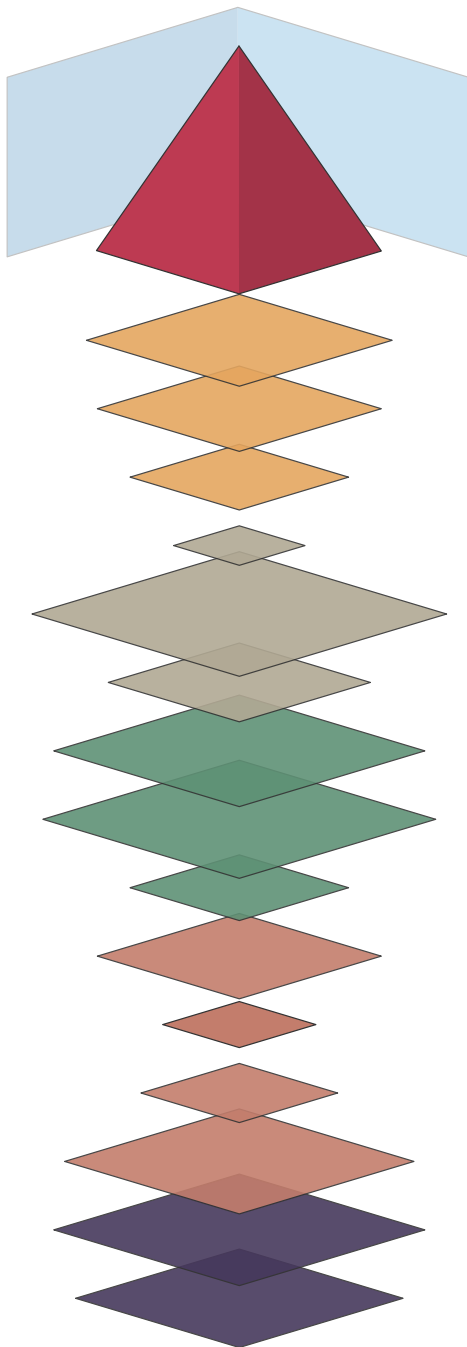




# CHINA



## 6.37

### CRIMINALITY SCORE

33<sup>rd</sup> of 193 countries

14<sup>th</sup> of 46 Asian countries

1<sup>st</sup> of 5 Eastern Asian countries



### CRIMINAL MARKETS

**6.53**

HUMAN TRAFFICKING	7.00
HUMAN SMUGGLING	6.50
EXTORTION & PROTECTION RACKETEERING	5.00
ARMS TRAFFICKING	3.00
TRADE IN COUNTERFEIT GOODS	9.50
ILLICIT TRADE IN EXCISABLE GOODS	6.00
FLORA CRIMES	8.50
FAUNA CRIMES	9.00
NON-RENEWABLE RESOURCE CRIMES	5.00
HEROIN TRADE	6.50
COCAINE TRADE	3.50
CANNABIS TRADE	4.50
SYNTHETIC DRUG TRADE	8.00
CYBER-DEPENDENT CRIMES	8.50
FINANCIAL CRIMES	7.50



### CRIMINAL ACTORS

**6.20**

MAFIA-STYLE GROUPS	6.50
CRIMINAL NETWORKS	7.50
STATE-EMBEDDED ACTORS	7.00
FOREIGN ACTORS	3.00
PRIVATE SECTOR ACTORS	7.00



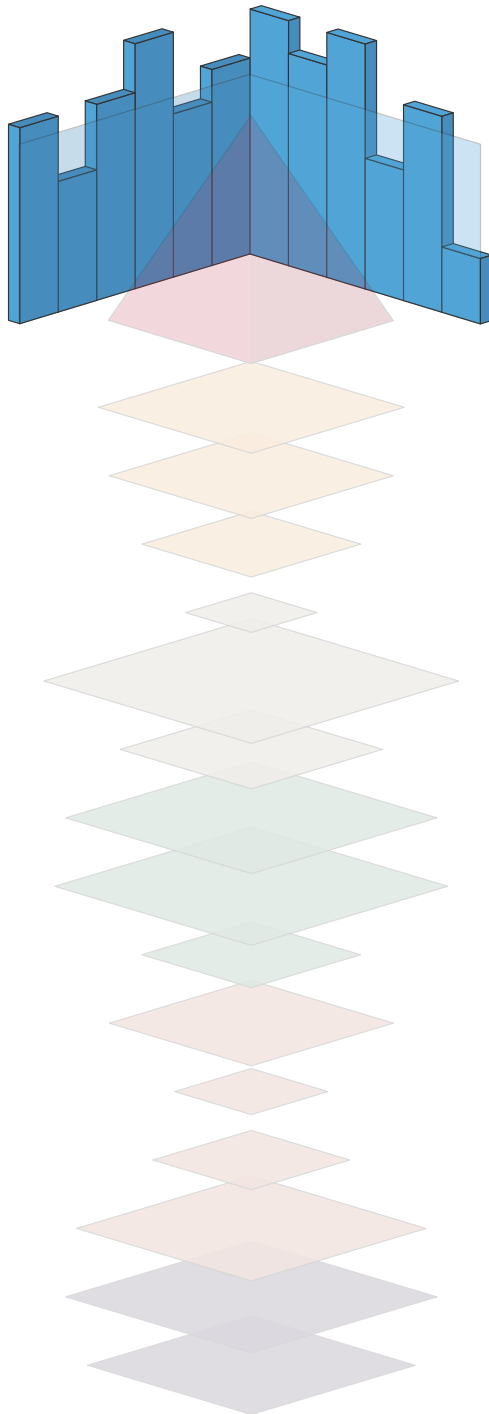
## 5.67

### RESILIENCE SCORE





# CHINA



5.67

## RESILIENCE SCORE

49<sup>th</sup> of 193 countries  
7<sup>th</sup> of 46 Asian countries  
3<sup>rd</sup> of 5 Eastern Asian countries

POLITICAL LEADERSHIP AND GOVERNANCE	6.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	4.00
INTERNATIONAL COOPERATION	6.00
NATIONAL POLICIES AND LAWS	7.50
JUDICIAL SYSTEM AND DETENTION	5.00
LAW ENFORCEMENT	6.00
TERRITORIAL INTEGRITY	7.50
ANTI-MONEY LAUNDERING	6.50
ECONOMIC REGULATORY CAPACITY	7.50
VICTIM AND WITNESS SUPPORT	4.00
PREVENTION	6.00
NON-STATE ACTORS	2.00



6.37

## CRIMINALITY SCORE



CRIMINAL MARKETS 6.53



CRIMINAL ACTORS 6.20



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# CRIMINALITY

## CRIMINAL MARKETS

### PEOPLE

China is a source, transit, and destination country for human trafficking. Criminal groups, local gangs, and state-embedded actors are all involved in this illegal activity. Women in China are exploited for sexual activities, and foreign nationals are promised jobs but forced into commercial sex. Children of foreign families and those with developmental disabilities are victims of forced labour and forced begging. State actors are accused of subjecting minority groups such as the Uyghur in Xinjiang to forced labour as part of mass detention and labour transfer schemes. Chinese nationals are exploited in Chinese projects abroad, and foreign fishermen are exploited in China's distant water fleet. Despite law enforcement initiatives, the exploitation of women, children, and minority groups, as well as organ trafficking and the falsification of travel documents, continue to make human trafficking a lucrative business for criminal groups and individuals in China.

China is a significant participant in the global market for human smuggling. Chinese nationals are smuggled to and through South East Asia and further to North America, Europe, and other parts of the world. The demand for smuggling services remains high because of economic ambitions and work opportunities in other countries. Sometimes, exploitation and coercion are involved. Smugglers promise employment opportunities beforehand but force their victims into sex work and marriage upon arrival at their destinations. The COVID-19 pandemic has affected human smuggling in China, with illegal border crossings to mainland China increasing because of a surge in cases in Hong Kong. Some smugglers have begun using unidentified boats to smuggle people into China to avoid lengthy quarantine procedures required by authorities.

Gang-led extortion and protection racketeering is not widespread in China. Extortion was a main source of income for criminal groups in Hong Kong, but it has been brought under control by strong law enforcement. Currently, this activity mainly involves tradespeople and workers.

### TRADE

China's arms trafficking market is relatively small, even though the country is a source of and a destination for trafficked firearms. Despite strict gun laws, most reported cases of arms trafficking involve individuals and criminal gangs operating within China, with primarily domestic actors profiting from this market. Rural areas, mining areas, and urban-rural fringes have been identified as prone to gun

crimes. The authorities have encouraged citizens to report illegal arms, and those in possession of such weapons to turn themselves in, but these calls have not been effective in curbing the phenomenon.

Counterfeit goods have a long history in China, and the country is currently the world's major source for these items, which range from luxury apparel to electronics. The growth of e-commerce and social media platforms has facilitated this trade, with Chinese platforms being listed as notorious markets for counterfeiting and piracy. Chinese authorities have taken visible steps to counter the counterfeit goods market, but the issue remains rampant. Investigations into intellectual property rights and the sale and manufacture of counterfeit goods have increased in recent years. Despite improvements in anti-counterfeiting processes and tools adopted by e-commerce platforms, the high volume of counterfeit products sold on these platforms remains a concern for rights holders. The Chinese counterfeit goods industry is linked to Chinese Triads, which generate worldwide turnovers of billions of dollars, with a large part of the money being reinvested in the legal economy.

The illicit trade of excise goods is a thriving criminal market in China, with Hong Kong and Macau serving as key transit hubs because of their laxer import regime. Smuggled goods include alcohol, cigarettes, beauty products, luxury goods, and electronic products. Crime syndicates are reportedly involved in these activities, with e-commerce platforms contributing to the illicit trafficking. Transnational tobacco companies have been accused of smuggling their own products or working with smugglers to sell their products on black markets and avoid excises around the world. State-embedded actors, particularly corrupt customs officials, are also reported to facilitate this illicit trade in the country, especially during the COVID-19 border closures.

### ENVIRONMENT

The issue of flora crimes in China mainly revolves around the illegal logging and trafficking of timber, with rosewood being a highly sought-after species. China ranks among the top 10 consumer markets for flora crime in the world. Chinese organized crime networks dominate the illicit trade in rosewood, and Chinese logging companies operating abroad play a significant role in the illegal timber trade. During the pandemic, criminals resorted to air cargo instead of sea cargo to smuggle illegal timber. Corruption in source countries enables illegal logging and trafficking to continue. There is a significant illegal trade in orchids harvested in China and abroad, as well as plants harvested illegally for use in Chinese medicine or decoration.

China is widely recognized as the largest destination for illegal wildlife trafficking in the world, with various domestic and foreign criminal actors involved in the illicit supply chain. Illegal wildlife products are seen as investment assets and status symbols and are also used in traditional Asian medicine and remedies, hence the high demand. After the outbreak of COVID-19, the Chinese government immediately banned the trade and consumption of wild animals, but the vibrant wildlife trade continues because of the ban's many loopholes. Hong Kong, which has weak traceability systems for legal wildlife trade, plays a role in the illegal trade and is a major transit hub for re-exporters. Criminal actors in China's wildlife trade are primarily organized criminal groups involved in trading and smuggling rather than poaching or distribution. Flows into China decreased during the pandemic but are expected to rise rapidly as the country reopens. Despite China's crackdown on the trade, a total ban on elephant ivory sales, and an increase in convictions, black market trade persists, with rhino horn products often smuggled into China from neighbouring South and South East Asian countries. Illegal, unreported and unregulated fishing continues to be rampant not only within the country but also in other parts of the world, where Chinese distant water fleets exploit fish stocks in other nations' exclusive economic zones.

China's involvement in illegal mining and trafficking of non-renewable resources is widespread and well-documented, particularly in the markets for strategic minerals such as lithium, rare-earth metals, cobalt, and coltan. Chinese actors, including criminal groups and independent offenders, are heavily involved in mining activities in various countries, some of which are illegal. Reports suggest that China is the destination for much of the illegally trafficked minerals from Africa, and there are reports of Chinese illegal mining operations in South America and South East Asia. China's state-driven appetite for strategic minerals and the country's involvement in illegal mining will probably expand with the Belt and Road Initiative. Oil smuggling is prevalent in China, particularly in the Pearl River Delta and the Yangtze River Delta, where dozens of smuggling rings were dismantled in recent years. Smugglers sometimes transfer diesel from countries such as Vietnam, Hong Kong, and Taiwan. Despite efforts to tackle the problem, will probably persist in the absence of robust anti-corruption safeguards at Chinese companies.

## DRUGS

China is one of the world's largest illicit heroin markets, with opioids being the second most abused substance in the country, despite the decrease in heroin consumption observed in recent years. Most opioids come from abroad, particularly from the Golden Triangle at the Laos-Thailand-Myanmar border. Additionally, heroin from Afghanistan enters China through Pakistan and the western province of Xinjiang. The penetration of heroin from the Golden Crescent (the illicit opium production area at the crossroads

of Central, South and Western Asia, covering Afghanistan, Pakistan, and Iran) in China has intensified. The COVID-19 pandemic has weakened the fight against drug trafficking in the region, and restrictions imposed on air and land transportation have increased drug trafficking by sea. The pandemic has led to growing unemployment, with more poor and vulnerable people turning to drug use or engaging in drug-related crimes. Although domestic demand for cocaine is low, China acts as an increasingly important transit point for transnational cocaine trafficking originating from South America and destined for Hong Kong, Australia, New Zealand, and other countries in the region. The influx of cocaine into China has intensified in recent years.

China has strict laws against the use of cannabis as a drug but allows the cultivation of industrial hemp with low levels of THC. China is primarily a destination country for the illegal cannabis trade, with local demand on the rise. Foreign students and Chinese nationals who have studied or worked abroad are suspected of smuggling cannabis into the country by using international delivery services. Criminals in China are acquiring cannabis cultivation techniques from foreign websites and applying these techniques to grow and sell cannabis in the country. In recent years, cannabis smuggling from North America has increased, and the number of marijuana users has risen. Chinese buyers use foreign communication software or the dark net to place orders, and foreign sellers hide cannabis in international parcels and smuggle them from the south-east coast.

Synthetic drugs are the most commonly used drugs in China, accounting for more than half the total drug use in the country. Although China has implemented strict laws and regulations to combat the synthetic drug market, it is still a major source country for the international market. Transnational crime syndicates, independent traffickers, and foreign actors are involved in this illegal trade in response to the high demand for synthetic drugs. However, large-scale production activities have been curbed through special operations carried out by Chinese law enforcement targeting drug manufacturing. In this respect, China has shifted from being a source to a destination country, with increasing incidences of drug trafficking from the Golden Triangle. The abuse of new psychoactive substances and controlled drugs has become a major concern in China. During the COVID-19 pandemic, the circulation of substances such as poison candy and poisonous milk tea increased significantly because of difficulties in obtaining common drugs. Hong Kong has experienced a significant increase in synthetic drug trafficking, especially ketamine.

## CYBER-DEPENDENT CRIMES

Cyber-dependent crime is a growing problem in China, with an increasing number of reports of personal information infringements and hacking. Experts agree that criminal organizations involved in cybercrime in China have become

more organized and sophisticated in recent years. These groups use a range of techniques, including distributed denial-of-service attacks and malware, and they approach their activities like a market-driven business. They are highly structured, with a clear chain of command, and have moved from using ordinary Chinese chat platforms to operating on the dark web. Despite China's ban on cryptocurrency-related activities in September 2021 to eradicate illegal activity, cryptocurrency-related crimes are still committed. Some countries have accused the Chinese government of sponsoring hacking activities and cybercrime abroad, but Beijing has consistently denied these allegations.

## FINANCIAL CRIMES

Financial crime is widespread in China and is difficult to track because of the lack of transparency in corporate affairs. Cyber-enabled financial fraud such as brushing, false investment schemes, fraudulent loan schemes and impersonation of customer service operators recur most frequently. Cyber-enabled financial crimes are a fact of life in China because of its fast-growing middle-to-high-income population, with most incidents involving gambling. Criminals are now targeting the Chinese diaspora abroad, as the Chinese government has adopted measures to combat such activities domestically. Tax evasion is a major concern, and China has vowed to intensify its fight against it in the coming years. Although embezzlement and misuse of funds do occur in China, they are typically linked to individuals or companies. No prominent cases of organized crime group-related financial crimes have emerged.

## CRIMINAL ACTORS

In mainland China, mafia-style groups tend to be small, and their control is limited to local areas. They are primarily involved in criminal activities related to finance and transportation, and often have some interaction with corrupt state officials. These groups have limited access to weapons and their level of violence is generally low, with extortion being a common practice. In contrast, the Triad groups in Hong Kong have considerably larger memberships and are involved in multiple criminal markets, including illegal gambling, drug trafficking, and sex work.

Despite their limited access to weapons, the Hong Kong groups are structured and hierarchical, with distinct codes of conduct and a defined leadership. There has been a crackdown on gang crimes in recent years which resulted in the dissolution of several mafia-style groups in the country. However, these groups continue to be well-financed and enjoy political protection to control certain territories.

Criminal networks in China are often transnational, focusing on specific areas within the country, and collaborating with foreign actors. These networks mainly operate in human trafficking, human smuggling, wildlife trafficking, and the drug trade, but there is no evidence to suggest that they are associated with significant levels of violence. In contrast, so-called 'dark and evil forces' are smaller groups without clear leadership who commit illegal acts, bully citizens, and cause harm to society. They are often hired by local governments to evict residents, to collect taxes and exactions, and to harass protesters. Corruption among state officials remains a significant issue, despite numerous anti-corruption campaigns. This suggests that the state sector is significantly exposed to criminal activities. The Chinese government has taken steps to eradicate corruption, but there are suspicions that the anti-corruption drive is politically motivated rather than signifying a willingness to curb illicit activities. There is no evidence to suggest that the Chinese government influences or is engaged in criminal markets. However, reports on the linkages between individuals of the state apparatus and criminal actors suggest the existence of some form of engagement between state and criminal elements, potentially with the state providing forms of protection.

Foreign actors are particularly active in south-west China, which borders countries such as Myanmar and Vietnam. However, transnational organized crime linked to China is often driven by Chinese diasporas abroad, rather than by locals. As a result, foreign actors have no control of criminal activities within China, but they do play a significant role in the illicit drug trade, wildlife trafficking, human trafficking, and counterfeiting. Private sector actors are mostly involved in financial crimes and smuggling activities as well as money laundering. They often launder illegally sourced money through gambling and real estate investments, with money laundering operations occurring on a transnational scale.

# RESILIENCE

## LEADERSHIP AND GOVERNANCE

The government has demonstrated its determination to fight organized crime through various strategies, and has been relatively effective, with a continuing stance against organized crime. The Chinese government exhibits strong authoritarianism with the weakening of institutions and increasing concentration of power. The recent COVID-19 outbreak and extreme confinement policies may have shaken the confidence of some citizens to a certain degree, but trust in the government remains fairly high.

Corruption remains a serious issue in China, despite efforts and campaigns carried out over the years to tackle this issue. Some of the most evident forms of corruption have been eliminated but other forms of corruption have emerged, such as collusion among high-level officials to redistribute formerly state-owned assets to themselves and politically-connected firms. Corruption in property rights handling in rural areas is considered endemic, and the lack of transparency and government accountability, particularly among high-ranking members of the Communist Party, leads to major cases of corruption being hidden from the public and relevant government offices for a long time. Human rights and fundamental freedoms are lacking in China, making it impossible for civil society and a free press to serve as anti-corruption watchdogs. The Central Commission on Discipline Inspection (CCDI) has a central role in combatting corruption within the Communist Party of China. However, the CCDI, a body that functions beyond the criminal justice system, is known to use the abusive Shuanggui system while conducting corruption investigations, resulting in serious human rights abuses ranging from solitary confinement and lack of access to lawyers to ill treatment and torture.

China has ratified several international conventions and treaties related to organized crime, extradition, and judicial assistance, and has entered into asset return agreements with countries around the world. The country is particularly interested in intelligence sharing for drug trafficking, and authorities have found that countries in South East Asia are willing to share information with them. However, there are concerns about the confidentiality of the information shared with Chinese authorities and the potential for it to be used for political purposes. Despite China's global leadership position, there are concerns about its commitment to international cooperation and transparency, particularly when it comes to issues of human rights and democratic values. Some critics have accused China of using its international agreements to legitimize its own domestic policies and suppress dissent, rather than truly cooperating with other countries to combat transnational crime.

Organised crime has been criminalized in China and the legal framework specifies punishments for criminal actors in a wide range of illicit markets. Some crime types face extremely stringent punishments, but penalties for people involved in organized crime are seen as relatively light in comparison to the harm caused to society. China recently adopted an anti-organized crime law and has had a cybersecurity law in place for several years. The government is working on a law to combat telecommunications and online fraud, and the banning of cryptocurrency-related activities is Beijing's attempt to tighten control over the digital domain, its narrative, and evolving economic trends.

## CRIMINAL JUSTICE AND SECURITY

The Chinese judicial system does not have a specific unit dedicated to dealing with organized crime, but courts can pass judgments against perpetrators. Financial reforms to the judicial system are still incomplete, as many courts rely heavily on local governments for their daily operations and judges' compensation. The Communist Party's control over the judicial system affects its performance and transparency. The lack of judicial independence also results in the judiciary being used as a tool by the Chinese government to repress dissent. The Ministry of Justice manages the prison system in China, but there have been cases of corrupt prison personnel. China's prison law provides general protections for prisoners, but it is unclear whether the Chinese prison system meets international standards and complies with minimum rules. Forced labour is reportedly prevalent in prisons and other detention facilities, with minorities like the Uyghur being subjected to degrading and inhumane conditions.

China's security forces are well-resourced and have a high level of law enforcement capacity. The country has established a national office to combat organized crime. Local communities generally trust law enforcement agencies, but private actors are sometimes involved in policing local communities. China's extensive border with neighbouring countries poses challenges in monitoring and preventing transnational organized crime activities. Yunnan and Guangxi provinces are particularly vulnerable to drug production and trafficking because of their location along trafficking routes. However, strong law enforcement and border control have made the country less vulnerable to the threat of organized crime. The COVID-19 pandemic highlighted difficulties in managing China's porous borders, especially with the influx of people across poorly policed frontiers shared with Laos, Myanmar, and Vietnam. The Chinese government exercises tight control over the cyber-domain and is believed to have significant offensive cyber power. Even though there are fewer documented cyber-attacks against mainland China than the many reported attacks

against foreign countries and institutions attributed to Beijing, China has accused the US of a series of hacks against its institutions and companies in recent years.

## ECONOMIC AND FINANCIAL ENVIRONMENT

China has been making efforts to prevent financial crimes such as money laundering for over two decades, with banks being required to track capital sources and verify shareholder and executive backgrounds. However, the current anti-money laundering system has limitations, resulting in incomplete access to data, fragmented analysis and dissemination, and a lack of a holistic view of the problem. Anti-money laundering campaigns typically address cases involving corruption, tax evasion, and organized crime. The authorities have identified risks such as bogus transactions through shell companies, cash trafficking, and transfers through bitcoin and other virtual currencies. Mainland China is at greater risk of money laundering and terrorism financing than Macau and Hong Kong, which are both considered global financial centres. However, China's economic regulatory environment generally protects legitimate businesses. Organized crime groups do not dominate any specific sector, and the country has strong measures in place against this type of criminal behaviour. Some criminal groups do offer financial services, but their reach is limited.

In recent years, China has tightened economic regulations on technology companies, prohibited cryptocurrencies, and passed a new personal data privacy law to regulate cyberspace, adding more compliance requirements for companies in the country. However, China has been accused of evading international sanctions by importing oil from countries like Iran and Venezuela and providing North Korea with sanctioned resources. Low or non-existent import tariffs in Hong Kong incentivize the smuggling of goods into Mainland China, creating a black market. Despite regulatory actions aimed at countering monopolistic practices and other tactics that are perceived to be economically dysfunctional, China's economic regulatory environment remains relatively stable and protective of legitimate businesses.

## CIVIL SOCIETY AND SOCIAL PROTECTION

There is no permanent mechanism in place for the treatment and care of victims of organized crime in China, and whether victims are helped depends on individual cases. Witness protection measures are in place, but victim treatment is not as well established. However, some social organizations do participate in drug treatment programmes. The government is now shifting towards treating drug users as patients who need care and assistance. But, national attitudes towards this part of the population remain negative. The government has implemented programmes to share information about and enhance knowledge of drugs.

China does not have national or regional prevention strategies in place to combat organized crime, but some local authorities and communities have taken the initiative to promote prevention measures. In relation to human trafficking, China has faced criticism for prescribing less severe punishments for people who buy trafficked women and children.

Non-state actors play a limited role in combating organized crime, as civil society and media are strictly controlled by the government. The fight against organized crime is primarily carried out by the government, but citizens are encouraged to provide information on organized crime, and non-state organizations are active in fields such as illicit animal trade and drug use prevention. Media outlets in China rely mainly on government sources for their coverage of organized crime. The media landscape is characterized by the control of news and information, as well as online surveillance. Overall, China is considered the biggest jailer of press freedom defenders, and the situation has deteriorated further during the COVID-19 pandemic. The nation is not considered free, as the Communist Party has been tightening control over almost every aspect of citizens' lives. The crackdown on independent civil society in recent years further restricted the autonomy of NGOs.

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