

Impact of Chinese Transnational Crime on Australia: Intelligence Perspectives

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Outline of presentation

- I focus on three issues in transnational crime from southern China which affect Australia
 - **Supply side:** southern China (Guangdong province)
 - **Facilitators:** Hong Kong and Macau
 - **Alliances** between Chinese and global criminal gangs

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Focus of presentation

- **Supply side: Southern Chinese transnational crime (focus on Guangdong province)**
 - Trafficking of illegal drugs (methamphetamines, precursor chemicals) to Australia
 - Counterfeit goods trafficking
 - Associated money laundering flows back to China and Hong Kong
- Future changes in Guangdong: What are the implications for transnational crime?

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Focus of presentation

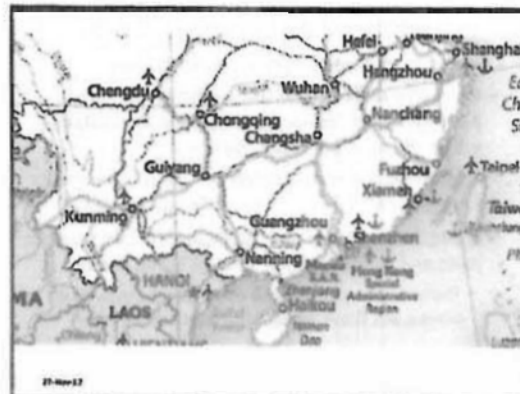
- **Transnational crime needs *facilitators* (bankers, accountants, lawyers) to arrange deals**
 - Hong Kong is a key hub for these facilitators
 - Macau is a secondary hub
 - Implications for Australian money laundering?

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Focus of presentation

- **Alliances between Chinese and global criminal gangs: Impact on transnational criminal activity in Australia?**
 - Latin American criminal gangs
 - European criminal gangs
 - North Korea
 - Vancouver (Canada)

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**Supply perspectives:
Transnational crime and money
laundering in southern China**

Transnational crime in southern China

- Guangdong is a significant source of Australia's transnational crime
 - Illegal drugs (particularly precursor chemicals and methamphetamines)
 - Counterfeit goods
 - Wide range of transnational crime in Guangdong (illegal betting syndicates, illegal timber, ivory, wildlife, "boiler room" and fake CEO scams, etc)

Transnational crime in southern China

- Guangdong is a good location for production and trafficking of illegal goods and services
 - World-class global logistics networks underpinning trafficking of illegal drugs, counterfeit goods and other illegal activities
 - Presence of a skilled workforce and equipment (printers, packaging) as well as unskilled people wanting employment
 - Close proximity to business and financial services in Hong Kong
 - Strong linkages with the global Chinese diaspora

Transnational crime in southern China

- Complexity of criminal activity in Guangdong
 - Enormous difficulties in unraveling the criminal participants and money laundering intermediaries within the province and in Hong Kong
 - Flexible networks in the legal and illegal economies (complex and fluid sub-contracting networks)
 - Guangdong has changed significantly in the past ten years and will continue to change in the future
 - The province grew rapidly using low-wage migrant labour, but these workers are needed less now

Transnational crime in southern China

- Complexity of criminal activity in Guangdong
 - Shift into high technology products and services industries
 - Impacts on crime?
 - Fewer male migrant workers who were prone to join criminal gangs
 - Fewer low-end counterfeit factories (likely to have spread to other regions in China); more technology intensive fakes
 - More cyber crime given the higher technology skills of the workforce

