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PERSPECTIVES



Transnational Organized Crime in the Gray Zone

The Authoritarian IW Toolbox and Strategic Competition

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The era of examining transnational organized crime (TOC) separately from geopolitical discussions is over. TOC is a significant destabilizing force for [countries](#) and [regions](#) across the globe. Additionally, [the connection of TOC groups to state officials](#) and political figures demonstrates that TOC is part of a growing interconnected constellation of important issues surrounding war, conflict, and states. Illicit economies conducted by TOC groups have been associated with various regional conflicts that also have global impacts. As irregular warfare (IW) becomes the new normal of interstate conflict, TOC groups are becoming useful and willing tools for authoritarian states in the new era of strategic competition. TOC-state interaction is not a new concept, but the nature of the relationship and functions of criminal groups are being redefined to match the new priorities of the contemporary security environment.

Traditional discussions on organized crime (OC) have typically covered two main orientations and functions of OC groups: organized crime as a hierarchical and mostly local threat (TOC 1.0); and organized crime at the global level, exploiting globalization's advancements and operating with less hierarchical and more adaptive network structures (TOC 2.0). The adaptability of criminal groups to new environments is usually due to their flexible network-style organizations, which are opportunistic, independent, and financially driven. In times of crisis, OC groups [adapt](#) to new circumstances and have the capacity to quickly react to sudden changes in their environment, exploiting even the most delicate situations. A recent [narcotics seizure by the Dutch police](#) in a truck that was part of the convoy carrying relief aid to [earthquake victims in Turkey](#) is a clear example of organized crime groups using every opportunity to continue their business.

Both static hierarchical type and more flexible, network-style versions of organized crime groups exist at the global level, and their operations consist of a variety of illicit actions such as drug smuggling, human trafficking, money laundering, wildlife trafficking, and more. However, it is time for democratic states to address TOC from a new perspective and start examining the potential advantages that these groups present to the authoritarian states in the strategic competition context (TOC 3.0). This analysis highlights the role of transnational organized crime (TOC) as a tool for





authoritarian regimes and argues that previous examples of connections between non-democratic regimes and organized crime groups highlight the importance of TOC and its tactics for the authoritarians' irregular warfare (IW) toolbox in the new era of strategic competition.

Traditional Approach to Transnational Organized Crime: (TOC 1.0 and TOC 2.0)

TOC and cross-border operations of organized crime activities have constantly evolved from hierarchical local mafia-type organizations into criminal networks based on loose connections and more effective tactical capabilities. In the traditional understanding of organized crime (1.0 and 2.0), policymakers approach TOC as organizations operating in illicit markets and as part of the supply and demand forces of the illicit market dynamics. They are seen as completely independent and disconnected from state structures, and considered to be the main actors in illicit markets. Under the traditional model, relations between organized crime and states begin with group members establishing a connection with state-affiliated individuals through avenues such as corruption, electoral support, and the insertion of political figures into the domestic political system as their proxies. In the most extreme cases, such as in [Venezuela](#), politicians and state officials work together with organized crime groups to seize control of the state and transform it into a [mafia state](#). Traditional assessments predict that these groups will not attempt to overthrow governments but rather to find ways to cooperate by manipulating and/or exploiting the system whenever they get the chance to [operate in the shadows](#).

The traditional understanding of TOC groups and their activities also assumes that all states (regardless of their political regime and geopolitical position) consider organized crime groups (OCGs) as a threat to their national security and a common threat to international security. As a result, it assumes that, regardless of their political regime type and position in international politics, all states will play an equal part in the global coalition countering transnational organized crime groups and activities. This is not completely wrong. Many countries that are regional and global political, economic, and military rivals still participate in global efforts to counter TOC activities. But the story does not stop here. The strategic competition environment changes how authoritarian states perceive TOC groups and their potential advantages in irregular warfare against their regional and global rivals.

Even in times when the traditional model of TOC activities and functions prevails, states showing efforts to counter selected TOC activities do not hesitate to establish connections with criminal groups and use them for their covert interests and policies. According to UN drug seizure statistics, Iran seized [20% of the total seizures of world heroin in 2019](#); yet, Iran's Islamic Revolutionary Guard Corps (IRGC) has been [actively involved in drug trafficking](#) to finance its proxy forces in the Middle East with [money generated from illicit activities](#). At the very least, some countries show a selective use of their enforcement capacity to counter transnational organized crime groups and their tactics. Nevertheless, the strategic competition environment tells us a different story.

Strategic Competition Model of Countering TOC (TOC 3.0)

According to the 2022 [U.S. National Security Strategy](#), strategic competition between the U.S. and its main competitor China, along with Russia, is shaping contemporary geopolitics, and the result is expected to determine the future international order. Strategic competition is also [considered](#) a struggle between the rules-based liberal order versus the authoritarian model which undermines freedom, rule of law, and [international commitments](#). China and Russia brazenly note their competition with the U.S., reiterating in a joint [statement](#) that "international relations are entering a new era," confirming their cooperation with ["no limits."](#)

While strategic competition is usually theorized as occurring between states and mostly through state capacities, TOC groups provide opportunities for autocratic states to compete with their liberal rivals. A closer examination of [authoritarian regimes' natural tendency to work with organized crime groups](#) at the global level is necessary. Policymakers and decision-makers must stand ready to counter these states' willingness to use OC groups as a tool of irregular warfare whenever it fits their strategic objectives.



One example of this phenomenon can be seen in Russia. State security institutions fostered connections with criminal organizations throughout the former Soviet Union. After the collapse of the Soviet Union, organized crime groups [transformed](#) by establishing even stronger connections with state institutions and developing ties with politicians. Organized criminal groups thrive in the country by cooperating with the government rather than opposing it. The intertwining of the criminal “underworld” and the political “upper world” means Russia employs criminals as agents of its authority.

Russian organized crime is a significant problem due to the [mounting evidence](#) of linkages with the Kremlin’s state security apparatus. In Ukraine’s southeast, where criminal activity has been, particularly in [penetrating legitimate structures and stealing state resources](#), Russian intelligence officials have maintained contacts for decades with [many of Crimea’s high-end illicit enterprises](#), such as [narcotics and counterfeit or untaxed cigarettes trafficking](#), which depend on ties to Russian criminal networks for survival. Sergey Aksyonov, leader of the Russia-annexed (but internationally unrecognized) Crimea, is well-known for his connections to [organized crime groups](#) since the 1990s, when, for instance, he was a member of an organized Crimean gang called Salem and supervised various firms for illicit activities. In recent years, Russia has adopted a “mobilization state” approach, relying on any available resource for its foreign interests, including criminals to traffic goods and people. The Kremlin has escalated its reliance on criminality to destabilize Ukraine and bolster its own military effort. Moreover, the illegal activities of OCGs provide Russia with financial support to [economically counter sanctions](#), such as the resource exploitation and smuggling conducted by the Wagner group, which was designated a [transnational criminal organization by the U.S. at the beginning of 2023](#). There is the possibility that the Kremlin might begin to trade Russia’s gold reserves on [worldwide criminal](#) markets if the impacts of sanctions escalate. Russia also uses cyber criminals, such as the [Snake hackers](#) or the [Trickbot gang](#), to carry out [cyberattacks](#) against Ukrainian and Western targets.

China also has a track record of using criminals for both domestic and international objectives. In Hong Kong, the Chinese Communist Party (CCP) has [employed](#) triads, such as [Wo Shing Wo](#) and [14K](#), to assault civil society activists, journalists, and other opponents. In Taiwan, China used organized crime groups to harass and threaten anti-Beijing elements and create division and chaos in the country. [Chang An-Le](#), a former leader of the [Bamboo Union](#) triad and a staunch proponent of reunification with China, established the China Unification Promotion Party (CUPP) in Taiwan. Alias “[White Wolf](#),” Chang An-Le is a convicted extortionist, heroin smuggler, and kidnapper with intimate connections to CCP princelings. [Working along with the CUPP](#), the Bamboo Union has been involved in political activities, while being engaged in [trafficking narcotics and weapons across the province](#) and abroad.

An October 2022 [report](#) by Global Financial Integrity, a DC-based think tank that monitors illicit finance and trade, examined China’s engagement in four distinct transnational crime activities: drug trafficking, counterfeiting and intellectual property (IP) theft, human trafficking, and wildlife trafficking, together with the illicit financial flows (IFFs) linked with these crimes. All these crimes have different types of consequences and value of use for Chinese state operations. However, one common aspect of all these crimes is their international connection and how they can be used as an effective tool in the strategic competition environment. As one example of the listed issues above, China plays in the U.S. fentanyl crisis creates significant concern that China is using it [as a weapon](#) against the U.S. China does this by enforcing counternarcotics policies and agreements in a way that is [“selective, self-serving, limited, and subordinate to its geopolitical interests.”](#) China is exceptional in that its own government participates in criminal conduct, such as forced labor, most notably with Uyghurs in the Xinjiang region, and [intellectual rights violations](#). An [earlier report](#) looking at how China is connected to criminal markets indicates that “Chinese criminal groups cultivate political capital with Chinese authorities and government officials abroad by also promoting China’s political, strategic, and economic interests.”

No state will openly acknowledge its connections with criminal groups, especially when those groups are well known in the illicit markets. Most of the interaction will happen in the gray zone, where the legality and illegality of the groups and their actions are not readily apparent to external eyes. In his Congressional testimony on 28



February 2023, Matt Pottinger, China Program Chairman at the Hoover Institution, asserted that China is an expert at presenting an image to the outside world that hides its real intentions and that what is discussed behind closed doors is contrary to the image China presents to the outside world. This two-facedness is common not only for China but for all authoritarian regimes in general.

We would like to offer two warnings here. First, the use of transnational organized crime in strategic competition is not limited to authoritarian regimes. No country in the world is completely immune from this type of connection. As we see in many countries, as democratic progresses backslide, political elites and government institutions tend to either use organized crime tactics or establish connections with them to manipulate the political system and maintain power. Second, democracies should not create and fall into paranoia about authoritarian states and make them look more powerful than they actually are. Instead, democratic countries should be cautious about the potential of authoritarian leaders' willingness to work with criminals in the gray zone. One way of protecting the system from self-induced paranoia is to rely on facts and allow open discussion about the potential risks and actual evidence of gray zone tactics that TOC groups actively use.

In conclusion, in the contemporary strategic competition environment, democracies should be aware of authoritarian regimes' ability and willingness to work with TOC groups and to operate in illicit markets using TOC groups' advantages to generate income for their gray zone activities. Traditional TOC activities and their financial gain-focused actions will still be relevant in the future, but democracies should be cautious about TOC becoming a common tool for irregular warfare and providing another hybrid threat to peace, security, and stability.

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