

# SECURITY INSIGHTS

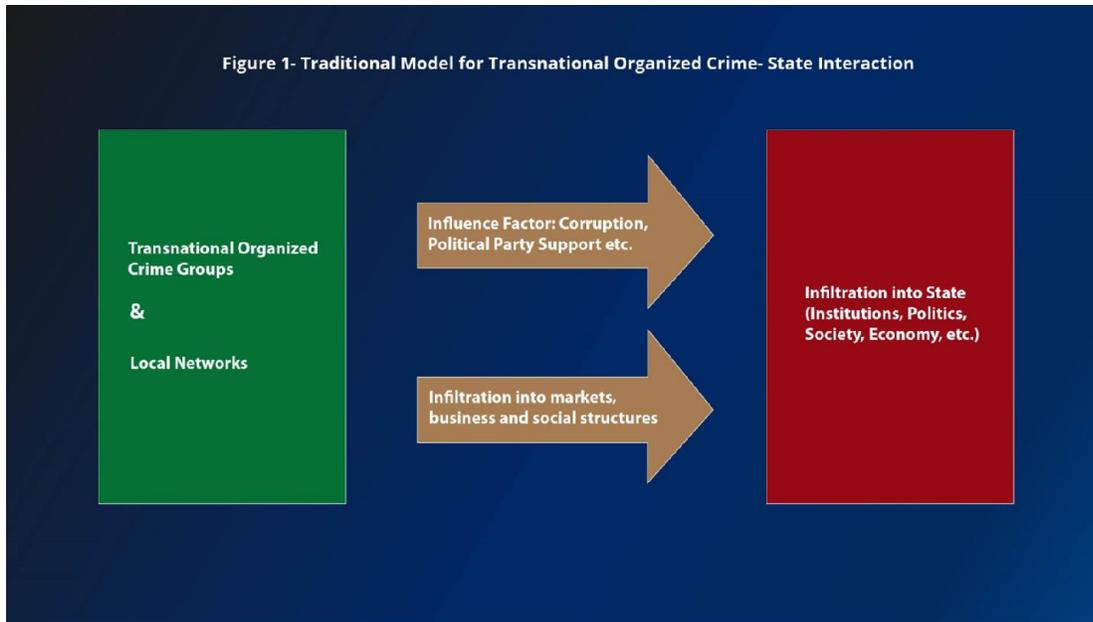


## Strategic Competition: International Order and Transnational Organized Crime

[by Cüneyt Gürer](#)

### Introduction

Contemporary strategic competition discussions consider states as the main actor in the international context where the competition takes place. The real nature of the competition is complex and requires looking closer at the role of non-State actors and their operations. Transnational organized crime groups involving various types of illicit activities took less attention within the strategic competition discussions. Although the competition is theorized among states and mostly occurred through state capacities, transnational organized crime groups provide opportunities for the autocratic states against their rivalries. This short analysis argues that democratic states should consider the potential of illicit groups for autocratic states as a tool in the competition framework and initiate transnational policies to prevent TOC involvement in the strategic competition.



### Strategic Competition: Hard and Soft Security Issues

Strategic competition (SC) has many levels and operational dimensions, however two issues are critical when we talk about the competition at the global scale: Military power and economic strength. The digital domain is also becoming more visible in the competition debate. The State-to-State interaction framework is the main pattern analyzing state behavior in the contemporary strategic competition debate. It proposes that states balance each other mostly using hard power supported by the economic strength. Hard power in the power competition

does not lose its significance; nonetheless, soft power options become much more available and less costly for states to obtain a clear advantage over the competing power.

Strategic competition at the regional and global level include issues that are not always related to hard power and traditional security issues. This is related to changes in the definition of “security” after the Cold War and the inclusion of soft security issues as the main threats to the national security of states. Many non-traditional security issues take a significant place in national security strategies of states and these issues occurring at the same time create instabilities and emerging threats at the regional and global level. Expanding the definition of “security” to include “soft security” issues that are non-military in nature and increasingly threatening to the global security domain, brought these non-military security elements to the attention of discussions surrounding power competition among States. Traditional understanding of these threats assumed soft security challenges emerge independently from States’ involvement (direct or indirect) and does not consider States use of these actors to reach their objectives. However, as the competition becomes more obvious, States look for opportunities to use every possible way of using these threats for their advantage.

An analysis by Dominic Tierney<sup>1</sup> claims “Future great-power competition, like earlier counter-terrorism efforts, may occur within insecure states and feature alliances with non-state actors.” States also feel the pressure of soft security challenges in times of domestic, regional and global transitions. As an example, Marleku and Reka (2018) argue that “due to geopolitical, political, economic and cultural factors, the states in the region suffer more from non-traditional or “soft security” rather than “hard security” threats.” The same authors also connect the emergence of organized crime in the Western Balkans to the post-communist transition in the region after the collapse of Yugoslavia.

Similarly, a more recent example (conflict in Syria) created significant consequences for the international community, but as the conflict stabilized and the air cleared, re-design of illicit power structures defined the new threat for the region. Haidar (2019)<sup>2</sup> claims that the aftermath of the Syrian War could create a fertile ground for the emergence of groups that are conducting illicit activities across the region. Emergence of transnational organized groups in the post-conflict settings will have a destabilizing effect at the domestic and regional level. Operating at the local level in infancy, these groups create a shadow economy and protection structure for businesses which should be provided by the State itself. As the weakness of the state creates those structures, the existence of these groups prolongs the state weaknesses. Several cases show that these groups start acting at the regional level and adapting to new demands of the illicit markets which then make them bigger threats for national and regional security. What makes those groups significant for this study is those groups later become agents of undemocratic states in different regions of the world.

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<sup>1</sup> Tierney, Dominic (2021). The Future of Sino-U.S. Proxy War. Texas National Security Review. Online: <https://tnsr.org/2021/03/the-future-of-sino-u-s-proxy-war/>

<sup>2</sup> Line, Haidar (2019): The Emergence of the Mafia in Post-War Syria: The Terror-Crime Continuum, Studies in Conflict & Terrorism, DOI: 10.1080/1057610X.2019.1678869

## Strategic Competition and Transnational Organized Crime

Although considered as a negative externality of globalization,<sup>3</sup> consisting of independent illicit actors focusing mostly on economic intensives, states' connections with transnational organized criminal groups and the role they play in power competition did not receive much attention by the policy and academic circles. One can argue the reasons for overlooking the role of transnational organized crime groups in strategic competition; however, for the purpose of this study two reasons are important to consider. The first one is the limited understanding of the mechanisms of how TOC groups functions and how they develop relations with nation states at the international level.

The second important issue is related to the competition discussions which mainly focused on the issue from a *Realist* international relations perspective, putting the state and relative power gain at the center of the debate. Connected to this argument, the legacy of Cold War in security studies and the patterns of thinking designed from past experiences is another reason for not including TOC groups and other non-State actors in the strategic competition debate. This article takes a different approach and argues that non-State actors will have a much bigger role in the strategic competition and non-Democratic states will be more likely to use TOC groups in the competition environment because their political regime structure allows them to work with illicit actors (such as TOC groups). Explaining how that happens requires more data and in depth analysis of certain cases showing clear connections of the state interacting with those groups and that is a challenging task.

The Cold War legacy of understanding strategic competition between great powers limits seeing new areas and alternative dimensions of the competition environment. The current competition environment has more room for states to act in gray zone activities in which non-state actors have greater experience and expertise to operate. The gray area represents the ability of these groups to adapt to new developments and changes surrounding their environment. Both having links to licit and illicit activities including, but not limited to, business activities and other type of operations.

Both the activities and structures of these TOC groups create opportunities for autocratic states that they can easily manipulate with limited contact and always with deniability options which makes them effective tools in the competition environment. Historical examples of how totalitarian states controlled and used the criminal world for political purposes shows that when they need to, autocrats do not hesitate to use criminals, both at the domestic and international level, to remain in power and gain advantages against their rivals. Walter Kemp<sup>4</sup> provides an

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<sup>3</sup>Gachúz, Juan Carlos. 2016. *Globalization and Organized Crime: Challenges for International Cooperation*. Issue brief no. 07.06.16. Rice University's Baker Institute for Public Policy, Houston, Texas.

<https://scholarship.rice.edu/handle/1911/92471>

<sup>4</sup> Kemp, Walter (2020). Transnational Tentacles: Global Hotspots of Balkan Organized Crime. Global Initiative Against Transnational Organized Crime Research Report <https://globalinitiative.net/analysis/transnational-tentacles-wb6/>

excellent background of the connection between criminal elements originating from the Western Balkans that once worked closely with state institutions, now becoming a major problem in different parts of the world. He argues criminals were encouraged to leave the country and given passports and other travel documents to leave the country. After providing such support, State institutions used those criminals for “various assignments.” He uses Albania as an example, in which the regime, in 1966, was actively involved in smuggling to ease financial challenges and at the same time allowed the state to control criminal structures in the country. During the international embargo imposed between 1992 and 1996, the black market became the main source of the exchange of goods and the former Yugoslavian state relied heavily on criminal markets to keep the inflow of basic needs of the market. Criminal groups also played a big role in preserving peace in the country and Slobodan Milosevic merged organized criminal groups, not only to use them, but also supervised the black market to use its structures and capabilities.

Contemporary autocratic regimes and their leaders adapted their tactics and strategies to the new realities of the international system, but their desire and openly controlling and cooperating illicit groups remained the same. As the competition takes place in different domains, more evidence of autocrats cooperating with criminal groups is becoming available. A recent Foreign Affairs analysis<sup>5</sup> indicates that China and Russia have weaponized corruption and used it as a “core instrument of national strategy exploiting democratic countries’ vulnerability to this kind of malign influence.” This type of influence is observed also towards weaker and less democratic countries directly and through non-State actors such as TOC groups or proxy forces in conflict situations. According to Christensen (2021)<sup>6</sup> China and Russia has different attitudes in the strategic competition. On the one hand, China benefits from the current international system and does not directly attack the system or export the Chinese model; whereas, on the other hand, Russia considers itself as the victim of the current international system in which its economy and society do not develop, therefore it tries to break the current system. However, Chinese individuals with their connections to the State institutions are involved in various types of illicit activities. According to German DW English news,<sup>7</sup> On 09 December 2020, the US Department of Treasury applied sanctions on Chinese organized crime figure, Wan Kuok Koi, also known as “Broken Tooth,” with the accusation that he used state-backed projects to expand his criminal activities. According to the US Department of Treasury, Wan is a member “of the Communist Party of China’s Chinese People’s Political Consultative Conference, attached his criminal operations to Beijing’s Belt and Road initiative, a massive infrastructure project that aims to build trade and transport links from East Asia to Europe.” According to the US

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<sup>5</sup> Rudolph, J. (2021) The Fight Against Corruption Needs Economists, Foreign Affairs, (May 17) Online: <https://www.foreignaffairs.com/articles/2021-05-17/fight-against-corruption-needs-economists>

<sup>6</sup> Christensen, Thomas (2021) There Will Not Be a New Cold War The Limits of U.S.-Chinese Competition, Foreign Affairs, <https://www.foreignaffairs.com/articles/united-states/2021-03-24/there-will-not-be-new-cold-war>

<sup>7</sup> US sanctions Chinese triad boss 'Broken Tooth' Wan Kuok Koi: <https://www.dw.com/en/us-sanctions-chinese-triad-boss-broken-tooth-wan-kuok-koi/a-55889781>

Department of Treasury, his organization “engages in drug trafficking, illegal gambling, racketeering, human trafficking, and a range of other criminal activities.”

The Center for Strategic and International Studies (CSIS) analyst Jonathan Hillman commented on how China’s BRI allows China to exercise political influence using construction funds in election campaigns supporting alliances in the domestic politics.<sup>8</sup> In Sri Lanka, Chinese construction funds were used for elections.<sup>9</sup> In another case, China offered bailouts for Malaysian funds in return for deals.<sup>10</sup> China prefers to keep the authoritarian leaders in power to continue the relationships established with them, which is easier than maintaining relationships with democratic leaders. For China, investing in Venezuela has more significant meaning than economic terms but connects to overall global policy of extending its influence through political engagement.<sup>11</sup> This seems to be contrary to Chinese non-intervention policy in domestic affairs; however, support for inefficient, corrupt and undemocratic political structures became more obvious in many other cases also. The Chinese Belt and Road Initiative (BRI) operates in countries where corruption is considered as endemic. China may not be directly blamed as the main cause of corruption in those countries but BRI creates opportunities to use the weaknesses of the system and take advantage of them. China had multiple crackdowns against corruption at the domestic level starting when Premier Xi Ping took office, but there are multiple indications that China does not implement the same standards to Chinese firms acting outside the country. In Africa and South Asia 60-80% of Chinese firms pay bribes to speed up projects.<sup>12</sup>

Gilroy (2020)<sup>13</sup> explains the connection between great power competition and counter narcotics in the Western Hemisphere and demonstrates how China is unwilling to crack down on chemical precursor flows that feed the Western Hemisphere’s synthetic drug trade due to its broader geopolitical imperatives, which are shaped by great power competition. Russia has a longer history of working with TOC groups and being actively involved in their activities, wherever it benefits the Russian state. Mark Galeotti argues “What makes RBOC a particularly serious and timely challenge is the growing evidence of connections between such criminal networks and

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<sup>8</sup> Hillman, Jonathan E. (2019) Corruption Flows along China’s Belt and Road. Center for Strategic and International Studies: <https://www.csis.org/analysis/corruption-flows-along-chinas-belt-and-road>

<sup>9</sup> How China Got Sri Lanka to Cough Up a Port. The New York Times (2018): <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html>

<sup>10</sup> WSJ Investigation: China Offered to Bail Out Troubled Malaysian Fund in Return for Deals: The Wall Street Journal (2019) <https://www.wsj.com/articles/how-china-flexes-its-political-muscle-to-expand-power-overseas-11546890449>

<sup>11</sup> China’s Stakes in Venezuela are Too High to be ignored. SIPA Journal of International Affairs (2021) <https://jia.sipa.columbia.edu/online-articles/chinas-stakes-venezuela-are-too-high-be-ignored>

<sup>12</sup> Why China’s Belt & Road initiative faces overwhelming odds in its fight against corruption. ARACHNYS (2021) <https://www.arachnys.com/why-chinas-belt-road-initiative-faces-overwhelming-odds-in-its-fight-against-corruption/>

<sup>13</sup> Gilroy, C. (2020). Great Power Competition and Counter-narcotics in the Western Hemisphere. William J. Perry Center for Hemispheric Defense Studies. Retrieved from [https://www.williamjerrycenter.org/sites/default/files/publication\\_associated\\_files/Competition%20and%20Counter-narcotics%20in%20the%20WH.pdf](https://www.williamjerrycenter.org/sites/default/files/publication_associated_files/Competition%20and%20Counter-narcotics%20in%20the%20WH.pdf)

the Kremlin's state security apparatus, notably the Foreign Intelligence Service (SVR), military intelligence (GRU), and the Federal Security Service (FSB)."<sup>14</sup>

### **TOC Groups under Non-Democratic Regimes**

According to the Munich Security Conference February 2021 brief, the real power competition occurs between believers in autocracy and supporters of democracy - and authoritarian powers challenge international rule-based order for their exclusive benefit, whereas international order defends common good and shared responsibilities.<sup>15</sup> Therefore, the competition is about the value system, not necessarily directly related to hard power. Hard power is necessary to protect the common values of the international community and understanding the connection between autocratic states and illicit groups is essential to winning the war against democracy.

Working with criminal elements is related to the very nature of authoritarian government structures, which goes back to lack of transparency and having an existential desire to control every element of the society, including criminal groups. Rather than totally destroying them, authoritarian governments prefer to work with these groups and put them under their control in a way in which they can easily deny their existence whenever it is necessary. The traditional way of looking at TOC groups considers them as national security threats because their activities harm government functions, economic development, and threaten peace and security.

However, for autocratic states, those groups are only considered as a security threat when they cannot be controlled and they challenge regime survival. Autocratic states consider illicit actors as partners, and mostly tools, to advance their influence to different parts of the society and to obtain international reach to various locations. Miklaucic and Naim (2013)<sup>16</sup> argue that States working with TOC groups and their illicit behavior is a part of their rational calculation. TOC groups are only interested in having friendly relations with government institutions to keep their illicit businesses running. Having connections with autocratic states at the transnational level is not a threat for them, but rather a new business opportunity. In this context, a political regime type of a state explains why some states do not consider these groups as threats and cooperate with transnational organized crime groups.

### **Conclusion**

Strategic competition was recognized by the US in its 2018 security strategy. Russia and China were named as strategic rivalries of the US and defined as adversaries threatening the rule-based international environment. Russia, at the same time, considers the US as the main reason

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<sup>14</sup> Galeotti, M. (2017) Crimintern: How the Kremlin uses Russia's Criminal networks in Europe. European Council on Foreign Relations Policy Brief. Online: [https://ecfr.eu/publication/crimintern\\_how\\_the\\_kremlin\\_uses\\_russias\\_criminal\\_networks\\_in\\_europe/](https://ecfr.eu/publication/crimintern_how_the_kremlin_uses_russias_criminal_networks_in_europe/) (accessed on 18 May 2021)

<sup>15</sup> Bunde, Tobias (2021) Beyond Westlessness: A Readout from the Munich Security Conference Special Edition 2021, Munich Security Brief. <https://securityconference.org/en/publications/munich-security-brief/msc-special-edition-2021/>

<sup>16</sup> Miklaucic, M. and Naim, M. (2013), "The criminal state", in Miklaucic, M. and Brewer, J. (Eds), *Convergence: Illicit Networks and National Security in the Age of Globalisation*, National Defense University Press, Washington, DC.

for its decades-long problems and, most importantly, humiliation in the international area. President Putin, in a 2007 Munich Security Conference speech, made it clear for the international community that it will not follow the rules created by the US, but will establish a strategic approach that fits Russia's contemporary needs, its identity and unique set of realities.<sup>17</sup> China takes a different approach and enjoys the benefits of globalization by not directly challenging the rules-based order.

A recent *Foreign Affairs* article by Thomas J. Christensen<sup>18</sup> argues that US-China strategic competition is different from that of the Cold War-era based on three areas: ideological component, interconnected global economic structure, and these countries are not leading opposing alliance systems that are creating local conflicts. From this perspective, the structure of the international system is much more interconnected and the significance of non-State actors in the competition becomes more important. Already, established structures and connections between illicit groups and non-democratic states create an opportunities for competing states to use TOC groups for their advantage.

The rapidly changing international context and power balance dynamics, increasing amounts of pressure from globalization on states and non-State actor involvement in power competition forces states to use alternative tools in the competition. These tools vary from advanced technologies to tactics, which have been termed as irregular warfare (IW) or gray zone operations. TOC groups and illicit activities are significant leverage in this difficult to define area of power competition among states.

Traditional understanding of TOC groups argues that they not only challenge state sovereignty and hinder their functions, but also undermine the international system by free riding on the benefits of globalization. However, the contemporary competition environment offers a new role for TOC groups which provides benefits both for criminals and authoritarian states. As stated briefly earlier, states and OC groups working together is not a new phenomenon. Most of the literature on state-TOC interaction focuses on criminals trying to infiltrate State institutions through individuals connected to States using tools such as corruption or supporting political candidates. In this type of interaction, OC groups are the main initiator and the main motivation is to keep "friendly relations" with the State authorities or to have an insider to take care of their interests. Keeping low profiles and being uninterested in overthrowing a government (which also makes them different than terrorist and insurgent organizations), OC groups want to keep their illicit business safe through their connections. The second type of interactions start from the State side and State institutions develop connections with the OC groups to either control their actions or use them for their domestic/international agenda. This analysis argues that the second type of interaction requires significant attention and the potential of autocrats to work with these groups should not be underestimated.

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<sup>17</sup> Speech and the Following Discussion at the Munich Conference on Security Policy:  
<http://en.kremlin.ru/events/president/transcripts/24034>

<sup>18</sup> There Will Not Be a New Cold War The Limits of U.S.-Chinese Competition, *Foreign Affairs*,  
<https://www.foreignaffairs.com/articles/united-states/2021-03-24/there-will-not-be-new-cold-war>

