



TARIFFS POUND U.S. FIRMS

Uncertainty prevents production **NP4**



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Houthis attack mariners **NP2**

MONDAY, AUGUST 18, 2025



Villagers play volleyball in Lantung, one of several remote Indonesian villages where large-scale, illegal mining began three years ago. PHOTOS: MUHAMMAD FADLI/FOR THE WASHINGTON POST

GLOBAL ‘MINING MAFIA’ FEEDING CHINA’S APPETITE FOR GOLD

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LANTUNG VILLAGE, INDONESIA Hilltop after hilltop in this remote part of Indonesia is being scalped of vegetation. On the horizon, excavators lumber forward, gouging out rocks veined yellow. Nearby, milky chemicals collect in Olympic pool-size trenches.

This is the work of Chinese mining syndicates flush with capital and connections, Indonesian investigators say. And virtually none of it is legal.

These syndicates bring their own geological maps, excavators and leaching tanks. They operate without permits, unchecked by local police — the equivalent of what residents call a “mining mafia,” in control of the most lucrative resource in these hills: gold.

“We don’t know where they take it,” said a Lantung gold trader, Heru Hairuddin. “We only know it doesn’t stay here.”

As part of a strategic effort to reduce reliance on the U.S. dollar, insulate itself from potential U.S. sanctions and build its own capacity to influence the international monetary system, China is procuring gold at a voracious pace. This drive has fuelled and facilitated a surge in illicit gold mining across the Global South, inflicting a trail of environmental destruction from Indonesia to Ghana to French Guiana, a Washington Post investigation found.

The Post examination of China’s role in the booming trade in illicit gold is based on a review of satellite imagery, trade data, public records, and dozens of interviews with gold researchers, law enforcement and government officials across three continents. In Indonesia, where the proliferation of illicit mining has been among the most widespread and least studied, The Post obtained internal government documents and visited a half-dozen secluded gold-mining communities being transformed by Chinese-led operations.

Investigators say syndicates are razing Indonesia’s land — and virtually none of it is legal



Villagers in Sekotong, Indonesia, say the mercury and cyanide being used at the illegal gold mines in their area are poisoning their river systems.

Chinese workers at these locations declined to speak to The Post, but Chinese mining operators in Indonesia said in interviews that investment in the country’s gold sector is spiking. In videos aimed at investors on Chinese social media, Chinese miners advertise “free and easy” access to Indonesia’s vast gold deposits.

In May, the United Nations Office on Drugs and Crime (UNODC) warned that organized crime was embedding itself so deeply in gold supply chains that it poses a “serious global threat.” As Chinese demand drives gold prices above US\$3,000 per ounce, drug cartels, terrorists and mercenary groups are deepening their involvement in the sector, UNODC said. Almost all these actors work in some capacity with Chinese mining concerns, which are present from “mine to market” and have the greatest abil-

ity to work in the most unexploited locations, according to those who study the gold sector.

Many illicit gold operations are being financed and operated directly by Chinese private investors who appear to be operating with little oversight or repercussion from Chinese authorities, investigators say. This has drawn allegations from gold-rich countries that Beijing is permitting the ransacking of gold deposits abroad, enabling a rapidly mutating trade that UN officials warn is propping up a range of other criminal activities.

Chinese officials have pushed back against these allegations, including the Chinese ambassador to Ghana, Tong Defa, who in June said it was a “significant injustice” to blame Beijing for the spread of illegal gold mining.

The Chinese Foreign Minis-

try and the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters did not respond to detailed questions from The Post. The Chinese Embassy in Washington said it was “not aware” of the allegations made by gold-rich countries about China’s role and declined to comment.

“Chinese networks have become deeply involved in the illicit gold trade,” said David Soud, a minerals analyst who has written reports on gold for the Organization for Economic Co-operation and Development (OECD). “Much of the gold they mine or otherwise acquire goes to China via highly opaque supply chains.” This is routinely done without the payment of local taxes or royalties, officials and analysts say.

Illicit Chinese syndicates, according to Soud and other inves-

tigators, operate differently from both traditional, artisanal gold miners and industrial, legal mining companies, including those from China.

While artisanal miners use little to no machinery, illicit Chinese operators employ crushers, excavators and other tools to extract at a scale that rivals industrial mines. But unlike industrial mines, analysts say, the syndicates operate without regard to environmental, health and safety regulations, degrading forests and rivers at rates not seen before in many communities.

In the sites where they operate, Chinese syndicates are also driving a transition from using mercury for processing to cyanide — a more effective but also more hazardous process when employed without strict controls, according to mining experts.

“This system has gotten much more complex and much more organized,” said Brad Brooks-Rubin, a former U.S. State Department official who worked on mineral supply chains in the Biden administration. “The Western policy world has largely missed what has happened.”

In a sign that the issue is just now emerging as a policy concern, the Trump administration in March for the first time designated gold among the minerals vital to the United States as part of an executive order to “reduce our reliance on foreign nations.” In a hearing a few days later, the chairman of the House Foreign Affairs subcommittee on Africa, Rep. Chris Smith of New Jersey, described China and its mining interests as the “greatest beneficiaries” of the illicit gold trade.

Beijing has rebuffed appeals from regulators in gold-rich countries to help crack down on Chinese-run mining syndicates and opted out of multilateral efforts to counter the underground trade, officials and advocates said in interviews.

SEE CHINA ON **A2**