

Partners in crime - Triad groups move to exploit mainland China

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Keywords:

- There is an increasing trend towards 'mainlandisation' of criminal activities by triads based in Hong Kong and Taiwan, who see market opportunities on the Chinese mainland driven by the booming economy and police corruption.
- The principal triad interest is in gambling, although prostitution and drug trafficking also figure as lucrative illegal activities.
- Nevertheless, mainlandisation will not necessarily result in triads monopolising mainland China's illegal markets, because locally based crime groups continue to benefit from protection by corrupt state authorities.

Chinese police, supported by their counterparts in Hong Kong and Macau, led a month-long crackdown on illegal gambling dens, brothels, casinos, and hotels in August. As part of Operation Thunderbolt, 1,200 people were arrested and police raided nearly 2,000 separate premises and questioned nearly 30,000 individuals. Investigators seized approximately USD450,000 in cash as well as drugs, pornography, and contraband cigarettes and fuel.

The cross-border raids reflected the increasing concentration of triad societies near the borders between Macao to the west, the Pearl River Delta region of mainland China (including Guangzhou, Shenzhen, and Zhuhai) to the north, and the international financial centre of Hong Kong.

Since late 1997, following its conveyance to Chinese sovereignty, Hong Kong has witnessed a process of 'mainlandisation' or 'sinification' of its political, economic, and legal systems. Mainlandisation is a trend seen not only in the territory's economic and political systems, but also in the general direction the Hong Kong criminal underworld is taking. According to researchers T Wing Lo and Sharon Ingrid Kwok, from the City University of Hong Kong, there has been a gradual process of mainlandisation of triad activities driven by an increasing demand for licit and illicit goods and services in Chinese communities.

Moreover, Taiwan-based triad societies have increasingly turned their attention to China's new market. Academic Yiu Kong Chu, from the University of Hong Kong, suggests the expansion of triad activities in mainland China is a sign of enhanced mainlandisation of Hong Kong- and Taiwan-based triad societies.

Push and pull

Carlo Morselli, an assistant professor of criminology at the University of Montreal, has identified a 'push and pull' framework that can help identify the factors underlying triad mainlandisation. Push factors refer to forces that drive criminal groups from a setting, while pull factors refer to forces that draw criminal groups to a setting, according to Morselli.

Push factors include increased scrutiny from law enforcement agencies. Before the 1980s, Hong Kong experienced dangerous linkages between triad societies and the police. In response to rampant police corruption, the UK government in Hong Kong established the Independent Commission Against Corruption (ICAC) in 1974. This led to the gradual empowerment of law enforcement agencies to investigate and prosecute unlawful activities associated with organised crime.

Legislation included the introduction of the Triad Renunciation Scheme (TRS) in 1988, the Drug Trafficking Ordinance in 1989, the Organized and Serious Crime Ordinance (OSCO) in 1994, the Witness Protection Ordinance in 2000 and the Interception of Communications and Surveillance Ordinance in 2006. As a result, many Hong Kong triad societies have been forced to move their business away from their territory of origin to neighbouring regions or overseas.

Meanwhile, the Taiwan government conducted nationwide campaigns against organised crime in 1984, 1990, and 1996, as a positive response to the collusion between organised crime, business, and politics. Taiwan's reaction to rampant organised crime facilitated the relocation of 'big brothers' - the leaders of criminal organisations such as Bamboo United, Four Seas and Celestial Alliance - to mainland China.

Another push factor for the movement of triad societies is market saturation. Around 50 known triad societies have been reported by law enforcement agencies since the 1970s, of which around 15-20 regularly come to police attention. In the early 2000s, nearly 300 active youth gangs in Hong Kong were under the control of 19 triad societies according to local police. Entering the Chinese market to make money quickly looks like a better choice for triad members in both Hong Kong and Taiwan than remaining within their original geographic boundaries.

Pull factors include China's booming economy. By the time Deng Xiaoping took power in 1978, China had initiated the programme of 'Gaige Kaifang' (reforms and openness). China has since become one of the world's fastest-growing major economies, with growth rates averaging 9.8% over the past 30 years; it passed Japan in the second quarter of 2010 to become the world's second-largest economy behind the United States. The economic prosperity of China not only attracts direct foreign investment, but also makes Hong Kong- and Taiwan-based triad societies economically more reliant on the mainland market.

Another pull factor is police corruption, which is still a serious problem in contemporary China. Given the rapid economic development and administrative evolution in the past three decades, petty corruption in China has shifted to being 'transactive' (public-private) corruption, according to Andrew Wedeman, a professor at the University of Nebraska-Lincoln who studies corruption in China. The resurgence of organised crime groups (normally named 'black societies') in China and the movement of triad societies to the mainland are in part due to an awareness of police corruption. The term 'baohusan' (protective umbrellas) describes this practice of bribing government officials.

Criminal syndicates usually establish a mutually beneficial relationship with officials through a range of interests; such as money, free sex services, and assistance with promotion. After the establishment of the political-criminal nexus, corrupt officials offer illegal protection to their bribers. This could include: protection against extortion conducted by public officials; protection of criminal businesses; the settlement of disputes; and protection against police harassment, criminal investigation, and punishment. Moreover, corrupt officials also supply essential information from the criminal justice system; the use of officials' personal networks for gangsters to create extensive links; and the provision of assistance in gangs' market competition.

China's economic reform has been mirrored by the emergence of black markets in gambling, prostitution, and drug trafficking. Despite being illegal in mainland China, gambling remains widespread among Chinese communities. The booming black market gambling industry in mainland China has given rise to loan sharking and a demand for debt collection and dispute resolution services.

Meanwhile, prostitution has been described as the fastest-growing industry in the country. China is a source, transit, and destination country for human trafficking - the majority of which is related to internal trafficking. Moreover, China is also a major transit country for heroin produced in the Golden Triangle region of Southeast Asia (Burma, Laos, and Thailand), which creates a favourable environment for the growth of drug syndicates and attracts foreign triads to move to China.

Moreover, China's economic prosperity has generated high demand for private protection. Property rights reform, which refers to the relocation of property rights from the state or collectives to private firms or individuals, requires at least a modest legal infrastructure centred on the protection of property and the enforcement of contracts. However, the state has failed to provide equal and sufficient protection because of ambiguously defined property rights, a weak legal system and severe judicial corruption.

A further pull factor is that the Chinese authorities seldom suppress triad activities unless these criminals commit crimes. They may even view the existence of 'patriotic' triads on the mainland as an opportunity to attract foreign investment. Triad societies are therefore 'allowed' to visit and invest in the mainland.

On the move

Leading Chinese criminologists such as He Bingsong, from the Chinese University of Political Science and Law, and Qiu Geping, from the Shanghai Institute of Political Science and Law, have conducted extensive research on the movement of triad societies from Hong Kong and Taiwan to the mainland. The process of triad mainlandisation described by He and Qiu can be divided into three major periods: the 1980s, 1990s, and 2000s.

Triad members from Hong Kong and Taiwan first located themselves in the neighbouring regions of Guangdong and Fujian provinces in southeast China on the coast of the East China Sea. The first sign of foreign triad activities on the mainland dates to around 1981.

Since the early 1980s, it has been reported that several triad societies from Hong Kong - such as 14K, Sun Yee On, Shui Fong, and Tung Luen She - have been active in Shenzhen, China's first Special Economic Zone located in Guangdong province. From 1982 to 1989, the Shenzhen police conducted three rounds of 'strike black' (anti-crime) campaigns. As a result, 338 triad members from more than 10 triad societies were arrested. In 1982, triad societies - particularly Macau's major triad factions such as Sun Yee On, 14K, Shui Fong and Wo Shing Yee - migrated to Zhuhai, a prefecture-level city bordering Macau.

Triad societies in the mid-to-late 1980s expanded their range of activities from Shenzhen and Zhuhai to the Pearl River Delta, a dense network of cities covering nine prefectures of Guangdong: Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Huizhou, Jiangmen, and Zhaoqing. Meanwhile, Taiwanese mafia leaders and foot soldiers from Bamboo United, Four Seas, and Celestial Alliance escaped police crackdowns and 'migrated' to Fujian province (the closest mainland province to Taiwan), according to He. Evidence that triad activities in the 1990s continued to expand to other coastal and inland provinces in mainland China is well documented. According to Qiu, triad members 'migrated' to Beijing and Tianjin municipalities, as well as 10 other provinces: Hainan, Zhejiang, Jiangsu, Shandong, Liaoning, Heilongjiang, Yunnan, Guangxi, Jiangxi, and Hunan.

The number of triad societies establishing subsidiaries in the mainland had doubled to more than 20 organisations by the late 1990s. This included Macau- and Hong Kong-based triads such as Sun Yee On, 14K, Shui Fong, Tung Luen She, Fuk Yee Hing, Wo Lee Kwan, Kwong Luen Shing, Wo Hop To, Wo Kwan Ying, Wo Shing Yee, Wo Shing Wo, Luen Shun Tong; Taiwanese mafia groups such as Bamboo United, Four Seas, San Huan Gang, Celestial Alliance, Chi Hsien Gang, Niu Pu Gang, Hsi Pei Gang, Fuh-Chow Gang; and non-triad groups such as Big Circle Boys and Vietnamese Gang.

The movement of most triad societies in this period can be regarded as the strategic actions of criminal groups. The common fund and core members of the given groups shifted from the old to the new locales. For example, six out of seven leaders of the Four Seas took a trip to investigate the mainland market in order to situate their headquarters in Shanghai, according to a Chinese academic paper by Huang Li, a professor at the South China Normal University, in 2001.

Given China's fast-growing economy and the resurgence of organised crime, criminologists, and law enforcement officials have witnessed increasing cross-border collaboration between organised crime societies in the mainland and foreign triads in the new millennium. The economic integration of mainland China, Taiwan and Hong Kong makes foreign triads economically more dependent on the mainland, encouraging triad societies to intensify co-operation with criminal groups in mainland China. Bingsong argued that the reason Hong Kong- and Taiwan-based criminal syndicates have advanced cross-border co-operation is that they wanted to make use of social capital such as *guanxi* networks (personal relationships with reciprocal obligations) and the political-criminal nexus that had already been established by locally based criminal groups on the mainland. This form of co-operation directly facilitates transnational organised criminal activities such as trafficking in drugs and humans, counterfeiting, and the illicit arms trade.

Foreign triads have accelerated the spread of triad culture to the mainland, according to Qiu. For example, several Hong Kong-based triad societies such as 14K and Sun Yee On organised initiation ceremonies on the mainland. China has witnessed the strong connection between Triad subculture, Chinese criminality and the mainlandisation of Triad norms and values. The Triad structure and subculture make triad societies extremely attractive to young people in the mainland, and youth gangs and street gangs are therefore heavily influenced by triad societies.

Since 1992, foreign triads have accelerated their investments in mainland China. These 'investors' put their capital in the entertainment industry. Many Chinese criminologists believe that the main source of funding for foreign triads in China comes from their illegal businesses. Triad members who move their businesses to the mainland usually have legitimate covers (for example, as nightclub owners and real estate agents), creating a safe place for illegal operations such as prostitution and gambling.

Prostitution and gambling

Organised crime groups such as triad societies are active in the transnational movement of Chinese women for commercial sex. A report by the US Department for Justice in February 2011 entitled *Researching and rethinking sex trafficking: The movement of Chinese women to Asia and the United States for commercial sex*, indicated that the reason some Chinese women want to go overseas is to avoid being arrested for working in the sex trade in China. According to a 2012 book, *Selling sex overseas*, by criminology professors Ko-lin Chin and James Finckenauer, Chinese women who travel overseas and engage in paid sex are most likely to be destined for Hong Kong, Taiwan, and Macau. Some observers of triad societies such as Lo and Kwok have suggested that triad-run brothels faced keen competition from cheaper sex services offered by criminal syndicates in Southern China. Hong Kong and Macau residents were able to visit nightclubs or brothels in the mainland after Hong Kong and Macau were returned to China.

The main business of triad societies is gambling. In Macau, with the development of the casino industry, a business called 'bate-ficha' (selling gambling chips in casinos that must be exchanged for cash by middle-men operating on a profit) is usually run by three major

triad societies (Shui Fong - also known as Wo On Lok - Sun Yee On and 14K), and Big Circle Boys, a non-triad organisation active in Macau. Triad societies have also expanded the 'bate-ficha' business to mainland China.

For example, co-operating with triad societies in Macau, Chongqing's notorious gang leader Chen Mingliang controlled the 'bate-ficha' business in Chongqing and took dozens of businessmen (who had to buy chips from him) on illegal gambling tours to Macau, according to the Xinhua News Agency. Chen Mingliang was sentenced to death on 3 March 2010 because gambling, online or off-line, is deemed unlawful in the mainland.

Drug trafficking

Two factors have made China an important nexus in the drugs trade. First, some of the largest drug (especially heroin) producers in the world - Myanmar, North Korea, and Afghanistan - share borders with China, making it relatively easy to penetrate. Second, a sizeable domestic drug consumption market has emerged in mainland China.

According to a report in February by the Centre for Drugs, Crime, and Public Policy in China's Southwest University of Political Science and Law, titled Chinese narcotics trafficking, "the large geographic size and multiple routes within China allow heroin to be easily transported to the port cities of Guangzhou and Shenzhen, which are adjacent to Hong Kong and Macau". Traditional organised criminal syndicates such as triad societies are closely linked to cross-border drug trafficking, although business-like criminal organisations and individual traffickers also play important roles in this type of illicit business.

From the 1970s to 1990s, the Hong Kong triads derived the largest part of their income from cross-border drug trafficking. However, the use of heroin has significantly declined in Hong Kong because heroin trafficked from the Golden Triangle and the Golden Crescent (Afghanistan, Iran, and Pakistan) is mainly locally consumed in mainland China, while psychotropic drugs such as methamphetamine, ecstasy, and ketamine are becoming popular in Hong Kong.

Threat assessment

Triad mainlandisation negatively affects China's socialist market economy. Evaluating the security threat posed by triad mainlandisation requires a study of the efficiency of cross-border law enforcement co-operation and the performance of foreign triads in the criminal underworld of mainland China.

According to a 2012 book, *One country two systems: Cross-border crime between Hong Kong and China*, by criminology professor Kam C. Wong, Hong Kong and Taiwan officials at the operational level have a close working relationship with the Chinese police. From 1980 to 1983, Guangdong province built a mechanism of cross-border co-operation with police in Hong Kong and Macau even though China was not a member of the International Criminal Police Organisation (Interpol) and the justice system in China

was fundamentally different from that of Hong Kong. After becoming a member of Interpol, China set up an Interpol National Central Bureau in Beijing in 1984 and an Interpol liaison centre in Guangdong in 1987 to work with the police in Hong Kong and Macau.

Bilateral meetings were held almost every year. Both China and Hong Kong also established an Interpol liaison officer system to facilitate mutual co-operation on a daily basis: exchanging intelligence, assisting in case investigation, helping with the return of stolen property, the location of missing persons, and procuring evidence and witnesses.

Although Taiwan is not a member of Interpol, police co-operation between Taiwan and China has always been regarded as an effective way to address cross-border criminal activity, an increasing threat to the national security of both regimes. According to a 2009 book, *The politics of cross-border crime in Great China*, by criminology professor Shiu Hing Lo, the commissioner of the Taiwan Criminal Investigation Bureau visited Beijing in mid-December 2001 for the first time, marking the beginning of cross-strait police co-operation.

Although cross-border police co-operation suffers from the phenomenon of 'one country, four legal districts', interdepartmental co-ordination between the four territories - the Chinese mainland, Taiwan and the postcolonial territories in Hong Kong and Macau - appears to have boosted cross-border crime-fighting capabilities. Yet there are problems. To some extent, Hong Kong, Macau, and Taiwan continue to lack confidence in China's legal system. As a result, the return of criminals to China is one of the most problematic issues for intergovernmental co-ordination. There are also problems of distinguishing between organised crime and individual crime. In other words, it is easy for law enforcement agencies to view organised crime as 'disorganised' activities, facilitating the movement of triad societies to mainland China.

Outlook

It appears fair to argue that foreign triads have already established themselves as viable actors in China's criminal underworld and will monopolise China's illegal markets for the foreseeable future. Favourable conditions for their success can be categorised into three areas. First, the decision to move is influenced by the presence of booming markets, including illegal markets such as drug trafficking, prostitution, and gambling. Second, the popularity of triad subculture in the mainland and the reputation built by foreign triads also contribute to their success. The third factor is the existence of a shared heritage, including a common language and ethnic ancestry.

However, triad mainlandisation will not necessarily result in the monopolisation of China's illegal markets by foreign triads. There is insufficient evidence to conclude that triad societies have become the most significant power in the criminal underworld of the Chinese mainland.

Many Western criminologists emphasise that the resurgence of organised crime and the increasing links between governmental officials and criminal syndicates pose serious security challenges to contemporary mainland China. Although foreign triads enjoy a national and international reputation for violence, they do not have an absolute advantage in the production and regulation of unlawful commodities or services in mainland China.

Locally based criminal groups that receive illegal protection from governmental officials can rise to dominate illegal markets, and cross-border co-operation between local groups and foreign triads can be established if necessary. Moreover, rampant police corruption on the mainland facilitates the regulation and control of illegal activity by locally-based criminal groups.

The push and pull factors illustrate that the mainlandisation of triad activities is a rational response to socio-economic change. Cross-border co-operation between criminal syndicates in the mainland and triad societies in Hong Kong, Macau, and Taiwan poses great security challenge to these regimes. This requires Greater China to strengthen cross-border police co-ordination. In order to combat this threat, the various law enforcement agencies of China, Hong Kong and Taiwan will need to strengthen their cross-border police co-ordination, while also rooting out the corruption that afflicts many state institutions and law enforcement bodies.



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