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## OF CHINESE SNAKEHEADS AND MEXICAN COYOTES: The Globalization of Crime-Terror Pipelines

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The latest *White House [Strategy to Combat Transnational Organized Crime](#)*<sup>1</sup> and the *Department of Defense [Counter narcotics and Global Threats Strategy](#)*<sup>2</sup> both clearly prioritize combating transnational criminal organizations as a cornerstone of a national security strategy that will effectively undercut foreign terrorist organizations (FTOs). Indeed, the goal of disrupting crime-terror pipelines (CTPs) is at the center of a strategic realignment of the different branches of government to enable a whole-of-government approach that applies all the elements of national and international power to this global threat. But the global threat grows at the pace of global business.

### TRIAD TRAFFICKING: AN EXPANDING BUSINESS

The Ciudad del Este-centered Tri-Border Area (so named because it is bounded by Paraguay, Argentina and Brazil) has been the traditional Western heartland of illicit trafficking and Islamist funding, the economic watering hole where Chinese counterfeiters meet money launderers and traffickers who meet Middle Eastern terrorists—all doing profitable business together in a location where the size of cash transactions is third only to Miami and Hong Kong. Several of my publications<sup>3</sup> on crime-terror pipelines, though, have elucidated a far-greater threat: the collusion of state and non-state actors in linking FARC cocaine, the Chávez-sympathizing regimes of the *soi-disant* Bolivarian Revolution, and Middle Eastern terrorist groups, including Hamas, Hezbollah and Al Qaeda. I have detailed how

<sup>1</sup> <http://www.whitehouse.gov/administration/eop/nsc/transnational-crime>

<sup>2</sup> [http://www.ccoportal.org/sites/ccportal.org/files/dod\\_cngt\\_strategy\\_-\\_final\\_-\\_20110428.pdf](http://www.ccoportal.org/sites/ccportal.org/files/dod_cngt_strategy_-_final_-_20110428.pdf)

<sup>3</sup> “The Nexus of Narcoterrorism: Hezbollah and Venezuela,” Foreign Policy Research Institute E-Notes, December 2011, and “Hugo Chávez’s Long Shadow: The Venezuelan dictator’s legacy of violence will outlast him,” *The Weekly Standard*, October 17, 2011, Vol. 17, No. 05, and “The Middle Eastern - Latin American Terrorist Connection,” Foreign Policy Research Institute E-Notes, May 2011, and “Hugo Chávez’s Military Buildup and Iranian Ties,” *The Weekly Standard*, October 19, 2010.

these networks congregate around and radicalize diasporas and exploit trafficking networks to raise funds. It should come as no surprise then that another enormous global diaspora, the Chinese, is increasingly active in criminal enterprises in Latin America, as well.

Chinese transnational criminal organizations are categorically referred to as triads. They have a large base in Hong Kong, as well as throughout China, and dominate the narcotics growing jungles in the northern regions of Myanmar, Thailand, and Laos. In the U.S. the triads have their largest base in San Francisco. Of these, one of the most effective Chinese criminal networks center around the diaspora from the Fujian province of southeastern China, piggy-backing on trafficking channels and diasporas in ways that are well-familiar to those of us working in that field.

“Fujianese are smuggled across the globe by professional human traffickers. Hailing mainly from Fuzhou city and its vicinity, Fujianese arguably are the most disadvantaged, but simultaneously the most mobile overseas transnational group.”<sup>4</sup> Without the “snakeheads” (Chinese human traffickers, whose Mexican counterparts are more familiar to Americans as “coyotes”), neither the diaspora nor the criminal enterprise would be as widespread. In other words, facilitators and fixers are a key component of the environment that creates transnational criminal organizations and funds and facilitates global terrorism.

### MAKING CRIME PAY

Crime-terror pipelines are rightly studied from a global competitive perspective, much like any serious business, for research has shown that transnational criminal organizations choose their trafficking routes wisely. “More generally, migration from Fujian and the choice of destination are based on careful calculations of relative risks and income earning potential and is facilitated and perpetuated by professional migration agents who depend on a continuing flow of migrants for their livelihood.”<sup>5</sup>

Transnational organized crime therefore needs to be understood as an activity involving a broad array of actors, from criminals to terrorists to their facilitators and fixers to conducive political environments. The traditional wisdom is that they exploit weak governments, corrupting them to enable their criminal activities.

However, as my previous publications on the narco-terrorist links between the authoritarian government of Hugo Chávez, the FARC and Hezbollah have explored, corrupt strong governments can provide a unique space for the hybrid networking of state and non-state actors to profit both criminally and nationally simultaneously. The reason is simple: strong authoritarian governments with little transparency or accountability heighten the criminal conditions for criminal business profitability: authoritarian governments are both secretive and effective—and therefore excellent for illicit business.

The globalization of trade also brings with it a globalization of diasporas, both honest and criminal, and as the political landscape changes, so do business and migration patterns. This will require further examination as these relationships both deepen and expand around the world. A prime case in point is China, which has demonstrated its strategic intelligence in pursuing global opportunities that align well with its quest to secure supply lines of raw materials to feed its growing industrialization and population. China has been extending huge loans to countries in Africa and South America that take the form of contracts that guarantee delivery of raw materials to China on a particular schedule for a previously-agreed price.

### THE ROLE OF TRADE AGREEMENTS

Recent geopolitical events have forced China to find new partners. In Libya, China was a longtime backer of Col. Muammar el-Qaddafi, but has not seen its contracts honored since the revolution and Qaddafi’s death.<sup>6</sup> Likewise with the Chinese National Petroleum Company’s investments in Sudanese oil: when the dispute between Sudan and South Sudan stopped the flow of oil, China was forced to pull its engineers and look elsewhere for oil and

<sup>4</sup> Frank Pieke, Pal Nyiri, Mette Thuno, Antonella Ceccagno, “At the Margins of the Chinese World System: The Fuzhou Diaspora in Europe,” *Research Briefing 4*, Transnational Communities, Economic & Social Research Council, Oxford: 2002, p. 4.

<sup>5</sup> Pieke, et al., *Research Briefing 4*, Transnational Communities, Economic & Social Research Council, Oxford: 2002, p. 4.

<sup>6</sup> Jane Perlez. “With \$20 Billion Loan Pledge, China Strengthens Its Ties to African Nations,” *The New York Times*, 20 July 2012, A6.

minerals—like Angola, Zambia and the Democratic Republic of Congo—resulting in a whole new round of multi-billion-dollar lending to the resource-rich Third World.

The new \$20 billion loans China has announced to African governments,<sup>7</sup> echo the approximately \$80 billion in EBLs (energy-backed loans) it has extended to Venezuela.<sup>8</sup> While widely billed (by both sides of the deal) as long-term investments in local infrastructure, like roads and pipelines, there is no doubt that these infrastructure improvements help the extraction and shipments of the materials China is seeking. Furthermore, a significant clause in all these contracts is that the infrastructure development be done by Chinese labor.

The highly visible importation of Chinese workers has led to violent attacks by locals who are resentful to see foreigners employed in jobs they covet. It also means a growing diaspora of workers in key industries that can be manipulated, corrupted, extorted and blackmailed (since they have family back home in China) to provide access and assistance in illicit trafficking. It is no coincidence that as we see a rise in foreign access to shipping lanes, we see an increase in criminal trafficking involving diasporas, composed of both legal and illegal immigrants.

### A FAMILIAR FUSION OF NETWORKS

As Robert Evan Ellis has rightly pointed out, “Part of the worrisome dynamic created by such flows of Chinese immigrants is the opportunities for interaction that they create between the mafias linked to China, such as Red Dragon, which ostensibly manage the journeys of these immigrants, as the Latin American based criminal groups which control the territory through which they pass, such as Mexico-based transnational criminal organizations.”<sup>9</sup> Ellis’s research shows that Chinese immigrants illegally entering Mexico pass through areas where illicit trafficking is controlled by violent drug cartels: those entering through Mexico’s Pacific Coast pass through areas in which illicit activities such as human trafficking are well-controlled and taxed by the Juarez and Gulf cartels, while those entering Mexico from Central America follow routes controlled by Los Zetas. The interactions associated with the implied collaboration between Chinese groups and the Mexican cartels raise the potential for both these groups to diversify into other forms of collaboration, as well as violent competition.<sup>10</sup> This is what happened in Colombia with the FARC, ELN and AUC: when the Cali and Medellín drug cartels were at their zenith, it was the warring guerrilla and paramilitary groups who provided safe transport for Colombian drug cartel cocaine through their territories—until these fighting groups decided to go into the cocaine business for themselves. History, it appears, is repeating—though now closer to the American border.

The triads already have an interesting relationship with the Mexican drug cartels, particularly the Sinaloa Cartel. Mexicali, the area east of Tijuana on the California-Mexican border, has a large Chinese-Mexican population and is the base of triad operations in Mexico. Sinaloa and Tijuana drug cartels are buying most of their precursor chemicals from Asia, particularly those for methamphetamines, such as ephedrine and pseudoephedrine, while the Mexican cartel Jalisco Nueva Generación imports both cocaine from Colombia and ephedrine from China. Mexican authorities recently have been seizing increasingly amounts of these chemicals coming from China and India into the ports of Lázaro Cárdenas and Michoacán.

We have ever more evidence of the intertwining networks—to wit: many of these same chemicals have been coming into Peru, where Sinaloa and Tijuana cartels are also believed to be operating. This flow suggests a global drug supply chain: precursor chemicals such as kerosene move to “source zone” countries such as Peru, where the drugs

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<sup>7</sup>Perlez. *The New York Times*, 20 July 2012.

<sup>8</sup> See the discussion at AEI that I participated in: <http://www.aei.org/events/2012/04/12/after-hugo-chvez-chinas-strategic-advance-in-venezuela/>

<sup>9</sup> R. Evan Ellis, “Chinese Organized Crime in Latin America,” as yet unpublished, p. 6. <http://lasa.international.pitt.edu/members/congress-papers/lasa2012/files/26908.pdf> An Associate Professor, Center for Hemispheric Defense Studies, National Defense University, Fort McNair, Ellis was my co-presenter at “After Hugo Chávez: China’s Strategic Advance in Venezuela,” 12 April 2012, American Enterprise Institute, Washington, DC, a panel discussion on the oil and loan deals between Venezuela and China and their implications.

<sup>10</sup> *Ibid.*

are made and then transshipped to Mexico into the US and elsewhere.<sup>11</sup> Furthermore, Sinaloa is now shipping cocaine into Hong Kong, and ever more numerous interactions between Mexican drug cartels and Asian heroin-trafficking groups point to an ever-tighter Asian—Latin American drug connection.<sup>12</sup>

### SPOTTING THE PATTERNS

To what extent can we expect criminal networks to expand as commercial ties expand? Well, we can get some clues by looking at what we already know. We know arms enter Mexico through same Pacific Coast ports as contraband goods, including Manzanillo, which is controlled by the Hong Kong company Hutchison Whampoa, “the world’s leading port investor, developer and operator,” according to its own website<sup>13</sup>—including the Panama Canal. The global spreading of a vulnerable and dislocated diaspora working in sensitive and key trafficking industries as a result of China’s energy-based loans should only exacerbate illicit trafficking and, by extension, the terrorism fed by these crime-terror pipelines.

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<sup>11</sup> Ellis, p. 7.

<sup>12</sup> Ellis, p. 8.

<sup>13</sup> [www.hutchison-whampoa.com/en/businesses/port.php](http://www.hutchison-whampoa.com/en/businesses/port.php)