

**CURRENT SITUATION OF  
TRANSNATIONAL ORGANIZED  
CRIME IN THE PHILIPPINES**

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**I. INTRODUCTION**

The maintenance of domestic tranquility and order is one of the principal responsibilities of government. To survive, the Philippines must effectively counteract the corrosive elements that tend to gnaw at its foundation, as well as the insidious forces that seek to undermine it from outside. Towards the first objective, the Philippine National Police, to which I belong, is one of the principal arms of the Philippine government in its campaign against lawlessness and criminality throughout the archipelago.

For the last four (4) years under the leadership and administration of President Fidel V Ramos, the Philippines had been steadily rising in terms of economic progress and stability, making it earn the distinction of being one of the fast-rising economic dragons in the Asia-Pacific (through the President's National Strategic Action Plan dubbed as "Philippines 2000"). It has likewise achieved lasting peace among all Filipinos, as evidenced in the most recent signing of the peace agreement with our Muslim brothers in Mindanao and the subsequent creation of the Southern Philippines Council for Peace and Development (SPCPD), which ended the decades-old rift.

To sustain the success that we have so

far achieved, the maintenance of peace and order must be guaranteed. Towards this end, the Philippine National Police (PNP) created a parallel National Strategic Action Plan dubbed "POLICE 2000" which envisions the PNP as a professional, dynamic and highly motivated police organization. It is regarded as one of the most credible institutions in the country today and ranked among the best in Asia.

In effectively meeting our mission and vision to serve our country, we in the Philippine National Police believe that in order to efficiently subdue all destructive elements in our society, utmost international cooperation with our neighbors must be made. These elements include international syndicates who operate in our country as well as yours. There should definitely be a continuing and harmonious coordination among all of us in this endeavor.

**II. DRUG TRAFFICKING**

Drug trafficking and abuse are serious issues confronting both developing and developed nations. Production, trade and consumption of illicit drugs is a threat to the well being of the global community, undermining legitimate institutions, eroding social values and creating broader economic development problems. The Philippines is no exception in this regard.

For many years the fight against illegal drugs and their abuse has been the subject of numerous discussions at the national as well international level. Powerful drug

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syndicates with their vast resources, modern technology and information have reduced the world into a small community where they bring illegal drugs from one place to another in furtherance of their nefarious activities without regard to national boundaries or domestic laws.

Countries affected by the problem have adopted their respective measures, like the enactment of laws and other policies, to include appropriate implementation by different governmental agencies and instrumentalities. Regional and international coordination and cooperation has been likewise resorted to in response to this global problem.

According to a recent survey, drug addiction is the second most important crime problem in the Philippines today. In 1992, there were only about 20,000 drug users, which increased to an estimated 1.7 million in 1997. Out of the 17 million, roughly 1.2 million drug users are from the youth population. Using 5 grams per month per drug user as an estimate, and translating this to money circulated due to drug use and trafficking, we have a monthly consumption of 8.5 million grams amounting to 17 billion Philippine pesos monthly or 204 billion Philippine pesos annually.

There are three (3) roles the Philippines play in the illegal drug scene. First, as a producer, exporter and consumer of cannabis products (marijuana). Second, as an importer and consumer of methamphetamine hydrochloride (shabu) and other regulated drugs. Third, as a transit point for heroin and cocaine. The country's penetrable seaports, airports and long irregular coastline provides ideal entry and exit points for drug smuggling and an alternate transshipment area of international drug syndicates.

## **A. Drug Situation**

### **1. Marijuana Production**

The Philippines is known as a major producer of high-grade marijuana. It continues to be one of the main drugs of abuse in the country due to its availability and low cost. Marijuana is grown in ninety five (95) drug source barangays located in nine (9) regions of the country. These areas are the subject of our continuous eradication.

### **2. Methamphetamine Hydrochloride (Shabu) Smuggling.**

This drug popularly known in the Philippines as 'shabu' is illegally imported by some Filipino-Chinese syndicates from Hong Kong and Taiwan. Large supplies of methamphetamine hydrochloride (shabu) continues to come from illicit manufacturing and processing centers within the region, particularly from mainland China (PROC). The PROC continues to be a significant source of illicit drugs intended for the Philippines. Hong Kong and Taiwan remain as the staging point of Chinese Triad syndicates financing drug trafficking operations for smuggling multi-kilos of shabu for the Philippines. There are also reports that these traffickers facilitate shabu to Pacific States and the USA. In 1995, the PNP Narcotics Group seized more than 200 kilograms of shabu on different occasions. For 1996, the group seized 300 kilograms of shabu worth 600 million pesos as a result of major operations launched against Chinese syndicates based in the Philippines. This does not include the hundreds of kilos seized by PARAC and other PNP territorial units.

### **3. Trans-shipment Point of Heroin and Cocaine**

The Philippines, due to its strategic location in Asia, is a logical choice for a trans-shipment point for heroin and cocaine. Heroin is usually shipped into the country from the Golden Triangle, through

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the various airports and seaports. African and Thai couriers with American connections are also utilizing the postal services in transporting drugs. In 1994, a Manila-based Nigerian syndicate was neutralized for transporting 15 kilograms of heroin worth almost 400 million pesos, resulting in the busting of an American-Nigerian Connection. Another major seizure was made in the early part of 1997, with the arrest of a Taiwanese national for transporting high-grade heroin worth 27 million pesos. He was arrested in a controlled delivery operation participated in by the PNP Narcotics Group, Bureau of Customs, USDEA and Royal Thai Police.

Cocaine trans-shipment is being carried-out either by ship or airplane. It is believed that the destinations of these expensive, illicit drugs are the rich nations of Asia, more particularly Hong Kong, Japan and Tiwan. In 1995, 14 kilograms of cocaine was seized in Central Visayas, presumably left in haste by unidentified Chinese traffickers. Seizure of 14 kilograms of cocaine was made in 1996 in the Quezon Province.

## **B. International Drug Syndicates**

### **1. Chinese Triads**

These ethnic Chinese syndicates are mainly responsible for the smuggling of methamphetamine hydrochloride (shabu) into the country.

### **2. Nigerian Connection**

These drug rings are engaged in the smuggling of heroin from the Golden Triangle to the USA and Europe, using the Philippines as a trans-shipment point.

### **3. Australian and Yakuza Drug syndicates**

These groups are responsible for the smuggling of Cannabis from the Philippines to Australia, New Zealand and

Japan.

## **C. Concealment Techniques**

Internationally detected modes of concealment are generally employed by drug traffickers, such as:

- i) Ingestion, leg casts and body wrap.
- ii) Use of false bottoms of luggage, concealment in imported packages and false cavities of furniture.
- iii) Concealment in containers and air freights.

## **D. Government Countermeasures**

### **1. Legislation**

In 1994, the government enacted the Republic Act 7659 which imposes the death penalty on certain heinous crimes and drug transactions involving a certain degree or amount of dangerous drugs.

In 1996, the government created the Special Dangerous Drug Court which shall try heinous drug cases against notorious, big-time pushers. This will speed-up the disposition of drug cases filed in different courts.

With the ratification of the 1998 UN Vienna Convention, the Philippine National Police, particularly the Narcotics Group, is pushing for immediate legislation of tough drug laws, i.e. legislation on asset forfeiture, financial management and wire-tapping. These laws will strengthen prosecution and eventually, increase the conviction rate in dangerous drug cases.

### **2. Law Enforcement Methods**

At present, the law enforcement pillar of the Criminal Justice System still adopts the "Multi-Agency Approach" in its fight against the unabated drug abuse problem in our country. The PNP, through the Narcotics Group, contributes a major effort in the fight against the proliferation of

illegal drugs, working hand in hand with other law enforcement agencies like the NBI, EIIB, Bureau of Customs, the AFP, other Task Forces like the PARAC and PACC. Their respective anti-drug operations are designed primarily to prevent and control trafficking of illegal drugs, with an operational strategy of supply and demand reduction and international/regional cooperation and coordination.

### III. FIREARMS SMUGGLING

This particular activity is carried out by transnational crime syndicates smuggling US-made firearms into the country. Philippine locally-made handguns on the other hand are smuggled to Asian countries particularly Japan, Taiwan, and other ASEAN countries through the employment of middlemen tasked to ship out firearms (transported by vessels), the misdeclaration of cargo (usually consigned to fictitious personalities) and the employment of jettison techniques.

The modus operandi of the Smugglers is the following:

- i) Firearms arrive in the Philippines as undeclared or misdeclared items and included with other goods, consigned to fictitious names and addresses;
- ii) Firearms can also be dismantled into pieces and included among metal items or machinery parts legally imported or exported;
- iii) Firearms are sometimes thrown from vessels at prearranged areas some distance from the shore where they are later picked up by small boats and brought to undisclosed places.

Government Countermeasures :

- i) *Liberalized Policies on Firearms Importation*: The (PNP) now permits licensed firearms dealers to purchase all types of firearms from abroad. As a result, smuggling of foreign-made firearms has considerably decreased since they are now available in country in commercial quantities.
- ii) *Legalization of Domestic Manufacturing of Firearms*: The government has legalized local manufacture in the Province of Cebu in Central Philippines. This has resulted in the regulation and better monitoring of locally-made firearms.
- iii) *Stricter Monitoring of International Gateways*: Entry points of smuggled firearms are now under strict monitoring by the different Philippine law enforcement agencies. As a result, from 1995 to 1996, a good number have been arrested in the country for gun-running and firearms smuggling. Confiscated from them were around 256 firearms of different calibers, ranging from caliber 38 to M-16 rifles, 1,600 rounds of assorted ammunition and 25 seacrafts. In the Southern Philippines, for the past year, a total of ten (10) major arms shipments from Sabah, Malaysia were reportedly made, three of which were for the Moro National Liberation Front (MNLF) and seven for the Moro Islamic Liberation Front (MLF).
- iv) *International Cooperation/Networking*: The PNP has developed increased international police and USA authorities to identify and monitor the activities of gun traffickers, to pre-empt or neutralize their gun-running

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activities and to exchange information related to syndicated groups. This has resulted in a positive tone.

- v) *Heightened Cooperation among Philippine Law Enforcement Agencies and Military Units*: The Armed Forces of the Philippines (AFP), the PNP and other law enforcement agencies have intensified intelligence coordination to determine big-time as well as small-time smugglers and illegal gun manufacturers.
- vi) *Firearms Amnesty*: Simultaneous with the implementation of OPLAN PAGLALANSAG (or OPLAN "DISMANTLE"), the government offers amnesty to all holders of loose or unlicensed firearms.

#### IV. SMUGGLING OF ILLEGAL MIGRANTS

In the Philippines, the Bureau of Immigration and Deportation has primary responsibility for the administration and enforcement of immigration, citizenship and alien admission and registration laws. Recent incidents involving illegal migrants included seventeen (17) Iranian nationals who were excluded from entering the country and immediately deported after they were found to be carrying fake passports. Incidents of Filipino illegal entrants to other countries like the US, Canada and other Asian countries also abound and are causing grave concern to the immigration authorities of the affected countries.

In the Philippines, the Bureau of immigration authorities have sought the Philippine Congress to enact a bill increasing the penalty on persons convicted of smuggling illegal and undesirable aliens

into the country. The immigration Bureau has gathered intelligence information which revealed that members of foreign-based human smuggling syndicates have been using the Philippines as a prime destination for illegal aliens who want to take advantage of the growing economic opportunities in the country. The Bureau of Immigration admitted that the technology used by these syndicates rivals the governments in the processing of spurious passports, visas and immigration stamps. It was also revealed that human smuggling syndicates were not only engaged in bringing undocumented aliens into Philippines, but also foreign terrorists, fugitives from justice and drug lords.

#### V. ILLICIT TRAFFICKING OF WOMEN AND CHILDREN

This crime activity has a direct bearing on foreign countries. The modus operandi employed by the syndicates are either to recruit Philippine prostitutes for employment in Japan, Brunei and other ASEAN countries or recruit foreign prostitutes from Colombia, Taiwan and Russia to enter the sex trade in the Philippines. Arrests of these foreigners were made on separate occasions throughout 1995, 1996 and 1997.

Likewise, as recorded by our Social Welfare Department, there were fifteen (15) reported cases of pedophilia and child prostitution, with sixteen (16) foreigners arrested in 1995 alone. It is sad to note that this is the adverse result, as reported by the Defense for Children International, of young Filipino girls being recruited by international prostitution syndicates and advertised as virgins in *Spartacus Magazine*, a widely circulated pornographic magazine, which the syndicate uses as an information network for European pedophiles looking for cheap sex in Asia. It is for this reason that

concerned government agencies have joined hands to arrest the worsening situation. The Bureau of Immigration, for example, has revived its crusade against probable foreign prostitutes.

## **VI. ILLICIT TRAFFICKING OF MOTOR VEHICLES**

Most of the apprehension in the country of illegally transported motor vehicles involves luxury vehicles from the US, Japan and Hong Kong. These vehicles, which are actually luxury vehicles, are entered through the ports but are declared as utility vehicles to avoid payment of ad valorem tax. Some other luxury vehicles entered through the ports are simply undeclared or misclassified. Other vehicles are disassembled and declared as parts, availing lower tariff duties, and then are assembled after release from the customs area. They are commonly known in the Philippines as "chop-chop".

Practically, the bulk of smuggled motor vehicles apprehended are motorbikes landed outside of customs entry points. They are unloaded shipside, often in international waters, into local small boats and landed at the shorelines. Most of these landings occur in Northwest Luzon, Eastern Visayas and Northern Mindanao.

## **VII. MONEY LAUNDERING**

Money laundering is another type of commercial crime. It is defined as a process of making or turning bad money/funds raised and earned through crime (for example drug money), into good. The Philippines has no money laundering laws that will guide law enforcers in preventing this crime.

## **VIII. TRANSNATIONAL ECONOMIC CRIMES**

Technological advancement has greatly

affected the relationship among police forces in the region. The introduction and creation of internet and electronic mail (e-mail) in the computer realm has brought members of foreign nations closer to each other. Communication is now at the touch of a finger. However, this has also led to sophistication and a rise in commercial crimes. Syndicates, who have knowledge and skill about computers, known to be "computer hackers", can access bank transactions, imitate certain products and perfectly forge signatures through the use of computers.

Recently, the Philippines scored a significant breakthrough in credit card fraud through the arrest of five (5) suspected members involved in the manufacture and worldwide sale and distribution of falsified payment cards, last 29 November 1997. The arrest resulted from simultaneous raids conducted by the PNP Intelligence Group in cooperation with the US Secret Service and Interpol. Arrested during the operations were the following suspects who claimed/identified themselves to be:

- (a) Raymond JACKSON a.k.a. ALLEN MILLER
- (b) Peter HORNE
- (c) Otto URBAN
- (d) Helen HORNE
- (e) Jaime BUETA

Another suspect, a certain Horst SELIG, who was identified as being the mastermind of the syndicate, was able to elude arrest. Reportedly, SELIG is wanted by the police authorities in Germany.

INTERPOL and the US Secret Service disclosed that this syndicate has successfully operated and eluded arrest in the US, United Kingdom and other parts of Europe, Hong Kong and Thailand. It is believed that they transferred their base

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of operation to the Philippines because of the absence of a specific law dealing with fraudulent payment cards. Apparently, they also underestimated the ability of our law enforcement agencies.

The initial investigation conducted disclosed that the local payment card industry listed to this syndicate approximately USD\$15 million as a result of the flooding of counterfeit/cloned payment cards manufactured by above-cited suspects. Payment cards issued by at least fifty-two (52) local and international banks and credit companies have been cloned/falsified. These include American Express, Citibank, Bank Americard/Deutsche Bank, Equitable Bank, MasterCard, VISA and others. Other firms could have been similarly compromised. The extent of the damage on the credit card industry and concerned banking institutions in particular, and the impact on the national economy and on global industry in general, can not be determined until a thorough review and analysis of the software and documents seized from the syndicate have been made.

The syndicate employs the following four (4) basic modus operandi:

1. Skimming Method

A member of the syndicate will go to a business establishment and introduce himself as a representative of a payment card issuing bank. They will then ask to examine the skimming device. Once permitted, they attach the skimming device to their computer, which then grabs and stores the data from the skimming device. The surreptitiously obtained data is then used to manufacture the cloned payment cards.

2. Courier-Intercept Method

Issuing banks, instead of directly releasing payment cards to clients, employ

courier companies to deliver the cards. In this method, the syndicates bribe couriers to lend them the card in transient, the data of which is extracted. Once done, the cloned/compromise card is returned to the courier for delivery, a courier is bribed an average of P2,500-P5,000 per card.

3. Cardholder and Syndicates

In this method, the cardholder himself is approached by the syndicate for the cloning of their card in exchange for a certain amount. The syndicate can portray to the cardholder the advantages of having their card cloned.

4. Merchant-Syndicate

This method is done by bribing personnel with access to the account numbers of clients of a business establishment into revealing information about the account number of payment cards of said clients. The syndicate then creates multiple clones out of each account number elicited from the business establishment. As a support to the payment card cloning schemes, fake identification cards such as passports, driver's licenses and similar identification documents are manufactured. These are usually presented as issued by international banking institutions.

Given its enormous impact in the booming payment card industry in the country and business sector as a whole, the PNP appealed to Philippine legislators to expedite the passage of law that will specifically address Payment Card Fraud.

## IX. ASSESSMENT

Through the foregoing discussion, we have come up with the following assessment:

- i) Crime groups in the Philippines are still loosely organized and structured. These groups are still

in their infancy stages compared to their foreign counterparts who have systematically established broad social spectrums of influence essential to their operation.

- ii) The illegal activities of crime groups in the country are largely domestic in implication and effect. Except for firearms smuggling, prostitution and illegal drug trafficking, all other crime activities in the Philippines has no direct bearing or relationship to other nations.
- iii) As the Philippines progresses economically with its Medium Term Development Plan(MTDP),it is expected that transnational crimes sponsored by international crime groups will proliferate in the country. This will further be hastened by the displacement of Hong Kong based syndicates after its return to China in 1997.
- iv) The Philippines needs to enact Anti-Racketeering and Anti-Money Laundering statutes to cope with organized crime. These statutes will no doubt arm our law enforcement agencies with effective measures to deny organized crime their substantial economic base of support.
- v) With the existence of the extradition treaty between the Philippines and the United States, neutralization of crime groups seeking sanctuary in both countries will be accelerated. The Philippines needs also to expand and negotiate with other countries on the forging of extradition treaties and re-negotiation of existing treaties that are hampered by technicalities in enforcement.

## X. RECOMMENDATIONS

The following measures involving international cooperation are suggested to effectively curb transnational crime groups:

- i) Strengthening of diplomatic relations, networking and vigorous exchange of information and technology through INTERPOL, ASEANAPOL and other concerned international bodies. The establishment of direct linkages with other INTERPOL member countries should be pursued to expeditiously facilitate intelligence exchange and enable immediate action on all cases, particularly the activities of transnational crime syndicates. This could further be enhanced through the mutual sharing of technology, either by exchanging training or by other means.
- ii) Forging extradition treaties among concerned nations. Extradition treaties with the other countries are of utmost necessity in suppressing international syndicates and containing the upsurge of transnational crimes. This is particularly true when offenders escape from their country and seek sanctuary in another, thereby evading the full force of the law. We need to re-negotiate existing extradition treaties that are hampered by technicalities in enforcement.
- iv) Conduct of joint and coordinated patrols on common borders as a cooperative effort in thwarting organized crime.



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**TABLE 1**  
**RESULT OF ANTI-NARCOTICS OPERATIONS CONDUCTED**

1995 and 1996 statistical data of arrest and confiscation for dangerous drugs

ARREST	1995	1996 (January to December)
No. of Persons Arrested	1,425	1,311
No. of Foreigners Arrested	15 (2 killed)	27 (1 killed)
<b>CONFISCATIONS/SEIZURES</b>		
Heroin	0	1,534gms
Cocaine	14,424gms	1,392gms
Methamphetamine(Shabu)	207,593gms	280,699.24gms
Marijuana Leaves	1,754,956gms	964,062.10gms
Marijuana Plants	6,808,473pcs	9,164,052pcs
Marijuana Seedlings	22,847,193pcs	2,997,065pcs
<b>TOTAL MARKET VALUE</b>	<b>P1.76 BILLION</b>	<b>P2.044 BILLION</b>

**TABLE 2**  
**GOVERNMENT COUNTERMEASURES**

Kinds of Drugs	Quantity
Morphine, Heroin, Cocaine	40 grams or more
Shabu (Methamphetamine)	200 grams or more
Marijuana(Cannabis)	750 grams or more
Marijuana resin or MJ hashish	50 grams or more

**TABLE 3**  
**RESULTS OF PHILIPPINE NATIONAL POLICE OPERATIONS**  
**(1993 to 30 SEPT 1997)**

	1992	1993	1994	1995	1996	1997	TOTAL
No of Narcotics Operations	4965	5068	4763	6126	21677	18,632	61,231
Buy-Bust	1977	1844	1516	2355	6246	6439	20,377
Service of Warrants	2811	2980	3093	3602	15231	11,184	38901
Marijuana Eradication	177	244	454	169	200	352	1,296
No. of Arrested Persons	6030	6537	5358	7273	12040	11,325	48,590
No. of Cases Filed In Court	876	345	3558	4374	7505	7,287	23,954
No. of Syndicates Busted	59	20	69	58	65	24	295
Total Amount of Drugs Seized	<b>P1.198</b>	<b>P.828</b>	<b>P1.185</b>	<b>P2.089</b>	<b>P4.428</b>	<b>P1.283</b>	<b>P11.011</b>

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**TABLE 4**

**DISPOSITION OF DRUG CASES FROM 1993-SEPT 1997  
(PNP NARCOTICS GROUP STATISTICS)**

	1993	1994	1995	1996	1997	Total
No. of Narcotics Operations	945	875	1,425	1,000	668	4913
No. of Arrested Persons	1,211	1,006	10,563	1,311	1103	6194
No. of Cases Filed in Court	345	948	854	941	736	3824
No. of Convicted Persons	156	131	50	30	16	383
No. of Cases Dismissed	137	48	6	2	1	197
No. of Pending Cases	52	769	795	909	719	3244