian economic crisis. According to Gavin Greenwood, senior Asian analysts with the CRG, the Asian currency meltdown is likely to increase the incidence of armed maritime crime in at least two respects:

- A stronger pull factor – with more people likely to get involved in acts of maritime crime due to falling wages, higher food prices, job losses etc.; and,
- A stronger push factor – with Southeast Asian states having less disposable income to finance effective maritime patrols in their territorial waters.

### The Lethality of Attacks

The lethality of armed maritime attacks also appears to be on the increase. Although the data is somewhat patchy in this regard, there are certain indications which do suggest that serious violence has often been used. According to John Martin, most cases of armed maritime crime reported to the RPC involve casualties of one sort or another. During 1997, his Centre documented a total of 296 acts of serious violence that occurred in the year's 107 assaults. These included 171 cases of hostage-taking and intimidation; 18 assaults; 11 injuries and 7 deaths. Indications of violence become even more apparent if one examines trends over a number of years. During the first half of the 1990s, for instance, with 557 ships boarded, 442 crew were taken hostage, 29 were assaulted, 45 injured and 55 murdered.

There have also been several eye witness accounts which have detailed attacks of an especially violent nature. In one notable testimony that was given in February 1996, the sole surviving member of a Philippine registered fishing trawler, the *MN3 Normina*, described how he and his nine crew mates were rounded up and shot to death (he was 'only' wounded in the back of the head) simply for the cargo of their ship – a few tons of fish.

The principal factor accounting for the increased lethality of armed maritime crime in Southeast Asia is a ready supply of munitions throughout the region. Since the end of the Cold War, there has been a quantum leap in the violence potential threshold of pirates and other sub-state insurgents who are now able to take advantage of a huge array of sophisticated weaponry left over from wars in Afghanistan and Cambodia as well as from the former Red Army – much of it available at 'bargain basement' prices. These armaments are truly extensive and can be expected to include anything from pistols, machine guns and explosive devices to heavy-calibre rifles, Strella surface-to-air missiles (SAMs), anti-ship mines and ordnance, hand-held mortars and rocket propelled grenades (RPGs). The increased availability of munitions such as these has

been reflected in pirate assaults that are now both more sophisticated and lethal than was previously the case. Gone are the days of sporadic, and largely ineffectual, incidents involving petrol bombs and molotov cocktails. Today, attacks can be expected to involve extensive and highly destructive armouries with the potential to demobilise and cripple the very largest ocean-going vessels.

### The Danger Posed

1. The actual danger posed by armed maritime crime in Southeast Asia covers a number of dimensions. At the most basic level, it constitutes a direct threat to the lives and welfare of the citizens of a variety of flag states. As NUMAST, observes:

*The necessities of normal diplomacy should not obscure the fact that British nationals are being threatened with extreme violence. The present intolerable situation should be approached by the UK Government just as firmly as if British tourists were being attacked whilst holidaying in a particular country.*

2. A reputation for vulnerability to armed maritime crime will also do little for the international standing of a trading country and could lead to a boycott of its port facilities. Between 1992 and 1995, for instance, Hong Kong gained a reputation as a port of "extreme danger" with both NUMAST and the Japan Shipowners' Association threatening to reduce and redirect trade until maritime surveillance and security was substantially increased. If carried out, threats of this type obviously have the potential to seriously affect any maritime state or territory that relies on its port facilities (in terms of income generation) to provide world-class (and safe) commercial maritime transit points (such as Hong Kong, Singapore and Indonesia).
3. Finally, acts of armed maritime crime have the potential to cause major environmental and pollution damage, especially if they take place in crowded sea-lanes against heavily laden petroleum tankers. A major oil slick would not only cause irreparable damage to maritime life and other offshore resources, but if left to drift, could also cause extremely serious long-term damage to large tracts of fertile coastal low-land. The IMB's Deputy Director, Captain Jayant Abhyankar, specifically pointed out this danger following a 1994 attack on an oil tanker in the Straits of Malacca remarking that, had the

targeted vessel collided with another ship or run aground, the resulting environmental consequences would have been utterly "catastrophic."

### Geographic Distribution

The specific geographic distribution of armed maritime attacks in Southeast Asia has shown some interesting changes over the past few years. Between 1990 and 1992 the IMB identified the waters between the Malacca and Singapore Straits as the most dangerous for armed maritime attacks both regionally and internationally. The treacherous and crowded nature of this East-West seaway necessarily forces ships to reduce speed, sometimes to less than ten knots, to ensure safe passage. This makes the many vessels that travel these waters extremely vulnerable to attacks by criminals, most of whom use small, easily manoeuvrable craft that are capable of speeds up to 18 knots. Between 1991 and 1992, assaults in the vicinity of the Malacca and Singapore Straits, including incidents reported off Bintan Island just to the south of the Singapore Straits, accounted for roughly half of all piracy attacks that took place in Southeast Asia for the two years.

Between 1993 and 1995, however, there was a significant shift in the focus of armed maritime attacks in Southeast Asia, away from the Malacca and Singapore Straits and toward three distinct regions:

- The South China Sea.
- The territorial waters around Hong Kong and Macau.
- An extended zone bounded by Hong Kong, Luzon (the Philippines) and Hainan Island (China) – the so-called HLH "terror triangle." Between 1993 and 1995, a total of 122 separate attacks were recorded in these three areas, representing 51.7% of all assaults that took place in Southeast Asia during this period.

A variety of reasons have been put forward to explain this shift in regional focus. According to Ellen and Gavin Greenwood, senior Asian analysts for the highly respected London-based Control Risks Group, the change was largely a function of two factors:

- Chinese complicity in officially sanctioned "anti-smuggling" rings as a way of forcibly

asserting its sovereignty over the South China Sea;

- The initiation of effective littoral maritime patrols in the Malacca and Singapore Straits – itself a product of increased international pressure on Malaysia, Indonesia and Singapore to play a more concerted role in controlling armed maritime crime in this region.

A slightly different interpretation is offered by John Martin. Whilst acknowledging the importance of the joint Indonesian, Singaporean and Malaysian maritime patrols in reducing attacks in the Malacca Straits, he specifically rejects the argument that the emergence of armed attacks in the South China Sea/Hong Kong/HLH regions was the result of a deliberate policy of Chinese state-sanctioned *de facto* piracy. Martin asserts that China, as a maritime trading state, would simply have had nothing to gain by engaging in actions of this sort – adding, further, that there is, as yet, no incontrovertible proof to even support the idea of a "Chinese conspiracy" theory. At best, he maintains, the evidence is circumstantial. Martin does concede, however, that corrupt elements of the southern Chinese bureaucracy have become increasingly active and difficult to control in recent years – arguing that it is this, rather than a deliberate policy on the part of the Beijing Government, which accounts for the surge in armed maritime attacks in the South China Sea/Hong Kong/HLH areas between 1993 and 1995.

Since 1995, however, there has been a dramatic drop in the number of incidents reported in these regions, with the RPC's database recording only 10 attacks during 1996. Reasons for the decline again vary. The IMB maintains that is simply due to a lack of reporting from the ports in China, Hong Kong and Macau. By contrast, the Control Risks Group believes it has more to do with a conscious decision on the part of decision makers in Beijing who now believe they are able to underscore their sovereignty demands over the South China Sea without the covert use of force.

According to the statistics, the seas off Indonesia are currently the most "crime prone" in Southeast Asia, especially around Surabaya, Gresik, Jakarta, Belawan and the Gelasa Straits. In 1996 57 attacks were recorded in Indonesian territorial waters (a 60% increase on 1995's total), representing 30% of the global tally registered for the year. Although there were slightly less incidents in 1997 (47), attacks in Indonesian waters still accounted for 44% of all assaults that were recorded in the region.



Although many of these incidents simply involved thieves creeping aboard at night, a significant number did consist of more serious assaults including armed boardings, hostage taking, and physical attacks launched against crew members.

### The Issue of Chinese Sponsorship

One factor that has been consistently stressed in accounting for the increased incidence in and sophistication/lethality of armed maritime crime in Southeast Asia is Chinese state sponsorship. A variety of maritime bodies have long asserted that certain gangs in Southeast Asia are currently operating with official Chinese backing and/or training and that it is this that accounts for the quasi-military and "professional" style of contemporary maritime crime in the region. Most allegations of this sort centre on the theory that Beijing is involved in some sort of deliberate exercise of extra-territorial sovereignty through a *de facto* exertion of expansive maritime claims in the South China Sea. Such accusations are based on the belief that China is seeking to fill the post-Cold War vacuum left by less frequent Russian and US naval movements in the region and have been backed up by numerous reports of PRC officials firing on and seizing ships far from the Chinese mainland.

Beijing has vigorously protested against these allegations, attempting to distance itself from the charge of state-sponsored maritime crime on two counts:

1. The Chinese Navy has a legitimate right to seize any ship sailing in local or contiguous waters of the South China Sea if it is suspected of being involved in smuggling operations; and,
2. If illegitimate boardings have occurred, they have been carried out by rogue law enforcement units – the actions of which cannot (and should not) be confused with the policies of the central Chinese Government.

The question of official Chinese complicity in armed maritime crime rings remains a contentious issue. While the IMO, IMB and the vast majority of shipping associations that operate in Southeast Asia are convinced of direct involvement by the Beijing Government, others such as the RPC's John Martin, the Thai Institute of Advanced Naval Studies and Malaysian Institute of Maritime Affairs (MIMA) remain more circumspect. However, there are a number of indicators that do appear to suggest there has been at least some link between China and the occurrence of armed maritime crime in Southeast Asia:

- In 1994, a confidential position paper on piracy and armed robbery in the South China Sea was published by the Hong Kong Government. The paper details clear official Chinese involvement in over half the instances of piracy and armed robbery that took place on the South China Sea between September 1992 and May 1993 – identifying customs, naval and police officers right down to the serial numbers of patrol vessels;
- Virtually all instances of MCHJ that occur in Southeast Asia are carried out by organised Chinese gangs wearing military uniforms; take place in and around Chinese territorial waters; and tend to occur during the Chinese New Year; and,
- A number of ships which have been hijacked and stolen have subsequently surfaced in Chinese ports where their cargoes have been off-loaded and either impounded/confiscated or independently sold off (on the grounds that they contain illicit/smuggled merchandise). Prominent examples include the *Hye Mieko*, the *Vosa Carrier*, the *Asian Friendship*, the *Anabas* and the *Anna Sierra*. Typically there is either no sign of those who actually carried out the hijack and theft; or they are set free without being charged (as happened in the *Anna Sierra* case).

Contemporary armed maritime crime has emerged as a multi-faceted, complex regional security threat in Southeast Asia, involving highly organised, well-armed gangs that often have little compunction in using violence in furtherance of their objectives. Attacks not only have implications for the safety of shipping in one of the most important maritime corridors in the world, they also have the potential to trigger major environmental disasters. All present indications suggest that the level of armed maritime crime in Southeast Asia (already the most severely affected region in the world) will continue to grow, adding yet another destabilising dimension to an already complex regional security milieu.

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