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**China's Belt and Road Initiative: The Dark Side of
Regional Connectivity**

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“Cherish life: stay away from drugs!” reads a sign on the blue wall of a modest street shop. Such warnings seem futile in the Golden Triangle – a place where drugs permeate the very fabric of everyday life. A frontier region where the dense jungles of Thailand, Laos, and Myanmar converge, the Golden Triangle has long been a lawless place. Distant from the centers of power and commerce, it has functioned as a remote, unregulated transit corridor for decades, allowing local crime networks to flourish. As early as the eighteenth century, opium poppy cultivation emerged as a lucrative enterprise for local farmers, and by the 1970s the Golden Triangle had become one of the largest hubs of narcotics worldwide.¹ Its main transportation artery, the Mekong River, has always been the main conduit for this clandestine commerce.

“Today, traffickers use fishing vessels to deliver Yaa baa”, recounts a Thai resident on the condition of anonymity. In the Thai language, Yaa baa means “crazy medicine”. For the less romantic, it means methamphetamine. “The drug is usually produced in laboratories in Myanmar. Then traffickers go to the Mekong River and await aboard a wooden boat, acting as humble fishermen. After ensuring no police are around, they approach their customers and sell them Yaa baa”. From a tiny wooden boat on the Mekong River, methamphetamines then flood into the rest of Southeast Asia and beyond, reaching unsuspecting consumers as far as Japan, Australia, and New Zealand.

¹ International Crisis Group, “Transnational Crime and Geopolitical Contestation along the Mekong”, *International Crisis Group*, August 18, 2023, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/332-transnational-crime-and-geopolitical-contestation-mekong>.



“Then, traffickers go to the Mekong River and await aboard a wooden boat...” Photo taken on the Mekong River, 2017

Venturing deeper into the Golden Triangle, one quickly learns that illicit activities extend far beyond narcotics. Local stories tell of women lured with false promises of legitimate employment, only to find themselves in the squalid underworld of massage parlours and brothels.²

“They can be sold for 300\$ per night”, somebody says. And it is not just human beings: trafficking of exotic animals is another lucrative business.

“Tiger bones, rhino horns, bear bile, pangolins... you name it. In traditional medicine, they all are believed to have curative properties, so there is high demand for them”, explains a local guide. Traffickers hide animal parts in specialized cargo compartments and even mix them with legitimate goods to disguise their presence – or their smell.³ One could find

² Radio Free Asia Lao, “Lao authorities rescue nearly 500 workers from Golden Triangle SEZ”, *Radio Free Asia*, June 21, 2022, <https://www.rfa.org/english/news/laos/human-trafficking-06212022163113.html>.

³ Virginia Comolli, Natasha Rose, “China’s New Silk Road,” *Global Initiative*, May 2021, <https://globalinitiative.net/wp-content/uploads/2021/03/Chinas-New-Silk-Road-Navigating-the-Organized-Crime-Risk-GITOC.pdf>.

ivory smuggled beneath layers of fruits, vegetables, or rice.

Once dispatched along the borders of the Golden Triangle, bribery for officials is commonplace: customs authorities regularly turn a blind eye in exchange for some cash. Eventually, drugs and wildlife products reach faraway markets, camouflaged amidst larger volumes of licit trade.



“One could find ivory from elephant tusks being smuggled under layers of fruits, vegetables, or rice...” Photo taken on the Mekong River, 2017

In this lawless domain a new player has recently emerged: China. Through its Belt and Road Initiative (BRI), Beijing pledges to improve infrastructure in low-income countries, fostering connectivity and integration, particularly in places like Southeast Asia. Indeed, Chinese-built ports, roads, bridges, rails, and special economic zones are now widespread in the region - a tangible testament to China's commitment to economic growth. However, in places like the Golden Triangle, where illicit trade thrives and governance is weak, these new constructions can be a double-edged sword. It is the timeless paradox between crime and development: while infrastructure ignites economic expansion, it also attracts criminal entrepreneurs eager

to exploit these newfound conduits for their benefit.⁴ They, too, want a piece of the cake. To them, a newly constructed railway is less about boosting trade and travel between neighbouring countries, and more about opening new avenues for trafficking in methamphetamine – or tiger bones – to markets that were previously out of reach.

Take one of China's most ambitious BRI plans: a pan-Asian Railway network designed to transport people and goods across the ASEAN market. Departing from Kunming, the capital of China's Yunnan province, the train will race at a speed of 160 kilometres per hour through Laos and Thailand. It might eventually travel down south to Malaysia and the vibrant city-state of Singapore. In less than 30 hours, people and goods could traverse approximately 3200 km, crisscrossing bustling cities, sleepy towns, and dense forests. In Bangkok, citizens seem optimistic about the project.

“Thai people are quite happy. Our transportation system has always been slow and outdated, but now we will finally be able to travel by high-speed train instead of using rusty buses or expensive flights. Second, Southeast Asia will become stronger, more connected, and more integrated than ever. The high-speed train will bring the whole region closer”, says a Thai citizen interviewed in Bangkok. The first leg of this plan launched in 2021, while its additional extension to Thailand should be operational by 2028, connecting Bangkok's concrete urban jungle with

⁴ Virginia Comolli, Natasha Rose, “China's New Silk Road.”

Laos.⁵ While the economic benefits are obvious, the vulnerabilities lie beneath the surface. The journey traverses through Luang Namtha, a notorious hotspot where humans and drugs are trafficked from Myanmar into Laos.⁶ From there, the route connects to Vientiane, and then towards Thailand through Nong Khai – another well-established corridor for human trafficking and methamphetamine smuggling. This essentially means that the very arteries of the BRI, intended to foster prosperity, could also inadvertently serve as new conduits to reinforce the illicit economy that has long plagued the region.

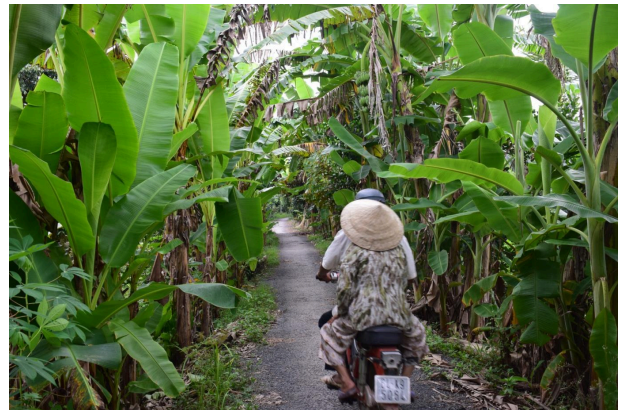
This is not all. Many Chinese entrepreneurs, often tied to criminal activities, are now exploiting the BRI construction boom for their gain. Amidst widespread confusion regarding the projects officially affiliated with the BRI, these individuals often choose to falsely align their venture with the initiative. This enables them to “free-ride” on the BRI’s legitimacy and popularity, cultivate relations with corrupted local elites, and conceal illicit activities under the expansive BRI umbrella. In 2020, for instance, the Chinese embassy in Myanmar swiftly distanced itself from the Myanmar Yatai New City, a mecca for illegal gambling and money laundering nestled in the Karen State of Myanmar.⁷

⁵ Heather Chen, “China is trying to connect Southeast Asia by high-speed rail. Here’s how that’s going”, *CNN travel*, March 26, 2024, <https://edition.cnn.com/2024/03/25/travel/china-south-east-asia-travel-train-infrastructure-intl-hnk/index.html#:~:text=>

⁶ Virginia Comolli, Natasha Rose, “China’s New Silk Road.”

⁷ Jason Tower, Jennifer Staats, “Is China Getting Serious About Crime on the ‘Belt and Road’?” *United States Institute of Peace*, Oct. 28, 2020,

The company behind the project – the Hong Kong-registered Yatai International Holding Group – actively attempted to shield its malign activities under the name of the BRI, trying to involve Communist Party agencies and giving contracts to Chinese State-Owned Enterprises.⁸ Despite this, the Chinese embassy in Myanmar quickly emphasized that “China had nothing to do” with this criminal enterprise: the Yatai New City was a private investment and not part of China’s BRI.



A narrow path through the jungle connects two villages in the Golden Triangle. Photo taken in 2017

Another example is Zhao Wei, who transitioned from running casinos in Macau and Myanmar to establishing his very own criminal empire in the Golden Triangle Special Economic Zone (SEZ) in Northern Laos.⁹ Entering the SEZ, one is quickly struck by its distinctly Chinese character: billboards in Chinese, Mandarin as the lingua franca, clocks set to Beijing time, and transactions conducted mostly in

<https://www.usip.org/publications/2020/10/china-getting-serious-about-crime-belt-and-road>.

⁸ Ibidem.

⁹ Yong Deng, “China grapples with the institutional future of the Belt and Road Initiative”, *East Asia Forum*, Apr. 26, 2024, <https://eastasiaforum.org/2024/04/26/china-grapples-with-the-institutional-future-of-the-belt-and-road-initiative/>.

Chinese yuan.¹⁰ However, amidst the newly built modern infrastructure, local communities tell of their struggles against a growing problem of drug addiction.¹¹ At the heart of the SEZ sits the Kings Romans casino, where, on the gaming floor, cash is exchanged in chips without any documentation - the bills sealed in plastic shopping bags. “Cash from illicit activities must be recycled somewhere. The Kings Romans casino is that ‘somewhere’”, explains another local guide. Signs of wildlife trafficking are also evident. Reports tell of “farms” used for breeding bears, tigers, and other endangered species, while bottles of tiger bone wine – a popular aphrodisiac – are sold inside the SEZ as a “locally produced” good.¹² It is an illicit economy booming on the Laotian side of the Golden Triangle, contributing to negative perceptions of Chinese investments and perpetuating the notion of the BRI as a form of Chinese neo-colonialism.¹³ Indeed, in many places in Southeast Asia, the “China threat” narrative is taking root, conflating China’s BRI with ethnic Chinese individuals investing in gambling, money laundering, drug trade, and wildlife trafficking.

All in all, China’s Belt and Road Initiative in Southeast Asia is encountering two

significant challenges. First, the plan is attempting to bring economic growth and enhance connectivity in regions that have long been plagued by criminal activities. Key routes of the pan-Asian railway, for example, will intersect with already established corridors for human and drug trafficking, potentially exacerbating existing security issues. Second, pervasive confusion surrounding the official status of BRI projects blurs the distinction between legitimate projects and darker undertakings, often orchestrated by Chinese economic actors outside of the plan’s scope. Navigating these complexities is a daunting task, with the reputation of the BRI - and, by extension, China – hanging in the balance. To truly win hearts and minds in the region, Beijing must prioritize the creation of a crime-proof BRI. This entails taking a firm stance against illicit trafficking while prompting Chinese investors to not only dissociate themselves from the BRI but also refrain from investing in illicit activities. As a vital transit corridor, the Golden Triangle remains a critical component for the success of Chinese development abroad. After all, economic growth is about more than just building roads – it also entails safeguarding these pathways from illicit trade.

Chiang Rai, May 2024

¹⁰ International Crisis Group, “Stepping into South East Asia’s Most Conspicuous Criminal Enclave”, *International Crisis Group*, Jan. 17, 2024, <https://www.crisisgroup.org/asia/south-east-asia/stepping-south-east-asias-most-conspicuous-criminal-enclave>.

¹¹ International Crisis Group, “Transnational Crime and Geopolitical Contestation along the Mekong”, *International Crisis Group*, Aug. 18, 2023, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/332-transnational-crime-and-geopolitical-contestation-mekong>.

¹² International Crisis Group, “Stepping into South East Asia’s Most Conspicuous Criminal Enclave”

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