



Council of Europe  
**Organised crime  
situation report 2001**

PC-S-CO (2002) 6 E  
Provisional  
Strasbourg, December 2002

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# 1 Introduction

The Group of experts on criminological and criminal law aspects of organised crime (PC-S-CO) was set up by a decision of the Committee of Ministers of the Council of Europe. This Group took over the activities carried out between 1997 and 1999 by the Committee of experts on criminological and criminal law aspects of organised crime (PC-CO). The task of the Group is to analyse – under the authority of the European Committee on Crime Problems (CDPC) – the characteristics of organised crime in the member States of the Council of Europe, to assess the counter-measures adopted and to identify means of improving the effectiveness of both national responses and international cooperation in this respect.

In March 2002, member States received a questionnaire regarding the organised crime situation in their country in 2001.<sup>1</sup> In order to obtain comparable data, the questionnaire used was to a large extent the same as the one of previous years (1996 to 2000). It was divided into the following six parts: I. Introduction, II. Criteria for identifying organised crime groups, III. Organised crime situation, IV. Statistics on specific topics, V. Methodology, VI. Data of the persons(s) providing the answers.

38 of the member States have replied.<sup>2</sup> The Group is grateful to all those who contributed to the national reports. No replies were received from Albania, Belgium, Georgia, Luxembourg and Ukraine. All replies received from member States were used for the compilation of this report as far as they provided information on the different subjects. Additional sources of information were used to a larger extent than in previous years.<sup>3</sup>

The following criteria of organised crime were to be used by member States in their replies when defining crime or criminal groups as "organised crime":

Mandatory criteria:

1. Collaboration of three or more people
2. For a prolonged or indefinite period of time
3. Suspected or convicted of committing serious criminal offences
4. With the objective of pursuing profit and/or power

Optional criteria:

5. Having a specific task or role for each participant
6. Using some form of internal discipline and control
7. Using violence or other means suitable for intimidation
8. Exerting influence on politics, the media, public administration, law enforcement, the administration of justice or the economy by corruption or any other means
9. Using commercial or business-like structures
10. Engaged in money laundering
11. Operating on an international level.

For the purposes of this report, in addition to the minimum characteristics (the "mandatory criteria" 1 to 4), at least two of the "optional criteria" needed to be applicable to qualify a criminal group or crime as organised crime. In consequence,

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<sup>1</sup> No questionnaire was sent to Bosnia Herzegovina, as this country became a member of the Council of Europe later in 2002.

<sup>2</sup> see Appendix.

<sup>3</sup> See list of references in the Appendix.

“organised crime” may not only include traditional criminal groups but also legal entities or professionals engaged in serious forms of organisational or white-collar crime.

Member States have clearly experienced difficulties in applying these criteria while filling in the questionnaire. Rather than applying these criteria their replies are based on the legal or working definitions of an “organised crime group” in their respective country, or simply on the perception of what constitutes organised crime. These definitions and perceptions may vary considerably for historical, legal and social reasons.

Similar, or even greater problems exist with regard to what constitutes transnational organised crime. From the responses it is very obvious that there is no common understanding of transnational or international organised criminality. For some countries, transnational organised crime groups are groups in which citizens from different countries are involved. Such an approach would appear of less relevance than the questions of where and how criminal groups carry out their activities. While most countries have information on organised crime groups based in their own – and to some extent also in neighbouring – countries, actual knowledge of international operations of such groups is most often limited to a small number of concrete cases which are under investigation. This lack of a genuine international approach against organised crime allows such groups to pursue their criminal activities without much hindrance.

The structure of this report differs from previous ones. The PC-S-CO wanted to pay more attention to present and possible future trends and developments. Rather than starting with an assessment of crime groups, the report will begin with an ‘environmental scan’ (Chapter 2) in which the factors that might influence the development of organised crime are analysed.<sup>4</sup> This will be followed by an assessment of licit and illicit markets for organised crime (chapters 3 and 4), and only in chapter 5 will organised crime groups be analysed. The report will conclude with a chapter on trends.

It is hoped that this will increase the functionality of the report. It should provide policy makers in member States with more insight into the processes behind the organised crime situation, and thus help them design new legal and other measures to effectively prevent and combat organised crime.

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<sup>4</sup> As this is the first effort made in this respect, PC-S-CO considers this chapter to be of a somewhat experimental nature. As the country reports contained little information in this respect, it is mainly based on secondary sources. It is very well possible that some important trends were missed or that other developments were overestimated. The authors are willing to discuss the contents of this chapter and the conclusions drawn.

## 2 Environmental scan

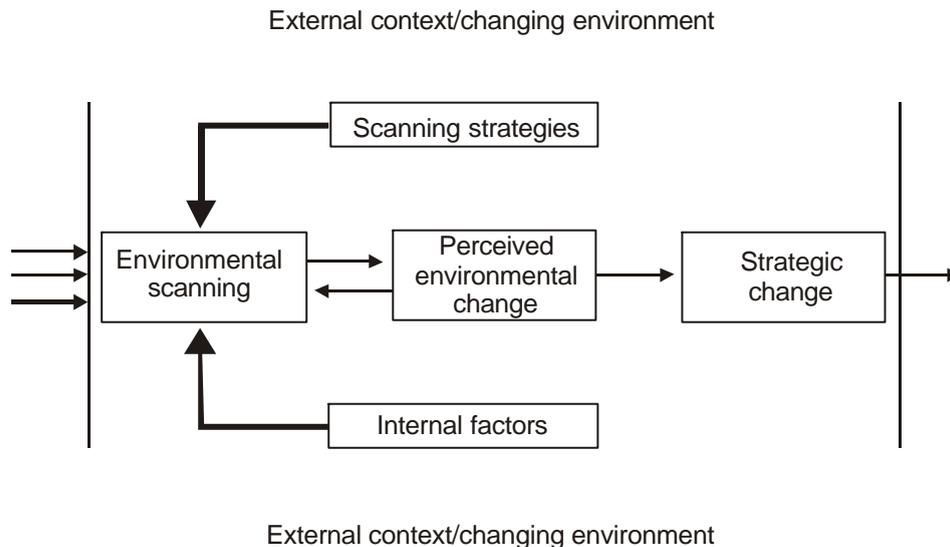
### 2.1 THE ENVIRONMENTAL SCANNING PROCESS

*'The goal of environmental scanning is to alert decision makers to potentially significant external changes before they crystallize so that decision makers have sufficient lead-time to react to the change. Consequently, the scope of environmental scanning is broad' (Morrison, 1992).*

The environmental scan is the gathering and subsequent processing of information about the external environment of an entity in order to identify major trends affecting it and enabling analyses to define potential changes resulting from these trends. This process contributes to the development of a proactive focus and makes the relationship between the trends identified and the entity more transparent.

Environmental scanning is a term that is commonly found in management texts and is typically a process undertaken by companies or organisations (in both public and private sectors) to take into account the wider system in which they are operating. When combined with an internal analysis of organisational strengths and weaknesses, this process allows to identify the ways in which their corporate aims, structure, policies and processes can be expected to interact with and respond to changes in the external environment (Black, Vander Beken, Frans and Paternotte, 2001, p.44).

**Graph 1: A model of the environmental scanning process**



Environmental scanning is thus the deliberate collection and processing of information across the external spectrum, covering technological, socio-cultural, economic and political trends (Correia and Wilson, 1997). There are numerous ways to environmental scanning and its success depends predominantly upon providing a structure that reflects the broader environment of the entity selected.

The following scan is structured through the use of an artificial device, PEST, which distinguishes between specific elements constituting the environment. PEST (or sometimes STEP) is a standard mnemonic acronym for the division of the external spectrum into the political, economic, social and technological domains. This construction may seem artificial, but the interaction between domains can provide a

great deal of information on the effects which specific issues have<sup>5</sup> (Black, et al., 2001, p.47).

The entity at focus in the present report is organised crime affecting member States of the Council of Europe. Evidently the approach to environmental scanning of the organised crime phenomenon will differ when executed for the first time than when followed up (e.g. annual reporting on organised crime). This first environmental scan will cover more extensively all relevant trends and trajectories in the political, economic, socio-cultural and technological domains, which influence organised crime. Future scans may then take a fresh look at the external environment and highlight new trends and provide recent information on trends stated previously.

## 2.2 POLITICS AND GOVERNANCE

*'Ironically, despite the gradual loss of nation states' power to act and influence their own environment without external constraints, it is the exercise of state power that ultimately contributes to global crime opportunities and crime facilitation' (Passas, 1998, p. 22-56).*

The nature of the state and the political institutions appear to be critical determinants for organised crime. Thus, an analysis of global political change and the evolution of given states in particular generates information on the possible scale of organised crime and the conditions affecting it.

Weak states with a low level of legitimacy and effectiveness have long been associated with significant levels of organised crime. In places where freedom from law enforcement is facilitated by corruption or the absence of state legitimacy, mafia-type associations are likely to provide private protection and contract enforcement. Organised crime flourishes in weak states and uses these 'friendly' territories as home base.

Strong regimes becoming weak, including those in a transition phase, experience a similar rise in organised crime. In the 1990's, many of the former Soviet states moved from authoritarian to more democratic forms of government, sometimes disturbing the 'controlled equilibrium' between officials and criminals. The vacuum which followed was often filled by criminal organisations.

Weak states characterised by ethnic conflict, insurgency or terrorist activity are likely to experience an increase in organised criminal activity. Domestic conflicts based on ethnic, ideological or religious differences may have an 'organised crime spin-off', with organised crime likely to increase during conflicts and war criminals turning into violent organised criminals after conflicts.

Although strong democratic states with high levels of legitimacy, transparency and rule of law are thought to inhibit the emergence of organised crime, this environment still leaves possibilities for organised criminals. The difference being that in this environment organised crime will have to shield its activities and operate more covertly. Criminal organisations will still meet the demand for illicit goods and services but also seek to infiltrate vulnerable economic sectors to disguise their actions and proceeds.

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<sup>5</sup> E.g. the introduction of e-commerce technologies naturally spans the technology/economy divide.

Globalisation is challenging the control of national governments over flows of information, technology, diseases, migrants, arms and financial transactions, whether licit or illicit, across their borders. In this context, the quality of governance is increasingly determined by the extent to which governments are able to cope with global forces at work. States with poor governance, weak economies and porous borders, are considered to be breeding grounds for anti-social behaviour and safe-havens for trans-national crime networks (National Security Council, December 2000).

As the European Union moves towards enlargement towards eastern Europe, barriers are broken down throughout Europe, enhancing freedom of movement, in particular in the Schengen area. At the same time, this also creates opportunities for organised crime in European Union member states. The introduction of the Euro is another example of the possible influence of European integration on organised crime opportunities opening new possibilities for fraud and counterfeiting. While Europe is enhancing cooperation in many fields, progress in the domain of justice and home affairs remains slow and falls short of effective cross-border judicial and law enforcement cooperation.

As a large part of the European continent is focused on encouraging entrepreneurship and innovation, it has proven to be important to balance these economic aspirations against the social effects. In an era where social networks are weakening and where 'economic drive' tends to become the sole item on the policy agenda, large sections of the population get excluded (Rees, 2002). 'High-level' governance issues are usually beyond the worries of ordinary European citizens. Social exclusion in combination with international migration flows, right-wing populism seems to fall on fertile grounds.

Many European states are facing a challenging re-emergence of radical right-wing political movements. The violent expression of this socio-political tendency is manifested in the rise of extremism, political violence and even terrorism. Again the nature of the state will determine the 'face' of the success of these movements.

The diffusion of power is considered a central theme in the domain of politics and governance (RCMP, 2002). Instruments of power that used to belong exclusively to governments or large corporations (e.g. money, weapons, technology, information) are increasingly available to non-state actors. International or supranational organisations assume more and more decision making powers.

The end of the cold war has left the United States the only remaining military superpower but has not rendered national security issues less complex. Instead of one visible, identifiable enemy, the collapse of the Soviet Union resulted in the scattering of national security threats (e.g. interstate conflicts, trans-national crime networks, terrorism). The trend away from state-supported political terrorism toward more diverse trans-national networks demonstrates this convincingly (National Security Council, December 2000). The crash of state socialism in Eastern Europe has also affected security policies in Europe. In new security doctrines, from the 1990's onwards the problem of organised crime has been elevated to the status of a security threat (Rees, 2002).

Finally, the terrorist attacks of 11 September 2001 certainly had and have an influence on the environment of organised crime, as these attacks lead to an increase in control measures focusing on terrorism and on organised crime (e.g. the introduction of the European arrest warrant in the European Union, the EU-framework decision on terrorism, initiatives to strengthen the fight against money laundering, financial crime). In such an environment it is more difficult for organised crime to act, or to act in the same way as before. To avoid law enforcement attention or reaction, organised crime could move toward more covert activities, including an increased use of counter strategies such as corruption or commercial structures.

## 2.3 ECONOMY

*'Spatial barriers have collapsed so that the world is now a single field within which capitalism can operate, and capital flows become more and more sensitive to the relative advantages of particular spatial locations' (Waters, 1995 p. 57-58).*

### 2.3.1 The criminal entrepreneur

Scientific research on the functioning of illegal markets has led to the conclusion that legal and illegal markets undergo similar market principles. Legal and illegal economic activity is both subjected to the dynamics of supply and demand and display similar businesslike behaviour when considering lucrative opportunities. In the global age, globalisation processes have created significant new contexts for crime. The criminal entrepreneur eagerly acts on a range of new opportunities to illegally maximise profit.

### 2.3.2 Poly-commodity trafficking by loose alliances

As a result of globalisation and the opportunities and pressures that accompany it, there is a growing tendency for organised crime to become transnational in scope, displaying businesslike behaviour and acting more as the overall multinational than as the old style mob. Research suggests that criminal markets mostly operate in a disorganised way and are characterised by multiple actors working together in complex and unpredictable ways forming loose alliances whenever a job has to be done. In a changing environment mafia-type associations with a large hierarchical structure, are not always the most rational choice. In democratic states where freedom from enforcement can no longer be guaranteed through corruption and/or traditional sovereignty of criminal groups, size is considered more and more counter-productive, attracting serious enforcement interest (Levi & Naylor, 2000).

Rational behaviour is also demonstrated in the growing tendency for organised criminals to run their business according to the principles of 'risk-management'. This is demonstrated through the use of specialisation techniques, the rise in poly-commodity trafficking and the penetration of legitimate business. *Just like licit enterprises seeking to minimize their tax burdens, criminal enterprises seek to protect their profits. They often use offshore financial centres and bank secrecy jurisdictions to protect their money* (Williams & Godson, 2002). A similar technique in protecting criminal funds appears to be a growing interest of criminal enterprises seeking to penetrate legitimate business.

### 2.3.3 Asymmetries

In the era of globalisation, asymmetries (structural disjunctions, mismatches, inequalities) in the political, economic, social and cultural domain are multiplied and intensified. These asymmetries are said to be criminogenic because (1) *they generate or strengthen the demand for illegal goods and services*, (2) *they generate incentives for particular actors to participate in illegal transactions* and (3) *they reduce the ability of authorities to control illegal activities. In addition, the criminogenic potential of other asymmetries is now more easily activated* (N. Passas, 1998). Asymmetries come in various forms<sup>6</sup> and affect all sectors of commerce and finance.

Most of the asymmetries are interlinked with or simultaneously constitute *power asymmetries*. Globalisation has eroded national autonomy and the control capacity of states is seriously undermined. Economic globalisation has generated a fast integration

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<sup>6</sup> Knowledge asymmetries, risk distribution asymmetries, technological asymmetries

of the world markets in commodities on the one hand and has stimulated speedy cross border capital transactions on the other. Commercial relationships are set free to benefit from opportunities beyond the individual state and the limitations of single markets. Under the influence of globalisation the function of individual states in controlling and monitoring trade and international business has diminished impressionably. International business still lacks international standards, creating a normative vacuum allowing offenders to slip through the gaps of municipal laws and enforcement. E-commerce, international regulation and growing transnational trade pose important jurisdictional challenges for governments and multi-nationals to expand international regulation and set standards as transnational economic and white-collar crime take advantage of inter-jurisdictional vulnerabilities (RCMP, 2002).

Illegal opportunity in the economic domain is often linked with *demand-supply asymmetries* (Passas, 1998) making especially all sorts of smuggling and black market activities interesting. Whenever there is a gap between demand and supply, illegal criminal enterprise is likely to emerge to meet the demand and cash in the profit. These asymmetries can be created through a whole range of factors. The nature of criminal markets is related to the kind of products that are focussed: prohibited goods, regulated goods, stolen or counterfeited goods and products that are differentially taxed in different jurisdictions. The demand side can be influenced/ altered in the light of real shortage (in a war situation), artificial shortage (prohibitions, embargoes), or feelings of relative deprivation. The supply side can be pressured through law enforcement actions. In combination with differential rule making between regions and countries even more illegal opportunities are created. The gap between supply and demand can also be created or broadened through a whole range of regulatory initiatives. It is argued that conflicting foreign policies and legislation is able to create new demands and make supply sometimes a less risky business.

### **2.3.4 Waste disposal**

Differences in environmental regulation between regions and countries have already given rise to an illegal market for waste disposal. *'Rule asymmetries created crime opportunities, price asymmetries provided incentives to take advantage of these opportunities, while power and law enforcement asymmetries weakened social controls.'* (Passas, 1998). In the industrialised world, increased concern about serious health and environmental crises, has led to legislation initiatives to protect the environment from industrial pollution. Corporations are largely affected by these regulations because they necessitate extra security and safety measures and narrow their profit margin. Regulatory discrepancies at the international level – many other countries either did not regulate or did so but less rigorously than the industrialised world – have given rise to an enormous market for toxic waste. Companies attracted by the financial incentives contracted cheap waste firms who then illegally dumped the industrial waste. Today these differences in environmental regulation between regions and countries of the Council of Europe still exist and deserve close monitoring. Companies in West-European countries with stringent regulations and offered no other legal and remunerative options still are on the demand for cheap waste salutations and are easily attracted to contract cheap waste firms, who illegally dump the industrial waste, with or without explicit consent of the businesses.

### 2.3.5 A growing market for human beings

In the networked global economy, the widening of the economic divide remains a fact. Economic prosperity remains varied across regions and sectors. Across the European region vast differences between the east and the west in employment rates, economic growth, annual incomes and debt burdens result in structural challenges to ensure stability.

Western economies are facing chronic shortages both of highly skilled workers in IT and other professions, and unskilled workers in basic services, due to the decline in population growth (National Security Council, 2000). As a result the competition for well-educated and skilled employees is escalating (pull-factor). Others, like some eastern European economies, on the other hand, experience difficulty to absorb large number of new entrants to the labour force, due to their limited economic capacity (RCMP, 2002). Combined with trends like urbanisation and rural depopulation, these countries are confronted with a dramatic increase of underemployed, urbanised young men, putting strain on governments to generate jobs. The existence of underemployed, urbanised young men is considered problematic because they are *'an especially volatile group that can be easily entrapped in organized crime or mobilised for violent political action – like terrorism'* (Dixon, 2002). Disintegration of youth is thus considered an important context for crime (push factor).

The economic divide combined with the existing demographic discrepancy between the aging developed world and the young developing world leads to the distressing situation in which both legal and illegal immigrants are looking to enter the rich countries.

Combined with harsher asylum policies and raised law enforcement action against illegal immigration the demand for professional help is raised. Criminal opportunities arise and the possibility of huge profits attracts all kinds of criminal groups engaging in immigrant smuggling and trafficking in human beings. As European countries impose limitations on the entrance of new immigrants, many immigrants are unable to make all or part of their journey unaided. Organised criminals exploit this and profit from the opportunity by arranging transport, providing documentation and in some cases housing and jobs. Many people who call on these illegal smuggling networks end up being the victim of serious crimes, such as forced prostitution.

The push and pull factors influencing migration to the West are unlikely to diminish in the near future. It is clear that the coming enlargement of the European Union and the establishment of new external EU-borders will create further opportunities for immigrant smuggling and trafficking. Given its particular situation, the UK is likely to stay a particularly attractive destination for many (NCIS, 2002)

### 2.3.6 Opportunities in financial markets: lack of corporate transparency

The globalisation of capital from money to the electronic transfer of credit, of transactions of wealth from the exchange of property to info-technology, and the seemingly limitless expanse of immediate and instantaneous global markets have also contributed to new and favourable contexts for crime (M. Findlay, 1999). Crime operates as any other market force in a globalised world, moving beyond people, places, jurisdictions and identifiable victims. Criminal enterprise is said to operate in similar ways as legal commerce. Criminals scan the environment for lucrative opportunities and rationally consider the cost-effectiveness of the actions they engage in. Globalisation has offered a whole range of new opportunities and provided new

imperatives for businesses seeking to be competitive in traditional and new markets (Williams & Godson, 2002).

Recent events in the international markets and investment sector have raised calls for government action, expanded international regulation and corporate responsibility. Recent scandals like Enron and WorldCom, in which companies dispensed large sums of money and failed to disclose, undermine the credibility of modern business culture, expose the vulnerability of industry self-regulation and reinforce the need to clarify the roles of governments, corporations, NGO's and international organisations to ensure stability, financial responsibility and equal access to markets.

Due to the recession after the technology boom a lot of businesses suffered the consequences of inaccurate budget estimations and experienced growing pressure to meet investor expectations inciting corporate deception. The absence of standards for monitoring economic activities and the lack of corporate transparency opens the door to corruption and misrepresentation of economic performance to fraudulently stimulate consumer confidence and investment.

## 2.4 SOCIO-CULTURAL TENDENCIES

*'A globalised culture admits a continuous flow of ideas, information, commitment, values and tastes mediated through mobile individuals, symbolic tokens and electronic simulations' (Waters, 1995, p. 126).*

### 2.4.1 (Ethnic) networks

Organised crime is found to be facilitated by particular cultural factors and the existence of subcultures. A favourable environment for organised crime can have a cultural basis, through the functioning of criminal networks as an alternative social system or the existence of important bonding mechanisms based on trust, ethnicity or family ties. It is argued that ethnic networks have played a significant role in the development of transnational organised crime. Transnational ethnic networks greatly facilitate the creation of network structures for criminal activities and this is even more reinforced in situations where immigrant groups have not been fully integrated in their adopted society. In Europe many immigrant groups are deprived of any form of integration and live totally marginalized. Their low status and poor housing and working conditions make the rewards for participating in illegal activity relatively attractive in spite of the risks (Williams & Godson, 2002).

In the post-modern age networks are becoming a dominant organisational form due to their efficiency and effectiveness in contemporary society. Networks are flexible and adaptable, which enables a quick response to new market opportunities and adjusted law enforcement actions. Criminal networks expand across borders and into the licit world and prove to be highly resistant to traditional law enforcement attacks. Communities in which social organisation is dominated by patron-client relationships will in a culture of lawlessness and corruption provide an important basis for the development of what is called the political-criminal nexus.

## 2.4.2 Different opinions about public ethics

In the international community there undeniably still exist different opinions about public ethics and public integrity. Cultural relativism concerning corruption remains a fact which has to be taken into account (Fijnaut & Huberts, 2002). To explain cases of public corruption and fraud in certain countries, a conglomerate of social, economic, political, organisational and individual causal factors has to be considered. It is argued that especially countries in transition, going through a process of privatisation, liberalisation and democratisation, are more vulnerable for exploitation of new possibilities for corruption by organised crime.

The perception of public corruption also serves as an important factor, which influences the attitude of the rest of the society and the business world and often plays a role in other practices such as bribery. The media play an important role in displaying the corrupt nature of governments in certain countries. Once a reputation for corruptness is established, it takes time and effort to change it again. Some countries in transition from communism are still perceived as very corrupt (Transparency International, 2002).

## 2.4.3 New needs and desires

Although societies become more and more subjected to interaction and seem to amalgamate, this has not at all led to a unified way of thinking or a common way of living. A globalised culture is chaotic rather than orderly (M. Waters, 1995) and social trends continue to illustrate the complexity and constant evolution of global societies (RCMP, 2002). Cultural globalisation is characterised through hyper-diversification in taste, value, style and opportunities and a feeling that this is supposed to be accessible by each individual for purposes either of self-expression or consumption. Transnational companies use the global media to market their goods and services, encouraging new needs and desires in regions where substantial numbers of people cannot afford it. In some societies this leads to a discrepancy between goals, causing feelings of 'relative deprivation'. The criminogenic potential of this discrepancy lies in the fact that consumerism is cultivated and in combination with problems on the legal supply side the shortage of the desired good gives rise to smuggling activities and black market networks.

Inhabitants of these deprived areas strongly feel the need to immigrate to the places where the goods and services can be obtained more easily. In the aftermath of the collapse of the Soviet Union, many newly independent states suffered disillusionment with Western democratic policies and capitalism. Since the beginning of the 90's, failed states and massive social disruptions have generated migration flows from Central & Eastern European countries, creating a permanent underclass of immigrants, asylum seekers and displaced persons (Fahlman, 2002). The strong demand of this group and their vulnerability caused through their illegal status attracts criminal enterprise drawn by the opportunity to exploit.

## 2.4.4 Secularisation and religious extremism

Perceived social-cultural trends are noticeably contradictory; great universalising religions seem to have lost a lot of influence due to modernisation, but secularisation recently found a counter-weight in the rise of fundamentalism; opposite to world citizenship behaviour and cosmopolitanism, a revival of nationalism is emerging (Waters, 1995). Increased attention is to be paid to the religious composition of the world. Religious change is ongoing and new religious movements are a growing industry.

When these movements are prepared to act against the rest of society, fertile ground for certain aspects of organised crime (e.g. illegal weapon trafficking) is provided.

#### **2.4.5 Demand for greater public participation in politics**

Globally, states are being confronted with popular demands for greater participation in politics and attention to civil rights. Responses to key social issues such as unemployment, drug addiction and crime, are under increasing scrutiny. Public opinion is increasingly aware of social harm, quality of life and efficiency of governance. In the information age, citizens are more likely to express frustration with governments' seeming inability to tackle crime and other problems, directly (protest culture), indirectly (adhering to national movements) or even aggressively (extremism, terrorism). Authoritarian regimes are pressured to democratise as religious, often fused with ethnic grievances, and communal tensions without the possibility for political outlet is easily triggered, culminating in conflicts that can be exploited by organised crime.

### **2.5 TECHNOLOGY AND SCIENCE**

*'The internet provides both channels and targets for crime and enables them to be exploited for considerable gain with a very low level of risk' (Williams, 2001).*

#### **2.5.1 ICT as an instrument**

The development of technology is considered an important source of globalisation. The availability of cheap, rapid and reliable communications has permitted the integration of the international capital market and cross-border investment, the growth of multinational corporations and the spread of consumer knowledge and random information. The growth and development of information and communication technologies (ICT's) has led to their wide diffusion and application and has consequently increased their economic and social impact. ICT's played an important role in the shift towards knowledge-based societies and is said to contribute to sustainable growth (OECD, 2002). It is only logical to expect that criminal networks will use the latest technology when available to them and when reasonably cost-effective. In spite of the overwhelming possibilities of a global electronic interconnected world, the use of technology by organised criminals is a rather rationally considered option. *'Even organised criminals tend not to use anything more technologically difficult than they need to in order to stay in business' (Levi & Naylor, 2000).*

#### **2.5.2 ICT management and vulnerability**

Although most organised crime is expected to keep occurring in the real world, criminals have indeed discovered the possibilities of the Internet and it is reasonable to presume that organised criminal cyber-activity will increase considerably in the near future (Williams, 2001). To exploit these new opportunities organised criminals do not even have to develop technical expertise about ICT's; they can simply hire hacking specialists just as legal businesses hire IT-consultants.

The most important challenge of the current information era is the efficient management of ICT's and the 'intellectual capital' that is generated. The democratic expansion of the use of ICT's has led to a greater availability of technology and information to non-state actors and millions of different kinds of unidentified users. The arrival of cyber-space and its endless possibilities occurred without any legal framework regulating its use and dealing with the possible threats, increasing the potential for online crime. The empowerment of non-state actors through IT urges all

users of ICT's, including governments, to enhance security awareness and responsibility.

As western economies are increasingly based on 'knowledge', 'knowledge management'<sup>7</sup> becomes the central technology of innovation and global competitiveness (RCMP, 2002).

Considering the dependence of today's developed economies on knowledge as a primary commodity, dangers of un-managed data are self-evident. The increased reliance on networked systems creates new vulnerability which organised criminals can exploit. The inherent willingness of organised crime to use force and intimidation is expected to be demonstrated also in the cyber world. Acts of cyber-extortion, threatening to disrupt information- and communication systems and to destroy indispensable and valuable data, are considered to be imminent. The global problems following the 'I love you'-bug illustrate the impact and the likelihood of such events.

### **2.5.3 Increased interaction in a virtual world**

The growing interconnectedness of the world in every possible way is additionally demonstrated through the flourishing of 'virtual communities' across sectors and geographical boundaries. The extensive use of ICT's for the exchange, collection and analysis of data leads to the need for fine-tuning international standards and for dealing with vulnerabilities. Data integrity and verification still pose security challenges. The virtual interconnected world generates a growing potential for use of computer networks to 'hide' illicit activities. Already growing network connections between all kinds of possible illegal partners exist. It is recognised that new high-speed information technologies also support increased interaction among terrorists, drug traffickers, illegal weapons dealers and organised criminals. It is expected that these illegal players will further integrate their illegal activities and compound their threats for illegal gain (National Security Council, 2000).

Differences in expertise and access have a direct impact on policing and law enforcement as government use of ICT's is minimal in comparison to the private sector and especially the e-crime branch. Government control is condemned to an unequal battle against crime. Even forensic analysis and treatment of evidence still lacks international standardisation. As e-commerce takes off and the Internet is more and more used to execute speedy financial transactions, the opportunities for all kinds of frauds and acts of laundering money are self-evident. It is argued that with the increased and widespread use of e-banking even more opportunities will be created to conceal the movements of the proceeds of crime.

### **2.5.4 Identification, privacy, anonymity and security**

Following the global demand for security, the driving innovation in technology is the development of identification technology. The focus on new identification tools challenges governments to balance tighter control and civil rights movements' concern for privacy issues.

Next to border-security, the safeguarding of cyber-space is a major security concern. E-crime is borderless and creates threats such as Internet child pornography, international credit card fraud, computer hacking, and recently even e-terrorism.

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<sup>7</sup> 'Knowledge management' as a central component of our knowledge-base economy is more than just information technology – a set of practices facilitated by IT-tools – but is the making accessible of hard and soft information to the right person at a requested moment of time.

Internet provides a degree of anonymity which ensures secrecy and makes it an ideal channel and instrument for many organised crime activities. The lack of transparency in the information highways generates a growing potential for use of networked computers to 'hide illicit activities' (RCMP, 2002). As long as internet service providers are not held responsible for what they provide it will remain difficult to control new information highways (Council of Europe, 1999).

Child pornography is said to be growing because of the anonymity issue. New information technology has changed the nature and extent of paedophile networking, leading also to the increase in interest of organised criminals for this illegal market. There is evidence that some paedophile internet sites have been created by non-paedophile serious and organised criminals solely as moneymaking enterprises (NCIS, 2002).

## 2.6 CONCLUSIONS

Environmental scanning is aimed at pointing at changes in society that might have an impact on a given phenomenon. IN terms of organised crime in Council of Europe member States, the following trends with a possible influence on organised crime can be distinguished:

It can be expected that in strong democratic states with high levels of legitimacy, transparency and rule of law, and in response to new risks posed by legislative and law enforcement initiatives organised criminals will have to adapt their strategy and operate more covertly. They are likely to reduce their risks, for example, through specialisation and cooperation with legal and illegal partners, poly-criminal activities, infiltration of the legal economy and the formation of loose alliance. They may furthermore recruit specialists and partners from among groups of society not fully integrated, such as ethnic minorities.

Weak states are expected to be increasingly used as 'friendly' home bases from which criminal enterprise will be set up. In these states larger and more rigid criminal organisations still are a feasible option, and incentives to become more transnational are less predominant. Not all organised criminal networks choose to operate transnationally, and domestic organised networks still remain largely profitable. These kinds of criminal organisations are believed to operate more visibly and their strategic options are considered more predictable.

In states characterised by ethnic conflict and insurgency, it is highly possible that the violent nature of the conflict situation will change the face of organised crime. The conflict may generate more violent forms of organised crime as a way of pursuing a certain life-style. After the ending of a conflict and the emergence of a 'law enforcement vacuum', the rebellions may easily transform themselves into organised criminals performing the same activities not for political reasons, but for economical ones. Illegal weapon trafficking should be considered an obvious threat.

Although the fall of the Berlin wall, the initiatives of the Council of Europe and the European Union enlargement process are likely to have an impact on the legitimacy, transparency and democracy of eastern European countries, it is expected that the differences between strong and weak states will last for a certain period of time. However, it can be assumed that the evolution towards stronger democratic states could stimulate the predominance of groups with looser structure and a more differentiated range of criminal activity.

This will also have implications on organised crime activities. Although organised crime in some countries still will be able to work outside the legal world, it can be assumed that the new political reality will drive organised crime more towards the legitimate world and legal markets. Market opportunities based on asymmetries in the legal world could therefore more than ever attract organised crime. In addition to waste disposal and the financial market, there seems to be an extremely fertile ground for organised crime to exploit asymmetries caused by the (external) border situations. The emergence of (new) borders and the presence of social, cultural and economical push and pull factors are likely to offer organised crime more opportunities to traffic human beings and (illegal) goods.

Given the technological and scientific evolutions it can be assumed that information and communication technologies will be used and exploited more and more by organised crime. Given its vulnerability and the absence of efficient control, the cyber space offers organised crime unlimited possibilities for networking (communication) and criminal activities (cyber extortion, money laundering, child pornography).

## 3 Illicit markets

### 3.1 ILLICIT DRUGS

#### 3.1.1 Heroin

The world production of opium in 2001 was about 70% less than in the previous years. This decrease was mainly caused by the ban on poppy cultivation by the former Taliban government in Afghanistan, the world's number one opium production country. The ban was thoroughly implemented and reduced production by 85 to 90%. Although the new leaders of the country forbid the growing of poppies as well, they do not exercise effective control over the country's territory. Consequently, many Afghan farmers resumed growing their most profitable crop. The United Nations estimate that in 2002 Afghanistan will produce between 3,200 and 3,600 tonnes of opium (UNDCP, 2002). This amount is similar to that of the year 2000.

The enormous drop in the Afghan opium production in 2001 has led to higher prices for this drug in the region. In Europe, however, heroin prices on the wholesale as well as the retail level roughly remained the same. Apparently, stocks which must have accumulated during the record harvests in 1999 and 2000 were large enough to overcome the temporary downfall in supply. Nevertheless, several member States reported shortages of heroin. There have been no indications that South-East Asian production countries have increased their share in the European market.

A substantial part of the Afghan opium is converted into morphine and heroin in the neighbouring countries Iran and Pakistan and in the former Soviet states in Central Asia. But for the most part it is transported to Turkey and processed there. The results so far of Operation Topaz, an international project to monitor movements of acetic anhydride, indicate that large quantities of this precursor are smuggled into Turkey, mainly from Eastern Europe. Though the countries of Central Asia have seen a significant rise in acetic anhydride trafficking cases, Turkish authorities succeeded in intercepting by far the largest number of acetic anhydride consignments (13 consignments totalling 41 tonnes in 2001).

The traditional Balkan route, which starts in Turkey and continues in several branches through in eastern and central European countries, remains the highway for heroin on its way to consumer markets in Western Europe. Along the route, stocks are kept to ensure stable supplies for the various national markets. In recent years, consumption of heroin has grown substantially in many central and eastern European countries (CEECs). A recent report of the European Monitoring Centre for Drugs and Drug Addiction in Lisbon shows that the CEECs are increasingly becoming targets for heroin distribution. Imported heroin is taking the place of domestically-produced opiates like 'kompot' (Polish heroin), 'shirka' (a poppy extract frequently found in Lithuania) and 'pervitin' (a Czech substitute for heroin). Heroin use constitutes the prevailing drug use problem, which is reflected in the increasing demand for treatment for opiate dependency. The domestic drug markets in the CEECs are opening up and becoming more and more part of the global market for illicit drugs. Local specifics are being eroded as internationally operating criminal groups are gaining significance in supplying these markets. Since heroin has become somewhat out of fashion in Western European countries, international drug trafficking groups have welcomed the emerging markets in the CEECs.

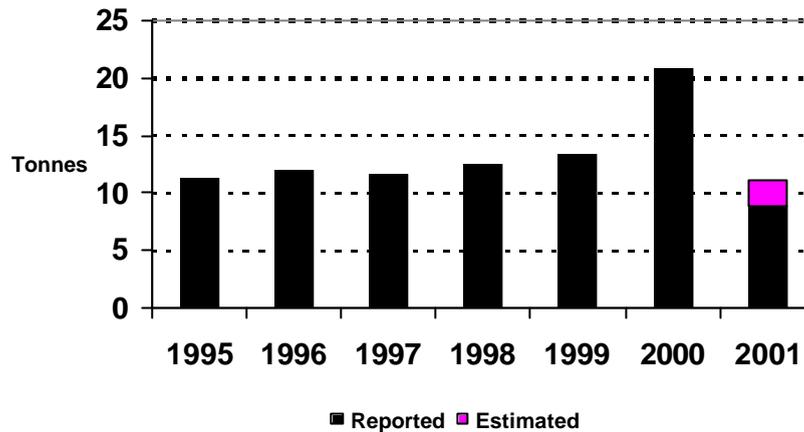
Law enforcement bodies in Turkey used to succeed year after year in intercepting huge amounts of heroin and other opiates. In 2001, however, the Turkish customs and police seized much less opiates than in previous years: 0.7 tonnes of heroin (+ 0.5 tonnes of

morphine base) versus an average of 4.6 tonnes of heroin per annum between 1995 and 2000 (see table 23 in the Appendix). Even when the changes in the Afghan production are taken into account, it remains a remarkable decrease. It could mean that the so-called Silk route is gaining importance. This route starts in Afghanistan and goes via the former Soviet republics in Central Asia and the Russian Federation to Europe. Most of it is destined for the European Union. Although most of the heroin for the consumer markets in the European Union is transported over the road transiting a number of member States in Central and Eastern Europe, the amounts seized in the EU exceed those of the CEECs by far. This indicates that although consumption in the CEECs is growing, the size of the market is still relatively small in comparison to the EU.

In comparison to other types of illicit drugs, the addiction to opiates causes the gravest health problems, including several thousands of deaths per annum. Mortality among problem drug users is up to twenty times higher than among the general population of the same age. This high mortality is due mainly to overdoses but also to AIDS and other infectious diseases. The highest mortality rates are found among injecting opiate users. Only in Scandinavia the consumption of amphetamines is more common among problem drug users. According to the European Monitoring Centre for Drugs and Drug Addiction the number of problem drug users varies from one EU member state to another between two and nine per thousand inhabitants aged between 15 and 64 (EMCDDA, 2002, figure 5). Italy, Luxembourg, Portugal and the United Kingdom show the highest prevalence statistics. Prevalence is lowest in Austria, Germany and the Netherlands. The EMCDDA estimates the levels of problem drug use in the EU to be stable. These drug users account for less than 1% of the adult population. In Central and Eastern Europe problem drug use can be estimated as rather high in the Baltic states (above 1% of inhabitants aged 15-64), whereas in other member States, including Bulgaria, the Czech Republic and Slovenia, prevalence equates with the average EU level of about 0.5% (EMCDDA, 2002b, p. 18). In Poland, the results of a survey conducted in 1996/1997 found a low prevalence of 0.25%, but this study could be outdated. Reliable statistics on the total amounts of illicit drugs consumed in Europe are not available.

Between 1995 and 2000, the amounts of heroin seized in Europe have increased 85%, from 11.3 to 20.8 tonnes. Because of the fact that data from a number of member States are still missing, it is not possible to calculate the exact quantity intercepted last year. We estimated the missing part by calculating the average amount per annum seized in the period 1996-2000. In graph 2 both the reported and the estimated amounts are presented. The graph shows that the total amount intercepted in Europe in 2001 is almost fifty percent less than in the previous year. Also in comparison to the years 1996-1999, the total is significantly lower. This is in line with the sharp decline in the heroin production described above. As poppy cultivation in Afghanistan is estimated to have reached the same level it had in the year 2000, it is not difficult to forecast that police and customs in member States will seize more heroin in 2002 than they did in 2001.

Graph 2: Heroin seized in Europe



Turkish (including Kurdish) criminal groups still play a major role in the transport and distribution of heroin. For the national markets of some countries, including the UK and Ireland, groups composed of people of Turkish descent are still the most important heroin suppliers. But Turkish criminal organisations no longer dominate the distribution of heroin in the whole of Europe. In several member States, including the Czech Republic, Greece, the Former Yugoslav Republic of Macedonia, Norway and Switzerland, ethnic Albanian groups have taken over this position. Two thirds of the heroin intercepted in Greece last year was imported from Albania and only one third from Turkey. The Bulgarian national report observes that drug trafficking organisations which are based in Turkey still keep an important role in the organisation of international heroin distribution. Nevertheless there are contacts and other signs of cooperation between Turkish and Kosovar-Albanian organisations in order to conclude drug deals. Most ethnic Albanian heroin smuggling groups buy the drugs from Turkish suppliers. The Hungarian report states that criminal organisations consisting of both Turkish and Albanian individuals transport heroin via Hungary to the Western European markets. A similar kind of cooperation between drug traffickers with different backgrounds is found in Estonia, where an organisation composed of Azerbaijani, Turkish and Russian criminals has approximately 70% of the heroin business in hand. Russian-speaking organised groups seem to be involved in the heroin trade in the Czech Republic as well.

### 3.1.2 Cocaine

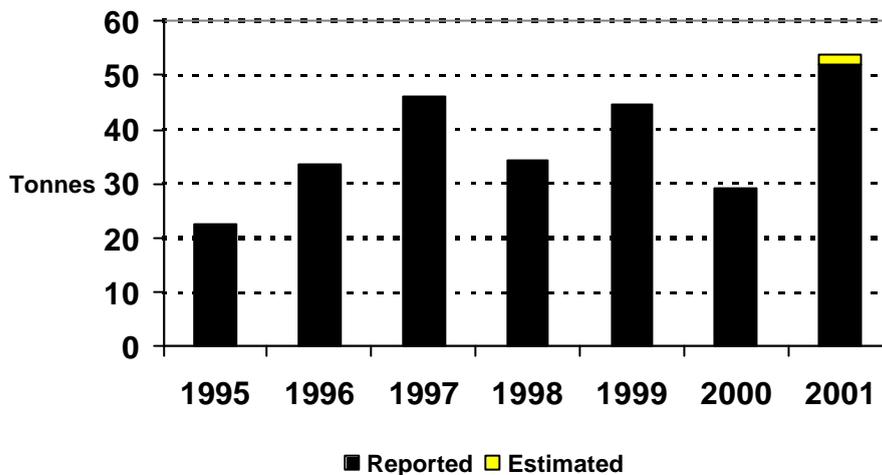
In the second half of the nineties the world production of cocaine has stabilised itself at the high level of 800-1000 tonnes per annum (UNDCP, 2002). For 2001, the estimate is in the same region: 930 tonnes. This does not mean nothing has changed in this period. In Peru, many coca bushes were eradicated in the middle of the decade. But at the same time, a large number of coca bushes were planted in Colombia. This means that the traditional role of Colombia as a processing and wholesale distribution country has widened itself and includes nowadays the large-scale cultivation of coca. In 2001, Colombia was accountable for the vast majority of the world production of coke.

It is estimated that twenty to thirty percent of the world cocaine production is meant for the European market. The rest is either seized or consumed in the production region and in Northern America. Since the mid-nineties, the biggest consumer market – that of the USA – is more or less saturated. Therefore more and more coke is shipped to Europe. But part of the cocaine that was targeted for European consumers never reaches this continent. Large consignments of cocaine are already intercepted in South

and Central America. In recent years, especially in the Caribbean, there have been substantial increases in the amounts of coke seized. Not all of it was on its way to Europe, but significant amounts were.

As a substantial part of the cocaine transport occurs in large consignments concealed in maritime containers, interceptions of such shipments influence seizure statistics disproportionately. This explains, at least partly, why seizure statistics greatly vary from one year to another. In the period 1995-2000, the total quantity discovered by customs and police authorities in Europe fluctuated between 23 and 45 tonnes. In 2001, a new record amount exceeding 50 tonnes was observed (graph 3 and table 24 in the Appendix). This means the long-term trend remains upwards.

**Graph 3: Cocaine seized in Europe**



Ever since the early nineties, Spain and the Netherlands are the prime points of entry for cocaine into Europe. Of the total quantity seized between 1995 and 2000, over one third was intercepted by Spanish and a quarter by Dutch law enforcement authorities. The available data over 2001 do not show a significant change in this pattern. Other member States where large quantities were seized in the last few years are Portugal, Italy, Belgium and the United Kingdom. Portugal reports that in most cases cocaine smugglers are related to Spain. Relatively little cocaine is intercepted in countries outside the European Union. If shipments are discovered, they mostly are destined for consumer markets in the EU.

South American traffickers, in particular Colombian, are responsible for the majority of coke transports to Europe. In many cases, the drugs are hidden in maritime containers which leave South America by boat via a great variety of ports in Colombia, Brazil, Venezuela, Argentina and other countries. But air transport by means of couriers who have ingested it or concealed it in their body cavities or their luggage and by hiding the illicit drugs in air freight has gained popularity, in particular on the air route from the Netherlands Antilles to the Netherlands. The number of coke couriers arrested at the Dutch national airport of Amsterdam has doubled in only two years time (about 1,400 in 2001 versus 700 in 1999). Notwithstanding stricter controls at the airport, the first half of 2002 shows a further increase. Dutch customs authorities estimate the total number of drug couriers travelling to Europe at over 2,000 a month. Many of them have with them relatively small amounts, between 0.5 and 2 kilos. But the sheer number of couriers makes this modus operandi one of the most important ways of intercontinental cocaine transport. Another route goes from Jamaica to airports in the UK. Recent law enforcement operations suggest that there may be as many as 25

couriers on some direct transatlantic flights. Organised criminal groups, mostly of South-American but also of West-African origin, are very successful in recruiting couriers who obviously perform the riskiest tasks but are expendable for them.

The vast bulk of the cocaine imported into Europe arrives in powder form, where a proportion is converted to crack cocaine. The sizes of the cocaine powder and separate crack cocaine markets are not known. Population surveys show that the majority of cocaine users consume the drug in powder form, purely for recreational purposes. Most of them do not consume more than once or twice a week. In contrast, the majority of crack cocaine users consume the drug very frequently, usually more than five times a week. Many crack cocaine users are poly-drug users who are addicted to heroin. Their average consumption per week is much higher than that of the recreational cocaine users. And they are less likely to let their consumption get influenced by prices. This means that interception of cocaine consignments by law enforcement has no or only a very limited effect on the total amount consumed.

Lifetime prevalence of cocaine use among the adult population in EU countries varies from less than 1 per cent in Belgium (Flemish part) and the former East Germany to 6% in Finland. Recent school surveys among students aged 15-16 show prevalence figures ranging from 1 percent or less (Finland, Sweden and Scotland) to 11% (Luxembourg<sup>8</sup>). In most EU member States prevalence figures found in the most recent surveys are higher than those observed in previous studies. In Central and Eastern Europe, cocaine abuse is relatively marginal, used mostly by 'high society'. Nevertheless, EMCDDA (2002b) reports that isolated evidence from Bulgaria, the Czech Republic and Slovakia of a decrease in cocaine prices and its sporadic appearance on the street markets, as well as a slight increase in cocaine-related treatment demand, could indicate a possible slow onset of this drug in this part of the continent.

### 3.1.3 Amphetamines and amphetamine-type stimulants

Almost all of the amphetamines and amphetamine-type stimulants (ATS, including MDMA, MDEA and MDA) that can be found on European consumer markets are produced in this part of the world. As a matter of fact, Europe is exporting synthetic drugs, especially ATS, to other regions, in particular to North America, Southeast Asia and Australia. However in recent years the production of synthetic drugs has increased enormously in Southeast Asia, including China (UNDCP, 2002). The European production of synthetic drugs has grown as well and has spread over a number of countries. During the first half of the nineties criminal groups in the Netherlands were accountable for almost all amphetamines and ecstasy (another term for ATS) in Europe. Nowadays, a significant part of the synthetic drugs, especially amphetamines, is manufactured in Eastern European countries, in particular in Poland and the Baltic states. Ecstasy is also produced in some other EU countries, including Belgium and Germany. The number of countries involved in the production of synthetic drugs is rising. Last year, an illicit amphetamine laboratory was discovered for the first time by Romanian authorities. In Bulgaria six laboratories for the illegal production of psychotropic substances and precursors were dismantled. In two cases there was a cooperation between Bulgarian and Dutch clandestine producers of amphetamines. However, a recent analysis of the sources of seized drugs has led to the conclusion that the Netherlands probably still is the number one ecstasy producer in Europe (Van der Heijden & Papenhove, 2002). The analysis revealed that at least three quarters of all ecstasy intercepted in the European Union in the year 2000 originated from this country. For amphetamines, this proportion is approximately 45%.

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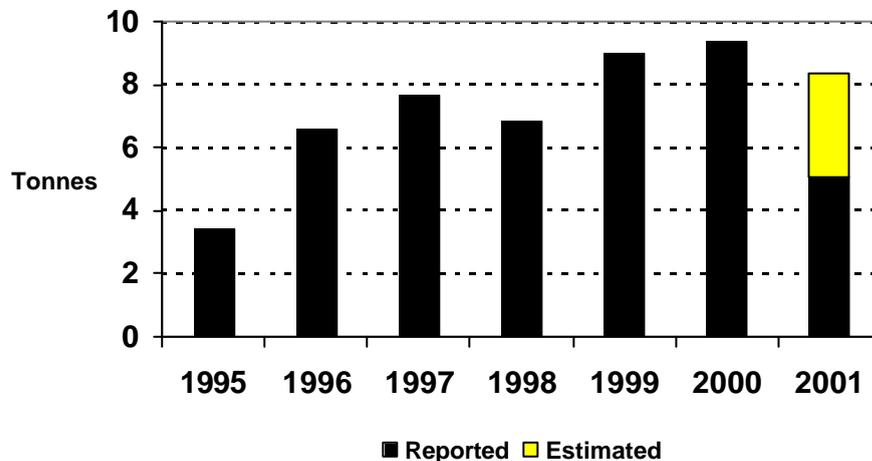
<sup>8</sup> In another survey conducted in the same year and using a larger sample, a prevalence rate of less than 2% was found.

Amphetamines are most frequently consumed on the British Isles and in Scandinavia (EMCDDA, 2002a). In recent years, population surveys show a decrease in the consumption in a number of EU-countries, including Finland, France, Germany, Greece, Spain and the UK. In the United Kingdom for example the last year prevalence declined from 2.7% of the adult population in 1998 to 1.7% in 2000. However, school surveys show that the lifetime prevalence among 15- and 16-year old students is on the increase in some EU member States, including Denmark, France, Ireland and Sweden. In other countries, the proportion of students who experimented at least once with amphetamines is decreasing (e.g. Greece, Italy, Netherlands and Spain).

The Scandinavian countries are mainly supplied by Eastern European (including Polish, Estonian, Latvian and Lithuanian) producers, whereas Dutch and Belgian criminal groups are taking care of most of the British and Irish consumers. A minor part of the consumers in the UK are supplied by British manufacturers who run their own laboratories. Of the eight illicit labs discovered in the UK in 2001, six were producing amphetamine. This is the same number as the year before.

Ecstasy (a name referring to MDMA, MDA and MDEA) gained a very high level of popularity in the nineties among youngsters in most member States of the European Union. Recent EMCDDA statistics show a stabilisation of the number of consumers in the EU. But in Central and Eastern European countries, there is a large increase in the number of users, especially among young people. For example in Lithuania the proportion of 15- and 16-year old students who have experimented with ecstasy at least once in their life has grown from 0% in 1997 to 6% in 2001 (EMCDDA, 2002b). This proportion is higher than the ones found in most EU member States.

**Graph 4: Amphetamine type stimulants seized in Europe**



In 2001 over 12.5 million ecstasy tablets and 1.7 tons of amphetamines were reportedly seized in Europe. If we add the estimated quantities intercepted in countries that did not report their seizure data, the total quantity of amphetamine-type stimulants seized in Europe is 8.4 tonnes.<sup>9</sup> This is about ten percent less than in the previous year (graph 4).

National seizure statistics for synthetic drugs point on the one hand towards production in the country and on the other hand towards a high level of consumption. Over the years, seizure levels are highest in only a few European countries. The UK is

<sup>9</sup> For this calculation, we assumed that 4,000 tablets equal 1 kilogram.

positioned at the top of the ranking, with 40% of the quantity seized in the period 1995-2000. In second place comes the Netherlands with 23%, followed by Germany and France, both with 7%. So far, the amounts seized in countries outside the EU remain at a very modest level. On the basis of the rising consumption figures as well as an growing involvement in the manufacturing of synthetic drugs, a strong increase can be expected in the coming years. To what extent countries will become self-supporting is more difficult to forecast. The know-how needed for the manufacturing of synthetic drugs seems to be spreading rapidly. The necessary equipment is easy to buy, in shops, through the Internet or at second hand markets. It is likely that the availability of chemical precursors remains the most important obstacle for criminal groups who would like to get more involved in this profitable business. Therefore, enhancing control over the import and distribution of these chemicals deserves priority.

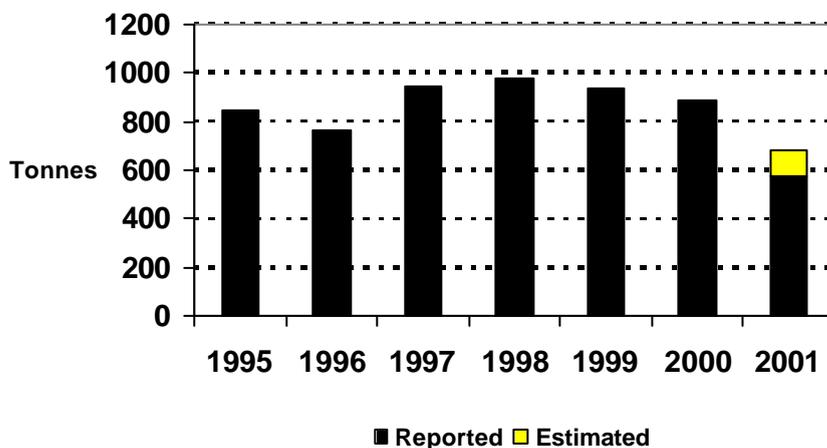
Traditionally, synthetic drugs are trafficked mostly by European criminal groups. But as the traffic has become more of a global nature, groups from other continents are also getting involved, including Israeli, Nigerian and American criminal organisations.

### 3.1.4 Cannabis

In almost all member States for which data on prices of drugs are available, cannabis is the cheapest illicit drug. This at least partly explains the fact that cannabis is the most widely used type of illicit drug. According to the EMCDDA (2002a), lifetime prevalence in the EU ranges from 4% in the former East Germany to over 25% in Denmark and the UK. Among 15- and 16-year old students, lifetime prevalence rates as measured in the most recent surveys vary from less than 10% in Austria, Portugal and Sweden to over 25% in Spain, Belgium (French community), France, Italy and Wales. With some exceptions, prevalence rates in EU member States show rising tendencies.

The growing popularity of cannabis is reflected by high seizure statistics. To overcome the difficulty caused by the fact that seizure data from some member States are still missing, we have estimated the missing figures. This leads to an estimated total amount seized in 2001 of almost 700 tonnes, which is less than in previous years (graph 4). Approximately 30% of all cannabis seized in Europe is marihuana (cannabis herb); the rest is hashish (cannabis resin). Most cannabis resin is of Moroccan origin. The country supplies an estimated 80% of the hash consumers in Council of Europe member States. The rest of the supply comes mainly from Southwest-Asia (Pakistan in particular) and Africa (including Nigeria and South Africa).

Graph 5: Cannabis seized in Europe



Spain remains the main point of entry for Moroccan cannabis resin. The drugs arrive both by ship and by vehicles. In some cases, large consignments are transported by ship directly to other EU-countries, including France, Italy, the UK and the Netherlands. The latter country serves as a distribution point for hashish on its way to Scandinavia and the British Isles. But it seems the role of the Netherlands is diminishing. Poland reports that ports on the Baltic coast were also used for smuggling cannabis last year. And Ireland reports that it has served as a transit country for large amounts of cannabis destined for the United Kingdom.

The role of the various countries in the distribution of cannabis is shown by the pattern in seizure statistics. Of all cannabis intercepted between 1995 and 2000, 40% was seized by Spanish customs and police. On average, the authorities discovered the almost unbelievable quantity of 355 tonnes per annum. In second place comes the Netherlands, with 15% of the European total. However, the proportion intercepted by Dutch authorities has declined very strongly since the middle of the nineties. In 1995 335 tonnes of cannabis were seized compared to 40 tonnes in 2000. Last year, the Dutch customs and police discovered even less hashish and marihuana (33 tonnes). The main cause for the decline is the disappearance of imports of cannabis herb from Colombia, which counted for the major part of the cannabis seized in the middle of the nineties. The Spanish also reported a decrease in the quantity intercepted: 343 versus 475 tonnes in the previous year (-28%).

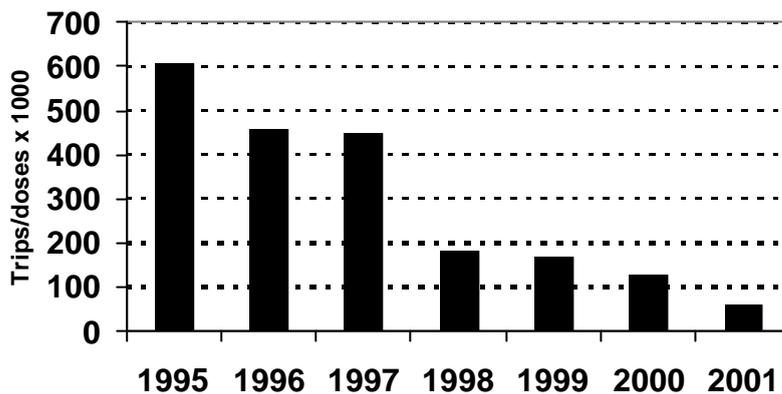
Other member States where significant quantities of cannabis are seized are the UK, France, Italy and Belgium, with 10%, 7%, 5% and 5% of the European total in the period 1995-2000, respectively. Amounts of cannabis seized by countries outside the European Union are much lower than in the EU. Still, in recent years substantial quantities are reported by Albania, Bulgaria, Moldova, the Russian Federation and Ukraine.

Part of the cannabis consumed in Europe is produced in member States. Since 1995, almost all countries have reported seizures of either high numbers of hemp plants, large quantities of plant material and/or substantial amounts of cannabis seeds (see table 26 in the Appendix). Millions of cannabis plants are uprooted in member States in the south-eastern part of the continent, in particular in Turkey and in the Caucasian states Armenia, Azerbaijan and Georgia. However, these reports refer to wild hemp. The THC content of it is probably too low to be of any relevance for the international consumer market. Most cannabis plants grown in other parts of Europe are relevant in this respect, as they are specially cultivated for consumption and have a much higher THC content. In many member States cannabis cultures are found, both outdoors and indoors. In recent years very large numbers of plants were destroyed by the authorities in Bulgaria, Romania, Italy and the Netherlands. Several member States, including Bulgaria and Greece, report that Albania also produces large amounts of cannabis. In the Netherlands as well as in other member States in the northern part of the continent, including Finland, Switzerland and the UK, most cannabis cultures are found indoors. Modern technology, including the use of hydroponics, artificial light, automated flow of fertilisers and air conditioning make it possible to harvest marihuana with a high THC-content three to four times a year. In some countries, including the Netherlands, this development leads to domestically-produced cannabis becoming more popular than imported varieties. In the long run, this might result in a decrease in the international smuggling activities by organised criminal groups.

### 3.1.5 Other illicit drugs

Since the early nineties, LSD seems to have lost more and more of its attractiveness. On the basis of available data (which are not complete), we tentatively conclude that in 2001 less LSD was seized than in previous years (graph 6)<sup>10</sup>. The number of trips or doses was only about ten percent of those confiscated in 1995: about 61 thousand versus 607 thousand. Almost half the number of trips that were seized last year were discovered by law enforcement authorities in the Netherlands. This member State appears to be the prime production country. A substantial proportion of the trips confiscated in other European countries originated from the Netherlands.

Graph 6: LSD seized in Europe



In Table 1 data are presented on other types of illicit drugs and of precursors which were seized in the years 1998-2001. Because of the incompleteness of the tables it is not possible to draw clear conclusions.

### 3.1.6 Seizures and arrests for drug trafficking

The replies of the member States on questions regarding the numbers of drug seizures and arrests are not always clear. In some countries, seizure statistics show variations from one year to another which do not seem to be plausible. This could be caused by changes in registration methods. The arrest data in a number of member States do not refer to drug traffic offences alone, but to possession of illicit drugs as well. Furthermore, the definition of an arrest differs from one country to another.

Looking at the available statistical data on the number of drug seizures, one can conclude that in the EU the figures are slowly decreasing, whereas in most other member States the trend in the figures is upwards. This indicates the growing importance of non-EU states, in particular CEECs, as transit and consumer countries for several types of illicit drugs. A more detailed analysis of the data reveals that the major part of all interceptions refer to cannabis. In second place comes heroin, followed by amphetamine-type stimulants. Seizures of cocaine are fourth and last in the ranking. As far as arrests for drug offences are concerned, more member States experience an increase than a decrease. The largest increases (of more than a quarter) are observed in Croatia, Latvia, Lithuania, Poland, Slovenia and Ukraine. Major decreases are reported in Belgium, Finland, Malta, and Russia.

<sup>10</sup> The number of countries that provided seizure statistics of LSD in previous years is too small to estimate the trips seized in member States who did not report this year.

**Table 1** Numbers of seizures and arrests for drug trafficking

Member State	Number of seizures				Number of arrests			
	1998	1999	2000	2001	1998	1999	2000	2001
Albania					148			
Andorra	159				227			
Armenia							522	429
Austria	6003	6265	6336		17141	17597	18125	
Azerbaijan								2303
Belgium	17608	12584	20107		23184	25540	19005	
Bulgaria	156					59	134	152
Croatia	4849		5711		291		282	529
Cyprus	283	420	289	384	30	318	377	511
Czech Republic	902	510	1153		1300	3159		
Denmark	10740	7990	9761	9452	8900	9424	9899	
Estonia	220	535	760		531		1104	
Finland	3929	4802	5721	1855	8173	9287		6523
France	46609	50260	57182	53534		5506	6531	5438
Georgia						1600		
Germany	45673	51691	54046	51480	68994	73271	76594	79787
Greece	269	134			10973	10902	12543	
Hungary	129	125	485	698				
Iceland				928				73
Ireland	7818	7222	7539	9167	5631	6848	8191	
Italy	23415			21347	33179	33180	33516	34322
Latvia		292		551	82	128		227
Liechtenstein						3	9	7
Lithuania				688	414			963
Luxembourg	533	752	737		112	108	117	
Malta	157				686	733		106
Moldova	473	538	1422			1482		
Netherlands	5430	20006	13877	14353	7700			
Norway	16736	19425	21509	26578	13600	6486	8002	9190
Poland						3832	3556	9952
Portugal	7268	8517	6996		11395	13020	14276	
Romania	118					1014		1132
Russia	182943	177014			161578	41000		
San Marino						6		
Slovak Republic	1062		3901			167		
Slovenia		729		589	1166	1036		1581
Spain	81928	91212	104984		81644	13430	9933	7528
Sweden	15199	15197	15983		11497	10428	12555	
Switzerland		30208		18382			9106	
'the F.Y.R. of Macedonia'	125			263	186	355		400
Turkey	969	3256	2794	2373	6121	6819	6527	
Ukraine	1467			7	6632		32793	
United Kingdom	158572	139657	130196		127919			

## 3.2 STOLEN VEHICLES

After the fall of the “Iron Curtain” car stealing increased dramatically. In the year 1994 more than 1.5 million cars were stolen in the Western Europe. This development suggested that Eastern European markets were supplied with cars stolen in the western part of the continent. And indeed some of the stolen vehicles were brought to the former Eastern-Block countries. However, an analysis by an Interpol Working Group revealed that the majority of the stolen cars was either recovered or exported to the traditional markets for stolen vehicles in Africa and Asia, or disassembled and sold in parts at local markets in Western European countries (Interpol, 1996). Only a small proportion of the increase in car theft could be attributed to the demand in CEECs. In the second half of the nineties trafficking in stolen cars decreased and now only about 1 million cars are stolen per year.

In comparison to the recent past, there were less motor vehicles stolen in 2001 in the majority of member States for which statistics are available, including Croatia, Cyprus, France, Moldova, Netherlands, Norway, Poland, Russia, Slovakia, Spain, Sweden and Switzerland (Table 2). In some countries, including Andorra, Bulgaria, Latvia and Lithuania, the number of stolen cars remained at the same level, whereas increases in motor vehicle theft were observed in about half a dozen countries, including the Czech Republic, Estonia, Germany, Hungary and Romania.

Organised crime groups are involved in vehicle crime, but to what extent is not clear. One rough indicator for this is the proportion of stolen cars that are not recovered. A non-recovery rate of over 50 percent is observed in a substantial number of CEECs, including Croatia, Czech Republic, Estonia, Hungary, Lithuania, Moldova, Russia, Slovakia and Ukraine. But in Austria and Greece as well less than half of the stolen cars are recovered.

In the Czech Republic, motor vehicle thefts are made significantly easier by a number of problems related to the registration and identification of vehicles. Vehicle Identification Number (VIN) can easily be removed or forged, or stolen vehicles can easily be legalised.

Some countries, including the Czech Republic and Denmark, report that there has been an increasing number of insurance frauds. According to the Danish report it is not possible to establish with certainty the number of vehicles stolen in connection with organised crime. It has previously been estimated that around 500 vehicles a year are stolen and then shipped abroad, but an unspecified number of these are involved in non-organised insurance fraud. The police did not come into possession of information causing them to revise this view in 2001. The thefts relate particularly to more expensive cars which are shipped abroad for example to Eastern Europe. An investigation took place in 2001 into a case of large-scale insurance fraud in connection with the theft in Denmark of expensive cars that were driven to Germany and registered on forged Latvian papers. The cars were then sold to other European countries. It is suspected that the cars were used as payment for narcotics.

In Finland every year 40-70 vehicles are seized which were stolen elsewhere and were on their way to Russia. In 2001, 76 vehicles were recovered, most of them so-called prestige cars. Transit to Eastern Europe (especially to Russia) of vehicles stolen in Western Europe also occurs through the territory of Lithuania. In this country, there is also a link with extortion. Organised criminals offer the owners of stolen property to pay a certain amount of money which depends on the value of the stolen car and which has to be paid by the legal owner of the car in order to get it back. Five organised

criminal groups in Greece and fourteen in the Netherlands were involved in car thefts and their illegal trafficking.

Organised vehicle theft occurs throughout the United Kingdom. It involves the theft of cars, motorcycles, commercial vehicles and plant equipment. Based on insurance claims, the direct annual cost of vehicle thefts from individuals is over 600 million Pound Sterling. Theft of commercial vehicles and plant equipment adds a further 300 million Pound. Once uninsured losses and indirect costs such as losses incurred by businesses are taken into account the overall figure may be as high as 3 to 4 billion Pound. While there has been considerable success in reducing thefts in line with government targets, much of it due to improved anti-theft technology, the numbers of unrecovered stolen vehicles has remained relatively constant. Non-recovery is a possible indicator of organised criminal involvement. Although criminals steal vehicles to use in carrying out other crimes, in general, serious and organised criminals are involved in vehicle theft in order to profit from reselling vehicles and parts both in the United Kingdom and to overseas markets. Some of the profits may be recycled into other forms of crime, such as drug trafficking. One consequence of improved anti-theft technology in new cars has been a rise in offences aimed at stealing keys: primarily house burglary, but also fraud (hiring cars with the intention of stealing them) and robbery by car jacking. Though recent well-publicised instances of car jacking have sparked a concern that this tactic is becoming more common, with an increased threat of attendant violence, robbery accounts for only one to two per cent of all vehicle thefts.

Serious and organised criminals – as well as some lower-level criminals – are involved in thefts of lorries (both the tractor and trailer unit) and from lorries. This includes jump up thefts, where the load is identified by slashing curtain-sided vehicles and distributed to waiting vans, and hijacks, where the driver is threatened. Hijacks make up less than two percent of all lorry thefts. Thefts of loads also take place at warehouses. The overall value of such thefts is difficult to estimate but is believed to exceed 100 million Pound a year and is rising. Some thefts appear to have been carefully targeted, suggesting that loads may be stolen to order. In general, the criminals look for easily disposable goods, such as clothing, fresh foodstuffs, electrical and computer equipment and alcohol (spirits). There are seasonal peaks, for example thefts of alcohol and toys increase considerably prior to Christmas. Violence is sometimes used against drivers, and there are indicators that levels of violence have increased. The corruption of individuals with inside knowledge of loads and routes is also a tactic used.

**Table 2 Vehicle theft and non-recovery rates**

Member State	Vehicles reported stolen				Proportion not recovered (%)			
	1998	1999	2000	2001	1998	1999	2000	2001
Albania			74				16	
Andorra		73	54	53			28	30
Armenia			43	50			49	
Austria	10,304			5,623	33			56
Azerbaijan				73				
Belgium				27,308				
Bulgaria	8,039		10,786	10,599	55		51	48
Croatia	1,678		2,529	1,773	53		50	
Cyprus	1,252	948	210	188	53	38	31	
Czech Republic	28,000	29,001	20,994	22,139	82	83		
Denmark	5,000							
Estonia	618	2,455	624	770		60	83	86
Finland		15,379		15,000		10		10
France			301,539	261,307				33
Georgia			318					
Germany	168,600	119,665	93,237	108,861	49	42	42	42
Greece	18,243	17,362	7,160			57	57	
Hungary	16,205	12,628	1,123	2,749	64	60	76	89
Iceland		277				4		
Ireland	13,793	14,851			11	15		
Italy	284,296							
Latvia	3,068	3,102		3,166	51	86		44
Liechtenstein		17	4	8		24	100	
Lithuania	6,946	3,675	5,694	5,822	80	45	52	
Luxembourg			542				31	
Malta	1,202	1,066			50	43		
Moldova	901	645		383	45	64		73
Netherlands	32,496	29,300	31,116	28,662	44	38		38
Norway	17,716	17,254	23,339	20,598	10		10	10
Poland	61,151	84,855	79,943	68,387		53	40	35
Portugal	1,048		26,420					
Romania		156		257				
Russia		55,368		38,349		71		
San Marino		14				36		
Slovakia	7,682	7,123	5,856	5,344	79	81	82	
Slovenia	1,016	1,282		1,212	61	57		
Spain	143,544	137,857	102,419	33,626	32	31	30	25
Sweden	48,227	48,400		44,094	8	8		8
Switzerland	80,386	74,319	67,301	64,241				2
'the F.Y.R. of Macedonia'	227			1,646	76			
Turkey		17,912	16,084			49	39	
Ukraine			3,000				66	
United Kingdom				377,000				

### 3.3 OTHER STOLEN GOODS, INCLUDING ART AND ANTIQUES

International organised criminal groups naturally want to dispose illegally obtained goods as swiftly and safely as possible. Many criminal organisations use their own networks of receivers and fences. Goods obtained from burglaries are mainly optical equipment, sports equipment, jewellery, perfumes, designer clothes, photographic equipment etc. Other forms of thefts are mentioned in the reports from the following countries:

Austria noted that from 1996 to 2000 a total of 801 thefts of cultural property were reported involving a total loss amounting to approximately 7.2 million Euro. The Austrian authorities succeeded in breaking several criminal organisations from ex-Yugoslavia, Poland, Romania and Hungary. In Bulgaria 33 organised criminal structures have been detected (this is 11% of all the groups that have been identified) consisting of a total of 150 perpetrators. 24 of them are foreign nationals who are the nucleus of organised smuggling in Bulgaria. The relations between members are very dynamic and partners can be changed very quickly for different operations. There is a certain amount of specialisation as regards the type of goods and the main import/export destinations.

Denmark recorded a number of cases in which a Russian citizen committed large-scale thefts from cash dispensers, using copied credit cards to withdraw cash. The person concerned had close links with right-wing extremist groups in Denmark. There were also a large number of well-planned burglaries in 2001, in which expensive television/HiFi equipment and other valuable objects were stolen. Investigations suggest that the perpetrators had links with the biker culture. "Hit-and-run" thefts are known in Denmark as "ram-raids". There is a great deal of evidence to suggest that the perpetrators are to be found among people with links to the Danish biker culture and in Polish criminal circles.

Slovakia reports 3,144 cases of thefts into flats and family houses. One of the reasons for these figures is that the citizens have insufficiently-secured entrance doors; they do not use the current possibilities available for protective mechanisms of security door (equipped with high quality locks and mechanical security). They also have high amounts of cash at home and the perpetrators learn about that from others so they have no difficulty in choosing/selecting/the right flat or family house. The burglars are especially interested in financial means, jewels from precious metals, consumer electronics, computer technique, works of art, antiques and other things which can be quickly sold or put in pawnshops.

### 3.4 ILLEGAL ARMS (INCLUDING FIREARMS)

The illegal trade in arms is one of the most lucrative businesses in the world. That is why criminal activities target this field. The high profitability of this business is caused by a constant interest of the criminal underworld to possess high-quality arms which can be used for the commission of crime.

Small and light arms present a great danger worldwide. According to estimates, there are approximately 500 million small firearms in circulation. In typical internal conflicts the parties of civil wars or rebel groups mainly use portable arms such as machine-guns and light cannons. Small arms are cheap, can be carried around, have a long service life, and are easily available. Such weaponry is often passed on from one conflict to the next ("recycled"), and continue to contribute to instability and violent conflicts. They can be purchased without great difficulty and are more easily deployed than traditional war material. Even a small organised group can heavily arm itself by ransacking government arms depots or by buying on the black market.

Small and light firearms are responsible for most casualties in armed conflicts, killing ninety percent of all war casualties, most of them women and children. Very often the soldiers themselves are children, forced to operate weapons "to be handled as easy as a child's play". Small arms are especially critical in areas of potential conflicts. The trade in small arms has so far remained unregulated. International agreements refer only to arms of mass destruction (so-called "ABC"-arms – atomic, biological and chemical arms), or conventional army equipment, such as heavy cannons, tanks, combat aircraft, etc. The illegal trade in small arms is meanwhile regarded as a considerable threat to national and international security.

Due to the lack of data, it is not possible to describe quantifiable trends in illicit arms trafficking. On the basis of statistical information available on illicit firearms seized in member States one can conclude that law enforcement authorities in Europe discover more than a hundred thousand illicit firearms per annum. By far the largest numbers are seized in the Russian Federation (Table 3). Other countries where substantial numbers of illicit firearms are discovered are Albania, Croatia, France, Poland, Slovenia, Spain, the Former Yugoslav Republic of Macedonia, Turkey and Ukraine.

Because of their dangerousness automatic and semiautomatic weapons are of particular interest. The largest numbers are discovered in member States in Central and Eastern Europe. Slovenia reports the seizure of 4,057 automatic and semiautomatic firearms last year. The Former Yugoslav Republic of Macedonia reports 341 submachine guns, automatic and semiautomatic rifles and 23 machine guns. In the Caucasian member States Armenia and Azerbaijan respectively 26 and 43 automatic and semiautomatic firearms were discovered by law enforcement. Turkey reports the seizure of 46 weapons of this kind (including 10 machine pistols), and Greece 49 automatic and semiautomatic weapons. Croatian authorities succeeded in seizing 230 automatic and semiautomatic firearms, while Austrian law enforcement captured 37 machine pistols and 14 machine guns. In Poland the police seized 21 automatic weapons, whereas in Spain, 50 semiautomatic firearms were found.

**Table 3 Illicit arms seized in member States**

Member State	Firearms				Other arms			
	1998	1999	2000	2001	1998	1999	2000	2001
Albania			1,635				215	
Andorra	1							
Armenia			172	98			16	
Austria				320				
Azerbaijan				111				
Belgium								
Bulgaria	187		47	130	7		38	
Croatia	2,334		629	1,934	146		381	
Cyprus	171		12				51	
Czech Republic	155	115	44			1	10	
Denmark								
Estonia			250				3	
Finland								
France				8,500				
Georgia								
Germany								
Greece				547				
Hungary		54					878	
Iceland		16				8		
Ireland	1,404	678			18	62		
Italy								
Latvia		91				3		
Liechtenstein								
Lithuania	663	292	141	24	20		60	
Luxembourg		8	89					
Malta								
Moldova	607	194			233	784		
Netherlands		1,522				12		
Norway	735		228	19	370			
Poland	2,571	2,283	2,185	2,439				
Portugal	68							
Romania	33		49	41				
Russian Federation				73,476				
San Marino								
Slovakia								
Slovenia	1,712	889		6,606	267			
Spain	3,558	3,672	1,427		7,446	8,829		
Sweden								
Switzerland								
'the F.Y.R. of Macedonia'	1,274	2,610		3,278				
Turkey	2,053	1,331		1,722			933	
Ukraine			9,710					
United Kingdom								

Many member States also report the discovery of large numbers of explosive devices, such as grenades and other military or home-made explosives. Examples are Azerbaijan (196 grenades), Austria (over 1,000 grenades, mortars, armour piercing shells, anti-tank mines, et cetera), Bulgaria (among others 40 grenades and 12 home made explosives), Croatia (206 kg of explosives), France (485 grenades and 1,250 explosives), Greece (139 grenades), Poland (68 explosive devices and 493 kg of explosive material), Russia (8,936 explosive devices), Slovenia (50 grenades and 128 kg explosives) and the Former Yugoslav Republic of Macedonia (274 kg explosives).

Only a few sources mention trends. Bulgaria states that the situation in the field of illicit trafficking in arms, ammunitions and explosives is the same as last year. In contrast the Estonian authorities observed that the weight of the illegal arms trading is practically non-existent in comparison to the mid-nineties. Nowadays the organisations which used to deal with illegal arms trading on a regular basis have disappeared. The improvement of the legal basis as well as successful operations of the law enforcement authorities helped to significantly inhibit the illegal arms trading in Estonia.

### 3.5 ILLEGAL IMMIGRATION

Migration phenomena and integration processes of migrants were studied first in the United States in the 30s and 40s and in Europe in the 60s and 70s. Researchers agree that illegal migration and human smuggling have recently become a mass phenomenon (Salt 2000b). One development is the increase in the desire to migrate in less developed countries. According to the Swiss migration researcher Hoffmann-Nowotny (1991; 1993) the international migration potential is then not only determined by the large differences in development between wealthy and poor countries, but also by what he calls the "global integration of values". He sees the world in a process of transition to a world society, to the one world, which results from the diffusion of the Western cultural model. A common vision of humanity emerges which is characterised by wealth, welfare, social justice and individual rights to freedom. The "global integration of values" is the result of modern communication structures (J. Widgren).

New aspirations may result as a consequence of the "global integration of values" which, in the face of the poor living conditions of people, may quickly be followed by feelings of frustration as to the possibilities to improve one's situation. A desire to migrate may be seen then as an attempt to improve one's situation abroad. Many people today are no longer willing to wait and see whether the situation in their own country will at some point in the future improve (Müller-Schneider 2000b; Heckmann et al., 2000). In addition, it should be kept in mind that civil wars, armed conflicts and corruption violating traditional and fundamental rights are major causes for migration. The desire to migrate is thus the consequence of people wanting to live in peace and to plan to improve their lives in another country.

Another important development, which has created new conditions for worldwide migration, is the increase in opportunities for migrants. Included in these, on the one hand, is the increase in resources. Despite the widening gap between the incomes of poor and rich countries, even in developing countries incomes have increased. According to calculations by the World Bank, this increase was approximately 190 percent in the decades between 1950 and 1990. Consequently, there are more and more people who, despite their not living in prosperity, still have means to migrate to other countries to find wealth. Furthermore, new opportunities for mobility have emerged as a result of revolutionary developments in transport. Almost every country in the world can be reached from any other country within a relatively short space of time; in addition, flights are much cheaper and affordable for many people. Migration has become less and less a problem of traffic and transport (J. Widgren).

The United Nations has adopted two protocols supplementary to the Convention against Transnational Organised Crime on 15 November 2000. The protocols included a widely acknowledged definition of “human smuggling” and “trafficking”: Smuggling of migrants shall mean the intentional procurement for profit of illegal entry of a person into and/or illegal residence in a state of which the person is not a national permanent resident. Trafficking in persons means the recruitment, transportation, transfer, harbouring or receipt of persons, either by the threat or use of abduction, force, fraud, deception or coercion, or by the giving or receiving of unlawful payments or benefits to achieve the consent of a person having the control over another person, for the purpose of exploitation (United Nations General Assembly 2000).

International migrants belong to two broad groups: voluntary migrants and forced migrants. Voluntary migrants include people who move abroad for purpose of employment, study, family reunification, or other personal factors. Forced migrants leave their countries to escape persecution, conflict, repression, natural and human-made disasters, ecological degradation or other situations that endanger their lives, freedom or livelihood. Among them are individuals compelled to move by government or other authorities, often in the process referred to as “ethnic cleansing”. The US Committee for refugees “2000 World Refugee Survey” estimated that there were 14 million refugees at the beginning of the year, down from almost 17 million at the beginning of the decade. Four global trends have particular importance for decision-making on migration matters (IOM/UN, 2000, p. 3 and 163):

- Growing economic integration and globalisation.
- Changing geopolitical interests in the post-Cold War era.
- Increasing transnationalism as migrants are able to live effectively in two or more countries at the same time.
- Changing demographic trends and gender roles.

Unauthorised immigration is perceived as a particular problem throughout western Europe. Although push factors such as poverty and unemployment in the countries of origin are often perceived as the principal reason for such migration, equally – if not more – significant is the persistent demand for cheap, exploitable labour within many sectors – including agriculture, services, construction and manufacturing – of the economies of western Europe. Information about unauthorised migration is by nature very sketchy. Estimates place the upper limit of unauthorised migrants in Europe at three million in 1998 compared to less than two million in 1991.

Table 4 contains figures on the number of illegal entries in member States in recent years. It is difficult to derive trends from the available data. Some countries (e.g. Austria and Germany) recorded higher numbers than in previous years, while others (e.g. Cyprus, Czech Republic, Spain and Switzerland) have lower figures. When studying these statistics, one should keep in mind that they do not clearly reflect the organised smuggling of immigrants. Trafficking of migrants usually refers to the facilitation of unauthorised border crossing by a smuggler who usually is paid for this service. Only in a limited number of cases is there information on the assistance of traffickers. In Hungary, for example, the number of migrants apprehended trying to cross Hungary’s borders with the assistance of a smuggler has increased substantially, rising from an average of 1,000-1,500 people per year between 1995 and 1997 to 3,200 in 1998. The latter figure, however, accounts for only one-quarter of the migrants apprehended. In the Czech Republic, the situation seems to be similar: 22 per cent of the people apprehended for unauthorised crossing during the first 10 months of 1997 were reportedly assisted by smugglers (IOM/UN, 2000, p. 197 and OECD 2001).

**Table 4**      **Illegal entries**

Member State	1998	1999	2000	2001
Albania			13,819	
Andorra	313			
Austria	19,693	42,812	45,730	48,659
Belgium				
Bulgaria	7,744			6,763
Croatia	2,591		24,180	
Cyprus	52	213	456	182
Czech Republic	7,530	44,000	32,720	23,834
Denmark		348		
Estonia			2,488	
Finland				
France				
Georgia				
Germany <sup>11</sup>		2,163	1,962	3,262
Greece	146,295			
Hungary	18,017	6,499		1,628
Iceland	16			137
Ireland	2,288	3,456		
Italy				133,619
Latvia				271
Liechtenstein		16	42	41
Lithuania	483	349	100	107
Luxembourg			266	
Malta		611		
Moldova		70		
Netherlands		27,900	>25,000	
Norway	5,900	10,160		
Poland				
Portugal			5,503	
Romania				5,666
Russia				
San Marino				
Slovakia		7,888	7,752	
Slovenia	13,740	18,571		
Spain			14,346	13,360
Sweden				
Switzerland			109,518	105,734
'the F.Y.R. of Macedonia'	6,772	3,736		
Turkey		47,579		31,496
Ukraine	11,820		27,000	
United Kingdom				69,875

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<sup>11</sup> The statistics for Germany do not refer to persons but to offences.

In Austria, 2,294 traffickers were arrested in 2001 for facilitating the illegal entry of immigrants. This is less than in the two years before, but still almost twice the number of smugglers apprehended in 1996. Another development is the smuggling of larger groups of individuals. In 2001 one migration facilitator on average smuggled 6.75 persons to Austria, while in the year before the average number was distinctly lower, namely 4.25 persons per smuggling operation.

Experience of the past, corroborated by current investigations in Austria and elsewhere, have shown that there are many cases of organised migration racketeering, although not always recognisable at first glance. Smugglers who are stopped together with their "clients" are most often just low underlings who are not part of the actual core of such an organisation. Such law enforcement interventions are as a rule labour-intensive in terms of alien police and asylum rights regulations, and entail a huge administrative workload, which might result in paying little attention to investigative aspects required to recognise and document an organised smuggling operation. The relevant organised criminal activities to facilitate illegal immigration take place much earlier than at the time of the arrest, namely when visas in large numbers are obtained under false pretences, such as fake invitations or hotel room bookings – against considerable payments by the victims. Here are huge amounts at stake which make illegal entry into the European Union a lucrative and flourishing business.

The smuggling rings take advantage of every possibility, every loophole and possible inadvertence in controls and surveillance to reach their goals. They will thus make use of every thinkable route that implies little risk and costs. It was noted that the often long-lasting and for the smuggled migrants risky journey by land using various means of transportation is gradually being replaced by faster and more comfortable travelling by air. The illegal immigrants are very often equipped with excellently forged, or increasingly with wrongly obtained passports (visas). Low air fares in 2001 contributed to this development.

In the criminal investigations into migrant smuggling carried out in the Netherlands, most of the main suspects originated from Bulgaria, Turkey, the Russian Federation and Iraq. The Netherlands serves mainly as a transit country for migrant smuggling. Most of the smuggled men, women and children had as final destination the UK, the US or Canada.

### 3.6 TRAFFICKING IN HUMAN BEINGS FOR SEXUAL EXPLOITATION

According to Article 3 (a) of the Trafficking Protocol to the Palermo Convention<sup>12</sup>:

“Trafficking in persons shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs”.

In contrast with the concept of smuggling of migrants with its focus on illegal border crossings, trafficking in human beings is about the violation of the rights of the individual through exploitation. Thus, it is less an issue of migration policies than of the protection of the victims and their human rights, and of the punishment of the traffickers and their associates.

Reliable data on trafficking in human beings is not available. A recent survey undertaken by the International Organisation for Migration (IOM, 2001a) states an increase in trafficking in most regions of the world. Trafficking in human beings for the purpose of sexual exploitation seems to be particularly on the rise. Council of Europe member States are important countries of origin, transit or destination in this traffic.

Victims originate from a range of countries. Women from Central and Eastern European member States, including Ukraine, Romania, Moldova, Lithuania<sup>13</sup> and Russia, make up the majority of victims of trafficking in Europe. However, victims from other regions– such as from Asia, Africa and Latin America – are also found. The following examples illustrate this point:

- In 2000, out of 652 trafficked women assisted by IOM, almost half (316) came from Moldova, 170 from Romania and 81 from Ukraine. Some 186 of them returned from Bosnia and Herzegovina, 117 from Albania, 115 from Kosovo and 106 from “the former Yugoslav Republic of Macedonia” (IOM 2001a).
- From 303 victims assisted by IOM in Kosovo between February 2000 and April 2002, 159 came from Moldova, 71 from Romania and 38 from Ukraine.
- In Greece, about 90% of the victims are women from central and eastern Europe, mainly from Ukraine, Moldova and Romania.
- In Germany, the large majority of victims are from central and eastern Europe, primarily from Ukraine, Lithuania, Russia and Poland. In 2001, 140 victims from Belarus were registered, of which 114 were related to one single targeted investigation (BKA, 2001).

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<sup>12</sup> Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, adopted by resolution [A/RES/55/25](#) of 15 November 2000 at the fifty-fifth session of the General Assembly of the United Nations. The Trafficking protocol is not yet in force.

<sup>13</sup> The large number of Lithuanian victims is surprising. It would seem that some of them are actually from Russia, Ukraine or Belarus and obtain Lithuanian papers before being trafficked to third countries.

- In Sweden, the number of women trafficked into Sweden is estimated at 200 to 500 annually, most of them originating from Hungary, Slovakia, Estonia, Lithuania and the Czech Republic. In 2001, the number of victims from Russia and Moldova has been increasing. The trafficking of women from Latin America for labour exploitation is also reported.
- In France, most women are from Albania, Kosovo, the Czech Republic, Lithuania, Slovakia, Romania and Bulgaria. Other victims originate from Africa, Latin America and Asia.
- In the United Kingdom, many victims are of Albanian origin.
- In Spain, many victims come from Colombia, Brazil and the Dominican Republic, but also from eastern Europe and Africa.

The concept of trafficking in human beings implies a strong role of criminal organisations. It includes the threat or use of force, coercion, fraud, deception or other means; it includes several distinct but interrelated acts, and the exploitation is not a one-time event but is carried out over a certain period of time (see: International Centre for Migration Policy Development 1999). Organised crime exploits market opportunities for sexual services and cheap labour on the one hand and the vulnerable situation of women and children in many countries on the other. Furthermore, criminal organisations can count on high profits and a relatively low risk of control and sanctions.

The expansion of the sex industry and trafficking in human beings go hand in hand. The market for commercial sexual services is a major force driving trafficking. It is therefore no coincidence that the large majority of victims are found in the prostitution sector. In Europe, several hundred thousand women work in prostitution. The share of migrant sex workers appears to be ever increasing and in many countries account for more than 50%. The deployment of international military personnel in Bosnia and Herzegovina and Kosovo has created new markets in South-eastern Europe, and was accompanied by increasing trafficking of women from Ukraine, Romania and Moldova to this region.

In a number of countries, prostitution serves as an entry point for organised crime in a given area. A report on the Russian Federation illustrates this point. "A few pimps can move in with control of a few women and establish a territory, or a manager can pressure a few independent pimps into paying protection fees and collect money from all pimps operating in an area" (IOM, 2002 p. 15). In this way, individual pimps or smaller criminal organisations are linked to larger organisations through extortion. That is, they have to pay protection money in order to continue their business. This applies to domestic trafficking as well as international trafficking by Russian organisations. Domestic trafficking involves (often minor) girls being from rural areas being recruited for the sex industry in urban centres. In order to facilitate international trafficking, Russian criminals set up fake business in destination countries and then issue letters of invitation.

The opportunities for legal migration to well-off countries, in particular to member States of the European Union, are increasingly limited. The outer borders of the EU are reinforced and the possibilities for residence or labour permits are reduced. At the same time, the fall of the visa regime for Bulgaria and Romania in 2001 now facilitates trafficking of women from these countries into the European Union. Statements taken from victims in many countries typically indicate economic motivations as the initial reason for the desire to migrate, deception with regard to the type of work, and finally forced prostitution. The vulnerability of victims increases once they work in the sex

industry, that is, in a largely unregulated and unprotected, and in several countries illegal sector. Traffickers exploit the vulnerable situation of women. In urban areas of central and eastern European countries, young women are often confronted with prostitution as one of the few opportunities for earning money. Women thus rely on assistance from third parties to organise papers, transport facilities and working arrangements, and finally end up in prostitution.

Another expanding market is that of virtual sex. In view of sagging profits in other segments, internet service providers turn increasingly to pornography counting on millions of customers to subscribe to adult web sites.<sup>14</sup> New information and communication technologies in turn “facilitate the sexual exploitation of women and children because they enable people to easily buy, sell and exchange millions of images and videos of sexual exploitation of women and children” (Hughes, 2002, p. 129). Reportedly, Budapest serves as a centre for the production of pornography using women trafficked from other countries of central and eastern Europe (Hughes, 2002, p. 131).

Trafficking in human beings is a highly profitable business, in particular in connection with sexual exploitation. Europeans spent billions of Euro per year for prostitution and other commercial sexual services. The cost for the purchase of a woman by a pimp are easily amortised and turned into net profits.

Statements taken from victims in different countries suggest the following pattern with deception as the starting point:

- Women respond to job advertisements for babysitters, models, hairdressers, dancers, waitresses, etc.
- Transport and papers are arranged by criminal organisations.
- Identity documents are taken away on arrival and women are confronted with a large debt owed to the traffickers which are to be repaid prostitution.
- Violence may be used to coerce women into prostitution. There are numerous reports of women kept in isolation or beaten or raped in order to break them.
- Victims are resold or exchanged between criminal groups and countries in order to ensure the availability of "fresh meat" on the market.

There is of course a multitude of other ways of trafficking, involving for example, false marriages or 'loverboy' arrangements.

It should also be noted that some victims are aware of the fact that they will be working in the sex industry, however, not of the conditions. In Germany, for example, of 987 victims registered in 2001, 55% had been deceived about their final employment, 32% had agreed to work in prostitution, and in 80% violence had been used (BKA, 2001). The illegal status in the country without papers, the threat of being expelled, the fear of being exposed as a prostitute, debts and violence are effective means of control of victims by traffickers (UNICEF/UNHCHR/ODIHR, 2002).

Information from different countries and regions within Europe point at strong and violent trafficking organisations. This seems particularly true for Albanian and Kosovar organisations operating in Belgium, France, Italy, the United Kingdom and other countries. On the other hand it is important to underline that trafficking is not only an issue of foreign criminals but in most countries also of local criminal organisations. In

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<sup>14</sup> “European Net Firms aim to profit from Porn” (Adam Eisner at <http://thewhir.com>), 15 August 2001.

Italy, Albanian groups co operate with Italian mafia-type associations. In Germany, 40% of suspected offenders were nationals<sup>15</sup>.

Information from South-eastern Europe suggests that corruption is central to the success of trafficking (Council of Europe, 2002a). Corruption problems related to trafficking in human beings have been reported from almost all countries of South-eastern Europe, and there is a general belief that trafficking cannot take place without the involvement of corrupt officials. While there is a perception of wide-spread corruption in relation to trafficking and while there are reports on specific corruption cases, there are very few reports on investigations into corruption offences related to trafficking, and virtually no reports on cases going to court and leading to convictions. Law enforcement and criminal justice authorities remain passive and refrain from taking any action. Prosecutors seem to be completely unaware of corruption within the context of trafficking. Courts are said to have been bribed to release pimps and traffickers. The inconsistent enforcement of laws and regulations against traffickers and sexual exploitation is believed to be due to corruption.

### 3.7 CHILD PORNOGRAPHY

Child pornography includes the production, distribution, exportation, transmission, importation, intention, possession and advertising of child pornography (Vienna Commitment against Child Pornography on the internet, 1 October 1999, Chapter II, pt.3). As practical experience shows, the internet is used extensively for providing and selling pornographic material. Child pornography, sexual services, advertising contacts on the Internet is a growing problem. Basically there are only a small number of reports on child pornography. Reports are made by Austria, Bulgaria, Denmark, France, Portugal, Spain, the Netherlands and United Kingdom. In Austria, the number of e-mails related to child pornography increased from 552 in 1997 to 2,034 in 2001. Last year, useful leads for investigation were recorded in 343 cases; 85 of them had links to Austria.

Bulgaria reports the activities of three nationals involved in an international network for disseminating child pornography via the Internet with connections in the USA and the Russian Federation. It was discovered that a Bulgarian free host server was used, whereas the web pages were updated and administrated from the USA and the Russian Federation.

In 2001, Danish authorities brought charges against 90 people in connection with child pornography material. 32 of these were charged with distribution and 58 with possession. New child pornography material emerged in 2001, particularly on the Internet, and the pictures appeared increasingly obscene. It is assumed that the actual organised production of child pornography material takes place primarily in Eastern Europe and Asia. There appears to be an increase in the abuse of children of European appearance. Some of the images have been found to have been produced in the Baltic countries, Russia and the United States. In some cases child pornographic material has been produced in Denmark, which is distributed via the Internet to people in several countries. It has not been possible to make reliable estimates of the number of members of paedophile networks in Denmark, because the networks are very closed. This observation was backed up in 2001 by a case in which only people could enter paedophile circles if they supplied material themselves. Recent cases have shown that the networks have a hierarchical structure, with a form of "promotion" taking place in the network in the distribution of new and "different" image material.

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<sup>15</sup> Of these, however, 20% were Germans of Polish, Kazakh or Turkish origin.

The exchange of child pornography material typically took place in international networks of relatively autonomous participants. These networks again used highly sophisticated technology in 2001, for example making use of video technology (web cams). The criminal acts must therefore be characterised as well planned and technically advanced. It can generally be said that paedophiles who use the Internet have a great insight into the medium and continuously guide each other on new anonymity software and on actions that are taken by the authorities against the paedophile networks and revealed during court cases. Child pornography networks are often connected, so that investigating one network often provides a basis for investigating other networks.

Portugal reports three major crime cases connected with child pornography. In one case 30,000 pornographic pictures of children were found in the possession of 19 persons. Spain reported 5 cases of child pornography. The Netherlands mentioned one investigation because of distribution by an organised crime group of child pornography via the digital highway (the Internet).

According to the contribution of the United Kingdom, most identified paedophiles operate alone. Organised paedophile groups are relatively rare. However, networking by paedophiles is significant, and involves the exchange of paedophile material and pornography, together with the positive reinforcement of paedophile views. Information technology, particularly the Internet, has changed the nature and extent of paedophile networking. Online guides to all aspects of paedophilia are available, and bulletin boards and chat rooms, plus more secretive password controlled areas, provide paedophiles with much wider networking opportunities than before. Non-paedophile chat rooms are also used to establish contact with potential victims. While most of this activities involves paedophiles distributing material for pleasure rather than profit, although these are not mutually exclusive, some paedophile internet sites have been created by non-paedophile serious and organised criminals solely as money-making ventures (NCIS, 2002).

### 3.8 ENVIRONMENTAL CRIME (INCLUDING ILLEGAL WASTE TRAFFICKING)

Environmental crime as a legal concept is an act committed with the intent to harm or with the potential to cause harm to ecological and/or biological systems, for the purpose of securing business or personal advantage, and in violation of state or federal statutes for which criminal sanctions apply. Environmental crime is a multi-faceted concept. It includes: Trafficking of endangered species, dumping of toxic or hazardous waste, use of, or trafficking in, ozone depleting substances. Environmental crime is so dangerous because it may have an impact not only on the present but also on future generations.

In Germany, in 2001 three cases of environmental crime indicating international relevance and structures of organised crime were reported.

Denmark states that the number of reports of contraventions of the Environment Act is on the increase again after a period of decline. It does not appear possible to classify environmental offences in Denmark in 2001 as actual organised crime.

In an attempt to protect endangered species and to prevent risks to public health and safety from pollution, the United Kingdom has tightened its regulations and signed up to a number of international agreements in respect of environmental issues. Though beneficial overall, these steps have created the market conditions for criminals to trade rare and protected animals, fish and birds and their by-products. Criminals are also

able to take payment for the disposal of and then dump industrial and domestic waste products that are expensive to dispose of illegally, for example tyres and refrigerators. They also trade in ozone depleting substances, where the market is principally overseas, and where the indications are that the United Kingdom is a transit country. The level of serious and organised criminal involvement in these crimes is difficult to determine, but the profits to be made are significant and likely to attract growing serious and organised crime interest. The global nature of the trades provides an opportunity for those groups with established international links and a smuggling capability to profit.

### 3.9 ILLEGAL GAMBLING

Only some member States refer to illegal gambling as an organised crime activity. Typically, organised criminal groups in Bulgaria collect proceeds from the illicit organisation of gambling. These activities are carried out using legitimate companies, managed by dummies. Unlicensed illicitly imported gambling machines are used for this purpose. The activities of 6 groups have been dismantled, 451 gambling machines have been confiscated and 36 preliminary proceedings have been initiated against persons who have committed offences under the Penal Code.

Italy reports 10 cases of investigation against 30 persons because of illegal gambling. Lithuania presents as a main type of the activities of organised criminal groups illegal gambling business (closed gaming houses and illegal casinos). Numbers of investigations are not mentioned in the report. Slovenia reports two investigations because of illegal gambling. In the Swedish report it is mentioned that as to automatic gambling machines several networks/groups within organised crime are involved. These activities are very profitable and some incidents of violence in 2001 can probably be linked to these activities.

### 3.10 ARMED ROBBERY

Although use of violence is a classical criterion of organised crime, armed robbery is not a typical activity of organised crime groups. A comprehensive inventory of armed robbery activities cannot be carried out because there is not much information in the country reports to the Council of Europe. Mainly the number of bank robberies is mentioned. In most cases it cannot be analysed how the tendency of organised crime groups is.

The majority of member States for which statistics are available show lower numbers of bank robberies in 2001 than in previous years (see Table 5). Significant decreases were recorded in Germany, Netherlands, Norway, Poland, Spain, Turkey, the Former Yugoslav Republic of Macedonia, and the United Kingdom. Only a few countries report significant increases, in particular the Czech Republic, France, Slovakia and Slovenia.

Some of the national contributions contain specific information on armed bank robberies and its perpetrators. In Finland in 2001 in comparison with previous years, there was a marked increase in the number of particularly dangerous robberies primarily targeting public offices, filling stations and valuables in transit. It has become clear in several court cases that people from the biker culture have induced other people (criminals) to commit armed robbery by threatening them. At the same time, foreign organised networks have been involved in robberies on banks, with French and Estonian citizens, among others, having carried out armed robberies. In other Scandinavian countries Denmark, Norway and Sweden, robberies of filling stations and money transports are gaining importance as well.

**Table 5 Armed bank robberies**

Member State	1998	1999	2000	2001
Albania			2	
Andorra	0	1		
Austria	30			
Belgium	207			
Bulgaria			2	
Croatia	28		16	17
Cyprus	3	7	7	11
Czech Republic	47	19	21	51
Denmark	131	97		
Estonia	4	3		
Finland	21	11		12
France	677		724	952
Georgia				
Germany <sup>16</sup>	1,300			925
Greece	116		64	57
Hungary		60		55
Iceland				
Ireland <sup>17</sup>		17		
Italy				
Latvia		1	1	
Liechtenstein				
Lithuania		6		9
Luxembourg			8	
Malta		2	2	
Moldova <sup>18</sup>		696		363
Netherlands	179	140	94	89
Norway		64		23
Poland	40	46	91	67
Portugal	67			
Romania				
Russia				
San Marino				2
Slovakia		8		14
Slovenia		9		25
Spain		1,018	591	116
Sweden				
Switzerland	30			
Turkey	31			1
'the F.Y.R. of Macedonia'		10		5
Ukraine				
United Kingdom		467		132

<sup>16</sup> In 2000 and 2001 there were 16 and 39 cases explicitly implying organised crime groups.

<sup>17</sup> The figure presented refers to the number in the first 9 months of the year

<sup>18</sup> Not only bank robberies but all robbery offences.

Germany reported 39 robbery offences or extortion offences resembling robbery involving banks or post offices, and 51 robberies were registered in relation to other payment outlets. The figures given also refer to cases that do not fall within the organised crime complex. In 2001, 925 cases of robberies against financial institutions and post offices took place. Of these, 572 were cases where threats were made with firearms and in 25 cases shots were fired with firearms. In France the use of firearms is on the increase in comparison to the previous year – arms have been used in 15% more cases than the year before.

In the Czech Republic serial robberies of banks committed mainly by Ukrainian workers are frequent. Hungary reported four groups involved with armed robbery. In Greece last year three organised criminal groups were involved in bank and shop robberies. The criminal groups consisted of Greeks, Albanians, Rumanians and Yugoslavians. They committed the robberies at gunpoint and used stolen vehicles to escape. The members of one group did not hesitate to murder innocent people in order to achieve their main goal.

### 3.11 KIDNAPPING

Kidnapping does not appear very often on the agenda of organised crime groups. An overwhelming majority of countries do not face this phenomenon, but there are some countries where several groups are active in this field.

The Czech Republic reports that regarding crimes of violence, the “professionalism” of offenders is growing. Kidnapping and extortion are closely linked to other crimes of violence. The most active groups are groups of citizens from the former Soviet Union. Aggression and brutality of offenders is getting worse, as victims are sometimes devastated (e.g. “toll” collection; which concentrates on truck drivers).

Cases of this crime occur very seldom in the territory of Slovakia. Some cases of fictitious kidnapping were recorded in the past. In these cases the children of owners of entrepreneurs got themselves kidnapped and the perpetrators required a ransom from their own parents. A very dangerous form is kidnapping connected with extortion and intimidation of concurrence. This crime is connected with restriction of personal liberty and some cases with cruel and inhuman treatment and torturing of victims.

In Bulgaria there were 62 cases of abduction and unlawful deprivation of liberty with the elements of organised crime. The groups were established at the ad-hoc level and later started to develop a sustainable microstructure. Hungary reported six groups involved in kidnapping cases. Moldova reported increase of violence. Kidnapping is mentioned as main criminal activity. Azerbaijan reported eight cases of kidnapping. In Greece one group of criminals demanded ransom for a kidnapped man. New technologies enable perpetrators to remain undetected, such as in the case of Greece where kidnapers used 26 different non-identifiable telephone numbers.

The number of reports of persons being illegally deprived of their liberty in Denmark rose from 13 in 1999 to 25 in 2000, but fell in 2001 to 20. None of the cases could, however, be regarded as kidnapping that formed part of organised crime.

### 3.12 EXTORTION (INCLUDING PROTECTION RACKETEERING)

Protection racketeering and other forms of extortion are among the most profitable and also most violent activities of organised criminal groups and one of the areas where law enforcement system is helpless without people ready to report these crimes and to testify against their perpetrators. There are signs in some countries that especially owners of legally established enterprises, shops and clubs are showing some more inclination towards cooperation with the law enforcement. Namely, in those countries criminals clearly choose illegally established enterprises or enterprises from the so-called grey economy for their victims and not so much legally established companies. They even give up on such companies without any special consequences for them, brutality is not present to a very large extent, they became more "considerate". However, in some other countries very brutal methods, such as booby-traps, are still in place.

This type of activity sometimes has a very strong ethnical background. Perpetrators from a certain background extract money from business people of the same background in Norway, there are specific ethnically based organised criminal groups in Greece (Greeks), Bulgaria (dismantled groups of Georgians, Moldavians), Latvia (Russians), Lithuania, Estonia (domestic groups and Azerbaijanis), the Czech Republic (Kosovars, Dagestanis). In Austria, a large proportion of foreign criminal associations, especially Yugoslav, Turkish and Asian groups and gangs, and those from the CIS-states, blackmail their own compatriots, demanding protection payments using various means of pressure and intimidation. The number of cases that are never reported is believed to be enormous.

Methods used by the perpetrators in this field vary a lot – sometimes only different threats are enough, in other cases force is used, especially firearms. It is not always money that is collected but also drugs as is the case in the Netherlands. This type of criminality is sometimes an entry point for other areas of criminality, especially in Germany. In other countries it has very clear subsidiary character, e.g. in the Netherlands.

Two very specific types of extortions should be mentioned. First, illegal collection of debts, sometimes with the use of force, is getting more and more important in some countries, reaching up to 80% of all extortion cases of an organised criminal group, e.g. in Latvia. There is a big difference between typical protection racketeering and illegal collection of debts. In the latter case perpetrators extract debts which really exist, compared to the former case, where debts are just imaginary. Of course, it is very tempting for criminals to add special, very high interests to the basic sum of the debt.

The second, also very specific type of activity, which is linked more to property theft rather than to extortions, is thefts of cars and their sale back to the legal owners for a certain part of the real price. Despite the fact that owners of the vehicles are in some way forced to buy back their own cars, this is not extortion, at least not in the strict sense.

Bulgaria reports, that in comparison to 2000 (with 210 cases), there has been a decrease in the number of blackmails and other forms of racketeering in the year of 2001 (with 160 cases). 118 cases have been solved. In 32 of them there were connections with structured criminal groups, specialised in robberies, blackmail or other offences. The competent authorities have dismantled the activities of nine organised crime groups, specialised in blackmail – foreign nationals participated in two of them. One of these groups was formed by a Georgian national of Armenian origin. The second one

consisted of Moldavian nationals. One Moldavian national – active member of a criminal group, wanted in Moldavia and Russia for “commissioned” crimes (9 murders and 11 attempted murders) – was detained.

In Croatia, various types of delinquent behaviour such as blackmail, threats, extortion, intimidation, physical liquidation with the view to obtain financial and social power or to maintain discipline in a criminal organisation, carrying out of merciless “sanctions” for disobedient members, influencing witnesses etc.

Cyprus reported two cases of extortion, including protection racketeering. Denmark reported as part of the general monitoring of crime committed by persons connected with the biker groups, it has been established that extortion is among these crimes. The number of cases rose from 115 in 2000 to 145 in 2001. Estonia reported that the rate of violent behaviour has decreased. The Azerbaijan and the Kemerovo criminal organisations are especially cruel. Threats and violence outside the organisations are rather actively used, as most cases of racketeering and extortion always connected with use of violence.

## 4 Licit markets

### 4.1 FRAUD

Fraud is frequently cited in the national reports on the organised crime situation, but the information provided is still often too vague and the estimates remain very imprecise. It is true that activities in this field are complex and often have a semblance of lawfulness, with the result that this is largely unknown territory.

Fraud encompasses a broad range of activities, which have as their common denominator the attempt to make money out of circumventing economic and financial rules. Such activities, pursued in a lawful guise, sometimes solely at a national level but increasingly with an international dimension, may be to the detriment of the state's finances or of private economic interests (undertakings or individuals). Some cases of fraud are very simple and may be the work of individuals operating alone, but most are highly complex and require considerable expertise. They then entail sophisticated arrangements and infrastructure, the use of lawfully constituted entities and reliance on the services of professionals (accountants, lawyers, etc.).

The authorities' knowledge of these activities remains fragmented. It is often the case that very few of these offences are reported - even in the United States, as shown by a recent study (D. Rebovich, J. Layne, 2000). Private victims of fraud, whether firms or individuals, hesitate to come forward. They are frequently reluctant to lodge a complaint out of concern about their reputation and the impact on customers or shareholders. Those in economic circles do not always grasp the full scale of the problem or prefer to rest on their laurels, as shown by a recent study (M. Levi, D. Sherwin, 2000).

Under these circumstances, criminal law, mainly police, statistics can give only a very incomplete picture. Many countries, such as Germany, drew attention to the discrepancy between these offences' share in the statistics and the extent of the damage<sup>19</sup>. However, the overall cost of fraud remains very uncertain, and the estimates are extremely wide-ranging and hard to compare<sup>20</sup>. Fraud therefore poses difficult policy problems, to which most of the countries quite rightly draw attention.

This report is concerned with fraud deemed attributable to organised criminal groups. Nonetheless, the reality is complex, and the borders hazy. Frequently perpetrated in the guise of lawful economic activities, fraud entails mastery of complex economic and financial techniques. These include capabilities more in the domain of legitimate operators, such as making sophisticated business arrangements, establishing front companies and having recourse to offshore institutions. Such techniques and facilities, originally devised by legitimate operators to bypass the rules, can also be used by organised crime. Fraud also gives rise to bribery and the use of force, tying in with organised crime's use of violence and influence.

For organised crime, fraudulent practices often constitute a means of crossing over from the illegal to the legal economy, as is pointed out in many of the national reports.

Three comments can be made regarding fraud:

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<sup>19</sup> According to Germany's report, fraud accounts for 2% of the total number of offences committed but 60% of the economic loss suffered (Federal Ministry of Interior, 2001).

<sup>20</sup> The impact of fraud in the broadest sense - fiscal losses (customs, tax, VAT and benefits) and damage to the economy and consumers - is believed to cost the United Kingdom £ 5 to 12 billion per year.

- The reports reveal a need for improved knowledge of organised crime's involvement in the economic and financial sectors, where the picture often remains hazy.
- The question of fraud control raises the issue of means of cooperation between police agencies specialising in the fight against organised crime and financial regulators specialising in combating fraud.
- Often, little account is taken of the impact on the victims, who too frequently continue to have little awareness of the risks.

#### 4.1.1 The situation in 2001

A large number of the national reports again state that fraud comes second after drug trafficking among the activities in which organised crime is most present. For the UK, although fraud is less visible than trafficking in drugs or human beings it still constitutes a serious threat (NCIS, 2002). Nonetheless, organised crime's involvement in the most publicised cases of financial fraud (H.N. Pontell, A. Frid, 2000) must not cause one to overlook the role played by legitimate economic operators. As shown by the recent scandals that dealt a severe blow to the credibility of the New York financial market, the serious frauds that have undermined public confidence have been attributable to major companies engaging in lawful economic activities (Enron, WorldCom, Tyco, et cetera).

Over the past ten years the countries in transition to a market economy offered specific opportunities for fraud, frequently linked to the emergence of a private sector. Although certain forms of fraud continue (as reported by Poland), there would now seem to be a tendency towards some normalisation of the situation. Fraud tends to be of the same nature - fiscal or financial - in both parts of Europe. In this connection, several of this year's reports mention two phenomena. Firstly, strengthening of the market economy and increasing regulation have meant that the grey economy (in Bulgaria, for instance) now offers less possibilities for organised criminal groups. Secondly, the candidate countries for EU membership are utilised by external groups as means of infiltrating the Union's internal market (the Czech Republic, Hungary and Bulgaria, among others, draw attention to this). It is nonetheless often difficult to gauge the extent of these trends, as many of the reports deal with the "economic" activities of organised criminal groups under the blanket concept of "economic crime", without drawing any distinctions.

#### 4.1.2 The European Union's financial interests

In the EU member States fraud is often linked to the single economic area and the opportunities for free movement of goods that it affords. It accordingly usually affects the Union's financial interests.

As in previous years, many countries (including Germany, the Netherlands, Portugal, Denmark, the United Kingdom, and Sweden) see a link between organised crime and such cases of fraud. In its annual report on organised crime for 2000 Europol also noted that this had been a recurring trend for a number of years. In the recent Green Paper on criminal-law protection of the financial interests of the Community, the European Commission drew further attention to this link: "*It is known that organised crime has been involved in numerous cases that have come to the knowledge of the Commission's departments over the years*" (UE, 2002). The sums at stake are generally believed to be particularly high, but no figures are available for cases coming within the ambit of organised crime.

The European Anti-Fraud Office OLAF publishes an annual report on fraud cases affecting the Community's financial interests, where substantial amounts are at risk. The member States are required to report to the Commission all cases of irregularities and any follow-up action taken (administrative decisions, referral to the judicial authorities). Cases reported to the Commission therefore concern both fraud and mere irregularities, and at first sight it is very difficult to distinguish one from the other. Indeed, to qualify as fraud, a case must be judged by a court which finds that the conduct under consideration constitutes that offence (cf. Article 1 of the Convention on the protection of the European Communities' financial interests of 26/7/1995).

In 2001, 1,846 cases<sup>21</sup>, involving a total of € 256.3 million, were reported. Funds recovered in 2001 amounted to € 40.3 million (or 16% of the total reported). The trend noted since 1997 continued, with a fall in both the number of cases reported (frauds and irregularities) and the overall amount involved. In 2001 the number of cases decreased by 25% compared with the year 2000, and the sum involved declined by an even higher percentage (51%). The average recovery rate remained stable.

In cases of suspected fraud (defined as those where the intentional nature of the act can be inferred) OLAF generally opens an investigation. Contrary to the number of cases reported, the number of such investigations has been steadily increasing for a number of years: in 2001 OLAF dealt with 381 fraud cases (compared with 328 in 2000 and 252 in 1999), and 663 cases, involving an amount of € 565 million, were closed.

These cases affecting the Community's financial interests generally involve complex processes and a number of countries, resulting in fraud on a large scale, as is also mentioned in the national reports. OLAF estimates that fraud accounts for 20% of known cases but 50% of the sums involved (UE, 2000). However, the precise link with organised crime - although identified - remains uncertain.

Many EU member States (including Germany<sup>22</sup>, the Netherlands, Belgium, Denmark, and the United Kingdom) report cases of VAT fraud, known as "carousel fraud". This entails setting up fast-moving intra-Community trade transactions, sometimes of a fictitious nature, in easily transportable, high-value-added goods such as computers, mobile phones, electronic components, vehicle parts or food products (Sweden). These transactions enable the fraudsters, often using front companies, to claim refunds of VAT, which they falsely declare to have paid on purchase, at the time of alleged re-sale of the goods.

This type of fraud is still on the increase and often relies on front companies. The technique involves use of a rapidly changing group of short-lived companies, sometimes having no real existence, which quickly disappear once the fictitious purchase or sale transactions have been declared, and of counterfeit documents or genuine but falsified documents. Apart from the transitory nature of the companies concerned, investigation is made difficult by the fact that they are established in a number of different countries. Several national reports take the view that this category of fraud, entailing the collaboration of a number of individuals in committing tax evasion offences, comes within the definition of organised crime.

The popularity of this type of fraud is a result of the high gains it procures and the simplicity of the techniques involved, based on accounting records and administrative formalities not subject to controls. Those resorting to such techniques can make a lot of

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<sup>21</sup> These cases (involving amounts in excess of € 10,000) concerned traditional own resources.

<sup>22</sup> Six active investigations into organised crime concern use of carousel techniques (see Bundeskriminalamt (BKA) 2002)

money in a short space of time, which means that criminals find them increasingly appealing. The UK report by the National Criminal Intelligence Service (NCIS) states that, although VAT evasion through non-declaration generally does not concern organised criminal groups, they are very much present in carousel fraud, using bogus companies formed specifically for criminal purposes. The NCIS has noted that the routes followed often turn out to be the same as those utilised for trafficking in illegal goods. It reports that since 1998 there has been an increase in this kind of fraud, which is apparently used by one-sixth of organised criminal groups in the UK. It even constitutes the primary activity of half of the groups concerned. This trend can be explained by the low risk of being convicted and sentenced and the high profits to be made (NCIS, 2002).

### 4.1.3 Other fraud

Poland also reported a large number of groups (129 in 2001) involved in economic crime in the broadest sense, which covers corruption, money laundering, offences in connection with the privatisation process, fraud at the expense of the public purse (tax and VAT fraud) and commercial fraud. The police noted an increase in the latter two types of offence in 2001: 602 cases of criminalised tax fraud and 42,091 cases of commercial fraud.

Cases of VAT fraud were reported by many other countries. The phenomenon is linked to growth in international trade in the countries concerned and, as noted by the Slovak Republic's Office of Financial Fraud, often involves use of bogus legal entities. The Slovak report states that intermediaries propose legal entities' services for issuing false invoices. These "companies of straw" are reportedly used by both criminals and legitimate business operators seeking to reduce their tax burden. Among the approximately one hundred cases recorded, 46 were of a criminal nature.

Bulgaria reported similar cases of fraud, causing significant losses, which had recently doubled (from € 5 to 10 million). Eleven organised criminal gangs active in this sector had been broken up. Although the vast majority of the groups concerned were indigenous, the report stated that transnational relations were on the increase.

The Baltic States' reports also mention this form of VAT fraud. In Estonia it apparently even constitutes organised criminal groups' chief source of income after drug trafficking activities.

Hungary reported that almost one quarter of the identified groups appeared to be involved in the VAT fraud scene (13 out of 59). It must naturally be borne in mind that most groups are not active in only one field. The report states that eleven groups engage in fraud against financial institutions. But there is no information on groups committing both kinds of fraud.

The Russian Federation reported the substantial negative influence of financial frauds on the banking system. Although they constitute only 3,5% of the total number of registered economic crime, criminal offences are becoming increasingly serious. For the period the damage inflicted to the banking sector is estimated surpassing 6,6 billion rubles (half of the amount of the damage caused to the financial system).

Regarding financial fraud, some countries report that foreigners are active in the sector, whereas others believe it is more the preserve of domestic gangs.

The Czech Republic reports that foreign groups are stepping up their presence in the country with a view to its accession to the EU. This is apparently the case with Arab

criminal organisations active in the financial fraud sector, who make use of the company formation facilities offered by the country. The report by the Slovak Republic, based on information from the Office of Financial Fraud, states that most fraud within the country is perpetrated by groups under the leadership of Slovak nationals, except for one Chinese gang. Six organised criminal groups are active in the financial fraud sector. The report points out that fraud against financial institutions, in particular attempts to obtain loans with forged documents produced as evidence of an in-existent business activity (10 cases in 2001), is sometimes aided and abetted by bank employees. However, it is difficult to distinguish between genuine complicity in commission of an offence and negligence due to inadequate training. The proceeds of such crime (CzK 40 billion) are used to purchase lawfully established companies, enabling the groups concerned to secure footholds in the legal economy.

Bulgaria also reported a risk of fraud committed with employees' complicity, but observed that the latter may also be pressurised by criminal organisations. The report does not mention any increase in financial fraud in 2001 but states that five groups having caused over € 8 million in damage have been broken up.

Latvia's report states that one of the country's three main organised criminal groups is particularly active in assisting Russian criminal gangs with financial transactions. Similar cooperation is also reported by the Czech Republic.

In western Europe, Ireland and the United Kingdom mention use of the financial scam known as 'advance fee fraud', with the involvement of new west African perpetrators, particularly from Nigeria. They confirm that the fraud networks are expanding to other countries.

#### **4.1.4 Diversified fraud activities**

Organised criminal groups' involvement in large-scale financial fraud, to which the Netherlands and Belgium already drew attention in previous years' reports, is mentioned by a number of EU member States (the United Kingdom, Spain, the Netherlands, Luxembourg, Italy).

The United Kingdom, which, with the City in London, is home to one of the world's leading financial centres, is particularly conscious of the problem. In its most recent publication the National Criminal Intelligence Service (NCIS, 2002) notes that organised criminal groups are increasingly active in large-scale fraud (involving sums in excess of a million pounds), such as high yield investment programme confidence tricks. Like the Serious Fraud Office (SFO), the specialised UK government department, it has noted the growing participation of members of the professions (lawyers, accountants) in such schemes. Finance industry professionals may also be insufficiently wary of the risks<sup>23</sup>. In its latest report the SFO observes that there is rarely enough evidence to take action against organised criminal groups. It calls for greater cooperation with the police at this time when organised crime would appear to be playing a growing role in fraud and the economic cost can be seen to be climbing. The SFO is currently investigating 92 cases of serious fraud (in excess of one million pounds), representing a loss of 1.75 billion pounds (SFO, 2002).

The report submitted by the Netherlands takes a more detailed look at the activities of the groups in question, making it possible, in particular, to distinguish between primary and secondary or support activities. Many groups do indeed engage in a number of different activities. The analysis confirms the information provided in the

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<sup>23</sup> "A banker or a professional who agrees to handle money from tax evasion or for share support operations may be used by organised crime too." (SFO, 2002)

previous report on fraud's growing importance as a primary activity for these groups. It is mentioned in 48 cases, often as a primary activity (21 cases). Although the statistics show a drop compared with the year 2000, fraud continues to account for a significant share of organised crime activities. It still ranks second among the primary activities (after drug trafficking). VAT fraud (7 cases) and stock market related fraud (6 cases) are the leading primary fraud activities. This analysis sheds a little more light on fraud's place among the activities of organised criminal groups.

NCIS also stresses the multiple nature of such groups' activities. It draws a distinction between support activities and those pursued as a means of diversification into higher-profit, lower-risk areas. The latest report points out that over half of the organised criminal groups are involved in at least two serious criminal activities apart from money laundering (NCIS, 2002). Organised crime's involvement is mentioned by other countries, such as Spain, which reports that seven groups have engaged in fraud against banks and private companies, Italy, where five cases involving Mafia gangs were directly linked to breaches of banking law, and Luxembourg, where recognised organised crime groups were involved in five cases of fraud (Europol, 2002).

Like Luxembourg and Liechtenstein, Switzerland is centrally located, with a highly-developed financial services industry and state-of-the-art means of communication. These countries are major international financial centres and host many foreign businesses. The financial facilities they offer and their excessive protection of banking secrecy can be of use to organised crime when laundering earnings from unlawful activities. Here, fraud takes the form of concealment and re-use of funds from doubtful sources. It involves members of criminal gangs, whether or not qualifying as "organised", generally active elsewhere, in the EU, the Russian Federation and former Yugoslavia, and even the Chinese diaspora.

Italy continues to report significant involvement by Mafia gangs in activities at the points of convergence of the public and private economic sectors, in particular public procurement fraud. Of the four traditional Mafia organisations - Cosa Nostra (Sicily), 'Ndrangheta (Calabria), the Apulian groups (such as Sacra Corona Unita) and the Camorra (Naples) - the first two are particularly active in this kind of fraud. After a number of setbacks, Cosa Nostra has tended to fall back on lower-risk operations, such as these activities maintaining links with business circles and enabling infiltration of public authorities. 'Ndrangheta has gained a hold on major public procurement contracts and become a significant economic player, capable of establishing stable relations. The growing involvement of Mafia gangs in the legal economy entails the formation of businesses combining lawful and more shady activities and of front companies. Italy's report specifies that these gangs are interested in modernising their methods, which leads them to seek to establish new connections of a business nature.

In its annual report Europol too mentions this mirroring of the legal economy's business models, resulting in a combination of high- and low-risk activities or going hand-in-hand with multi-crime involvement (Europol, 2000). Groups may seek to turn their new economically productive business ventures to account in carrying on various forms of criminal activity. For instance, a group which runs a transport business will be able to make use of this specialisation for trafficking in drugs, human beings, arms, cigarettes, etc.

Italy also reports that the Mafia gangs are moving on from strict enforcement of control over a territory (extortion, public procurement fraud, etc.), their traditional activities base, to international trafficking in drugs, human beings, arms, cigarettes and so on, with a growing involvement in parts of the legal economy.

This entrepreneurial approach goes hand in hand with recourse to the services of specialist professionals: lawyers, accountants, computer experts, who handle the transition to semi-legal and legal business activities, helping to make the borderline between these groups' lawful and unlawful activities increasingly hazy.

Most of the reports point out that the proceeds of crime are rarely fully re-invested in further unlawful activities. Organised criminal groups' involvement in fraud can lead them to set up legal businesses carrying on illegal operations. The reports by the Netherlands, Germany, the United Kingdom, Sweden, Poland, Turkey, Bulgaria, the Czech Republic and the Slovak Republic mention fraudulent activities which have in common the need for recourse, at some point in time, to networks of lawfully constituted companies run as a cover-up operation.

Fraud has a twofold advantage for organised crime: first, it involves more profitable, less risky activities and, second, it is a means of securing a foothold in the legal economy. In this respect such activities constitute a conduit or bridge between the illegal and the legal economies. They offer organised crime a means of diversifying into legitimate business activities and also contribute to the increasing uncertainty surrounding the dividing line between lawful and unlawful operations. From an economic standpoint, these organisations are thus moving on from making a profit out of criminal activities involving systematic breaking of the law to forms of economic and financial crime generating super-profits, as compared with those of rival organisations.

It should be said that some countries (Finland, Norway, Cyprus, Greece, Romania, Macedonia, Andorra and San Marino) report no problems with fraud or do not mention this activity as a major cause for concern.

**Table 6 Cases of fraud**

Member State	Fraud cases > \$1 million	Number of persons arrested / charged	Remarks
Albania			
Andorra	2	1	
Armenia			
Austria			
Azerbaijan			
Belgium			
Bulgaria			
Croatia			
Cyprus	1		
Czech Republic	35,262	1,408	Serious economic crimes
Denmark*	15		
Estonia			
Finland			
France**	179		
Georgia			315 cases of fraud in 1998
Germany	14,402		Total cases of fraud > DM 100,000, organised crime or not
Greece			561 cases of fraud in 1998
Hungary	6	4	Cases of fraud > HUF 200 million
Iceland			
Ireland			
Italy	153		Total of substantial cases of fraud
Latvia			61 cases related to organised crime in 1999
Liechtenstein	7	2	42 cases of fraud
Lithuania			
Luxembourg			5 fraud cases related to organised crime in 2000
Malta			
Moldova			11 cases of fraud on a very large scale
Netherlands			
Norway			
Poland			2,033 cases of complex fraud involving high amounts in 1999
Portugal			
Romania*		1,153	
Russian Federation	58		16 criminal cases brought to the court
San Marino			
Slovakia	15		
Slovenia	1	3	
Spain		1,592	26 investigations opened
Sweden			
Switzerland			9,435 cases of fraud
'the F.Y.R. of Macedonia'			
Turkey			7,024 financial crimes
Ukraine			
United Kingdom	92		Cases of fraud (> £1 million) under investigation

\* 2000 data

\*\* 1999 data

## 4.2 TOBACCO SMUGGLING

Tobacco consumption raises a variety of social policy and governance issues. From a criminological perspective, the volume of revenues lost through by large-scale smuggling of cigarettes leads to a focus on fraud and tax evasion. However, analyses also show that it is an issue of organised crime networks exploiting opportunities and weak control structures, and using fraud, corruption and sometimes violence to smuggle licit produced and illicitly counterfeited cigarettes to be enjoyed by a largely tolerant local consuming public in both EU and non EU, high tax and low tax countries.

World cigarette production in 2001 was estimated at 5583 billion cigarettes (USDA/FAS 2001). Europe plays a major role in world tobacco markets. Council of Europe member States produced more than 1700 billion cigarettes in 2001 - that is, some 30% of world production - with the Russian Federation, Germany, the United Kingdom, the Netherlands and Turkey being the main producers. Out of a total of 850 billion cigarettes estimated to have been exported worldwide in 2001, Council of Europe member States accounted for more than 500 billion, of which most cigarettes by far (about 400 billion) were exported by EU countries (in particular the United Kingdom, the Netherlands and Germany).

In total 634 billion cigarettes were estimated to have been imported worldwide in 2001. Of these, some 355 billion were imported into Council of Europe member States (of which some 280 billion were imported into the European Union). Though other factors may account for part of the difference, a substantial chunk of the gap between globally reported cigarette exports (850 billion) and imports (634 billion), that is, some 216 billion cigarettes, may arise from black market activities.

In 2001, five multinational tobacco companies controlled more than 40% of the world market, though the dynamics of multinationals have already led to one of them - Reemtsma - having merged with Imperial Tobacco in 2002. Since the early 1990s, multinational cigarette companies have massively increased their manufacturing capacity in developing countries and Eastern Europe, either alone or through joint ventures. Even in countries with state-owned companies, they have acquired strong positions on local markets such as in the Russian Federation (Philip Morris 16%, BAT 10% and JTI 19%) and in Romania (BAT 16%, RJ Reynolds 17%).

Smoking prevalence is high in Council of Europe member States, though with variations between countries and in particular between men and women. Bosnia and Herzegovina (49%), Romania (44%), Turkey (44%) and Slovakia (43%) are countries with the highest prevalence among adults, while Azerbaijan (16%), Portugal (19%), and Sweden (19%) show low rates. With more than 60%, male smoking prevalence in Albania, Armenia, Georgia, the Russian Federation and Turkey is among the highest in the world, despite low smoking rates among women there (Mackay & Eriksen, 2002 pp. 96ff).<sup>24</sup>

Price levels for cigarettes seem to be the most critical factor preventing or supporting smoking, in particular among young people. Differences in prices between Council of Europe member States are considerable, ranging from less than 0.40 Euro for a pack of the most popular cigarettes in countries such as Bulgaria, Moldova or Lithuania to around 4 Euro such as in Denmark, Ireland or Sweden and more than 5 Euro in the United Kingdom. However whatever the price level of cigarettes, taxes account for the largest share. In EU countries taxes range from 69% (Germany) to 81% (Denmark) of the sales price, while they are lower in central and eastern European countries (for

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<sup>24</sup> In Armenia 64% of men, but only 1% of women smoke.

example, less than 30% in Moldova, less than 50% in Latvia and Estonia) (World Bank, 2001).

Revenues from the taxation of cigarettes are important to many governments. In 1999, Turkey collected US\$ 4.4 billion in taxes from cigarettes, that is, 11% of all tax revenues. In Ukraine and Romania, cigarettes also account for more than 10% of tax revenues. In Germany, taxes and duties on tobacco accounted for more than Euro 11 billion in 2001 (though the economic losses related to smoking are estimated at some Euro 14 billion). To the extent that excise is evaded by smuggled cigarettes, this raises important consequences for member States, and quite apart from any higher issues of balancing against increased health costs from consumption, revenue protection needs lead governments to focus upon reducing tax evasion<sup>25</sup>.

As mentioned above, the volume of smuggled cigarettes is generally estimated on the basis of the difference between globally reported cigarette exports and imports. In 2001, this difference amounted to some 216 billion cigarettes. About one third of these are believed to be smuggled in Council of Europe member States. A report analysing data on more than 1600 seizures of smuggled cigarettes in 27 European countries states that 1074 of the cases involved bulk seizures, pointing at the involvement of transnational organised crime (RILO, 2001, p. 9). Of these 1074 cases, most seizures took place in the United Kingdom (292), Germany (216) and Italy (162).

The main brands seized were "West" (mainly in Germany), "Regal", "Superking" and "Benson & Hedges" (United Kingdom), and "Marlboro" (all countries). However, in Central and Eastern Europe, increasing smuggling of domestic brands such as "Prima", "Astor", "Doyna" and "Astra" was noted.

Detected smuggled cigarettes were usually concealed behind legal freight. It is assumed that the country of the consignee for the legal freight is also the destination country of the contraband cigarettes. The fact that in 260 cases of cigarettes seized throughout Europe, the consignee was located in the United Kingdom and in 186 cases in Germany, suggests that these two countries constitute the main black markets in Europe (RILO, 2001, p. 12).

Couriers of 38 different nationalities were arrested, many of them from Poland (26%), Germany (15%), Lithuania (11%) and the Czech Republic (10%). However, the couriers may not reflect groups involved in wholesale and, especially retail distribution. Von Lampe (1999), for example, discusses the role of Vietnamese networks in distributing cigarettes in Germany, though other ethnic groups deal with the higher volume import and sales.

The RILO analysis (RILO, 2001, p. 14 ff) shows following principal departure countries and smuggling routes:

- Southeast Asia: China was the main country of departure or transshipment (more than 167 cases, including Hong Kong), with the principal destinations being the United Kingdom, Belgium and Germany. Transit countries for cigarettes from Southeast Asia included in particular the United Arab Emirates. Turkey has also emerged as a major transit country.
- Baltic routes: Cigarettes were exported from the United Kingdom, the Netherlands and Germany to central and eastern Europe, but instead of being

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<sup>25</sup> Some of the revenue evaded will eventually find its way into the tax system via expenditures of criminals in ways that generate other tax revenue such as VAT and income tax of legitimate entrepreneurs.

delivered at their final destinations they were smuggled back to Western Europe. Lithuania (58 cases) and Latvia (21 cases) were thus important departure points.

- Eastern Europe via central European countries: Interceptions in Germany and Poland showed the Russian Federation as the country of origin in 66 cases. Moldova and Romania also played important roles. Hungary played a significant role as a country of origin (36 cases), while Poland appeared as a major transit country (109 cases)
- South-eastern Europe: Following China, Greece is the main country of departure for smuggled cigarettes in Europe (114 cases). The largest part of the seizure of contraband cigarettes originating in Greece were made in Italy (77 cases).

Criminal organisations take advantage of the in-transit system, which allows for the temporary suspension of taxes and duties in order to facilitate international trade. This system is subject to leakage and misuse. A report on Ukraine shows, for example, that the number of cigarettes in transit through Ukraine to Moldova corresponds to almost the total number of cigarettes consumed in that country (Alcohol and Drug Information Centre, 2002). Large numbers of cigarettes are also in transit to other high-risk destination such as Yugoslavia, Belgium, Turkey, Bulgaria or Cyprus. It can be assumed that most of these in-transit cigarettes will end up on the black market.

In Europe, the main warehousing facilities for transit cigarettes are presently located in Hamburg, Antwerp and Rotterdam.<sup>26</sup> Other important locations include Saloniki (Greece). Cigarettes are shipped from there by air, road or sea to countries outside the European Union where they are provided with new papers and then channelled to the local black market or smuggled back into the EU.

Criminal groups also operate in the organisation of the black market once cigarette arrive in the country of destination. A case study on the illegal cigarette market in Germany shows the patterns of co operation and power structures of organised crime (including clear-cut horizontal and vertical differentiation, use of violence, efforts to establish exclusive control over the street market) (Von Lampe, 2001).

A critical stage in the organised smuggling of cigarettes is the interface between the legal and illegal settings, that is, from the moment when untaxed cigarettes are procured to the moment when they are provided with false papers or moved to the black market. And it is here that multinational tobacco companies allegedly collude with organised criminals using the transit trade, sometimes with the knowledge or involvement of public authorities.<sup>27</sup>

Subject to any reputational or other damage they may suffer from media publicity or law enforcement action, it is the multinational tobacco companies who benefit most from the smuggling in cigarettes (Joosens & Raw, 1998):

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<sup>26</sup> In 1996, some 100 billion cigarettes passed through Antwerp of which 62 billion from the USA (mainly Philip Morris and RJ Reynolds). The tax value of these 100 billion transit cigarettes was US\$ 14 billion (Joosens and Raw 1998: 69).

<sup>27</sup> Media reports suggest the collusion or active involvement of government authorities in the misuse of the transit scheme in a number of countries. In Montenegro, in 1995, a State company (Montenegro Tobacco Transit) was given the monopoly for the transit of cigarettes. Reportedly, between 1995 and 2001, 29 million kilogrammes of cigarettes were shipped through the port of Bar to Western Europe, generating several hundred million Euros in revenues. See Die Zeit (7. November 2002) referring to a report of a Parliamentary committee in Montenegro.

- Smuggling stimulates demand in that it offers cigarettes at reduced prices to customers while manufacturers make the same profit per cigarette. Indeed, companies may be pressurised to collaborate with the smuggling of cigarettes to maintain their presence in the market, so a vicious circle is maintained.
- Smuggling serves as a market entry strategy in that it makes internationally known brands available at low prices to image-conscious young customers in low-income countries.
- The fact of smuggling is used by cigarette manufactures to lobby for tax reductions, arguing that high taxes on cigarettes are the main reason for smuggling.

The UK, Germany and Ireland are the most recognised 'victims' of contraband smuggling, created because of the combination of motivated offenders and crime opportunities offered by differential excise tax rates within as well as outside the European Union. However, the Government Treasuries of all 'high tax' countries (including Sweden) express concern at contraband. There is some dispute as to the negligence or even connivance of some large tobacco companies in ensuring that their cigarettes do not lose out in the illicit as well as the licit market, but consignments of smuggled (and counterfeit) cigarettes are transported by truck or ship to the destination country, usually combined with a load of legitimate products, 'justified' (if necessary) by fake documents. Luxury goods and alcohol, and indeed all high 'price-wedge' goods are transported in this way. In the Netherlands, the majority of smuggling operations detected involved cigarettes, which typically were taken outside the EU and then smuggled back in to the UK and Ireland from Russia, Latvia, Lithuania and Montenegro. Dutch participants – who comprised two thirds of major smugglers detected by the Dutch police - tended to perform transit functions for the Eastern European groups. In Denmark, most identified smuggling of cigarettes was undertaken by Danes. In the UK, British as well as foreign criminals such as Albanians are heavily engaged in what is known as the 'White Van Man' phenomenon, whereby low taxed and smuggled goods are imported into the UK in white commercial vehicles. The boundaries between the small-scale personal use and the semi-commercial or large scale private use are constantly in dispute. UK Customs & Excise tactics in seizing vans transporting alcohol and tobacco legitimately purchased from EU member States have drawn fire from the DG Markets Commissioner Bolkestein for alleged restraint of trade.

However, it would seem that smuggling is not necessarily governed by market forces, and that there is at most an indirect causal link between high taxes on cigarettes and high levels of smuggling. Many high-tax countries show low levels of smuggling while low-price countries report high levels of smuggling (Joosens and Raw, 1998, p. 67). The share of black market cigarettes in Western Europe is much lower than in central and eastern European countries. Moreover, it is not the cheap brands that are smuggled but expensive ones such as "West", "Marlboro" or "Winston". The main factor causing cigarette smuggling thus rather seems to be that criminal organisations exploit opportunities and weak control structures using fraud, corruption and violence.

There is some controversy over the role played by multinational tobacco companies in cigarette smuggling. The European Community has sued American tobacco companies for colluding with criminal organisations resulting in an annual loss in taxes and customs duties for the European Union of billions of Euros. Charges now include money laundering offences and terrorist financing: "The European Community and ten member States have joined together to commence this civil action to combat, deter, and remedy an ongoing global scheme to smuggle cigarettes, launder the proceeds of

narcotics trafficking, obstruct government oversight of the tobacco industry, fix prices, bribe foreign public officials, and conduct illegal trade with terrorist groups and state sponsors of terrorism”<sup>28</sup>

Four other cases against cigarette companies are under way in the USA under the Racketeer Influenced and Corrupt Organizations (RICO) legislation. The fact that earlier civil law suits by Canada and the European Commission had been rejected by US courts because the charges focused on tax offences, falling foul of the ‘principle’ now under dispute within the OECD ‘harmful tax practices’ initiative that countries do not enforce each others’ revenue codes’ (Joosens and Raw, 1998, p. 67), points at a particular obstacles in international cooperation against cigarette smuggling: governments will be reluctant to co operate as long as it is only considered an issue of tax evasion and not an issue of organised crime.

In June 2002, the Parliamentary Assembly of the Council of Europe adopted Resolution 1286 (2002) in which active and passive smoking were addressed as a public health concern in Europe. However, it should be noted that cigarette smuggling in Council of Europe member States is also an issue of organised crime with direct implications on public health policies and governance.

### 4.3 MONEY LAUNDERING

Any study of any aspect of organised crime is a function of the methodology and resources we employ when examining it. This does not mean that we ‘create’ it, but rather that if we do not look, we will not find. As regards trends in money laundering, it is particularly important to emphasise that these are affected by the sorts of legal and practical operational measures that are taken to prevent and detect it. Furthermore, the number of reports made to Financial Intelligence and/or Investigation Units (FIUs) is more an indicator of (i) the alertness of financial institutions and (to a lesser extent) professions about their clients and potential clients, and (ii) what they decide to do (or feel/are legally obliged to do) about their suspicions than it is a reflection of changes in laundering behaviour. Thus one must first look to see if there are any artefactual changes (new laws, extra financial investigators, police or bank staff training, ‘blacklisting’ by FATF) that could account for changes in reporting behaviour by financial and professional intermediaries before one looks for independent verifiers that changes in behaviour of primary criminals have occurred. There is no reason why many reports of suspicious (and, *a fortiori*, unusual) transactions can be expected to relate to *organised* crime, local or transnational, as conventionally defined. Especially since the pressure on financial institutions was stepped up following ‘9/11’, and the EU passed its Amending (‘Second’) Directive on Money Laundering in 2001, there has been increased ‘defensive reporting’, which was rising even before the terrorist finance initiatives. Likewise, the round of mutual evaluations, EU initiatives and the FATF’s Non Cooperative Countries and Territories ‘blacklisting’ initiative has required almost every Council of Europe country to create Financial Intelligence Units and reporting procedures. However, these vary enormously from police to administrative or civilian units, some with and some without in-house investigative capacity. But whatever system of filters is applied, a suspicious transaction report does not signify that funds are proceeds of any crime (not even of tax crime), and does not automatically link to the particular organisational form of crime with which this Council of Europe report is concerned. Presenting the findings in geographical blocks is particularly difficult here, since although funds may be laundered by national and/or ethnic groups who derive most *profit* (i.e. proceeds net of criminal business costs) from crime, the places to which they go are ‘virtual’ rather than real after the initial placement of the funds into the

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<sup>28</sup> From the EU appeal 10 July 2002. See also Press Release of 31 October 2002.

laundering vehicles, which can range from financial institutions to real estate vendors and restaurateurs or 'front businesses'. Thus, though regulation in Liechtenstein has improved substantially (and after monitoring in the year 2001, they were taken off the FATF 'blacklist'), it is irrelevant to their use for laundering activities whether they, the Swiss, the UK and its Crown Dependencies (Jersey, Guernsey and the Isle of Man) et cetera are on the 'Balkan route' for drugs transportation. Little is actually known about the impact of being 'blacklisted' on countries' attractiveness to money-launderers, though there is little doubt that the strenuous efforts made to avoid being blacklisted or to get off the NCCT list have an effect on the legislative and regulatory systems.

Despite the ongoing concern expressed about money laundering within the Council of Europe member States and elsewhere in the world, only a modest proportion of criminal investigations yield firm evidence of how it is organised and what techniques are used. Even in the Netherlands, where financial investigation is relatively active as a component of police work, only 56 out of 146 organised crime investigations generated much evidence of laundering in 2001. Sometimes this can be because the core activity of criminal investigation is to obtain a conviction for a substantive criminal code offence, and the investigators do not go further than that necessary for that end. But as proceeds of crime confiscation and 'following the money trail' become more popular and are seen as key elements of disrupting the growth of crime groups, more evidence of money laundering can be expected to come to light and be 'captured' for analysis of trends and risks and for collateral purposes such as these organised crime reports. Since many member States have criminalised 'own funds' laundering, it is impossible in aggregate reports such as this to enable us to tell whether most laundering is conducted 'in-house' by ethnic or national groups or is given to specialists outside the organisation (if it is an organisation rather than a loose-coupled network). But the general lack of sophistication in most cases identified suggests that most of the laundering can be conducted in-house. Thus it is not surprising, for example, to find in the Dutch Report that most launderers were Dutch, while there was strong representation also from Turkey, the Netherlands Antilles, Bulgaria, Morocco and Surinam. These are key origin, smuggling and destination routes for drugs or (in the case of the Netherlands Antilles) offshore finance centres, and their nationals can be expected to be involved in laundering since supply/refinement and middle-market distribution generate the largest profits (Pearson and Hobbs, 2001). It is these profits surplus to living and leisure expenses that are saved. Since drugs trafficking investigations are the dominant part of organised crime investigations in most member States, it can be expected that most detected laundering will be connected with drugs, even though legal predicates may be wider. (On the other hand, many suspicious transaction reports will relate to fraud, since such scams are easiest for bankers professionally to detect as 'abnormal' behaviour (see Gold and Levi, 1994).

Laundering is a core activity in approximately one fifth of Dutch cases, with a few examples of bureaux de change acting in a major way for drug trafficking organisations: large cash proceeds are usually changed in this way. Most financial and organised crime investigations are oriented to drugs – and, especially since '9/11', terrorism - investigations, so cash deposits, purchases and transfers are more central than they would be in commercial and tax fraud cases. Some suspicious transactions are simply financial transfers with no evidence that they are part of a complex laundering scheme. Thus 10,500 out of 43,000 unusual transfers were registered as 'suspect' after analysis, and outgoing transfers involved 19 million Euros, most commonly to Nigeria, Turkey and the Netherlands Antilles; while incoming transfers involved 14 million Euros, most commonly from Italy, the US and Germany. There was evidence that many transfers went into Nigerians living in the Netherlands, who sent the funds on to Nigeria and claimed that they were sending to family members there, but they either did not know the names of their families or gave false names.

Drugs exporting and transit countries are key sites for money exchange: within Europe, the Netherlands, Belgium and Germany are often mentioned in that connection. Mostly transfers are rapid, suggesting that funds are being used for the intermediate 'layering' stage. The most common next step is the purchase of real estate overseas by 'front men', with loan-backs being used for advances back to the original criminals, often via legal entities. Intensive research projects reveal the centrality of real estate purchases, but not necessarily in the country where the investigation takes place. For example, Turkish heroin traffickers often purchase land in Turkey rather than the Netherlands or UK, and often in the names of their families rather than themselves. Not always just because their families are acting as nominees to hide the origin of the funds but also because collective family rather than simply personal enrichment is the goal.

Given the reservations above about all intelligence data sets being the product of how we organise our collections, the Dutch have provided an excellent example of how to systematise the data from money-laundering investigations.

**Table 7 Indications of money laundering mentioned in Dutch criminal investigations against organised crime groups**

(n=144)

Indications	Number of organised crime investigations	Proportion of organised crime investigations
Exchange of money for foreign currency	29	20
Smurfing	8	5
Quick transfer of funds	11	8
Fictitious investment earnings / double invoicing	5	3
Interruption of 'paper trail'	4	3
Fictitious gaming proceeds	1	1
Loan-back arrangement	8	5
Underground banking	3	2
Money transfers	11	8
Real estate carousel	4	3
Other	14	10
Unknown	11	8
<b>Total (one or more indications)</b>	<b>56</b>	<b>38</b>

Dutch investigations suggest that money laundering occurs relatively the most frequently in combination with trafficking in hard drugs, fraud and soft drugs. The principal suspects are mainly of Dutch (50%), Turkish (11%) and, to a lesser extent, other nationalities outside the EU (though in 2000, German nationals were in third place). The country of origin of the suspects presents a completely different picture. In addition to suspects from the Netherlands and Turkey, the Dutch survey from 2000 shows that suspects with Colombia (mentioned fourteen times), Surinam (16), the Netherlands Antilles (9) and Pakistan (7) as their country of origin play an active part in money-laundering activities. So there is significant year-on-year variation of figures outside the Netherlands and Turkey (whose role in heroin has been emphasised in scientific (e.g. Bovenkerk and Yesilgöz, 1998; Zaitch, 2001) as well as police accounts).

There has been a steady rise in the number of 'suspicious transactions' reported in many countries, as well as in the number of 'unusual transactions' in those MS such as the Netherlands that have that system. In most small population Offshore Finance Centres, the number of requests for cooperation from overseas far exceeds those from domestic suspicious transaction reports. The number of reports reasonably varies widely between those in which a temporary freezing of the account (with consequent

risk of inadvertent 'tipping off' to account-holders who request transfers during this period) follows automatically upon reporting and those in which no freeze occurs.

In the year 2000, financial institutions reported 47,870 unusual transactions to the Unusual Transactions Disclosures Office (MOT). That is an increase of more than two thousand transactions in comparison to 1999. The majority of the reports of transactions came from exchange offices (21,324) and banks (23,442). The reports from exchange offices show a substantial decrease in 2000, whereas the reports from banks, casinos and credit card companies have increased considerably. 11,023 transactions were reported as suspicious to the police and judicial authorities. The transactions are also investigated as to possible fiscal offences with the cooperation of the Fiscal Information and Investigation Service (FIOD). In the year 2000 2,030 unusual transactions could be ascertained which were suspicious from a fiscal point of view in this manner. Queries were made 320 times by the National Public Prosecutor on behalf of investigation teams. That led ultimately to 240 hits in the case of natural persons and 30 hits in the case of legal entities which were together responsible for 1,189 suspicious transactions. The total amount involved in the suspicious transactions in 2000 was 1.1 billion guilders. More than half of this amount consisted of suspicious transactions with American dollars.

For more than two years now, money transfers have also been registered in the Netherlands, and the focus on terrorist finance will doubtless intensify this. In total, of the 49,964 money transfers in the past years, 7,668 suspicious money transfers were reported to the police and judicial authorities. When 5,259 of the suspect principals were analysed the nationality of the principals could only be ascertained in 18% of these cases. The nationalities which occurred most were the Dutch (387 persons), Turkish (229 persons) and Colombian (64 persons). In almost half of the cases the country where the beneficiaries of the money transfers live is the Netherlands (45%). Other important countries of residence are Turkey (9%), the Netherlands Antilles (8%) and Colombia (7%).

The Dutch Unusual Transactions Disclosure Office (MOT) and Belgian CFI exchange a lot of information successfully. In 2000, the customs authorities were included in the structural reporting regulations of the MOT when money-laundering activities are related to trade. In the case of the police suspicious transactions are dealt with by the Office for the Provision of Police Support to the National Public Prosecutor (BLOM). To arrest suspects and seize sums of money more quickly, the National Public Prosecutor with the BLOM can make use of the HARM technique ('*Hit and Run Money Laundering*'). In 2000 and 2001, various money laundering activities were terminated quickly and successfully using this technique. Suspicious transactions abroad where the trail leads to the Netherlands or to Dutch suspects may be reported to BLOM. 292 transactions were reported to BLOM by other countries in 2000.

Below is a synoptic table of some relevant data on suspicious transaction reports and arrests in recent years. Please note that any date-to-date point information represents only a snapshot, and that suspicious transaction reports in year t may (or may not) lead to arrests in year t+1 or even later, while in other cases, arrests in year t may relate to suspicious transaction reports in t-1.

**Table 8 Numbers of suspicious transaction reports and arrests for money laundering**

	Number of suspicious transaction reports				Number of arrests			
	1998	1999	2000	2001	1998	1999	2000	2001
Albania					148			
Andorra								
Armenia								
Austria			184	248				13 <sup>29</sup>
Azerbaijan								
Belgium								
Bulgaria								
Croatia				12				12 <sup>30</sup>
Cyprus								
Czech Republic								
Denmark	357	337	249	319 <sup>31</sup>				
Estonia								
Finland								
France								
Germany				8,214				
Georgia								
Greece								
Hungary				15				0 <sup>32</sup>
Iceland								
Ireland								
Italy								
Latvia								
Liechtenstein				158				0 <sup>33</sup>
Lithuania								
Luxembourg								
Malta								
Moldova								
Netherlands			11,023	20,233 <sup>34</sup>				
Norway								
Poland			0	92 <sup>35</sup>			2	10

<sup>29</sup> These are warrants for arrest, and 12 court orders to inspect accounts (mostly in the cases involving arrest). A total of €211 million was involved, and court orders freezing €2.5 million were issued, with €4.5 million in transactions were postponed, an unknown percentage of which was also included in the court freezing orders. 42 individuals were prosecuted for money laundering and 45 people for criminal organisation activities (s.278 Austrian Penal Code).

<sup>30</sup> In all of these cases, property was seized, and the 15 confiscation cases presumably also included some from the previous year.

<sup>31</sup> In Denmark, as in previous years, there was no evidence of the reports being related to organised crime.

<sup>32</sup> No asset restraint or confiscation orders were made either.

<sup>33</sup> However, there were 35 investigations launched, and 11 confiscation cases (which probably did not relate to the investigations of the same year, because of the time delays in all legal systems).

<sup>34</sup> The Dutch system involves filtering 'unusual transactions' reported by financial institutions and *bureaux de change* – which rose from 48,000 in 2000 to 76,085 in 2001 – and preliminary analysis by a civilian bureau before passing onto the police as suspicious transactions. It is not possible to state what proportion of unusual transactions corresponds to suspicious transactions in other countries.

	Number of suspicious transaction reports				Number of arrests			
	1998	1999	2000	2001	1998	1999	2000	2001
Portugal								
Romania								
Russia				0				-
San Marino								
Slovakia				452				24 <sup>36</sup>
Slovenia								
Spain								
Sweden								
Switzerland								
'the F.Y.R. of Macedonia'								
Turkey								
Ukraine				0				0
United Kingdom	14,129	14,500	18,408	31,251			129 <sup>37</sup>	

Although serious and organised criminals arrange for significant sums of cash to be transported out of the UK, the laundering of cash in the UK, either by introducing it into the legitimate financial sector, using it to buy valuable assets, or simply spending it, is more common. The use of banks and other organisations in the regulated financial sector to launder funds entails a degree of risk for organised criminals, since suspicious financial transactions, including cash payments, are subject to a disclosure regime. In 2001 the National Criminal Intelligence Unit (NCIS) – the national reporting agency for suspicious transaction reports - received 31,251 disclosures, an increase of nearly 70 per cent on 2000. The rise is explained in part by the implementation of the Financial Services and Markets Act 2000 and in part by the events of 11 September 2001. Both drew even more attention to the need for financial institutions to be aware of all suspicious transactions and report to NCIS accordingly.

The number of disclosing institutions in the UK increased from 708 in 2000 to over 800 in 2001, probably reflecting increased awareness of the money laundering reporting regime rather than more widespread laundering. Reporting levels continue to be led by banking and *bureaux de change* sectors, with the asset management and mortgage sectors increasing. In 2001 the Financial Services and Markets Act and Money Laundering Regulations 2001 came into force. The former provide the Financial Services Authority (FSA) with a financial crime objective, and the latter, enforced by HM Customs and Excise, impose requirements on *bureaux de change*, money transmission agents, and cheque cashiers – collectively known as money service businesses. With increased regulatory activity by the FSA and HM Customs and Excise, reporting will increase. Some sectors show a reduced *relative* contribution. These include insurance companies, solicitors, accountants and the combined betting (0.1 per

<sup>35</sup> Of these, 77 came from banks and 4 from public notaries. In addition, GIFI investigated 60 cases of suspicious financial dealings on the basis of information received from the internal revenue service, revenue control agencies, customs offices and customs control office etc. An additional 75 investigations resulted from information provided by the public prosecution service, police, State Protection Office and other sources of information. These have not been classified as 'suspicious transaction reports' here for the sake of consistency with other national reports.

<sup>36</sup> Of the 24 charged, 17 were subsequently prosecuted and 10 were sentenced under Section 252 of the Slovakian Penal Code.

<sup>37</sup> The number of prosecutions, of whom 50 were convicted at the year end, though some may have been convicted subsequently. No data on arrests are kept. The delays in publishing crime statistics mean delays in reporting prosecution data.

cent) and gaming sector (1.0 per cent). Accountants and solicitors have been criticised for low levels of reporting, but rates have not increased substantially, although regulators for both professions are working to improve the situation. In addition to disclosures, NCIS deals with intelligence submitted by domestic and foreign law enforcement. During 2000 the unit received 3,485 search requests, rising by 65 per cent to 5,733 in 2001, and is expected to increase further.

**Table 9 Percentage breakdown by sector of disclosures received by NCIS**

Sector	1998	1999	2000	2001
Banks	44.1	49.9	62.7	61.9
Bureaux money transfer	19.1	20.8	15.2	15.3
Building societies	20.5	12.6	9.5	1.3
Insurance	4.5	4.1	3.3	2.9
Finance companies	-	-	-	1.1
Asset management	-	0.2	0.2	1.0
Gaming/betting	1.5	2.4	1.1	1.1
Solicitors	1.9	1.8	1.4	1.0
IFA	3.3	2.0	0.6	0.4
Other	4.7	6.2	6.0	14.0
Total number of disclosures	14,129	14,500	18,408	31,251

In Hungary, a very significant part is played joint or independent companies, undertakings or other non-profit organizations of the persons performing activities in the groups. The areas into which they have invested are set out in the following table.

**Table 10 Breakdown of the investment fields of proceeds originating from crimes as per groups in Hungary, 2001**

Offshore companies	4
Security companies	11
Banking and insurance industry	7
Currency exchange office	3
Casino	10
Tourism industry	10
Night club	30
Construction company	2
Transportation company	5
Import-export trade	7
Real estate agency	7
Real estate business	13
Car dealership	13
Other retail undertaking	23
Other trading, business structure	9

Criminal groups are not immune to the business cycle, whether the criminal or the legitimate one. The factors influencing these differ. On the one hand, even where they can purchase local immunity by corruption, criminals 'suffer' from changes in their exogenous environment overseas, affecting the profitability of different drugs and counterfeits: though a highly imperfect market, criminal services have fluctuating demands and are not without competition. In 2001, the narrowing of activities that can be used for profit making caused operational difficulties for crime groups in several countries. The Hungarian report notes that opportunities for financial, business and taxation crimes reduced further for organised criminal groups as a result of the

activities of new investigation organs, information-sharing between policing and the taxation authority and efficiency improvements. Excise evasion opportunities were also reduced.

However, due to the exploitation of late recognition by investigation authorities, some groups began implementing investments increasing employment on the underdeveloped territories of the country. In this way they succeeded in gaining not just financial benefits but also social position, authority and recognition in those areas, providing crucial symbolic and political support against the State. Some leaders of organised crime buy real estate in neighbouring counties and establish undertakings there while they organise and control their groups from the other county.

Serious and organised criminals frequently launder cash through legitimate and quasi-legitimate businesses. These businesses are often owned or part-owned by the criminals by close associates, although legitimate businesspeople may also be duped into providing the means for laundering criminal proceeds. The businesses typically have a high cash turnover, since this makes it easier for criminally acquired cash to be fed in, for example taxi firms, restaurants, night clubs and car sales or repair companies. The same businesses may support money-making criminality, for example providing the means to transport drugs to their final destinations. There is also common use everywhere for money transmission agencies (MTAs) to convert and transfer cash. This can involve the conversion of low denomination notes into larger denominations, often in a different currency, in order to facilitate the movement of funds both around the UK and out of the country. The use of *bureaux de change* and MTAs varies: for example some West Indian criminals involved in drugs trafficking are known to make direct money transfers to the Caribbean, especially to Jamaica. Typically, a number of individuals connected with a particular organised crime group will send multiple amounts of around £1,000 to £2,000 over a period of several days in an attempt to avoid suspicion. Other criminals are reported to launder profits from drugs trafficking through electronic transfers to destinations in South America via the US or Europe, sometimes through travel agents. A recent court case in the UK involved Colombian drug traffickers who had laundered around £47 million through a London *bureau de change* owned by members of the group.

The Slovakian Office of Financial Police received 452 reports on unusual commercial operations amounting to 500 million Euros. Between July 1997 and November 2001, 1610 reports were received, amounting to 2.15 billion Euros. More than seven percent involved legalisation proceeds from crime contrary to § 252 Penal Code: twice the corresponding figure for the Czech Republic in 2001. The percentage of unusual bank operations increased in 2001 compared with the previous years, though it is not clear whether this represents a real rise or just a rise in awareness.

Slovak investigators seldom go beyond proof of predicate crimes, and such proof is necessary under Slovak law to prove laundering. Its prevailing forms are purchase of real estate, in particular lucrative hotels, recreational, medical and health facilities, which is made easier by inadequate cadastral and land registry offices. Legalisation of means from crime may be connected with unauthorised tax deductions by private firms in relation to cars and equipment that is actually bought from proceeds of crime. Crime opportunities are 'encouraged' by the absence of Fiscal Police with authorisation to investigate legal entities and natural persons in this process; by resource constraints on the Office for Small Entrepreneurs (who regulate the range of activities authorised to small entrepreneurs); and by lax controls over private security activities. However, this goes against the grain of deregulation trends worldwide. According to official statistics, 24 persons were charged with legalisation of crime proceeds. Of these, 17

persons were subsequently accused and 10 persons were sentenced under § 252 Penal Code.

In 2001, the Croatian Ministry of the Interior processed 12 cases of money laundering, arrested 12 perpetrators, confiscated 15 properties and succeeded in 12 seizures. In Poland, another country on the borders of the EU, there are reportedly increasing signs of the intensified use of the variety of commercial and business-like structures by the organized groups. The rationale given seems to be that purely illegal activities that were the main income source of such groups (such as the illegal importation and distribution of alcohol) are becoming increasingly risky.

Activities of organized criminal groups active in Poland include investment of illegal capital in various legal enterprises, primarily money exchange offices, pawnshops, so called 'social agencies' (in fact usually brothels), recreational enterprises (for example hotels), horse studs, construction firms, acquisition of real estate, investments in banks and insurance companies. Though verification is difficult, it is alleged that as much as 8% of the entire shares traded in Warsaw are owned by crime groups (though like many stock investors they may have suffered losses). Apart from purchasing front firms to legitimate capital (depending on how tough questions are asked of the origins of funds), there are attempts to use threats to obtain control of certain areas of economic activities and entertainment. The authorities report more sophisticated methods, unknown in previous years included transfer-pricing, transfer of profits to the firms bought or established in offshore finance centres, use of 'front' firms and of ethnic minorities for the purposes of international financial transactions.

Despite the fact that Polish criminal law since 1994 contains provisions criminalizing money laundering results of the activities of the law enforcement agencies in this area were for several years extremely meagre. However, in December 2000 a new law on prevention of money laundering was passed, which entered into force on 22 June 2001. This law has a primarily administrative and regulative character, but contains also new penal provisions, and modifies certain provisions of the criminal code. It established a new central institution, the General Inspectorate of Financial Information (GIFI), responsible for suspicious financial transaction reports, and obliged all banks to cooperate with the inspectorate and to report suspicious transactions. The Inspectorate has also the right to block certain suspicious transactions under certain circumstances. It seems that in the year 2000 activities of GIFI started to bring first results. Since its establishment GIFI conducted 226 financial investigations involving assets of some 280 million Euros, of which 20 cases, with total assets of about 80 million Euros were referred to the public prosecutor office, leading to seven investigations. In one case under investigation by the public prosecutor, GIFI blocked a financial operation worth 130,000 Euros.

Police data for 2001 show that 57 new money laundering investigations under Article 299 of the criminal code were instituted, up from 30 in 2000. In 21 cases, the investigation supported the allegations, and charges were brought against 10 suspects (3 confirmed offences and 2 suspects in the year 2000). This reflects the higher profile of money laundering with the Polish authorities, but not an increase in or changed pattern of laundering in Poland.

During the year 2001, GIFI was informed about 92 suspicious transactions by the variety of institutions obliged to do so under the new money laundering prevention law 2000. Of that number 77 came from banks, 4 from brokerage houses, 6 from insurance companies, 4 from notaries public, and 1 from other institution.

## 4.4 FALSIFICATION & FORGERY

### 4.4.1 Counterfeiting/forgery of documents

In the majority of countries document counterfeiting is not the principal activity of organised criminal groups. The supporting or subsidiary character of this criminal offence has been noticed in almost all European countries. Organised crime groups take deliberate steps to avoid controls and exploit weaknesses in regulatory regimes and to conceal their illegal activities. For that they practise deception, which mainly includes the use of false identities, fake invoices or export certificates, forged company papers. Sometimes it is also evident that this crime occurs only on the basis of previous orders of different groups which are preparing themselves for other types of criminal activity and need forged documents to commit them, especially in the field of drug trafficking and trafficking in human beings, as is the case in the Netherlands.

In some countries organised crime groups are specialised in counterfeiting, e.g. in Andorra, Azerbaijan, Bulgaria, Greece, Macedonia, Romania, Slovenia, Latvia, Lithuania, Estonia and the Czech Republic. Spain has noticed 41 groups dealing with forgery.

The Netherlands has discovered the use of forgery in one third of all organised crime investigations. The majority of these falsifications/forgeries involve passports, followed by invoices. Falsified or forged invoices are used in various commercial sectors, including the automotive, livestock and computer trades. Investigations into forged banknotes are all related to Dutch and German currencies.

**Table 11** Number of organised crime investigations in which the various types of falsification or forgeries are mentioned as a principal, subsidiary or supporting activity

(N=51)

Types of documents falsified/forged	Principal activity	Subsidiary activity	Supporting activity	Unknown
Banknotes or coins	2	-	1	-
Securities	1	3	-	-
Mobility documents	1	3	4	1
Authenticity documents/ certificates	3	2	2	-
Insurance papers	1	1	-	-
Transport documents	3	4	1	-
Invoices	6	3	4	-
Passports	4	9	12	1
Visas	1	3	1	-
Residence permits	-	2	2	1
Cheques/credit cards/ bank cards	2	2	1	1
Licences/exemptions	-	-	1	-
Luxury goods/branded articles	1	-	-	-
Other	5	3	3	1

Falsification is often combined with other crimes as a principal, subsidiary or supporting activity. The results of a survey on falsification in combination with other crimes show that falsification and forgery are, proportionally, more frequently connected with the crimes of immigrant smuggling, trafficking in human beings, fraud, money laundering and trafficking in drugs. Trafficking in human beings and immigrant smuggling are often accompanied by falsification or forging of passports, travel and residence documents. Passports are also forged in cases of fraud, money

laundering and trafficking in drugs. Fake or forged invoices can be related in the first instance to activities with regard to fraud and money laundering.

The United Kingdom faces organised trade in false personal documents. About a quarter of the organised crime groups involved in organised immigration crime is also involved in counterfeiting of one form or another. Nevertheless, forged documents are mainly found in three different areas: illegal migration, fraud and tax evasion.

In the field of illegal migrations organised criminal groups are very active in all countries which are traditionally on the routes of illegal immigrants. All nationalities take part in those activities and the most sought-after forged documents are identity papers, travel documents, visa stickers, driving licenses, wedding certificates. In this activity there is always a very strong link between different organised criminal groups from neighbouring countries, such as Greece and Bulgaria, Greece and Albania, Macedonia and Albania, Latvia and Russia. Forged documents are sold to immigrants who are already in certain countries and to those waiting to enter them. In countries where strong ethnical groups are established, criminal organisations having the same national background are also very active in this field – in Germany organised criminal groups from Bulgaria, former Yugoslavia and Italy. Those states also serve as countries of origin and as countries of final destination for different types of forged documents. Criminal organisations in some countries, e.g. Bulgaria, started to use the same methods and technology for counterfeiting money and public documents, enhancing their quality and causing serious problems for law enforcement. New information technologies, special technical equipment, scanners, laminating machines, professional paper and covers close to the original make forgeries very successful. This situation is additionally aggravated by the fact that some countries do not have a register of their best copy machines.

The only cases where forgery sometimes has all characteristics of a principal crime are cases related to fraud and money laundering. Especially false invoices and invoices of non-existent companies are a very important tool for the perpetrators of fraud and money laundering in the Netherlands and for tax fraud in Lithuania. Forged identity papers of legal and natural persons are an important tool for fraud in Lithuania (credit fraud) and especially Ireland, where West Africans have orchestrated widespread opening of accounts using false identification and the subsequent lodgement of worthless foreign cheques.

Tax evasion, especially customs evasion on the basis of false invoices, is very common in Iceland. In Bulgaria forged papers of fictitious companies and fictitious deals among companies are used to reduce the taxes.

#### **4.4.2 Counterfeiting of money**

Several European countries have been involved in cases of money counterfeiting relating to US dollars. The quality of the counterfeit dollar bills, as well as intelligence and investigation, painted a picture of production being related to organised crime, committed among others by Eastern Europeans. In a number of cases of counterfeit dollar bills it has been people from Lithuania who have attempted to change the notes. In a biker-related case of dealing in narcotics, very lifelike counterfeit Danish notes were found, produced by a technique not previously observed.

Equipment for forging passports and other identity papers has been found in several places. The work is carried out using computers and other equipment such as scanners and laminating machines and has mainly provided people from non-EU countries with

these documents. In some cases it has been found that people holding these documents have tried to enter countries such as the Netherlands and the United Kingdom.

In Hungary, It is due to the increased printing technique measures connected with new Hungarian bank notes that there was no significant crime of counterfeiting of money in Hungary. It can be stated that the protection system of the new series of bank notes has been successfully hampering the work of persons committing counterfeiting. The system of safety elements offers appropriate protection against usual counterfeiting methods and end-product counterfeit is of a lower than medium quality.

As to foreign means of payment, the US dollar and the German mark were counterfeited in the first place in 2001 as well. While dollar had formerly been characterized almost exclusively by flat printing, in early 2000 ink-jet counterfeits also appeared. As to German mark counterfeits, the share of typographic and coloured Xerox copies was about 50% each. The majority of counterfeited foreign bank notes come from abroad (Romania, the Ukraine, the successor states of former Yugoslavia and Italy).

Hungarian authorities have no actual information on the counterfeiting of the Euro replacing the 12 means of payment that ceased to exist on 1<sup>st</sup> January 2002. In the last four months of 2001 an increased quantity of counterfeited German marks formerly produced appeared on the black market occasionally at "depressed" prices, much lower than previously.

By contrast, the Slovakian authorities find that counterfeiting of notes is uncommon because the nominal value of their banknotes is not high enough, their anti-counterfeiting measures are quite good and thus the profits are too modest to be worthwhile. However, in common with other European countries, the forgery and alteration of public documents are more frequent and lucrative areas. This form of forging is linked to crime of thefts and export of motor vehicles abroad.

In September, October, November and December 2001 criminal investigation was conducted against 16 persons on account the suspicion they committed criminal acts of associating for commission of a crime, forgery of securities, forgery of document and fraud, which relate to circulating counterfeited cheques of "Hrvatska Poštanska banka". The investigation revealed that the said persons put into circulation about 4,500 false cheques of "Hrvatska poštanska banka" when paying the bills for the purchased goods. On that occasion, counterfeited identity cards and previously stolen cheque cards were used.

The Hungarians have succeeded in identifying several criminal groups, which are specialized in producing counterfeited credit cards or in managing the transactions of collecting money and other transactions through falsified cards abroad. Through this they caused significant losses to financial institutions and account holders. During 2001, the crime of securities counterfeiting began playing an increasing role. The developing money market, the stock exchange as well as the issuance of securities raised the interest of criminals. As to the cases revealed, it can be stated that offenders try to forward the properties obtained to abroad in the form of cash or through bank transfer or try to invest them into companies established in Hungary (services, catering trade).

The total value of UK counterfeit banknotes appears to have remained more or less constant for the past three years, and is extremely small in relation to genuine notes in circulation. However, the number of different sources has increased. Serious and organized criminals involved in counterfeiting currency use a range of methods. Previously, criminals used the same offset lithographic printing method used in most

legitimate manufacture of banknotes. This method requires the technical skills of a trained printer and expensive machinery, effectively limiting the number of groups with the competence to be involved in such counterfeiting. Computer and reprographic technology, which is used in over half of all recovered counterfeits, has changed this, and a much wider field of criminals is involved, including small-scale opportunists as well as serious and organized criminals. Some British criminals are known to counterfeit foreign currency, but the introduction of the Euro has not to date triggered large-scale counterfeiting across Europe as feared. The quantities of counterfeit Euros recovered have been small and of low quality, suggesting that the advanced security features of the Euro are having the desired deterrent effect. Counterfeiting is not restricted to notes, and counterfeit coins can produce a good return for a relatively low risk, especially as they are less likely to be reported by members of the public who have been duped.

#### **4.4.3 Counterfeiting of products**

As in previous years, there were a large number of examples of illegal copying and sale of programs, games and music in 2001, together with other multimedia products. Intellectual property crime is taking place on a vast scale globally. Advances in technology have facilitated its growth, by enabling the speedy reproduction of high quality counterfeit goods, the best of which are difficult to differentiate from the genuine articles. The counterfeiting of CDs, DVDs and other digital media, much of it done in the Far East, is well-publicised, but the counterfeiting of all types of goods from designer clothes pharmaceuticals is also rife. Many serious and organised criminals are involved, either in the manufacture of counterfeit products, or in their distribution, attracted by the high profits and the low risk of detection, and no doubt conscious of the fact that the penalties for intellectual property crime offences are rarely more than minimal. Meanwhile, there remains a public perception of intellectual property crime as a victimless crime. However, where serious and organised criminals are involved, it is reasonable to assume that a proportion of the profits is used to fund other serious crimes.

## 5 Organised crime groups

### 5.1 THE STRUCTURE OF CRIMINAL ORGANISATIONS

The information provided by member States on the structures of organised criminal groups reflects differences not only in the actual structures of the groups but also in the understanding of the phenomenon and the paradigm predominating in different countries. Descriptions range from complex and permanent hierarchical groups to less permanent, horizontally organised networks or project groups. Three approaches can be distinguished, according to which organised criminal groups are structured hierarchically, horizontally or as a network of individuals or cells:

- The first approach stresses the degree of hierarchy in the structure. In such "Mafia-type organisations" different organisational levels – in most cases three or four – can be recognised. The top level consists of leaders, supported by a network of specialists with advisory functions. Such support functions also include bodyguards and certain executive roles, giving instructions to and supervising members of lower levels of the hierarchy. The middle level is responsible, with a certain degree of autonomy, for carrying out single offences or criminal projects. The concrete commission of criminal offences is executed by those at the bottom level of the organisation. Membership at this level is bound to be fluid and flexible, according to needs and opportunities.
- Under the second approach, emphasising the horizontal aspects of criminal organisations, centralised leadership is weak or lacking altogether. Links between "middle level" operators do of course exist but are not coordinated and controlled by top level actors, organisers and financiers. These "middle level operators" should more accurately be identified as group leaders or even project leaders.
- The third approach refers to loosely linked networks of individuals (or cells) who join up to develop and carry out criminal projects. Hierarchies are very fluid. Group leaders may switch roles with other group members, according to the needs coming up in the context of each criminal project. A subdivision into "leaders" and "bottom level" participants may emerge on an ad hoc basis, depending on the situation, and the abilities, strengths and weaknesses of each group member.

The reports received from many eastern European countries – and of course the Italian report – reflect a definite, hierarchical "Mafia" paradigm, while the horizontal and project approaches are more often found in replies from western European countries.

The picture turns more diffuse but perhaps also more realistic when countries describe the nature and degree of organisation and in particular the sectors in which groups are involved. For example, narcotics offences require a different organisational setting than car theft, or organised sexual exploitation. The replies received are, however, too heterogeneous to allow for a systematic analysis.

The matter is complicated further by the fact that different forms of organisation may be found within a given country. The actual prevalence of different types may also vary from country to country.

The question of whether organised crime operates within the territory of a country or in several countries also has an impact on the structure of the groups. Cross-border criminal activities, for example, tend to rely on network structures.

When comparing data from 2000 and 2001, major changes in the overall assessment of the number, size and structure of groups, as well as their geographical scope were not to be expected, and neither could they be found. The changes could be a result of new law enforcement methods or a switch in the opportunities influencing the choice of criminal operations. Furthermore, competition between groups might at times produce violent encounters and other movements modifying relationships. Examples of such cases are described in the country reports, notably the Estonian one. However, awareness of new, emerging forms of organised crime tends to remain low among public authorities until they have reached a significant size and have become firmly established.

The replies received may thus be biased in favour of easily detected, voluminous traditional organised criminal activities, typically the smuggling and sale of drugs and other profitable commodities, as well as racketeering (forced "protection" and related services as traditionally found in eastern European organised crime).

More marginal or novel types of activities, on the other hand, remain unnoticed or unreported. The smuggling or trafficking of persons (whether for purposes of sexual or other exploitation), for instance, would seem to be a growth economy but there is little information about it. The same is true for the smuggling of tobacco and cigarettes, the production and smuggling of pirate products, or environmental crime, that is crimes pursued by innovative criminal groups. More examples are found when looking at specific local situations where organised crime groups adjust their operations to locally and culturally shaped opportunities. These may include the export of profitable commodities and services such as metals, natural gas and crude oil, or alcohol production and marketing, or protection rackets, or trafficking in stolen cars, arms, mobile telephones and SIM cards, pirate products (brand clothing, music, video/DVD programs, pornography, computer games and programmes), art forgery, counterfeit money, protected/rare animals, dangerous waste management, other waste management, and probably many more.

This likely bias also influences, at least to some extent, the overall description of the structure and nature of the organised crime groups provided in the country reports. Together with different understandings of what constitutes organised crime, it could explain why the reporting authorities attribute clear labels ("hierarchical", "horizontal") to organised criminal groups, although in reality it is more likely to be the specific business and interests which explain the structure of a criminal group – or a combination of structures for that matter. Table 12 indicates how member States perceive the structure of criminal organisations in their respective country.<sup>38</sup>

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<sup>38</sup> The table is based on the replies to the questionnaire received.

**Table 12** Structure of the groups

Member State	Hierarchical	Network	Cellular
Albania			
Andorra			
Armenia			
Austria			
Azerbaijan			
Belgium			
Bulgaria			
Croatia	+		
Cyprus	+		
Czech Republic	+		+
Denmark	+		
Estonia	+	+	
Finland	+	+	
France			
Georgia			
Germany	+	+	+
Greece		+	
Hungary	+	+	
Iceland			
Ireland		+	
Italy	+	+	+
Latvia	+		
Liechtenstein			
Lithuania	+		
Luxembourg			
Malta			
Moldova	+	+	
Netherlands	+	+	+
Norway		+	
Poland	+		+
Portugal			
Romania			+
Russia	+	+	+
San Marino			
Slovakia	+		
Slovenia	+	+	+
Spain			
Sweden		+	
Switzerland			
'the F.Y.R. of Macedonia'		+	
Turkey	+		+
Ukraine			
United Kingdom			

## 5.2 GEOGRAPHICAL ANALYSIS

The geographical context has a direct influence on the crime opportunities available and the way in which they are exploited by criminal groups. In order to facilitate the general description of organised crime structures, member States are therefore grouped geographically as follows:<sup>39</sup>

- Scandinavia/Nordic countries: Denmark, Finland, Iceland, Norway, Sweden
- Northwest Europe: Belgium, Ireland, Luxembourg, Netherlands and United Kingdom (incl. England and Wales, Northern Ireland, Scotland)
- Southwest Europe: Andorra, France, Italy, Malta, Portugal, San Marino and Spain
- Central Western Europe: Austria, Germany, Liechtenstein and Switzerland
- Central Eastern Europe: Czech Republic, Hungary, Poland, Slovakia and Slovenia
- South-eastern Europe: Albania, Bulgaria, Croatia, Cyprus, Greece, "The former Yugoslav Republic of Macedonia" and Turkey
- Eastern Europe: Georgia, Moldova, Romania, the Russian Federation and Ukraine
- The Baltic countries: Estonia, Latvia and Lithuania

### 5.2.1 Scandinavia/Nordic countries: Denmark, Finland, Iceland, Norway and Sweden

The Nordic countries – affluent countries somewhat in the geographical margin of the European crime scene – have only gained experience of modern transnational or cross-border organised crime phenomena in recent years. The expansion of the narcotics markets has introduced some new organised crime activities in the region as of the 1970s, with Denmark in the lead as it has been most easily accessible from the south. Sweden, being the most affluent and largest of the Nordic countries, has also developed a significant market, Norway following suit. In Finland, the situation has only begun to deteriorate in the 1990s as new routes to the country were opened from the east (Russia) and the south (Estonia). The Scandinavian countries are also sometimes used as transit countries en route to the larger European markets from the Far East. Overall, the region is familiar with many types and forms of organised criminal groups but the volume of these continues to be small or moderate, and their structure is usually not very permanent and not hierarchical (cf. Johansen 1994). Illustrative of this, motorcycle gangs are understood in all of these countries as a high-priority organised crime problem.

In the reports from these countries, organised crime is described in rather vague terms, reflecting a low level of information about the phenomenon together with a low level of organised crime in the region, and a lack of hierarchical or large and well coordinated criminal structures. Thus, criminal groupings are described as relatively small and separate groups where, however, the central persons seem to be well connected to networks within the country and often abroad.

In **Finland**, criminal groups were previously described as comprising 5 to 6 core members and 9 to 10 other members, with no coordination between groups. At the moment, the average number of members is on the increase, and in some groups there

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<sup>39</sup> This particular solution is open for further improvements; also, the names given to the groups/regions are only chosen for practical purposes. The grouping of countries in the same group does not necessarily imply that they other things in common than offering a similar geographical context which explains certain features of organised crime.

are several dozens of identified members. Out of 27 identified groups with some 400 "core" members, 20 had members of one nationality only (19 Finnish, one Estonian). Seven groups were multinational, always with Finnish members too. Typically, these groups were Finnish-Russian or Finnish-Estonian. Three of the identified (domestic) groups were biker groups, with several hang-around gangs that are counted separately in this report. Most groups operate across the national borders, the main activity being smuggling (narcotics, alcohol, cigarettes) into the country, and exporting stolen property to the eastern neighbours, Russia in particular. Recently, groups that are engaging in organised prostitution have been investigated.

The organised crime problem in Finland is mostly related to narcotics crime and the smuggling of alcohol. The groups are observed to be growing and gaining power, and the influence of foreign offenders is increasing. Violence in the organised criminal underworld has become more widespread but no signs of an extension outside of the underworld is observed. It is related to group discipline, between-group competition, and the collection of increased narcotics debts.

In **Denmark**, the criminal groups known in more detail are biker groups and street gangs. The biker culture is dominated by two groups, Hell's Angels and Bandidos. At a Scandinavian level, these were involved in a particularly violent internal conflict from 1994 to 1997, probably related to rights to areas of crime, which was terminated by a peace agreement in 1997. Biker crime continues to be considered a major social problem, subject to routine police monitoring.

In 1999 the Hell's Angels counted 7 chapters (109 members) and the "Bandidos" 11 chapters (111 members). Data for 2000 or 2001 were not provided but the situation was reported to be stable. Street gangs were primarily observed in the larger Danish cities. Some of them have established cooperative contacts with biker circles in larger towns. Biker support groups and street gangs are reported to have some common members. 33 street gangs were identified in 1999, with 400 to 500 "core members". No figures were given for 2000 or 2001. The members of the street gangs are typically boys or young men of non-Danish ethnic background.

Foreign contacts are noted in smuggling operations. The countries mentioned in this connection typically reflect the source of the contraband commodities: Albanians and heroin, Poles and narcotics as well as car thefts, Russians and exporting stolen goods to Russia, Lithuanians and cigarettes, Turks and narcotics crime, people from various European Union countries and VAT frauds. The smuggling of and dealing in narcotics represented a significant crime problem in 2001, as in previous years. A significant rise in the number of what are known as "hash clubs" has been noted in recent years, often controlled by people with links to the street-gang culture.

A large proportion of asylum-seekers who came to Denmark in 2001 arrived illegally and with the assistance of criminal networks. Trafficking in women from the Baltic countries (Latvia) and Asia (Thailand) has been run by organised groups. The smuggling of goods subject to high levels of tax and duty, particularly cigarettes, is largely undertaken by Danes, but also by Lithuanians, who to some extent collaborate with Polish and Danish criminals.

In Denmark, non-European contacts are also observed: child pornography and the Far East, Moroccans and cannabis, North Americans as connections to biker groups, and South Americans and cocaine. Of the neighbouring countries, Germany is mentioned as the transit country for heroin, while the Netherlands and Belgium are supplying amphetamines and ecstasy. Spain, France, Belgium, the Netherlands and Germany are listed in connection with cannabis. Furthermore, stolen vehicles are often taken abroad to Poland, Germany, and the Russian Federation.

Both **Norway** and Denmark observe that the trend seems to be that the criminal environment is becoming more professional, more mobile, and tougher. Changes in the crime picture as a result of the development within the information and communication technology (ICT) are a challenge for law enforcement. The use of ICT means that some traditional types of crime assume new forms. ICT has created new criminal opportunities, which for instance enables efficient and anonymous international management of activities. This seems to be actively exploited by some criminal groupings.

The amount of organised criminal groups is relatively small in Norway. Some of the groups operate at a local/national level, while others operate at an international level. The group members often have the same ethnic background or some other common identity, such as for instance the criminal motorcycle clubs. No strong criminal family organisations have been observed.

The members and leaders of the criminal organisations are, besides Norwegians, from the former Yugoslavia, the former Soviet states, the Middle East, Asia, and Africa. The criminal groups are mainly organised in small individual groups. The key persons have very good networks. Some groups are cooperating and dividing "territories" among themselves. Groups engaged in smuggling cooperate with foreign groups. Most of the groups have less than 10 members, but there are also larger groups counting between 11 and 50 members. The difficulty in defining membership makes the count uncertain.

In **Iceland**, ad hoc criminal groups rather than structured criminal networks or Mafia-type organisations seem to best describe the degree of organisation. Most organised criminal activities monitored by Icelandic authorities concern drug crime, the majority of which takes place in the capital city. Cooperation exists mostly in the form of a loosely knit structure on an ad hoc basis, often a group within a group. There are often defined tasks within these groups, e.g. obtain money for the drugs, purchase drugs abroad, smuggle it to Iceland and distribute it to pushers. Drugs are mostly bought in the Netherlands, Denmark and Spain. Icelanders commit most of the drug violations. Lately, foreigners who have become Icelandic citizens have cooperated in drug violations without born Icelanders participating in these groups. Other groups (about 10, with 3-5 members each) have been found to engage in customs violations such as high-tax importing, especially of cars. In this activity, corporations are sometimes used. Other fields of activities are violations of the Fisheries Management Act and VAT frauds, which can also involve corporations. The groups are Icelandic, and their numbers are unknown.

**Sweden** reports that the structure of organised crime in 2001 is in principle consistent with the one of the previous years. The known criminal networks are assessed to be rather stable over time. The groups are characterised by an ad hoc structure. The networks/groups are not completely homogeneous in terms of ethnicity, but they often have a core of members of the same ethnic origin. The majority of the known criminal networks are specialised in one field of crime but also able to switch from one field to another if the risks relative to profits change. Swedish, Polish, Russian, Baltic, Turkish groups, groups originating from the Balkans, and groups from the Middle East have been active in 2001.

Organised crime is reported to exist all over Sweden but predominantly in the three metropolitan regions and other big cities. For smuggling of commodities and human beings, there is a direct connection with the country of production and origin. Otherwise, smuggling takes place via third countries. In financial crimes, companies

and tax havens are used as a part of the organising of the crime. In 2001 companies also existed in the smuggling of drugs, alcohol, cigarettes and human beings.

### 5.2.2 North-western Europe: Belgium<sup>40</sup>, Ireland, Luxembourg<sup>41</sup>, Netherlands and United Kingdom

**Belgium** reported in 2000, that in the realm of serious crime, mafia-like structures are multiplying, Italian groups being involved in hold-ups and trafficking in drugs and stolen cars. Turkish groups are involved in arms trade, narcotics, and human beings. Furthermore, a milieu of Kosovar Albanians has recently been observed to be involved in trafficking of drugs, vehicles and persons, and extortion. As a consequence of authority action, Biker groups ('Hell's Angels') are reported to have moved out of Belgian territory to the Netherlands. The Belgian report also mentions structures of Russian Mafia, as well as Albanian and Bulgarian, and African (Ghana, Nigeria) groups, narcotics and, in some regions, prostitution being the main concerns. Activities are described in details, but not the size, structure or other characteristics of the groups. The report observes, however, that "the criminal milieu" is increasingly resorting to commercial facades, which is an indication of the growing professionalism of crime. Also, the number of criminal investigations of organised crime has grown in recent years.

In 1999, **Luxembourg** observed a number of foreign organised criminal groups on its territory, the most influential being Belgian groups (Brussels and Charleroi) and groups composed of refugees from Montenegro and Kosovo. The criminal operations were reported to include organised theft of cars and other property (groups from Brussels dominating) and VAT fraud, in which criminals from Nordic countries as well as from their southern neighbours were implicated. Apart from these, Russian and ex-Soviet nationals, ex-Yugoslavians and Chinese groups were particularly noted. All organised groups were understood as being resident in the neighbouring countries. Estimates on the number of groups or their members were not given. In 2000, Luxembourg reported more systematically than in the previous year, analysing 28 known criminal groups. All 28 were active at international level, typically reaching into neighbouring countries. The size of the groups was variable: 4 to 6 members was the most common; followed by groups of 10 to 20; one group only counted 20 to 50 members. The criminals identified originated from some 20 countries.

The **Netherlands** in 1999 already provided an extensive and detailed report on the organised crime situation in the country. That report discussed the alternatives of hierarchical, vertical organisations and of the horizontally organised, 'flat' group, pointing out that the group structure is often connected with the types of crime the group is involved in. For example, groups that are solely concerned with the intermediate trade in drugs may have an entirely different structure from groups involved not only with the intermediate and wholesale trade, but also with street-corner trade.

The statistical unit used in the Dutch report is 'investigation' rather than 'criminal group'. The 2001 report describes 146 'investigations' (against 118 in 2000) with 634 principal suspects (689 in 2000), stating that, as previously, the majority of the groups investigated have a hierarchical structure consisting of one or two leaders and subordinates.

As for their ethnic composition, most principal suspects originate from the Netherlands. The most frequently mentioned countries of origin after the Netherlands

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<sup>40</sup> No report provided for 2001

<sup>41</sup> See above

are Turkey (6 %), Morocco (5 %), Surinam (3 %), the Netherlands Antilles (3 %) and Bulgaria (2 %).

In 38 % of the 2001 investigations, all the principal suspects were Dutch. These all-Dutch groups were mostly involved in drug trafficking, money laundering, fraud and falsification. In 30 % of the investigations, all the principal suspects were foreigners. Finally, Dutch and foreign principal suspects were observed together in 32 % of the investigations.

The **United Kingdom** did not report for 2000. In its 2001 reply, reference is mainly made to the annual *NCIS Threat Assessment of Serious and Organised Crime*. Some organised crime groups resemble the traditional, tightly controlled British “firm” or Italian mafia, with permanent members, each with a distinct role, and a hierarchy in which there are clear chains of command and communication. Other groups are, in practice, loose networks, members of which coalesce around one or more prominent criminals for particular criminal ventures of greater and lesser complexity, structure and length. In the latter instance, criminals may well not think of themselves as being members of any group. Individuals may be involved with a number of sub-groups within their network and therefore take part in a variety of criminal ventures at any one time, for example, VAT carousel fraud, money laundering, drug trafficking, car ringing, and tobacco smuggling, as well as apparently legal activities.

The NCIS report introduces the idea of crime sectors in order to understand the scale and nature of the various organised crime activities. Crime sectors refer to the fact that different crimes are tackled in different ways and by different organisations, are afforded greater or lesser priority, and attract more or less severe penalties. Such features influence the risk and profit assessment of criminals, together with other practical considerations.

More than half of all identified organised crime groups, especially those that are larger and have been active for longer, are involved in two or more criminal activities (sectors). This excludes money laundering – which is common to nearly all groups of any consequence or durability – and trafficking in more than one type of drug. The most frequently reported cross-sector activities involve drug trafficking plus one or more other activities. Combinations that do not include drugs are also seen – for example, organised vehicle theft and excise evasion.

While the concept of loose criminal networks, made up of semi-independent criminals, may offer a partial explanation for the extent of observed cross-sector criminal activity, it also increases the importance of identifying and targeting those individuals who act as links between key criminals. In a number of cases, what appears to be randomly chosen and unconnected criminal activities have points in common, such as a financier or an overall director who keeps a distance. It is also fairly common for individuals to feature peripherally in a number of law enforcement investigations, often in a specialist or facilitating role, such as brokers for drug deals, transport specialists, money launderers or corrupt professionals, without becoming themselves a main target.

Shared backgrounds are clearly important to establish trust. Some criminals will deal only with people they know well or have had referred to them by others they know well. This can make common ethnicity important, particularly in a relatively small community in the UK where everyone is known by someone else or can be checked out. However, while criminals from particular ethnic backgrounds may enjoy certain advantages, perhaps because of how criminal trades flow and are controlled further upstream, greater social and geographic mobility in the UK and elsewhere in the EU has been eroding the relevance of ethnicity both in terms of who is involved in which markets and of the interaction between criminal groups. For example, a number of

Merseyside organised criminals are known to have initiated contact and forged links with, among others, Colombian, Turkish, Dutch and Spanish criminals outside the UK allowing them to obtain Class A drugs directly from overseas suppliers rather than UK-based importers.

Quite a different picture was described in the 1999, 2000 and 2001 reports of **Ireland**. The assessment of the structure of Irish organised criminal groups shows that they fall into two general categories. The first consists of almost a dozen major groups, well established, tightly structured, involved in drug trafficking and armed robbery. They are said to form the most significant element of Irish organised crime, and almost all are based in the Dublin area, with contacts to other groups in the U.K. but also elsewhere such as in South Africa. Over recent years several Irish organised crime groups have developed a considerable potential for international trafficking in drugs. They have the capacity to cooperate with other international traffickers to deliver drugs to any location worldwide. Since the mid-1990s a number of prominent Irish criminals have based themselves abroad.

Some groups are involved in cigarette smuggling. They work internationally, importing from the United Arab Emirates, Estonia and elsewhere. Much of the tobacco seized is destined for the United Kingdom market.

The second category involves groups whose activities are less significant. They are characterised by less cohesive group structures and their criminal activities are often confined to Ireland. On average, they total eight members. The membership of many of those groups is said to be quite fluid because of their structure being relatively weak and of their opportunistic approach to crime. Their members include criminals who come together from time to time in order to carry out serious crime and then regroup differently to address the next criminal enterprise.

The role of foreign actors in organised crime groups is expected to be growing with organised crime moving beyond the traditional involvement of domestic nationals. Illegal immigration, drug transit and computer components/counterfeit software are considered to be the emerging problem areas in Ireland.

The Netherlands and the UK represent an advanced approach to organised crime, with a rather long experience of the phenomenon and related investigations. In contrast, Ireland is a country in the margins of Europe, with a problem profile that rather resembles other marginal countries (such as Finland, Iceland, Portugal) than the one of the U.K. Luxembourg represents again a different profile, being on the one hand an interesting country for money laundering and VAT frauds, and a transit country for car theft on the other hand. These observations underline that the similarities and differences between countries are not just functions of the geographical "neighbourhood": a country is likely to be attractive for VAT fraud and money laundering because of its legislation and its administrative traditions rather than its geographical location. In other organised criminal activities (such as serving as a transit country in the trafficking of stolen cars or in the smuggling of persons or drugs), however, it is specifically the geographical location that plays a central role.

### 5.2.3 South-western Europe: Andorra, France, Italy, Malta, Portugal, San Marino and Spain

**Portugal's** 2000 reply states that there is a certain stability in comparison to the previous year, except for crimes related to illegal immigration and to a certain extent for drug trafficking, for which Portugal is becoming an increasingly important transit country. A growing number of groups is observed to operate in different realms of organised crime. During 2000, Portuguese authorities identified and deactivated 93 groups of organised crime, with 480 individual members arrested. The majority of these groups do not share common structures. Organisations operating as a network are more often found at a level of transnational crime and commonly have multi-national memberships. These groups are mainly involved in economic and financial crime or in the trafficking of narcotics or vehicles. Traditional verticality, on the other hand, is maintained in activities that are more localised and simple, including robberies of banks, petrol stations, jewellery stores or individuals.

Such structural diversification keeps up with the diversification of the realms of criminal activity. There is also a trend towards organisations becoming more fluid, capable of adjusting to changing environments, technological and others.

Crimes of abduction and extortion are reported to display the most remarkable development in 2000. The growth in migrations to Portugal has encouraged the appearance of organised networks which, besides smuggling people, have started to extort money from the immigrants. These networks mainly consist of citizens of Eastern European countries (Romanian, Moldavian and Ukrainian nationals in particular). The groups are reported to have a vertical structure with highly centralised control and a restricted area of operation.

The 2001 Portuguese reply applies a new structure, reporting 42 groups investigated, with 105 members of 15 different nationalities apprehended. Drug trafficking is the dominant activity. Western European criminals are not interested in the Portuguese market.

In the 1999 reply by **Spain**, a total of 209 groups with an estimated total of 6,623 members were analysed. The groups were categorised into those with a high level of organisation (35), a middle-range level of organisation (50) and a low level of organisation (118). The groups are subdivided further into those with a large (100+), a medium (25–49) and a low (10–24) membership. The groups were also separated according to whether they had only national or also international activities. Eight large groups with international activities were identified. Overall, 149 of the groups (71%), belonging to all three size categories had international dimensions, the remaining 60 having only national or local activities. Quite a few (43) of the Spanish groups cooperation or connections with other organised criminal groups, 6 with Spanish groups, 37 with foreign groups – mainly Italian (8), other EU countries (6), Moroccans (13) or Colombians (10). The activities of these groups were explained to extend to about 30 countries – all EU countries, and some 15 others. Some of the geographical connections would seem to obvious, Colombians being linked to cocaine trade, or Moroccans to cannabis. Other connections may relate to the trafficking in persons/smuggling illegal immigrants. Still other connections may have mainly an opportunity-related background.

The Spanish 2000 reply contains similar observations but obviously applies a different set of criteria, distinguishing only 56 organised criminal groups. The 2001 reply identifies 176 groups, with an average size of 14 members. Part of them (16 %) have connections with other criminal groups within the country. Most (71 %) have ten or

fewer members, one-fourth have between 11 and 50 members. Three groups count 51-100 members and another three more than 100 members. The total membership is given as 2,547 individuals. The 176 groups identified have connections to 33 countries – 8 in EU and 25 in non-EU countries. The activities of the groups within Spanish territory have expanded to the whole country, concentrating on the Mediterranean coast and the capital region.

Spain's neighbour **Andorra** reported in 1999 that almost all organised criminal groups observed had a horizontal structure. This is probably related to the location and role of Andorra as a transit area from the Iberian peninsula to France. There seemed to be no cooperation between groups in the same country, but cooperation with foreign groups was noted to exist, which is not surprising considering again the key location of Andorra between Spain and France. Group leaders as well as members came from Spain, South America, and the United Kingdom. People involved in the narcotics business were mostly Spanish, Portuguese, and Andorran. Money laundering groups, another Andorran speciality, were not domestic but transient, mostly with members of foreign origin. They were using the Andorran system for laundering foreign drug money and proceeds of other crimes. In this sense, the legal system of Andorra together with the geographical location of the country make for money laundering activities to be more abundant here than in many other countries. The number of participants in these groups was below 10 in the money laundering business, and between 11 and 50 in drug-related groups.

In 2000, Andorra reported that there are no significant changes in comparison to 1999. The criminal organisations are mainly horizontally structured except for two money laundering groups with hierarchical organisations. Groups are not cooperating within Andorra; however, they are cooperating with groups in other countries. Leaders and members originate from Spain, the Netherlands and South America. Three money laundering groups are known, originating in the Netherlands, Colombia, and Spain. One group with ten members of Dutch origin has become established in Andorra in 2000. Their criminal activities extend not only to Spain, Portugal, the Netherlands, France and the UK, but also to non-European countries such as South America and the USA.

In 2001, Andorra's reply distinguishes between groups oriented towards money laundering, drug trafficking, smuggling (tobacco) as well as payment cards and false documents. Each type of group is analysed separately. The payment card groups have a hierarchical structure, the others are organised horizontally. Cooperation with other groups in Andorra exists in the smuggling activities. Cooperation with groups from other countries is observed in money laundering and smuggling. The leaders of the money laundering groups are from Central and South America, the Netherlands or Spain. The drug trafficking groups are mostly composed of Spanish, Portuguese, or Andorran nationals. Individuals from the smuggling groups who got arrested were Spanish, Andorran or French.

**France** did not reply in 1999 and gives no definitive answers to questions on number, size or structure of organised criminal groups for 2000. However, they do report for 1999 248 judgments involving leaders of criminal organisations. The offences were mostly armed robberies, serious thefts and narcotic-related. The 2001 reply concludes that France does not have the kind of criminal organisations found in Italy, Japan, China or Colombia. It is only in their international activities that some French criminal organisations have taken on Mafia-type structures. Since the 1980s, French criminal groups have established themselves in the south of the Iberian peninsula, developing very violent activities related to the drug business.

**San Marino** states that there are no elements suggesting the existence of criminal organisations on their territory. No groups are known that would meet the criteria of the questionnaire.

In the **Italian** reply for 1999, as in their previous replies, a detailed analysis of established Italian organised criminal groups is given. The Cosa Nostra, the Camorra, the 'Ndrangheta and the Apulian organised criminal groups are assessed according to the number of groups in each tradition as well as the volume of their membership. The Cosa Nostra was the only tradition described as representing a hierarchical organisation, while the three others were organised in a horizontal fashion. Each of the four traditions dominates in their own territory in Southern Italy. The number of groups is estimated at 180 totalling 6000 members for the Cosa Nostra, 173 with 9000 members for the Camorra, 151 with 5225 members for the 'Ndrangheta and 52 with 2171 members for the Apulian groups. The groups cooperate extensively, in different constellations, with foreign organised criminal groups in both European and non-European countries.

The 2000 reply repeats the same statistical figures and similarly states that a great number of criminal organisations are operating in Italy. These organisations represent a very complex and intricate scenario that can be assessed only by considering larger structures where individual organisations create federal-type criminal groups like the Sicilian mafia, the Calabrian 'Ndrangheta, the Campanian Camorra and the Apulian organised crime. In 2000, 5150 subjects were identified to be involved in criminal conspiracy (6020 in 1999); 2249 were identified for criminal conspiracy aimed at trafficking in narcotics (3033 in 1999) and 1238 for mafia-type criminal conspiracy (2214 in 1999). The Cosa Nostra is reported to attempt to recover its unity – after serious problems caused by law enforcement – through a strategy that aims at establishing a single decision-making body. The Camorra groups, predominantly lacking a pyramid-shaped structure, have most recently been observed to operate in cigarette smuggling rather than drug and arms trafficking; this is connecting Campanian camorra clans with Apulian clans and camorra groups with mafia figures from the Balkans (Albania, Montenegro). The Calabrian 'Ndrangheta, with a horizontal structure including various family-based clans, appears to tend to create a collective body in order to support more effectively the most complex operations. It has connections with other Italian mafia organisations as well as with foreign organisations. Their main interests are drug trafficking activities and the infiltration in major public contracts. The Apulian organised crime contains a large number of independent groups, without a pyramid-type organisation. Two criminal organisations among these include groups with an overall structure, operating only in certain geographical areas in this region. Recently, the Apulian groups have expanded at a national level and become involved with criminal organisations from Montenegro and Albania. They have initiated 'cohabitation' with foreign criminal organisations, developing links and organising meetings to conduct criminal operations that involve trafficking in human beings, drugs and arms. This is facilitated through the large volume of illegal immigration taking place in the area.

The criminal activities of the Italian organised crime groups have expanded into many geographical areas, such as Brazil, Colombia, Argentina, Egypt, Tunisia, the former Yugoslavia, Turkey, the former Czechoslovakia, Poland, Germany, Belgium and France. Criminals coming from Germany, France and Switzerland were all linked to Campanian, Apulian and Sicilian organised crime; criminals from the UK were linked to Apulian and Campanian groups; criminals from Belgium were linked to Sicilian groups; and criminals from Australia were linked mainly to Calabrian groups.

The Italian 2000 reply assesses trends according to which all criminal organisations operating in Italy are interested in a modernisation process which is characterised by

the attempt to establish new links, also at an international level, and by an entrepreneurial and business nature in order to connect the criminal economy with the legal economy. Thus, there is a trend aiming at establishing alliances. On the other hand, minor criminal structures are being parcelled out and operating in areas where major criminal organisations are not active.

The 2001 reply confirms the previous description, noting an increase in the relevant criminal activities in the year 2001. Foreign criminal groups are often active in organising illegal immigration and clandestine labour.

In 1999, **Malta** stated that it had no locally based organised crime as meant in the Council of Europe questionnaire. Observations have been made, however, of individuals in Malta who seem to be involved in organised crime based outside the country. The crimes typically involved here are the narcotics business and money laundering. No organised crime groups in the strict sense are identified in Malta, but if more flexible criteria are used, some groups can be identified which are characterised by a mostly hierarchical structure, operate on a national level and whose members are of the same age or occasionally belong to the same family and the same ethnic background. The usual age range is 18-45 years. The countries of origin of group members are Bulgaria, Libya, Tunisia and Egypt (i.e. Malta's closest neighbours). The number of groups is very low and the total number of members unknown.

The 2000 reply repeats these observations: there is no locally based organised crime. Occasionally however individuals team up together for a specific criminal enterprise (mainly armed robberies). Moreover, some individuals have been identified who may participate in what could be organised crime based outside Maltese borders.

In the 2001 reply, Malta states again that there are no organised crime groups in Malta except for the money laundering activities – related to the trafficking of narcotics – of Maltese nationals acting with foreigners as co-authors and/or accomplices.

In this group of countries (i.e., **South-western Europe**), geographical circumstances play a decisive role. Andorra, not quite unlike Luxembourg, reports being a transit country on the one hand and a base for organised money laundering on the other. Malta, another geographically peripheral country, displays similar features. In contrast to these small countries, Italy and Spain have a large-scale experience of organised criminal groups. However, there are differences in their organised crime scene, especially in the field of drug trafficking. Spain has been more connected with Hispanic overseas markets and with its immediate neighbour (Morocco). Italy has widespread connections with organised criminal groups in a more diverse selection of countries together with a situation where several local domestic strongholds of organised criminal groups are identified. The present evidence does indeed suggest that Italy continues to be the most significant European country when it comes to organised criminal groups, especially as far as hierarchically-structured, permanent groups with transborder and overseas connections and influences are concerned.

## 5.2.4 Central Western Europe: Austria, Germany, Switzerland, Liechtenstein

The two large categories of organised criminal groups observed in **Switzerland** are the different Italian “mafias” and the organised criminal groups originating in the Russian Federation. The structure of these groups is thus in accordance with what has been reported for Italian and Russian organised crime groups. North- and South-American groups are also present to some extent. The only “novelty” is the arrival of Asian mafia groups engaged in the trafficking of narcotics to Swiss territory. Otherwise, reference is made to the 1998 reply, indicating that domestic organised criminal groups are not abundant.

Geographically, the activities of the “foreign” groups cover most European countries. They are involved in a broad range of businesses, including construction, oil trade, financing and money laundering, transports, etc. both locally and internationally.

The Swiss reply for 2000 does not provide additional information. The 2001 reply states that Albanian groups and West-African groups are particularly active in Swiss territory. Russian groups or groups from other post-Soviet countries are not abundant; instead, they are using Switzerland for laundering criminal money. Groups dealing in the smuggling of cigarettes are based in Switzerland. All kinds of organisations from all parts of the world are implicated in the trafficking of human beings to this country, and some of these groups are engaged in many different fields of criminal activity. Regarding the narcotics trade, the situation is similar to 2000.

**Germany** reports that in 1999, 816 organised crime investigations were conducted, which involved 7,777 suspects from 94 countries. 562 organised criminal groups were investigated; over one-half (297) of these involved up to 10 suspects, and ten of the investigated groups more than 100 suspects. No details on the structure of the different groups are given. They are mostly heterogeneous in terms of nationality, and for one-fourth (145), cooperation with other criminal groups was established.

The German reply for 2000 is equally brief. This time there were 854 organised crime investigations, with 9,421 suspects from 92 countries. The nationality of the groups was heterogeneous in 506 cases. 122 cases involved groups of offenders of the same nationality. Cooperation with other criminal groups was established in 211 cases. Half of the groups (307) counted 10 members or less, while 7 cases each concerned more than 100 suspects. In 138 of the investigations analysed there were regional and supra-regional links. In 500 investigations, international links were established with altogether 90 countries. The leading countries in this respect were Germany’s close neighbours: the Netherlands and Poland. Austria, Belgium, France, Spain and the UK were also frequently mentioned.

For the year 2001, Germany reports 787 organised crime investigations, with 7,844 suspects from 87 countries. The nationality is heterogeneous in most groups. In ten cases, the investigated groups had more than 100 suspects, the most common figures being up to 10 or between 11 and 50 suspects. A significant majority had international links, offences being committed in 89 countries.

The **Austrian** reply for 2001 states that organised crime has developed into a transborder, multinational problem. A total of 41 organised crime related cases were reported, in which different categories of criminal groups are represented. The first consists of criminal groups from Eastern-European countries, described as ethnic criminal organisations, which are often very large gangs with international infrastructure, efficient logistics and great flexibility as far as operating in specific fields

of crime is concerned. The second category consists of Italian groups that are engaged in money laundering in Austria. Groups from Turkey, who are concentrating on traffic in narcotics, trafficking in human beings and extortion form the third category. The fourth category contains groups from Asia that have mainly come to notice for trafficking in human beings and money laundering.

The 1999 reply from **Liechtenstein** is non-specific. Due to the small size of the country and its rural character, it is explained that Liechtenstein does not experience the common forms of domestic organised crime. The 2000 and 2001 replies repeat this message. However, progress is reported in the sense that the money laundering branch of an international criminal organisation – which has a network of companies with connections to South-American Mafia families – has been disclosed. To this network belong companies in many European (Austria, Spain, Denmark, Switzerland, Cyprus and Ireland) and American countries (USA, Mexico, Panama, Costa Rica). Furthermore, some illegal immigration operations have been disclosed, with ten smugglers apprehended (but no information on which organised criminal groups are involved).

This group of countries (i.e. Central Western Europe) again includes one (Switzerland) which, because of its banking legislation and related administrative principles, is attractive for other kinds of organised criminal activities (and, consequently, groups) than its neighbours. Apart from this, Switzerland is described as an organised crime scene where groups from the strong neighbour Italy, together with Russian, North- and South-American, and even Asian groups dominate. All of these may have found their way to this particular country for purposes related to money laundering.

### **5.2.5 Central Eastern Europe: Czech Republic, Hungary, Poland, Slovakia and Slovenia**

**Slovenia** reported in 1999 that an increasing number of their nationals are part of associations which are led from abroad (Turkey, Bulgaria), whereas the Slovene “cells” are only responsible for the execution of a certain part of the deal, most frequently the organisation and execution of logistic tasks. This indicates that a network structure with cellular associations was seen as the basic form. However, the formation of hierarchically organised associations was observed to be emerging as well. The number of organised criminal associations was estimated at 72, totalling 628 members.

In a geographical sense, Slovenia was frequently used as a transit country in illicit drug trade, en route from producer countries (Turkey, Albania, Columbia) to Western Europe. It played the same role in the transport of illegal migrants to Western Europe. The war in the territory of the former Yugoslavia was seen as the major source of the latest developments, resulting in that more and more criminal groups from Slovenia have made connections with criminal groups from Bosnia and Herzegovina and Yugoslavia.

2001 sees no significant changes in the number of organised criminal groups (70) and their members (650). The structure of the groups was equally often hierarchical, network type, or cellular. Within the hierarchic associations, no so-called genuine mob groups were detected. The majority of associations were loosely organised, but some were quite homogeneous (mostly those with hierarchical structure). Almost all cooperated closely with other criminal groups in Slovenia, and a majority also had foreign connections. The connections were, however, mostly individual relationships and not so much a matter of superiority or inferiority. Organised crime group leaders are mostly Slovenian citizens; some of the leaders are of other (former Yugoslavian) nationalities, in particular the leaders of nationally homogeneous associations. Drugs, illegal immigration, and racketeering are the major criminal activities of these groups.

For the **Czech Republic** and Slovakia, the 1999 replies were rather similar. This, considering the common recent history of both, would also seem a plausible reflection of the real situation. The Czech Republic described the structure of organised criminal groups as twofold. The first type is organised at a lower level. Despite a clear division of tasks, its structure is primarily horizontal and the existence of higher governing sections is not evident here. The second type has a vertical organisational structure with several levels. At the top is the highest leader who may run several groups, known as so-called 'middle link'. Then there are rank and file members. These highly organised groups were estimated to have a share of between one-third and 40% in the Czech Republic between 1995–2000. The organisations were using external accomplices providing services and hiring advisors for various functions if needed. Such external collaborators were often not familiar with the nature and operations of the criminal organisation. The share of external accomplices is probably half of the total membership.

In 2000, the Czech report has a more detailed view of the situation. The number of groups practising organised crime was estimated at approximately 75 and the number of members at 2,000. Over the 1990s, there has been a slightly larger number of groups dominated by foreign elements. In a relatively constant way, half the groups are mixed. Just more than a quarter is made up of purely foreign groups and the rest are groups exclusively Czech. No new figures were given for 2001.

As far as the proportions of individual nationalities represented in organised crime groups in the Czech Republic are concerned, the 2001 reply distinguishes four types of groups (in contrast to the 2000 report that mentioned only two plus a third "miscellaneous" category):

- The strongest one is constituted by ex-USSR citizens, in particular Ukrainians and Russians. An increase of violent criminal activity is linked with the growth of this category, racketeering (the sale of protection services) being the most common criminal activity involved. Organised prostitution and car thefts are also ascribed to these groups.
- The second category is represented in particular by citizens of former Yugoslavia, Bulgaria, Albania and Italy.
- In the third category are the criminal organisations from South-East Asia. Chinese and Vietnamese groups are the most active ones. Chinese groups concentrate on running casinos and brothels, as well as money laundering, dealing in narcotics and pirate products, and running illegal immigration including the kidnapping of illegal migrants. The Vietnamese groups have been involved in particular in organising illegal migration and smuggling goods and narcotics. Their activities have been under the influence of Vietnamese groups coming from Germany. A shift from street gangs to a foundation of deeper organisations is observed to be going on. Cooperation between Chinese and Vietnamese groups is growing stronger, with cooperation with criminal groups from the former Soviet Union as well.
- Arabian criminal organisations are a new observation, concentrating mainly on drug smuggling, dealing in arms and financial frauds. Such activities are undertaken through a network of travel agencies, car rentals and garages. In organising illegal migration, they have recently started to cooperate with Vietnamese groups.

**Slovakia** reported well-organised hierarchical structures of organised criminal groups in 1999. These were also cooperating with foreign criminal groups, especially for drug-related activities. Many group leaders were typically Slovak nationals; however, groups involved in drug offences had a foreign leader, usually from Albania, with 3-7 persons in the managing structure. Other activities were performed by groups sized 5 to 20 members.

Foreign nationals from the states of the former Soviet Union and Yugoslavia were recorded in connection with commission and organisation of crime. A well-organised Chinese group was registered that acted illegally in the retail trade and violated tax duties. Groups involved in the drug business have not yet reached higher forms of organised crime of Mafia type yet. They are groups based on ethnic, family and religious principles. Organised groups headed by Slovak migrants and returned émigrés are generally linked to foreign drug gangs or to a deliverer in drug-producing areas.

In 1999, all of the territory of Slovakia was reported to be divided between organised crime groups, in particular the biggest cities. Slovakian organised criminal groups were also reported to cooperate with foreign groups in Europe as well as outside of Europe. In Europe, all neighbouring countries were enumerated as general partner countries. Cooperation with organised criminal groups in other European countries was varying according to the relevant commodity: Romania was used for stolen cars; for trafficking of women, Germany, Italy, Spain and Holland were partners; for trafficking in human beings, other EU states were used, and for drug trafficking, contacts with Scandinavia, Holland, Germany, Turkey, Albania, Bulgaria and Romania were mentioned. Non-European countries included drug producers such as Columbia and other Latin American countries as well as and Asian countries.

In their 2000 reply, Slovakia estimates the number of organised criminal groups to amount to 202, with 2,745 persons operating in the groups. The groups have typically less than ten members; only ten groups of more than 50 members have been identified. The groups are hierarchically structured and involve various family members and, more often, aliens, most typically Ukrainians and citizens of the Czech Republic. No such figures were given for 2001.

In 1999, **Hungary** enumerated 76 existing and active organised crime groups with altogether 1,982 individuals suspected to be involved, or an average of 26 persons per group. Nearly half, or 34 groups, had between 5 and 10 members, and 28 groups had between 11 and 30 members. Six massive groups were observed, with 100-300 members each, the largest ones operating in the Budapest metropolitan area.

In the 2000 reply, the number of groups was estimated at 72, or four less than the previous year. Most groups were operating at the local level, 26 of them conducting their activities in the capital city and its immediate vicinity. There is a loose inter-group alliance in which positions, common and conflicting interests as well as relationships become increasingly permanent.

In the 2001 reply, the number of organised criminal groups has decreased to 59. Out of these, 12 were paid special attention because of their activities. The majority of the groups operate on local levels, but the most significant groups are characterised by the fact that they have many members and perform their activities in several countries. Compared to previous years, no significant changes as to the characteristics of the groups are observed. The majority are hierarchical. However, there is an increase in the number of groups operating in a network structure. Family and ethnic groups are also observed. Most groups are 100% Hungarian. Few groups consist of foreign members only. Drug dealing is the principal activity of most groups.

The 2000 report for **Poland** states that the structure of the organised groups in Poland is usually rather simple. It is mostly hierarchical with no more than two or at most three levels. Every group has a single leader and a few other members belonging to some sort of collective leadership. Other members, the so-called 'soldiers,' are usually not 'constant' or 'full time' members, but hired to do a concrete job and for concrete purposes. It means that the membership of groups, leadership excluded, changes constantly according to the needs and the current situation. Only within a few groups involving foreign nationals where family connections constitute the base of the existence of the group is membership rather constant. Groups with more complicated structures, for example a cell-wise structure, are not very common. Where they do exist, they are usually most dangerous and most difficult to penetrate and destroy. They are found to be engaged in theft, trafficking and smuggling of motor vehicles, and in the production, smuggling and trafficking of drugs.

In 2001, there were 485 active organised criminal groups identified, with 5,281 members of whom 744 were considered to be leaders of various types of those groups. The majority (388) were 100% Polish, the remaining groups having international or ethnic character. A small number were classified as "Russian-speaking" groups. In recent years, police have observed that the criminal groups are switching every one or two years to a new field of activities. This should protect them against police investigations.

Geographically, Poland is an important producer of synthetic drugs exported to Western Europe, in particular to Sweden and Germany, and an important transit country for the smuggling of narcotic drugs to Western Europe, especially from Turkey and CIS countries. Poland is also generally used as a smuggling route for a variety of other goods. Some of them, like alcohol, cigarettes and electronic equipment, are to a large extent designated for the Polish market. However, they are also smuggled from Western Europe to other countries like Belarus, Ukraine, the Baltic republics and Russia. Poland also serves as a major transit route for stolen cars from Western Europe to the region of the former Soviet Union. It also appears to be a significant location for international money laundering operations. All of these observations point at links between Polish organised crime groups and groups abroad.

Police have recently distinguished at least three dominating types of activities in which the groups are engaged:

- Various types of "classic" criminal activities (robberies, extortion, criminal violence). In 2001 there were 159 groups engaging in such activities. It seems that a change of generations is taking place in recent years in major Polish criminal groups.
- Drug trafficking. In 2001, there were 134 organised criminal groups engaging primarily in this type of activities, first of all production of synthetic drugs, smuggling of drugs as well as selling them on the domestic market. Polish police observe an increased involvement of Vietnamese organised criminal groups in drug trafficking in Poland. They use links to their fellow countrymen living legally in Poland and doing legal business (mainly in textile trade). Turkish groups in similar activities use links to legal businesses as well. Italian Mafia and Colombian drug cartels have been observed being active in Poland. Polish nationals also serve as international drug couriers, serving Nigerian and Jamaican groups active in Germany, Holland and Italy.
- Economic crime. There were 129 groups engaging primarily in such activities including corruption, money laundering, fraud etc.

## 5.2.6 South-Eastern Europe: Albania<sup>42</sup>, Bulgaria, Croatia, Cyprus, Greece, “the former Yugoslav Republic of Macedonia” and Turkey

**Bulgaria**'s 2000 reply reports on both hierarchical and cell-wise structured criminal groups, depending on the type of criminal activity they are involved in. The hierarchical structure has one leader and 2 to 3 assistants who control a number of 'executives' who are not permanent members of the association but summoned for specific tasks. This structure is typical for groups operating in classical criminal activities (robberies, extortion, debt collection, trafficking motor vehicles, pimping). The cell-wise structure is typical for groups involved in trafficking of drugs and smuggling of people, in illegal gambling and forgery. Sometimes, a mixture of both structures is observed. As to organised crime in the shadow economy, no structures may be discerned but rather associations of autonomous establishments, usually legal persons.

In 2000, Bulgaria identified 287 organised criminal groups, their typical size being 4 to 15 participants. 135 criminal groups are documented in more detail, having a total of 1602 active participants of whom 1235 were Bulgarians and 164 foreign citizens. In 2001, 295 groups were identified, with 1,720 participants out of whom 164 were foreign nationals.

Over 90% of the detected groups have a homogeneous composition, i.e. Bulgarian only. Foreign citizens participated in some of the criminal groups, mostly Turks, Russians, Ukrainians, and a few individuals from neighbouring countries.

There is cooperation between local criminal groups and groups from other countries, in particular in the immediate vicinity. However, Germany, Spain, Norway and Brazil are also mentioned. The foreign connections are particularly active in the fields of drug trafficking and trafficking in women, falsifications of bank notes, credit cards and other similar documents, and pirate product and cigarette trade.

**Albania** reported in 2000 that they had 'combated' 23 organised criminal groups involved in drug trafficking. In addition, three criminal organisations involved in economic crime were combated in 1999/2000.

The drug group members have specialised roles: there are the finance experts and the leaders, the organisers of the transportation, the assistants and other participants. The cooperation between the members shows a relative continuity. The groups are often using businesses as fronts for their trafficking operations. In some cases, the activity is carried out in cooperation with various corrupted officials who could be defined as being part of the organised criminal groups. The activity takes place in the country as well as abroad. The size of the groups is usually up to 10 members, sometimes more. The groups have connections to different parts of the country; some of them also have links to foreign criminal organisations, mainly from Italy, Turkey, Greece, Colombia, “The former Yugoslav Republic of Macedonia”, and Malaysia. The groups are mostly independent of each other.

The organised economic crime groups are described in detail. One of them, with 13 members in a network structure, 'stole' the Savings Bank. All members were Albanians, and the group only operated within the country. The second group, made up of 52 Albanian members structured as a network and operating exclusively in Tirana,

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<sup>42</sup> No report provided for 2001.

organised false pensions for mine workers. The third group with nearly 200 members and a network structure, committed insurance fraud, operating all over Albania.

**Croatia** stated that in recent years some individuals have been taking advantage of the post-war situation and have, through the smuggling of goods and persons, credit fraud, money laundering, practice of usury, racketeering, extortion and organising prostitution, acquired assets which now need to be invested or laundered. This leads to the establishment and purchasing of firms, catering establishments and investment of 'dirty money' into other criminal activities. Broadly speaking, Croatia thus reports of identical criminal activities as are reported for other countries. However, they state that, as far as the internal structure is concerned, criminal groups in the Republic of Croatia cannot be considered criminal organisations or criminal associations in the classical sense of those terms, because there are no hierarchical relationships between members of the groups. The members are only related as personal acquaintances and have common interests in acquiring illegal material gain by the commission of one or several offences. Nevertheless, members of some groups are in connection with criminal organisations or individuals in Italy, Slovenia, Germany, Austria, Hungary, the Czech Republic, Slovakia, FR of Yugoslavia, the Federation of Bosnia and Herzegovina, Bulgaria and the newly established States of the former Soviet Union.

Significant investigations in 2001 included a group of 28 persons involved in the smuggling of human beings. A group of 9 persons was involved in motor vehicle thefts, while another of the same size distributed forged banknotes and equivalents. Two more groups (16 persons each) were committing economic offences of various kinds.

Suggesting a trend, Croatia states that one can expect foreign criminal organisations, criminal associations and individuals to use their connections in Croatia to extend their criminal activities and spread them over the territory of the Republic of Croatia.

**Cyprus** represented a rather limited organised crime scene according to the 1999 country report. The 2000 and 2001 reports are similar. The country has two main organised criminal groups, one based in Larnaca, the other in Limassol. Both are hierarchical, family-based structures that cooperate to some extent and fight each other on occasions. Both groups have non-family members at the lower levels of the hierarchy, mainly Greek-Cypriot males with a criminal record. At the top are family members who are native Cypriots. Each group consists of a small number of hard-core members and a few associates. The groups do not have an international dimension; they restrict their activities to the area of Cyprus.

**Turkey** counts 47 organised criminal groups in 2000, their size ranging generally from 11 to 50 members, with an estimated total number of 2,500 participants (these figures are identical with those given for 1999). For 2001, no further statistics were delivered.

In Turkey, organised crime groups mostly have a hierarchical structure. They are based on the group leader, to which absolute obedience is due, with a division of tasks. Occasionally, structures of a cellular character are also found. Organised crime groups are generally composed of members coming from the Black Sea region of Turkey, but some groups also have members from other regions. Occasionally, cooperation with groups in other parts of the country may take place. Organic ties with foreign organised criminal groups are not observed beyond the fact that some group members have personal relationships with members of foreign groups.

In 1999, "**The former Yugoslav Republic of Macedonia**" reported that there was no clearly defined structure within its organised criminal groups; they rather constitute a

criminal network in which the members are horizontally connected through a division of tasks and their interest in making profit. The size of the groups was not indicated. The role of family connections was said to be dominating. Most leaders and members are nationals. However, in groups that are dealing with illegal migration and drugs, there are attempts to impose foreign citizens as leaders. The small size of the country prevents geographical or other divisions in the actions of criminal groups. Most of the groups are regionally connected with organised criminal groups or individuals from neighbouring and sometimes other European countries.

The reply for 2001 states that the crime groups are mostly without exact hierarchical structure. They consist mostly of more than three people and are meeting the other general criteria of organised crime groups. The group members are horizontally connected in a crime network. They act at local and international level depending on the type of criminal activity, international connections being required for trafficking drugs, firearms, and stolen vehicles, as well as for prostitution, illegal migration and smuggling.

**Greece** reported in 1999 a multitude of organised criminal groups, the majority of which are domestic. Among foreign ethnic groups, Albanian, Russian, Bulgarian, Romanian, Turkish and Iraqi groups, i.e. groups from countries neighbouring or near Greece are enumerated. Groups originating in Pakistan and Bangladesh are also observed in connection with illegal migration, fraud and forgery. The group size basically ranges from 3 to 10, with a division of tasks. These gangs are seen to be rather circumstantial as compared to mafia-type organisations.

In 1999, 41 organised criminal activity investigations involved a total of 256 offenders. In 2001, 126 criminal groups fulfilling the organised crime characteristics were "broken up," with 447 persons involved. Of these, almost half (44 %) were engaged in drug trafficking, and a further 23 % in illegal immigration or trafficking in women.

Geographically, most of the organised crime activities involving foreigners are of a cross-border character. In the northern parts of the country, this cross-border crime is related to the trafficking in narcotics as well as the theft of and trade in stolen cars to and from Greece. In southern Greece, where the ports are used for organised cross-border criminal activities, organising of illegal migration and trafficking of arms and narcotics are observed. In these parts, organised criminal groups are also involved in the forgery of certificates (seamen's qualification documents). Overall, the largest part of organised criminal activity is located in the region of the two largest cities. A new element is the operation of members of the Italian Mafia groups over the whole of western Greece.

Countries are considered part of the south-eastern Europe group according to how close and on which side of the countries of ex-Yugoslavia they are located. In this case, local tradition together with the recent war induced situations of unusual crime opportunities and low level of control which probably provided favourable conditions for many organised criminal groups. Some countries in this group are relatively isolated from large European crime markets and report, consequently, organised criminal groups whose activities are relatively restricted to their own territory and locally. Greece, in contrast, reports a more massive influence of organised criminal groups which have connections to groups in all of the neighbouring countries but not much further. More than the other countries in this group, Greece's importance as a transit country for trafficking of human beings to western European destinations is growing.

## 5.2.7 Eastern Europe: Armenia, Azerbaijan, Georgia<sup>43</sup>, Moldova, Romania, Russian Federation and Ukraine<sup>44</sup>

The **Russian Federation** reported very briefly on the organised crime situation in 1999. It stressed the hierarchical type of organised criminal groups, with a detailed division of tasks and rigid internal discipline. The groups were accordingly described to be stable, with a superior union management. The latter refers to the existence of associations of organised criminal groups, often mentioned in studies of Russian organised crime (e.g. Aromaa & Lehti 2000; Bäckman 1999). In the 2001 reply, this view is replaced by an interpretation that is more like the one found in many western European countries: the Russian reply recognises all group structures suggested in the questionnaire as existing: hierarchical, cell-wise and network structures. Also both homogeneous and heterogeneous groups are found, part of them being organised on an ethnic and regional basis. The leaders of criminal groups are Russian citizens, the members being also from CIS countries and other states. As a rule, the groups consist of no more than 10, sometimes however between 11 and 50 members.

The **Armenian** reply for 2000 states that no data on the topic are available. A similar message is conveyed in the reply for 2001.

The **Georgian** 1999 report stated that their organised criminal groups were more often representing a hierarchical than a network structure. They were reported to cooperate only rarely with other criminal groups in Georgia or abroad, the leaders and the members being typically Georgian nationals. The size of the groups was reported to range between 11 and 50 members, and they were known to operate only in their own country.

Russia and the CIS countries would be expected to have similar experiences with organised criminal groups, influenced by the collapse of the Soviet regime, connected with the rapid privatisation process and the weakening of state controls that continue to prevail. The fact that Georgia provides an overview that is different from this may be an interesting case for further study.

In 1999 and 2000 alike, **Moldavian** organised crime groups were reported to be mostly structured hierarchically or as networks, with a few observations of cellular formations. Their composition was heterogeneous, including ethnic groups of Moldavian, Jewish, Russian, gypsy, Bulgarian, and Caucasian origins. The groups were known to cooperate at the national level, but there also existed international cooperation encompassing the entire area of the CIS. The criminal group leaders and other group members were Moldavians and nationals of other CIS countries.

The number of organised criminal groups was estimated at 121, with 1160 persons involved. These 121 groups were understood to belong to six larger organisations of which five had as their leaders renowned 'thieves-in-law'. The largest community had almost 500 members. The sizes of these six organisations ranged from 471 to 27 members, including two groups with up to 100 members. 93 of the 121 groups counted less than 10 members each.

Besides the country's own territory, the criminal activities of Moldavian organised groups involved many European countries reasonably close (as well as Cyprus and Israel), but also further west such as Italy, France, Spain and Portugal. Outside of Europe, cooperation with groups in the USA and China were observed. The profiles of the criminal activities were geographically differentiated. Operations carried out with

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<sup>43</sup> No report provided for 2001.

<sup>44</sup> No report provided for 2001.

CIS countries were quite similar to the selection of organised criminal activities carried out towards or in cooperation with organised criminal groups in European countries: trade in alcohol, tobacco, drugs, arms and explosives, people, smuggling of migrants, money laundering and economic crime of various kinds. The exact character of the criminal operation reflected, in each instance, which countries were involved in which operations.

**Ukraine** reported for 1999 that 294 organised criminal groups with more than 2,000 members were active on its territory. Of the groups, 33 (with 500 members) were said to have international ties. 12 groups (125 members) had an ethnic background. In the Ukrainian reply for 2000, the number of organised criminal groups was reported to have decreased (in that reply, Ukraine has obviously applied a different definition of organised criminal groups than in 1999). Recent years have seen a tendency towards an increase in the average size of the organised criminal groups. While in 1992/1993 the majority of the disclosed organised criminal groups comprised 2 to 3 persons, starting in 1997 these numbers go up to between 4 and 10, with more and more groups exceeding 10 members.

The social and political changes of the last decade directly affected the international nature of organised crime in Ukraine as well. One of the typical features is a trend to form transnational criminal groupings. The criminal environment in this region is explained to have become more serious due to activities of so-called 'Russian-speaking' criminal groups or 'the red mafia'. These criminal groupings cannot be named purely 'Russian-Ukrainian' since they include many Russian-speaking participants from other CIS countries. Foreign criminal groups are noted to try to expand their spheres of influence into Ukraine. Another problem are groups formed on an ethnic basis. Such groups exist in all regions of Ukraine. The formation of such groups is facilitated by the rapid increase in the number of illegal migrants, originating from all over Asia and Africa.

The Ukrainian report for 1999 provided two examples of major organised criminal formations (eventually liquidated) that represent clear hierarchical structures, with renowned leaders with national backgrounds in Kazakhstan and the Poltava region and members with Chechen, Ingush and Dagestan backgrounds. One group whose central form of activity was extortion of businesses had about 30 members. The second group comprised about 100 members and was involved in several kinds of business, ranging from oil trade, construction and food markets to providing 'legal consultations' to commercial structures. These cases resemble closely those found in Russia.

Traditional organised crime group activities are fraud, racketeering and smuggling, as well as dealing with drugs and sex business, arms trade, car thefts and others. However, the report notes that in the most recent years there has been a shift to economic organised crime related to finance and credit, banking, foreign economic relations, privatisation, fuel and energy sector, agricultural industry, metallurgical, mining and refineries. These are observed to be the sectors where the lion's share of 'shadow' capital is being formed and money laundering is flourishing. The Ukrainian report does not, however, give estimates of the number, size or structure of organised criminal groups engaged in these fields.

The geographical scope of the activities of these gangs was reported as having spread to several western and central European countries (Germany, Hungary, Poland, Greece and Great Britain were mentioned separately) and the USA. Money laundering is, of course, carried out in countries where offshore zones are situated. For illegal immigration, Ukraine was seen as being in a central position as a transit country to Europe, migrants arriving from China, Vietnam, Sri Lanka, Pakistan and Afghanistan. Mention was also made of a transit role in the provision of women to the sexual

markets in Turkey, Poland, Hungary, the Czech Republic, Greece, the Arab emirates, Israel and the USA. The number of illegal migrants on the territory of Ukraine is increasing in big leaps. Apart from various 'Caucasian' (Chechen, Azeri, Armenian, Daghestan, Georgian) communities, a number of other colonies of illegal migrants have formed in Ukraine, such as Vietnamese.

**Romania** reports that their organised criminal groups are structured either as cells with reduced numbers of members or as networks, often connected to similar structures in other countries. The groups usually have a leader and a degree of inner discipline. Criminal groups composed of members from the gypsy population are based on family criteria with, however, criminal relationships with other domestic as well as foreign groups. Isolated cases of organised groups based on Turkish, Arab or Chinese communities were observed but not considered significant.

Links to foreign criminal groups were said to be related, specifically, to trafficking in human beings – including white slavery – and drugs. In addition to contacts of a cross-border nature concerning neighbouring countries (Moldova, Hungary, Bulgaria and countries of Ex-Yugoslavia), some groups were also said to be involved in operations involving other European countries (e.g. Germany, Hungary, the Czech Republic, Cyprus, Greece, Italy, Turkey, Austria, Serbia, France) as well as Japan, Asian and Latin-American countries.

The 2000 reply distinguishes between internationalised groupings (Russian-CIS-Ukrainian) and groupings formed on an ethnic basis. Such groupings exist in all regions of Romania and, in some cases, compete successfully with local criminals trying to put under control individual, state-owned and commercial structures, as well as some types of criminal business.

The group leaders in activities inside the country are Romanian citizens, or for ethnic groups, members of the Gypsy community, Turks, Arabs or Chinese. In cross-border activities, the leaders are usually foreign citizens, established in other states. In the latter cases, there are Romanian local leaders with the role to commit particular offences and recruit new members.

In 1999, a total of 1,261 groups was observed by the police, of which 842 groups consisting of Romanian citizens, 145 of foreign citizens, and 274 mixed groups. In 2000, a total of 1,339 groups were noted, of which 133 groups composed of foreign citizens, 924 of Romanian citizens, and 282 mixed groups. For 2001, still more, or 1,401 groups were identified. The groups usually have less than 10 members, but networks with 11 to 50 members have also been identified, in particular in the field of trafficking in human beings where the group membership is of course a mix of Romanian and foreign nationals.

Besides Romanian groups, groups formed on the basis of the nationality principle (Turks, Chinese, Afro-Asiatics, Iranians, Nigerians, Ukrainians, Moldavians and Russians) were also observed. The activities of such groups were mostly of a local character, directed against their own nationals for the purposes of robbery and extortion of protection fees.

## 5.2.8 The Baltic countries: Estonia, Latvia, Lithuania

The structure of **Estonian** organised criminal groups is reported to be either hierarchical or of a network character. They are influenced by their geopolitical proximity to Russia and the historically strong connections with Russian groups, although these links are said to be weakening.

Two organised crime models are distinguished in Estonia today. One is the "conservative model", resembling Russian organisations. The second is called the "progressive model", which is directed towards economic crime and creates contacts with western European countries. The groups of the conservative model have one leader forming a permanent group of brigadiers around himself. Their ethnic background is dominantly Russian, and they typically share a prison background. These deal with semi-legal business or also purely criminal activities (drugs, thefts, robberies, extortion, racketeering). Such groups protect their territory, and were observed to operate in three regions of Estonia. The scope of their geographical activity encompasses the CIS region and other eastern European countries.

The progressive groups are orientated towards economic crime, also with international dimensions.

There are at the moment five active criminal groups operating in Estonia (three others have been reported as non-active): two Russian ones (including the Kemerovo group), one Armenian, one Azerbaijan group and one Estonian group<sup>45</sup>. The Kemerovo group is the most "monolithic" and most powerful group in Estonia and also involved in legal metal-import business to Estonia and Scandinavia. The other Russian group is more specialised, its main area being stolen cars. The Armenian group, mostly operating in smuggling and prostitution, is fading away.

The estimated number of members of the group is about 15 to 30 persons. There are significant changes in the number of groups in comparison with the year 1999, when ten groups were reported. One of the groups liquidated itself because of serious internal contradictions and problems with other groups.

The Estonian group is described as the "progressive" one, with a cell-wise organisation and about 200 members. It cooperates with groups from Scandinavia and Finland (illegal alcohol, illicit drugs), Latvia, Lithuania, Germany, Netherlands and Spain (transit of the drugs). Spain appears to be the foreign country where the Estonian criminal group carries out most of its activities. For money laundering the group uses Cyprus, Malta, Belarus and Ukraine. The Estonian criminal group and one of the Russian criminal groups organise car thefts in Germany and Scandinavia on a regular basis. The Armenian criminal group also acts in St. Petersburg and Armenia.

Regionally, the main place of activity is the territory of Estonia (Tallinn, Tartu – two bigger cities, and the county of Ida-Virumaa in the north-east with Russian domination.). However, there are clear indications that criminal groups also increase their activities in other European countries, in particular the group consisting of Estonians.

The Azerbaijan group is new, first observed in 1998, with 20-30 active members and 20-30 supporting members. This group would seem to be engaged in largely similar

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<sup>45</sup> This analysis illustrates one of the basic differences between the understanding of "criminal groups" in the Russian-influenced tradition and that of the West European tradition. In the EU or Council of Europe tradition, the Kemerovo "group" would apparently comprise a large number of "member groups" rather than one single entity.

activities as the Armenian one. The majority of the members of organised criminal groups are Russian-speaking people coming from different parts of the former Soviet Union, and living in Estonia legally or illegally.

Besides the Estonian group, the aforementioned Russian group is also ascribed activities that could be assessed as being "progressive". The other three groups would seem to operate more along traditional lines, albeit not without a trans-border dimension either.

The progressive groups are orientated towards economic crime, with international dimensions. Business ideas typically observed are related to smuggling, tax frauds and bankruptcy offences.

The Estonian organised criminal world has a hierarchy, at the top of which is "the Council" with approximately 12 members, current or former leaders of groups, with great authority in the criminal world. The Council together with Estonian organised criminal groups formulate a specific territorial-criminal syndicate. The Council supervises the activities of most groups; these are accountable to the Council. They also pay taxes to the Council that uses the funds inter alia to compensate losses suffered by group members (imprisonment, death). The Council does not lead the groups. This description resembles ones concerning Russian organised crime.

For **Latvia**, no reply for 2000 was received. In 2001, Latvian organised crime groups are reported to be structured in a hierarchical manner where three large associations of groups divide the territory. According to the 1999 reply, each main group consists of a number of smaller groups counting five to several dozens of members. There are more than 50 criminal groups like these. They have a hierarchical structure, with strict tasks for each member. Nationality is of no great importance, except for the Chechen group that was in 1999 considered as one of the largest and most serious in Latvia. This group has in the meantime lost its position and is not considered to be the main national group. Outside the groups belonging to the larger associations exist some small groups with a less stable structure and composition.

The group leaders and members come from Latvia and republics of the former Soviet Union. According to the 1999 reply, 13 criminal associations and over 30 other organised criminal groups in total were estimated to be active in the country, indicating that Latvia too is familiar with the Russian-style large associations of organised criminal groups as explained in the Estonian report in particular and in Lithuania. The number of participants in these groups was then estimated at 1,300 to 1,500. Cooperation between criminal groups not only concerns criminal activity but also occurs in the entertainment business.

A major part of the groups cooperate with criminal structures in other countries, Russia mainly, but Lithuania, Estonia and Germany are also relevant. The activities requiring such cooperation are typically related to smuggling and transit of smuggled goods.

Geographically, organised crime groups are prominent in metropolitan Riga and other large cities. Operations are expanding to the neighbouring areas of Russia and Belarus in particular, but also Estonia, Lithuania, Germany, Poland, Finland and the Netherlands. Smuggling is the main area of contacts since Latvia is an important transit country for smuggling stolen cars, excise goods as well as drugs. No permanent activities outside of Europe were detected. However, individual contacts cover many eastern and western European countries, Israel and the USA.

In 1999, **Lithuania** reported that the structure of organised criminal groups is variable and not complicated. There are no exclusively ethnic groups. In the 2000 reply, about 40

organised criminal groups are noted, with about 1,500 members, but with no detailed information on group size. Two kinds of structure were found: clear-hierarchical structures with coherent leaders or unclear i.e. where it is difficult to understand who guides the group.

The age of criminals involved in criminal groups is decreasing. The group leaders are mostly Lithuanian nationals. In 2001, 57 organised criminal groups were identified, with about 1,000 members.

Cooperation with other groups in the same country is observed but it happens on an ad-hoc basis. It exists in particular for drug trafficking, trafficking in human beings for sexual exploitation and illegal immigration. Cooperation with foreign organisations takes place mostly with groups from neighbour countries like Belarus, Ukraine, Latvia, Russia, and in western Europe United Kingdom, Belgium, the Netherlands, Germany and Scandinavia. The trend observed is that of growing activities abroad.

Over the 1990s, the phenomenon of organised criminal groups in the Baltic countries seems to have developed along dissimilar routes. The great influence of organised crime in the Russian tradition is still discernible but becoming weaker while national groups may be growing in importance. Estonia reports a diminishing influence of Russian-style organised crime groups; Lithuania reports a relatively moderate situation with Russian influences not playing a central role. Latvia, in contrast, is still understood to be strongly influenced by Russian-style organised crime groups. The three countries would thus be developing along quite individualistic routes despite their background and location. However, all three play a similar role as transit countries, moving cars to the east and alcohol, tobacco, drugs and people to more affluent western member States.

### 5.3 NUMBER OF ORGANISED CRIMINAL GROUPS AND PARTICIPANTS

The compilations presented in tables 13 and 14 are primarily a reflection of the size of the countries in question. Some countries report that they know of a given number of 'major' or 'main' groups, while others say they have no knowledge of groups that would fulfil the Council of Europe criteria but report on numbers of less structured and permanent groups. What exactly constitutes a 'group' thus still remains a partly unsettled matter. This is a particularly acute problem if countries with very different traditions are compared, as for example countries of the Scandinavian versus Russian or Italian traditions. A further distinction of 'criminal groups' and 'criminal associations' might be helpful in some situations; however, the concept of 'association' represents considerable standardisation problems as well. The reported figures clearly also depend on the level of awareness regarding the matter of organised crime<sup>46</sup>. However, it is likely that there is a significant correlation between the volume of effort spent on the topic and the real size and seriousness of the problem. Tables 13 and 14 convey some relevant information.

**Table 13 Estimated number of organised criminal groups in 2001 (or 1999/2000 for countries that did not provide an estimate in 2001; the 2001 data are in bold type)**

< 25	<b>Andorra, Austria, Azerbaijan, Cyprus, Estonia, Liechtenstein, Malta, Norway, San Marino</b>
25-100	<b>Albania, Czech Republic, Denmark, Finland, Hungary, Iceland, Ireland, Lithuania, Luxembourg, Portugal, Slovakia, Slovenia, Sweden, Turkey</b>
100-200	<b>Greece, Latvia, 'the former Yugoslav Republic of Macedonia', Moldova, The Netherlands, Portugal, Spain</b>
200-500	<b>Bulgaria, Poland, Switzerland</b>
> 500	<b>Germany, Italy, Romania, Russian Federation, United Kingdom, Ukraine</b>

A similar confusion may hamper the comparability of data on the number of 'participants'. This also reveals the great difficulty caused by the lack of standard criteria for 'group' as well as 'participant' or 'core member' and 'other member'. For this reason, attempts to relate the given quantities to the size of the population of each country may not be very useful at this point of analysis – except that such an exercise could very well point out probable discrepancies in definitions and counting rules applied.

Another perspective is a historical one, comparing the 2001 data with previous statistics. When doing this, many member States for which such statistics were available – take the example of Italy – appear to report quite similar, even identical, figures for each year. However, there are exceptions. Finland reported 27 organised criminal groups in 1999, compared to 12, 16 and 22 in the three previous years. In 2000, they reported again slightly less groups, or 23, and in 2001 again a larger number, or 27. Moldova also reported rising numbers: 71 in 1996, 65 in 1997, 105 in 1998, and 121 in 1999, 2000 as well as in 2001. Overall, several countries have moved up in the Tables, implying a trend of improved recording and analysis of the situation as well as, perhaps, a growth in organised crime itself.

<sup>46</sup> However, the U.K., who shows a high level of awareness and sophistication in its analysis of organized crime, does not give any estimates on the numbers of organized criminal groups or their members.

**Table 14 Estimated number of participants in organised criminal groups in 2001**

(or 1999/2000 for countries that did not provide data for 2001; 2001 data in bold)

< 500	Albania, <b>Andorra</b> , <b>Cyprus</b> , <b>Estonia</b> , <b>Finland</b> , <b>Greece</b> , <b>Iceland</b> , <b>Ireland</b> , <b>Liechtenstein</b> , <b>Luxembourg</b> , <b>Malta</b> , 'the former Yugoslav Republic of Macedonia', <b>Norway</b> , <b>Portugal</b> , San Marino, <b>Slovakia</b>
500-2,500	<b>Azerbaijan</b> , <b>Bulgaria</b> , <b>Czech Republic</b> , <b>Denmark</b> , <b>Hungary</b> , <b>Latvia</b> , <b>Lithuania</b> , <b>Moldova</b> , <b>the Netherlands</b> , <b>Slovenia</b> , <b>Switzerland</b> , <b>Turkey</b>
2,500-5,000	<b>Spain</b>
> 5,000	<b>Germany</b> , <b>Italy</b> , <b>Poland</b> , <b>Romania</b> , <b>Russian Federation</b> , <b>Ukraine</b> , <b>United Kingdom</b>

## 5.4 MODUS OPERANDI

### 5.4.1 Use of influence

Protection of their criminal activities is one of the key tasks of organised crime groups. They therefore try to prevent a discovery of their offences, to find out whether investigations against them have been carried out, to expose law enforcement agencies to false accusations and to ensure the cooperation of corrupt individuals in public administration and law enforcement agencies in the commission of concrete offences. Some countries in which this is considered to be a very serious problem have developed special programmes for the prevention of organised crime *and* corruption (i.e. Lithuania).

Some of the member States which have not answered this question (including Armenia, Azerbaijan and Greece) do not have a small number of problems in the field of corruption, according to the Transparency International Corruption Perception Index and to the World Economic Forum Growth Competitiveness Index.

There are countries which, according to their reports, do not face any great danger from organised crime groups in this field – Cyprus, Denmark, Greece, Iceland, Norway, Sweden and Ireland. This was confirmed by the above-mentioned surveys for some of them, especially Iceland, Norway and Sweden. For the first time another Scandinavian country, Finland, reports some problems of influence, especially against law enforcement agencies and judiciary in the way of threats and damaged property, but still without corruption.

In all other countries activities of the groups also include some kind of influence, directed mainly towards public administration, law enforcement agencies and business community. France does not exclude links between organised crime groups and corruption, but those links seem to be marginal. Spain has noticed some minor links between organised crime and certain elected local representatives.

For the organised crime groups, corruption of public administration is a very traditional form of exercising influence on the outside world. There are some signs that the activities of organised crime groups are on the increase, e.g. Bulgaria recorded an increase in corruption of public administration from 6.7% to 12.6 % of all organised crime offences discovered. The data in Poland also indicate clearly that the number of registered corruption offences has grown significantly. Some organised crime groups in some countries devote a lot of attention to efforts to place their members or sympathisers into the public administration structure. In some countries this remains at a low, usually municipal level, while in others groups have more success. In the Czech Republic these activities are directed towards all state structures and are reinforced by

corruption as well as extortions. In Poland especially leaders of organised crime groups who are active within the variety of economic structures successfully attempt to contact politicians and public officials at the governmental and self-governmental level with the purpose of influencing their policies and decisions in a way advantageous to their interests. In exchange, they offer different gratifications like cash or shares in companies.

Perpetrators are active in their countries and also at the international level. Germany reports that exerting of certain types of influence from their organised crime groups has been noticed at the national and international levels.

**Table 15 German cases of organised crime in which influence in certain fields was mentioned**

	In Germany	Abroad
Public administration	35	33
Justice system	6	12
Business community	11	4
Media	8	3
Politicians	3	15

Law enforcement agencies are always under the attack of the organised crime groups. Besides typical corruption, sometimes the media are also misused for exerting pressure on the law enforcement, e.g. in Lithuania. In some countries, infiltration of criminal groups in law enforcement agencies have caused destabilisation of those structures, which now generate crime by themselves, e.g. in Moldova, where grey economy is controlled hand in hand by criminals and corrupt police officials.

The world of politics also attracts the attention of organised crime groups, but there is no common pattern for that. Some member States report some intentional activities of the groups directed towards politicians, e.g. Turkey, Slovenia, Moldova, Czech Republic, Italy and Germany. The intentions of organised crime groups in these cases are clear: influencing politicians as people who make final decisions on different, sometimes even most important topics, can bring a lot of privileges to the perpetrators. The lack of reports from countries in transition, especially small ones, may indicate that they are not fully aware of the danger or that threats in other areas of public life seem clearer and more present to them. Developing state structures, poorly-paid individuals in top positions, intensive personal relations of a small number of people, are the elements that make such efforts of crime groups in these countries especially dangerous. On the other hand, developed central European countries almost always report this problem. Obviously they are well aware of the great danger.

Influencing business enterprises, especially in the field of trade (catering and building trade in Sweden) and transportation (transport companies and airport staff in the Netherlands) is becoming more and more intensive. Undoubtedly that means that organised crime groups are changing their priorities knowing that the involvement of the private sector in their activities can increase their profits considerably. Particularly in the former socialist countries, which are about to start privatising their former state property or have already done so, the success of organised crime in this field can have a detrimental effect on the countries' economies and for their whole future. In this sense Moldova reports that corrupt public administration is already influencing the area of economy. Investors, especially foreign ones, being exposed to different pressures and not protected by law enforcement agencies, have started to leave the country. This is adding additional troubles to the already very worrying situation in the national economy. In the Czech Republic, organised crime groups prefer to use all kinds of

officially established private companies to shield their criminal activities and to expand them countrywide. Since the private sector is not so much aware of the great threat posed by the corrupt efforts of the criminal world, it will be of outmost importance to raise its awareness and increase self-protecting measures.

The problem of influencing the business area can be seen from numerous tables, including the following one from the Netherlands.

**Table 16** Number of Dutch organised crime investigations in which corruptive contacts are mentioned<sup>47</sup>

Corruptive contacts	National	International
Police	9	8
Customs & Royal Gendarmerie	3	5
Law enforcement agencies	1	-
Judiciary	1	-
Business community	12	5
Politics	-	1
Public administration	1	4
Legal profession	7	2

It is interesting to see that some countries have organised their police anti-corruption units as parts of broader units for the fight against organised crime (i.e. Bulgaria, Croatia, Latvia, Slovenia) and some as parts of broader units for the fight against economic crime (i.e. Norway).

Although some countries, especially developing ones, are more and more aware of the danger posed by corruption, it is a positive sign to see that a lot of attention is devoted to this field. Knowing the danger in an abstract way will help to plan concrete countermeasures. This will become more important especially in the private sector, since the profits that can be achieved there will slowly become an even more important factor for the organised crime groups than the powerful position that they can get by means of corruption in public administration. The combination of both, corrupt public and private sectors, will certainly have to remain the priority of all law enforcement and judicial institutions for the future.

The table below identifying spheres where influence is exerted shows that the most exposed areas are law enforcement (including judiciary) and public administration. Reasons for both are simple: in order to secure their activities groups are trying to get active cooperation and information on their activities, if possible in advance, from law enforcement agencies; public administration is an important target because of its role in different, sometimes very lucrative procedures.

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<sup>47</sup> Since more than one area may have been mentioned in a single investigation, the figures in this table cannot be simply added up.

**Table 17**      **Reported spheres of influence by organised crime groups**

Member state	Politics	Law Enforcement, Judiciary	Media	Public administration	Business
Albania					
Andorra					
Armenia					
Austria		+			
Azerbaijan					
Belgium					
Bulgaria		+		+	
Croatia	+	+	+	+	+
Cyprus					
Czech Republic	+	+		+	+
Denmark					
Estonia	+	+	+	+	
Finland		+			
France					
Georgia					
Germany	+	+	+	+	+
Greece					+
Hungary	+	+	+	+	+
Iceland					
Ireland					
Italy	+	+	+	+	+
Latvia		+		+	
Liechtenstein					
Lithuania		+			+
Luxembourg					
Malta					
Moldova	+	+	+	+	+
Netherlands	+	+		+	+
Norway				+	
Poland	+	+		+	
Portugal					
Romania					
Russia					
San Marino					
Slovakia		+		+	
Slovenia	+	+	+	+	+
Spain		+	+	+	+
Sweden		+			+
Switzerland					
'the F.Y.R. of Macedonia'	+	+	+	+	+
Turkey	+	+	+	+	+
Ukraine					
United Kingdom		+		+	+

The impact of organised crime groups on the business sector is gaining importance, mainly because of potentially enormous proceeds from this sphere and because in the majority of countries this area is still defenceless against such an intrusion. Knowing the important role of the media it is surprising to see that they are least burdened by such influence. There might be two reasons for that: resistance of journalists or the fear of perpetrators to risk this kind of publicity.

#### **5.4.2 Use of enterprises & legal entities**

The UK report states that many, probably the majority of organised criminals make use of legitimate or quasi-legitimate businesses to further their criminality. In some cases, criminals own the businesses themselves. In others, they collude with or coerce businessmen and employees. They also use deception. Their most obvious use is to launder the proceeds of crimes, but legitimate or quasi-legitimate businesses are also used to facilitate illicit trades, and in some instances to fulfil a desire for social acceptability and status. Front companies are essential for certain frauds. Businesses provide cover for purchases of regulated items, such as precursor chemicals, and for shipments of illicit commodities. Haulage companies are used to move goods, sometimes unknowingly as illicit cargoes are hidden in or amongst freight. Company premises may be used for storage or to slaughter (break up) loads, while dubs and pubs are used for distribution. Control over a sales outlet, such as a mobile phone retailer or car dealership, provides covert access to key resources. Meanwhile, employment agencies may be used to support those involved in organised illegal immigration.

It is helpful to divide enterprises involved in crime into those that are a logical prerequisite of the crime being committed and those that are not. Thus, it is hard to see any export trade – whether the commodity be illegal drugs, contraband or people – existing without a transportation element, whether knowing or unknowing (or in between, with varied degrees of wilfulness). An industry or trade is mentioned 107 times in connection with illegal activities carried out for criminal groups in the territory of the Netherlands (apparently down from 147 the previous year, though largely due to differences in data collection): this involvement occurred in over half the criminal investigations. The transport industry (23 times, compared with 21 in 2000) and the hotel/catering trade (mentioned in 21 investigations, the same as in 2000) are mentioned most frequently, followed by other service industries (including the sex industry) and the import/export trade. The transport sector is regularly involved in the transport of drugs, both with and without a legitimate cover cargo. In the case of the hotel and catering trade, the businesses most frequently involved are bars, coffee shops and restaurants, which function as marketplaces for the purchase and sale of drugs. Catering premises are often acquired as a way of investing the proceeds of criminal activity. As regards other trades, the category ‘other services’ includes a large number of investment and insurance companies. Import/export businesses are usually involved in drug trafficking rather than in other offences. Companies frequently mentioned deal in fruit juices, wood processing, mattresses and beds, and household appliances. Many of these companies are located at or close to Schiphol airport, and employees of several of these companies are involved in importing drugs via ordinary air traffic.

Garages and car dealers are regularly involved in ringing and stripping cars, handling stolen vehicles and preparing vehicles for concealing contraband, particularly drugs. The relatively few references to the involvement of the automotive trade in the investigations is probably due to the difficulties encountered by investigation departments in tackling vehicle crime. The sex industry is involved in various

activities, including trafficking in women, child pornography, illegal employment of prostitutes and money laundering.

Outside the Netherlands, the trades most frequently involved are transport (mentioned in 10 investigations), other service companies (9), real estate (8) and import/export (7). The real estate sector is mainly mentioned with regard to involvement in the acquisition of property abroad and laundering the proceeds of criminal activity.

**Table 18 Number of Dutch organised crime investigations mentioning involvement of various economic sectors in criminal activities**

Sector	Number of times mentioned
Transport	21
Hotel & catering	21
Sex industry	14
Automotive trade	13
Retail trade	7
Import/export companies	17
Other (service companies)	18
Other (production)	9
Miscellaneous	27

The investigations make 297 references to a form of business in the Netherlands involved in illegal activity, including fifteen foreign legal entities registered in the Netherlands. Dutch private companies (BVs) and one-man businesses, with respectively 146 and 83 mentions, are the types of business most frequently involved in illegal activities in the Netherlands. Abroad, the forms of entity most frequently used for illegal purposes are the Limiteds and NVs (Dutch limited companies), which were mentioned 32 and 10 times respectively. A significant number of the legal entities registered abroad are registered in surrounding countries such as the United Kingdom (13), Belgium (10) and Luxembourg (8). The other legal entities are registered in 26 other countries worldwide (only countries in Asia are not mentioned).

### 5.4.3 Use of information and communication technology

In the majority of countries computer (cyber) crime is not seen as a lucrative possibility for organised criminal structures. It is clear that distinction has to be made between the cases where computers were essentially used as instruments to commit crime and cases where computers, their parts or their equipment were the object of a crime. Examples of the latter kind are hacking, denial of service attacks - DOS - typically as overloading the Internet servers, and viruses.

Criminal abuses of information and communication technology (ICT) occur in a large range of crime referring to different degrees of the use of computer expertise. Some of them, where computers are the target, require high levels of technical expertise, for example the know-how to manipulate the computerised records of financial institutions to transfer money to criminal accounts. This technical challenge could even be the main motivation without any purpose of financial gain (like for some hackers) even if the losses induced could be very important ("Love Bug" as example). Some other cyber crimes are not requiring sophisticated expertise, like advance fee fraud who are only using bulk emailing.

For most of them, far from committing a new crime, technology simply determines the method by which basic crime is committed. The use of ICT means that traditional crime assumes new forms (as the Norwegian report puts it). The 2001 national reports on

organised crime do not mention very sophisticated cyber frauds. The reason could be that the proportion of the high-tech crime attributable to organised crime remains unclear in most countries.

If we leave aside the general use of ICT in distribution of illegal services and material as in communication services (concealed and encrypted ones), national reports emphasise credit card frauds as the main financial domain where computer expertise is used. The expertise involves the acquisition of payments card details to be used on internet e-commerce, utilisation of falsified cards with altered magnetic stripe and complete counterfeiting.

Cases of networks using forged credit cards to buy goods from e-commerce firms with a view to deliver to fictitious addresses or to withdraw money in cash dispensers are mentioned in several reports (e.g. Denmark, UK, Bulgaria, Portugal, Romania France, Poland, Ireland). Ireland mentions an important increase in the last year (by almost two thirds of the previous year) and the seizure of sophisticated equipment from one Organised crime group.

Reports mention several networks like groups of west African (Ireland), Israeli and Bulgarian nationals (Bulgaria), North African, Asian and East-European (France), Swedish (Denmark), and the use of different methods from producing only the magnetic stripe (White plastic card) to the complete counterfeiting of the credit card.

Theft of computer components, which was a very important activity of criminal organisations in the past, was replaced by software counterfeiting, the so-called computer piracy, in the majority of countries. But since this activity does not have all the characteristics of organised crime at the beginning, countries usually do not pay enough attention to it. However, there are some countries that suffer big damages in this field, e.g. Ireland. In other countries, many victims of cyber crime are not even aware of the fact that they have been attacked, while others may be reluctant to report attacks for fear of damaging their reputation.

Misuse of computer facilities, especially for distribution of child pornography, was not so rare in the past year. The Internet and highly sophisticated technologies, such as web cams, were misused in several countries, such as Austria, Bulgaria, Denmark, the Netherlands, UK and Sweden, where the Internet was used by criminals in the field of drug trafficking as well as prostitution.

The second very important field in terms of misuse of computer facilities is software piracy – illegal copying and sale of programs, games, music and other multimedia products.

Hungary has noticed that intellectual and computer technology offenders keep separate from other groups performing traditional activities.

Criminal abuses of computer technology and especially cyber fraud are often raised as new and increasing threats. Most member States expect an increasing extent of the crime picture using ICT. Unfortunately, the picture given by national reports remains very general and cyber crimes attributable to organised crime groups remain unclear. It might be due to the limits of national reports too narrow to encompass an international phenomenon where several countries could be affected by the same one. Nevertheless, there is no doubt that computer crime is becoming more and more important and it is only a question of time before organised criminal groups start spreading their activities to this field also – as the general population becomes more computer-literate, so will organised crime groups.

## 5.4.4 Use of violence

### VIOLENCE WITHIN THE CRIMINAL WORLD

Almost all organised crime groups use some form of intimidation or physical violence, within the group in order to demonstrate power and achieve and protect internal discipline, or against other groups in order to protect their territory or area of activity or to recover debts.

Which violent measures will be applied to ensure obedience, division of tasks and discipline within the group depends very much on the organisational structure and the strength of the group leader. Sometimes, as in the case of Macedonia, Norway and Finland, limited physical violence does not cause any casualties, but in almost all other countries it does. Methods such as fines (in the Netherlands only), kidnapping, expropriation of property, use of firearms, explosions and murders are not rare. Hungary, Latvia, Slovakia and Turkey especially report a very strict internal discipline (in the form of "brutal force"). But Turkey also observed attempts by the leaders to restrict the use of violent means within the group.

The use of violence is sometimes closely connected with the ethnical background of the members and usually translates into excessive brutality. Azerbaijani and Russian groups in Estonia are famous for their very cruel sanctions. In the Czech Republic, Russian, Chechnyan and Ukrainian groups are known for their brutality towards victims and Asian groups for setting booby-traps. The structure of criminal organisations seems to be a factor, especially in Estonia: the more sophisticated the structure, the more limited the use of violence within the group.

Organised crime groups in the Netherlands use the system of so-called positive sanctions towards the members who – according to their criminal standards – are "well-behaved." A lawyer providing for their families in case of arrest, additional sharing of proceeds and money are some of the rewards granted to members who have not breached the code of silence. In some cases the UK organised crime groups are also maintaining the loyalty of their members with payments.

The use of violence between organised crime groups is mainly intended for the elimination of competitive groups from the market, for collecting debts and sometimes also, as in the case of Germany, as a method to begin activities in a new field of criminality. In the fight between organised crime groups violence is much more direct and brutal than otherwise: murders, even "collective executions" (in Poland), bomb explosions, hostage taking of members or their relatives, etc. Some countries, e.g. Bulgaria, estimate that violence prevails in certain types of activities, especially in drug-related crime, extortion, racketeering and robberies; other countries like the Netherlands have not found any correlation between the use of violence and the type of activity despite thorough analyses. Violence in the Netherlands is sometimes a way to punish individual criminals – and not members of the group – for anything they have done against the group, such as stealing drugs or not buying stolen property. In Denmark violence is used against vulnerable criminal individuals to force them into committing crime on behalf of members of the biker groups.

Contrary to historical experience Dutch analyses show that intentional murders or liquidations are not so much related to market strategies but more often have to do with honour, revenge, feeling of betrayal, wounded pride, panic and fear. However, the liquidation of a strong leader of an organised criminal group in Estonia has led to its elimination from the market.

## **USE OF VIOLENCE OUTSIDE THE CRIMINAL WORLD**

The use of violence outside the criminal world is not so popular among the criminal organisations, as they know that this type of activity engages the law enforcement agencies in a very serious manner and increases public pressure towards the groups and towards law enforcement agencies. Organised crime groups use violence only as part of their specific criminal activities, such as robberies or extortions, or to shield themselves against the activities of law enforcement agencies. Casualties outside the criminal world are sometimes a consequence of violence within criminal organisations.

Mafia-type organised crime groups in Italy constitute a very special case: they systematically exert violence, not just to protect themselves or during the commission of other criminal offences. To a certain extent, they use violence the way terrorists do, with the final goal of jeopardising social stability and gaining enough room for their activities.

In some countries the use of violence is directed exclusively against law enforcement agencies and the judiciary. Bulgaria for example reports prosecutors' cars set on fire, property stolen from an investigator's home and an explosion to damage the property of a high-ranking anti-organised crime official. Only Norway and Spain report intimidation of witnesses and journalists.

The following table on violence divides violence of organised crime groups into three areas: within the group, within the criminal world and outside the criminal world. Almost all responding countries with two exceptions (Turkey, FYROM) point at the use of violence in all three spheres. Of course there are different levels of violence. In most countries organised crime groups try to avoid violence within the group for as long as possible, mainly by using negotiation or threat. Violence between the groups in some countries always starts with the damaging of property, followed by physical violence at a later stage. Violence outside the criminal world is mainly an integral part of the criminal offences.

**Table 19 Sphere of violence**

Member state	Within organised crime groups	Within criminal world	Outside criminal world
Albania			
Andorra			
Armenia			
Austria		+	
Azerbaijan			
Belgium			
Bulgaria	+	+	+
Croatia	+		+
Cyprus	+	+	+
Czech Republic	+	+	+
Denmark		+	
Estonia	+	+	+
Finland	+	+	+
France			
Georgia			
Germany	+	+	+
Greece	+	+	+
Hungary	+	+	+
Iceland	+		+
Ireland	+	+	+
Italy	+	+	+
Latvia	+	+	+
Liechtenstein			
Lithuania	+	+	+
Luxembourg			
Malta			
Moldova	+	+	+
Netherlands	+	+	+
Norway		+	+
Poland	+	+	+
Portugal			
Romania			
Russia			
San Marino			
Slovakia	+	+	+
Slovenia	+	+	+
Spain	+	+	+
Sweden			
Switzerland			
'the F.Y.R. of Macedonia'		+	+
Turkey		+	+
Ukraine			
United Kingdom	+	+	+

Some statistical data from the Netherlands show that the use of violence outside the criminal world is limited in comparison to that within.

**Table 20 Use of violence by organised crime groups in the Netherlands**<sup>48</sup>

Forms of violence	Within the group	Within criminal world	Outside criminal world
Intimidation	30	20	14
Threat / use of violence	44	25	16
(Attempted) liquidation	8	5	1
Kidnapping / hostage taking	15	8	1
Return to country of origin	-	1	-
Confiscation of goods	4	1	1
Fines	4	1	-
Other	1	4	2

#### PEOPLE KILLED BY ORGANISED CRIME GROUPS

The following table presents the statistics on the number of victims killed by activities of criminal organisations. It is remarkable that none of the replying member States reported significantly higher numbers of victims in 2001 than in previous years. Decreases are observed in several countries, including France, Germany, Ireland, Netherlands and Turkey. This suggests that organised crime groups in Europe, especially those operating in the EU, apply physical violence less often than they have in the recent past. The lack of data, however, makes it difficult to be confident about this trend.

<sup>48</sup> Since more than one type of violence may have been mentioned in a single investigation, the figures in this table can not be simply added up.

**Table 21** Number of people killed by organised criminal groups

Member State	1996	1997	1998	1999	2000	2001
Albania						
Andorra						
Armenia						
Austria		1	≥1			
Azerbaijan						12
Belgium	15	28			18	
Bulgaria					10	11
Croatia						
Cyprus			3	3	3	2
Czech Republic				±15	10 to 15	
Denmark	3	2				
Estonia	±10	2	2	±25	7 to 10	7-8
Finland	1	1	1	4	6	
France <sup>49</sup>	33	47			34	30
Georgia						
Germany	70	44	63	32	29	21
Greece		4				4
Hungary		6	≥3	12	49	
Iceland						
Ireland	6	1		1	4	1
Italy	201	190	63	93		
Latvia					3	4
Liechtenstein						
Lithuania				12		
Luxembourg						
Malta						
Moldova		6				
Netherlands		66	35	≥12	±20	9
Norway	1					
Poland		20	≥20	>21	≥16	
Portugal						
Romania			4	4		
Russia		>130				
San Marino						
Slovakia		30	45		3	
Slovenia	8	8	2	1	1	1
Spain	10		9		8	
Sweden					4	
Switzerland			76			
'the F.Y.R. of Macedonia'						
Turkey					7	3
Ukraine			≥18	≥14	≥20	
United Kingdom			28			

<sup>49</sup> Including attempts

## 5.5 THE QUESTION OF TRANSNATIONAL ORGANISED CRIME

As mentioned in the introduction to this report, there appear to be considerable problems in the understanding of the phenomenon of transnational organised crime. Policy debates and political commitment to combat transnational organised crime stand in contrast to the low level of reporting on the actual occurrence of this phenomenon. The information provided is sketchy:

- Cyprus and Malta claim that they are not affected by transnational organised crime at all. They report a very small number of domestic organised crime groups with no connections abroad. Iceland recognises some links to foreign organised crime groups but there are no signs of internationalisation of domestic criminal groups. The relative isolation and small geographic and economic size of the countries would seem important factors limiting the influence of transnational crime.
- However, another island, namely Ireland, is more affected by transnational organised crime, being mainly a transit country for illegal trafficking of drugs and cigarettes, originating in Southern Africa and the Middle East, and a target country for West Africans involved in fraud.
- Two Caucasian countries, Armenia and Azerbaijan (Georgia did not reply), according to their replies, also have no major problems with international organised crime. Other sources, however, point at very strong links between these countries and Russian organised crime groups.
- Three small countries, Andorra, San Marino and Switzerland, are mostly affected by the activities of foreign transnationally organised crime groups which use them as target countries for various illegal activities, mainly money laundering and, in the case of Switzerland, smuggling of illegal drugs and cigarettes.
- Another group of countries is very much affected by their position on the geographic route from the East to the West, on the Balkan route: Greece, Turkey, "The former Yugoslav Republic of Macedonia", Bulgaria, Romania and Slovenia are under pressure from transnational organised crime groups delivering drugs, alcohol and cigarettes from eastern parts of Europe to the west. Illegal migration and trafficking in human beings follow the same routes.
- These countries are not only transit countries, but also countries of origin for some illegal activities. Organised crime groups from these countries sometimes have very strong links between themselves – for example exploiting opportunities for arms trafficking following the clashes in "The former Yugoslav Republic of Macedonia" – or with criminal groups in other parts of the world, such as Latin America in the case of Greece, and Central Asia in the case of Turkey. The involvement of groups from other parts of the region, mainly from Albania and Kosovo, and their cooperation with domestic groups is also very important and significant for all the countries on the Balkan route.
- In a certain way, Scandinavian countries share the same experience with their organised crime groups. They consist mainly of their own citizens, as well as citizens of some Baltic states, and some from the Russian Federation. In the case of Norway, domestic organised crime groups are under heavy pressure from groups coming from abroad. It would seem that increasingly, criminals from

south-eastern Europe become involved in organised crime in Scandinavian countries.

- Organised crime groups from the Baltic countries, Estonia, Latvia and Lithuania, continue to maintain strong relations with crime groups in almost all the parts of the former Soviet Union.
- Organised crime groups in some other countries (Czech Republic, Moldova, Poland, Slovakia) are also very much influenced by their connection with the former CIS countries. Some of them have established additional good relations with groups in other parts of Europe and even world-wide (Italy, Yugoslavia, south-east Asia), which is the case of the Czech Republic and Slovakia.
- Italy, Germany, Spain and France share similar experience in the field of organised crime. Beside well-established and very strong domestic organised crime groups (e.g. Italy with its typical “Mafia” structures), there is an increasing percentage of foreign groups operating on their territories and fighting for the market. In some countries events in the field of organised crime show that this phenomenon has been completely internationalised and that expected illegal proceeds of crime are the most important factor for the decisions of the groups to share the activities and the market. Organised crime groups, originating especially in Italy, were internationalised decades ago and are very active in all parts of the world.
- A special problem has to be mentioned – the problem of separate regions of certain countries which do not have complete sovereignty there: areas in which armed confrontations are, or have been, taking place (parts of “The former Yugoslav Republic of Macedonia”, a part of Cyprus) or areas where the state is really ineffective (Transnistria in Moldova, Abkhazia in Georgia). According to the countries’ reports, those areas represent a very fertile ground for the establishment and development of organised crime structures, causing serious damage to political stability, the rule of law and economic and social development.
- Although most organised crime groups operating in Europe are of European and usually domestic origin, it is clear that Europe is under heavy impact of criminals from non-European regions. Examples are Ireland, where influences from Southern and West Africa and from Asia are noticeable in the form of smuggling and different types of fraud, and Greece, where the majority of illegal migrants originate from Asia. Some countries in central Europe (e.g. Czech Republic) face an increase of organised crime groups from different parts of the world, namely from South-East Asia.
- Organised crime groups from the newly established countries are very cautious in performing their activities on the territories which are already under the influence of older, traditional groups. On the other hand, older groups from the former Soviet Union are helping newly-established groups in new countries, either through financial support or through some violent measures in order to obtain a more important status for them (Latvia). In some countries there is also a direct link between the groups in one country and headquarters in the capital of another country.

An indicator pointing at the fact that transnational organised crime is not a mere theoretical concept but an actual issue, is the extent to which organised crime groups are reported to have connections to groups from other countries. The table below summarises these links.

The country mentioned most often in the member States' replies to the question of international links of their organised crime groups with groups from other countries is Turkey (15 times), followed by Russia (13), Albania (10), Germany (11) and the Netherlands (11).

Obviously, the information on such links by one country is not always consistent with that of the other country, but table 22 is significant in that it identifies the sources of the majority of organised crime groups in Europe.

The high rankings of Russia and Ukraine (their organised crime groups remain in contact with groups from the former Soviet Union) as well as Germany (it has very strong nationality-based groups with close links to their countries of origin) in this respect were to be expected. The rankings of Turkey and the Netherlands are very high because of the involvement of their groups in drug trafficking. It is also obvious that ethnic Albanians are gaining importance in the area of international organised crime. Organised crime groups from 17 European countries have close connections to groups from other continents, mainly Asia and the Americas.

From the available data one may conclude that the majority of organised criminal groups maintain strong relations with groups from neighbouring countries. Only organised crime groups from a small number of countries have established good cooperation with similar groups in more distant countries.



## 6 Trends

### LEVELS OF ORGANISED CRIME

The information received from member States suggests that there is no general, uniform trend with regard to the level of organised crime in Europe. While some member States, including Iceland, Latvia, Moldova, Slovakia and “The former Yugoslav Republic of Macedonia”, report an increase in the level of organised crime and the number of organised crime groups operating on their territories, others, such as Bulgaria, Denmark, Finland, Germany, the Netherlands, Spain and Sweden, observe a stabilisation or even a decrease.

### GLOBALISATION AND TRANSNATIONAL ORGANISED CRIME

The perception that criminal organisations increasingly become transnational enterprises exploiting opportunities offered by globalisation is not necessarily reflected in the reporting by member States. While countries do sometimes have information on criminal organisations operating across the borders with their immediate neighbours and while there are indications of groups from other continents targeting Europe, actual knowledge of transnational organised crime remains insufficient among member States.

The increasing cross-border cooperation between criminal organisations is partly caused by the growing interdependency of national economies, which leads to substantial increases in the cross border traffic of people and goods. The number of groups with a heterogeneous composition is expected to grow. Criminal operations will be planned and organised more and more from abroad. According to the Italian contribution, criminal organisations are seeking to modernise themselves and are structuring themselves more and more like legal business enterprises. This way it becomes easier for them to intermingle their underground activities with the legal economy. The latter tendency is confirmed by the Latvian report, which states that organised crime is increasingly infiltrating in the business sector and in state institutions.

According to the Polish report, it is difficult to estimate the danger of organised crime to the internal security of the state and its economic development. Until now, connections between organised crime and the world of politics, administration and business in Poland are regarded as far smaller than for example in the Russian Federation or other CIS countries. The Czech report supposes that some organised crime groups are starting to extricate themselves from the criminal environment and are getting well established in legal business operations. As in Poland, only some indications of this trend are already visible, such as links to legal commercial structures, international cooperation and the employment of financial advisors.

Some criminal groups are specialising in particular types of crime or in applying specific modus operandi, such as cyber-fraud. However, the majority of organised crime groups in Europe is not concentrating on a single criminal activity but is operating in more than one field. Examples are drug trafficking groups which are also involved in the smuggling of other commodities, such as stolen cars, cigarettes or human beings. They constantly seek new opportunities and show flexibility in adapting their organisational structures.

## DRUG TRAFFICKING

Drug trafficking continues to be a central field for organised crime groups in Europe. In many member States, including Czech Republic, Finland, Italy, Latvia, the Former Yugoslavian Republic of Macedonia, the Netherlands, Norway, Poland, Romania, Slovenia, Sweden, Turkey and the UK, the production and/or distribution of illicit drugs is the most commonly found criminal activity among organised crime groups.

The amounts of illicit drugs seized vary between the various types. Following a record amount in 2000, much less heroin was intercepted by European law enforcement agencies in 2001. This may be primarily due to the enforcement of the ban on poppy cultivation in Afghanistan by the Taleban. Since the Taleban regime has been overthrown and the new interim government does not seem to exercise effective control, seizures will probably rise in 2002. Until recently, central and eastern European countries acted as transit countries for Southwest Asian heroin destined for the European Union. However, the heroin market is growing and transit states are becoming consumer countries as well.

As regards cocaine, European seizure statistics show that an all time record of over 50 tonnes was reached in 2001. Since the US market is saturated while the production in the Andean region is growing, it is expected that more and more cocaine will be shipped to Europe, especially to EU member States.

For amphetamine and amphetamine-type stimulants, Europe itself is a significant producing region. The Netherlands is a major, though not the only, producer of these synthetic drugs. They are shipped to other member States, but also to the USA, Canada, Australia and other parts of the world.

In comparison to other types of illicit drugs, the market for cannabis in Europe is more stable. However, consumption remains on a very high level and cannabis still is the most popular drug among European citizens. In the majority of Council of Europe member States, cannabis is cultivated, either outdoors or indoors.

An increasing number of drug smuggling groups are involved in more than one type of drugs. More and more mixed shipments are intercepted of both heroin and cocaine, or cannabis and synthetic drugs, but also consisting of other combinations of various types of substances. This points to intensified cooperation between criminal organisations based in different countries or even in different parts of the world.

A number of member States, including Estonia, Finland, Ireland, Lithuania, Hungary and Romania, report increases in the number of drug-related offences and increasing drug use.

Looking at the available statistical data on the number of drug seizures, one can conclude that in the EU the figures are slowly decreasing, whereas the contrary is true in most other member States of the Council of Europe. This may indicate a growing importance of central and eastern European countries as transit and consumer countries for several types of illicit drugs.

For most types of illicit drugs, production is to a large extent depending upon the availability of chemical precursors. Recent projects to monitor the trade in precursors – "Topaz" for acetic anhydride and "Purple" for potassium permanganate – have shown promising results and should be continued. Legitimate demand for these chemicals should be identified and controls strengthened.

## **ILLEGAL ARMS TRAFFICKING**

The illegal trade in small firearms is regarded a considerable threat to national and international security. Due to the lack of data, it is not possible to describe quantifiable trends in illicit arms trafficking. Law enforcement authorities in Europe on average seize more than one hundred thousand illicit firearms per annum. Large numbers are found in the central and eastern Europe, including the Russian Federation, Albania, Croatia, Poland, Slovenia, 'the Former Yugoslav Republic of Macedonia', Turkey and Ukraine. Because of their impact, automatic and semiautomatic weapons are of particular interest. Again, the largest numbers are discovered in member States from central and eastern Europe.

## **VEHICLE THEFT**

In 2001, in most Council of Europe member States less motor vehicles were reported stolen than in the previous year. However, in a number of countries less than half of the stolen vehicles are recovered. And even in countries where the majority of stolen cars is returned, this is much less true for new and expensive cars, which are targeted by criminal organisations for trafficking abroad.

## **ILLEGAL IMMIGRATION**

Migration to and within Europe will continue to increase in coming years. However, on the basis of available data it is difficult to determine specific trends with regard to illegal migration in Europe.

While some countries (such as Austria and Germany) recorded higher numbers of illegal entries than in previous years, others (for example Cyprus, Czech Republic, Spain and Switzerland) report lower figures. Statistics available do not necessarily reflect whether illegal entries are the result of organised smuggling of immigrants. As member States, especially those of the European Union, are taking more measures to restrict possibilities for legal entry by asylum seekers, it is expected that organised criminal groups will become more and more involved in assisting illegal immigration. Ethnicity appears to be a factor of declining relevance as regards the relationship between traffickers and immigrants.

## **TRAFFICKING IN HUMAN BEINGS**

The trafficking in human beings, in particular for sexual exploitation, is reported to be on the rise in Europe and is perceived to be of major concern to Council of Europe member States. Women from central and eastern Europe make up the majority of trafficking victims. The concept of trafficking implies a strong role of criminal organisations, including the use or threat of force, coercion, fraud, deception or other means. Organised crime exploits market opportunities for sexual services and cheap labour on the one hand and the vulnerable situation of women and children in many countries on the other. In spite of the expressed political commitment in many countries to counter trafficking, law enforcement appears to pose only a limited risk to traffickers.

Information from various countries and regions within Europe point at strong and violent trafficking organisations and the important role of corruption as a factor critical to the success of traffickers.

Considering the fact that trafficking in human beings is both a human rights concern as well as an issue of organised crime, measures to prevent and control trafficking in

human beings as well as measures to assist and protect victims should be high on the agenda of the Council of Europe.

## **EXTORTION**

With the exception of Denmark (biker groups) and Slovenia, there appears to be no growth of criminality related to extortion and protection racketeering.

## **FRAUD**

An analysis of fraudulent activities reported by countries permits to identify a number of general trends in Europe:

1. Convergence of the forms of fraud committed and the nature of the groups involved throughout Europe (western and eastern):
  - In transition countries the activities reported are less and less linked to the underground economy and the privatisation process. As the foundations of the market economy are being strengthened, the opportunities for fraud in these areas are diminishing.
  - In both east and west, opportunistic behaviour can be observed, leading organised criminal groups to diversify into activities such as fraud, where the risks are lower and the potential profits high. A number of countries have noted that traditional criminals are seeking to expand their activities into economic and financial crime areas which are regarded as more profitable and less risky. Some countries perceive this as an attempt to infiltrate the legal economy.
2. The prospect of EU enlargement may have an adverse effect in a number of countries. Some countries having applied for EU membership fear being used by foreign organised crime groups to penetrate the EU market.
3. The groups involved in fraud are less and less specialised, with growing involvement in a broad range of criminal activities. Their membership and activities are increasingly diversified.

## **TOBACCO SMUGGLING**

The distinction between economic crime and organised crime is becoming increasingly blurred. The smuggling of tobacco is an example: while it may be considered a question of fraud and tax evasion, analyses show that it is also an issue of organised crime networks exploiting opportunities and weak control structures, and colluding with tobacco companies. Given the fact that Council of Europe member States account for a large share of global cigarette production, trade and consumption, tobacco smuggling constitutes an extremely lucrative business for economic and organised crime in Europe, with serious implications for public health policies.

## **MONEY LAUNDERING**

Information on money laundering is largely a function of prevention and control measures. The number of reports made to Financial Intelligence and/or Investigation Units (FIUs) is more an indicator of (i) the alertness of financial institutions and (to a lesser extent) professions about their clients and potential clients, and (ii) what they decide to do (or feel/are legally obliged to do) about their suspicions than it is a reflection of changes in laundering behaviour.

Thus, when speaking about trends with regard to money laundering, one should first look to see if there are any artefactual changes (new laws, extra financial investigators, police or bank staff training, 'blacklisting' by FATF) that could account for changes in reporting behaviour by financial and professional intermediaries before attempting to analyse changing behaviour in the criminal world. Monitoring mechanisms (MONEYVAL and FATF), the passing of the amended EU Directive in 2001, pressure on financial institutions following 11 September 2001 have led to increased defensive reporting and accelerated legislative and institution building measures such as the creation of financial intelligence units also in Council of Europe member States.

The resulting increases in suspicious transactions reporting in Council of Europe member States thus do not necessarily reflect an increase in organised crime or the laundering of proceeds from crime.

Despite the concerns expressed about money laundering within Europe and elsewhere in the world, only a modest proportion of criminal investigations yield firm evidence of how it is organised and what techniques are used.

However, as financial investigations, the targeting of proceeds from crime and confiscation become more popular and the systems to prevent and control money laundering more sophisticated, it can be expected that more data on actual methods used, on trends and risks will come to light to facilitate analyses.

## **CYBERCRIME**

With the spreading of computer systems and communication networks, it is expected that organised crime will increasingly exploit the opportunities offered by information and communication technologies. However, reports by Council of Europe member States on the organised crime situation do not (yet) reflect this threat.

It would seem that to date, offences against the confidentiality, integrity and availability of computer data and systems, the so-called "cia-offences", are not yet an issue of organised crime, while computer-related offences (in particular computer fraud), and content-related offences are areas of concerns. With regard to the latter, a number of countries report the use of the internet for offences related to child pornography by criminal organisations and paedophilia networks.

Considering that criminal organisations will increasingly make use of ICT, member States of the Council of Europe would be well advised to implement the Convention on Cybercrime (ETS 185) as soon as possible.

## 7 Appendices

### 7.1 REPLIES TO THE 2001 QUESTIONNAIRE

The following countries have replied to the 2001 questionnaire:

Andorra  
Armenia  
Austria  
Azerbaijan  
Bulgaria  
Croatia  
Cyprus  
Czech Republic  
Denmark  
Estonia  
Finland  
France  
Germany  
Greece  
Hungary  
Iceland  
Ireland  
Italy  
Latvia  
Liechtenstein  
Lithuania  
Malta  
Moldova  
Netherlands  
Norway  
Poland  
Portugal  
Romania  
Russian Federation  
San Marino  
Slovakia  
Slovenia  
Spain  
Sweden  
Switzerland  
'the former Yugoslav Republic of Macedonia'  
Turkey  
United Kingdom

## 7.2 TABLES ON ILLICIT DRUGS SEIZED IN EUROPEAN COUNTRIES (1995-2001)

**Table 23 Heroin**

	1995	1996	1997	1998	1999	2000	2001
	Kg.						
Albania	3				7	48	
Andorra							
Armenia			1				
Austria	47	81	165	118	79	251	288
Azerbaijan		3	1	4	4	10	4
Belarus	2		1	1	2	3	
Belgium	129	140	109	76	74	188	
Bosnia-Herzegovina				38	3		
Bulgaria	213	371	415	220	281	2079	1545
Croatia	38	2	3	51	13	7	20
Cyprus	3	1			2	5	2
Czech Republic	24	20	84	252	108	115	1
Denmark	37	61	38	55	110	32	25
Estonia					1		1
Finland	16	7	3	2	3	102	8
France	499	617	415	344	203	444	351
Georgia					2	4	
Germany	933	900	722	686	796	797	836
Greece	173	194	146	232	98	1180	330
Hungary	588	319	206	750	173	819	74
Iceland					1		
Ireland	13	11	8	38	17	22	30
Italy	954	1270	474	710	1314	980	2005
Latvia					1	1	
Liechtenstein		9	19		14		
Lithuania					1	1	3
Luxembourg	13	6	3	4	2	11	
Malta	2	3	5		2	6	3
Moldova			10			1	
Monaco							
Netherlands	351	516	999	784	781	896	739
Norway	50	74	56	38	46	52	68
Poland	67	46	143	70	110	120	235
Portugal	67	47	57	97	76	568	200
Romania	54	112	171	412	83	53	42
Russian Federation	15	18	40	443	1011	984	927
San Marino							
Slovakia	125	11	146	14	6	99	
Slovenia	18	25	30	46	32	395	89
Spain	560	537	479	444	1159	486	394
Sweden	32	40	14	71	64	31	
Switzerland	213	406	209	404	398	372	228
'the F. Y.R. of Macedonia'	111	29	15	92	16	169	111
Turkey	4500	4422	4200	4651	3862	6053	677
Ukraine	10	4	9	9	22	22	
United Kingdom	1395	1072	2235	1345	2342	3382	
Yugoslav Federation		574	15		3		
<b>Total</b>	<b>11255</b>	<b>11948</b>	<b>11646</b>	<b>12501</b>	<b>13322</b>	<b>20788</b>	<b>8945</b>

**Table 24 Cocaine**

	1995	1996	1997	1998	1999	2000	2001
	Kg.						
Albania				10	2	28	
Andorra							
Armenia							
Austria	55	73	87	99	63	20	108
Azerbaijan							
Belarus			2				
Belgium	576	838	3329	2088	1762	2814	261
Bosnia Herzegovina						164	
Bulgaria	8	22	2	686	60	6	9
Croatia		2	563	6	2	913	1
Cyprus	3				5	58	
Czech Rep.	52	27	67	50	141	16	4
Denmark	120	32	62	44	24	36	26
Estonia				3			
Finland		1		2	2	39	7
France	874	1753	861	1076	3697	1333	2102
Georgia							
Germany	1846	1378	1722	1332	1979	913	1290
Greece	9	156	17	284	46	156	265
Hungary	19	5	7	26	121	9	7
Iceland					1	1	1
Ireland	22	648	11	334	86	18	5
Italy	2603	2379	1650	2151	2998	2360	1808
Latvia	19	5	7		2		1
Liechtenstein	1		1			11	
Lithuania	2	1	2	10		2	
Luxembourg	1	16	9	6		11	7
Malta					1	28	5
Moldova							
Monaco					1		
Netherlands	4899	9222	11495	8998	10849	6472	8389
Norway	5	33	5	93	60	12	21
Poland	383	31	16	21	20	6	50
Portugal	2537	812	3163	625	823	3079	4171
Romania	16	713	70	1	10	13	3
Russia	372	74	248	100	28	65	16
San Marino					1		
Slovakia	26	15	10	16	26	2	
Slovenia	3	1	4	4	2	23	1
Spain	6898	13743	19294	11688	18111	6165	31742
Sweden	4	29	34	234	418	52	5
Switzerland	262	256	349	252	298	207	169
'the F. Y.R. of Macedonia'		14			4	5	6
Turkey	76	13	10	605	13	8	
Ukraine			627	251	26	1	
United Kingdom	970	1219	2350	2985	2973	3970	1654
FR Yugoslavia				126		144	
<b>Total</b>	<b>22661</b>	<b>33511</b>	<b>46074</b>	<b>34206</b>	<b>44655</b>	<b>29160</b>	<b>51765</b>

**Table 25 Amphetamines and analogues**

	1995	1996	1997	1998	1999	2000	2001
	<b>Kg</b>						
Albania				1			
Andorra							
Armenia							
Austria	18	10	14	39	11		64
Azerbaijan							
Belarus					2		
Belgium	227	80	240	513	447		95
Bulgaria			390		87	233	176
Croatia		3		3	3	5	4
Cyprus						1	6
Czech Republic		20	1	77	26	18	21
Denmark	42	32	121	32	50	62	199
Estonia		1	1	2	11	27	27
Finland	21	22	23	26	145		157
France	189	244	252	451	698	1019	433
Georgia							
Germany	248	403	464	415	728	680	1407
Greece					46		78
Hungary	6	2	12	11	12	15	5
Iceland	5	3	1	3	5	16	27
Ireland	37	13	107	209	127	3	136
Italy	85	41	50	33	74	144	78
Latvia	1	1		1	1		4
Liechtenstein							
Lithuania					1	39	7
Luxembourg		1		3			
Malta							1
Moldova			21				1
Monaco							
Netherlands	449	1250	1762	1840	2271	2300	1618
Norway	55	30	93	215	58	107	108
Poland	19	15	27	51	104	103	258
Portugal		2	19		8		11
Romania		3	1	1	3	4	5
Russian Federation	5	22	18	34	41		12
San Marino							
Slovakia				10	1		
Slovenia	2	2	2	2	1	7	
Spain	228	146	181	251	153	233	115
Sweden	281	164	191	140	247	46	
Switzerland	12	20	22	6	78	86	27
Turkey		1	255	1	1061	8	
'the F. Y.R. of Macedonia'					1		
Ukraine		7	40	23	6		
United Kingdom	1470	4075	3344	2329	2506		49
<b>Total</b>	<b>3400</b>	<b>6613</b>	<b>7652</b>	<b>6722</b>	<b>8466</b>	<b>5156</b>	<b>5139</b>

**Table 26 Cannabis (herbal and resin)**

	1995	1996	1997	1998	1999	2000	2001
	Kg						
Albania				2308	4500	6604	
Andorra	3	2	2	1	1	3	4
Armenia	55					223	14081
Austria	697	518	915	1336	451	1807	421
Azerbaijan	245	78	52	36	55	2773	1971
Belarus	112	71	96	1	427	763	
Belgium	70686	106690	48705	9609	6046	2925	2
Bosnia-Herzegovina	10			45	133	81	
Bulgaria	94	14471	127762	1528	29365	15357	606
Croatia	41	44	139	20346	208	799	743
Cyprus	46	36	46	130	37	39	38
Czech Republic	4500	11903	6	7	112	40	4
Denmark	2414	1772	467	1573	14021	2952	1763
Estonia	5	6	4	5	43	80	192
Finland	152	103	210	169	519	211	590
France	42270	66861	61116	55699	67479	55712	58195
Georgia		3854			22		
Germany	14248	9357	11499	21008	19907	14396	8942
Greece	1219	3396	19377	48321	14223	14965	271
Hungary	589	819	2161	50	71	208	
Iceland	11	49	9	15	42	32	48
Ireland	16677	1940	1283	3218	23764	514	2157
Italy	15399	11870	60613	54522	68056	46810	53078
Latvia	13	795	24	6	232		194
Liechtenstein		26	2	3	4		420
Lithuania	8	1	8	34	771	638	16
Luxembourg	12	31	35	7	5	9	
Malta	1	7218	2	25	2	70	4
Moldova	231	907	436	228	416	6232	
Monaco	1	1	2				
Netherlands	335020	102951	65587	126159	110341	39920	33419
Norway	19946	722	979	1992	1272	664	861
Poland	12308	2808	690	1975	897	145	334
Portugal	7495	5360	9693	5755	10740	30790	4949
Romania	41	6589	1352	225	48	628	35538
Russian Federation	20645	19618	23864	25099	34711	23604	23
San Marino							
Slovakia	11	24	866	15371	849	2	
Slovenia	32	40	49	2775	314	3431	178
Spain	197040	261013	340218	428236	431761	474851	342861
Sweden	527	452	741	496	1160	1242	4
Switzerland	808	4236	7288	15001	13163	19572	11425
'the F. Y.R. of Macedonia'	10	133	58	2301	708	1751	409
Turkey	17360	12294	10439	9434	16544	25600	5218
Ukraine	3192	1300	10	10400	6000	11659	
United Kingdom	58484	101805	149969	107541	56483	73500	
<b>Total</b>	<b>842658</b>	<b>762164</b>	<b>946774</b>	<b>972990</b>	<b>935903</b>	<b>881602</b>	<b>578959</b>

**Table 27 LSD**

	1995	1996	1997	1998	1999	2000	2001
	Trips/Doses						
Albania							
Andorra	148			28		198	
Armenia							
Austria	2602	4166	5243	2494	2811		
Azerbaijan							572
Belgium	5458	13704	621	2050	1047	1090	
Bulgaria							
Croatia	387	172	114	86	247	231	
Cyprus		1			2	11	
Czech Republic	500				19	1001	
Denmark	1282	282	381	108	83	1109	
Estonia		4			6	3	
Finland	500	41	323	301	50	2355	
France	70217	74780	5983	18680	9991	20691	6718
Georgia							
Germany	71069	67082	78430	32250	22965	43924	11441
Greece	426	1106	166	44	212	112	
Hungary	266	1079	1450	3351	1928	1242	370
Iceland	11				339	15	40
Ireland	819	5901	1851	798	648	1006	333
Italy	35499	14194	8140	9752	5509	1980	1139
Latvia		16	205	58	27	14	16
Liechtenstein							
Lithuania			2	342	164	26	275
Luxembourg	100	122	4		1		
Malta	9	45	19	123	54		
Moldova						9972	
Monaco				10		1430	
Netherlands	305	32320	137218	37728	30512	3659	28731
Norway	1375	551	6888	2833	483	6106	417
Poland			542	14902	14099	1	2013
Portugal	11	705	84	261	1845		
Romania	13				1		8052
Russian Federation	11525				153	110	
San Marino						59	
Slovakia			2	63	72	7542	672
Slovenia	1911	947	156	53	512	278	
Spain	15437	13373	25368	9068	3353	15525	432
Sweden	373	2859	1541	2704	1588		
Switzerland	5098	9010	9424	2995	3130	4707	8707
'the F. Y.R. of Macedonia'						462	
Turkey					61	392	
Ukraine			14	500	36		
United Kingdom	381800	216697	164100	40100	67400		
<b>Total</b>	<b>607141</b>	<b>459157</b>	<b>448269</b>	<b>181682</b>	<b>169348</b>	<b>125251</b>	<b>62638</b>

**Table 28 Narcotics (except heroin)**

Type of drug	Type of unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country	
Papaverum Somniferum	hectare with poppies	4	3			Poland	
			1			Russian Federation	
			3			Lithuania	
				20		Ukraine	
	Plants (thousands)				46		Azerbaijan
				4			Italy
				2			Russia
				6			Ukraine
Poppy straw and heads	kg	19			300,379	Armenia	
		9	9			Austria	
		6				Azerbaijan	
		1,621	1,056	1,084		Belarus	
					1,420	Bulgaria	
				2		Croatia	
			91	28,430		Czech Republic	
		36		38		Estonia	
		1				Finland	
		8				Georgia	
		192	30	146	183	Latvia	
		1,525	744	623	436	Lithuania	
		407	706	870		Moldova	
		6,872	3,553	3,180	15	Poland	
				3		Portugal	
					6,000	Romania	
		16,511	18,366	21,227	21,364	Russian Federation	
		5	1,003	22,756		Spain	
				1,820		Turkey	
		26,632		22,000		Ukraine	
Poppy straw extract	litre	65				Latvia	
		50			130	Lithuania	
Opium (raw)	kilogram		2	2		Armenia	
		10	34	70		Austria	

Type of drug	Type of unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
		49	52	88		Azerbaijan
		2	6		2	Bulgaria
		5				Denmark
				1		Cyprus
		5		1		Denmark
		19		19		Estonia
		3	1	19		France
		20	12	27	3	'the F. Y.R. of Macedonia'
		286	80	31	4	Germany
			15	34		Georgia
			46	2		Greece
			2	18	8	Hungary
		3		29		Italy
		1				Latvia
			36			Lithuania
		13	28	158		Moldova
		1				Netherlands
		2	2	10	3	Norway
				55		Poland
		1	2			Romania
		2	1,507	2,186	851	Russian Federation
			1	5		Spain
		16	10	24		Sweden
			1			Switzerland
		142	319	363	172	Turkey
				166		Ukraine
		55	38	8		United Kingdom
Opium (liquid)	litre	9		2		Croatia
		49	190	77		Lithuania
				99		Moldova
			16			Sweden
	kg	2				Armenia
			45			Azerbaijan

Type of drug	Type of unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
		331	244	221		Belarus
			3			Denmark
		19				Estonia
		65	17	7		Latvia
		13	280	95		Moldova
		127	21,000			Ukraine
"Polish heroin"	litre	394	389	388		Poland
Poppy seeds	kg			3		Armenia
			2,577			Azerbaijan
				1		Austria
			91			Czech Republic
			129			Estonia
			84			Georgia
			706			Moldova
				18,564		Russian Federation
			133			Ukraine
Morphine base	kg		1,010		472	Turkey
Morphine	piece x 1000		1			Croatia
		17				Romania
			1	2		Norway
	kg	2				Austria
				17		Belgium
		3		1		Denmark
			1			Finland
			2			France
				16	6	Hungary
		2	1	1		Italy
				1		Poland
		15	2	2		Russian Federation
			1			Switzerland
		754	1,010	2,485	325	Turkey
		41	1			United Kingdom
Codeine	kg				52	Bulgaria

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Type of drug	Type of unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country	
	piece x 1000		25			Georgia	
		2	1	1		Moldova	
			12			Ukraine	
Dihydro-codeine	piece x 1000	124	137			Ireland	
		77	67			Malta	
Methadone	litre				9	'the F. Y.R. of Macedonia'	
		16	2		6	Ireland	
				1		Lithuania	
		1				Luxembourg	
		505	445		5	Netherlands	
					3	Slovenia	
	kg			2			Bulgaria
				50	16	16	Netherlands
		83	61				UK
	piece x 1000					1	Ireland
		4	186	6	9		Netherlands
				6			Switzerland
				34			Turkey
Other opiates (including synthetic)	kg	168				Russian Federation	
			123			Ukraine	

**Table 29 Other depressants**

Type of drug	Type of unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
Barbiturates	tablet x 1000		3			'the F. Y.R. of Macedonia'
		2				Moldova
	kg				30	Bulgaria
			500			UK
Methaqualone (Mandrax)	tablet x 1000	2	9			Romania
		5				Switzerland
	kg	11				Belgium
Nitrazepam	tablet x 1000	566				Lithuania
Oxazepam	tablet x 1000		2			Croatia
		43				Lithuania
			2			Portugal
Flunitrazepam (Rohypnol)	tablet x 1000	44	29			Austria
				9		Czech Republic
		5				France
		4				Germany
		36	175			Greece
				10		Iceland
		361	339			Ireland
		15				Malta
		25				Norway
			68			Portugal
		15	1			Slovakia
			12	2		Spain
		222	14	178		Sweden
	kg			5		Bulgaria
		55			Czech Republic	
Diazepam (Valium)	tablet x 1000		3			Croatia
			1			Georgia
			5			Germany
					1	Ireland
		671				Lithuania
		176	8			Malta

Type of drug	Type of unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
		28				Norway
		342				Slovakia
			170			Slovenia
		650				Ukraine
Glutetimid	tablet x 1000		321			Moldova
		20				Slovakia
Alprazolam	tablet x 1000	223				Slovakia
Bromazepam	tablet x 1000	5				Malta
Temazepam	tablet x 1000	447	108		58	Ireland
	kg	59	1			United Kingdom
(Other) benzodiazepines	tablet x 1000	2	2		3	Ireland
		97	181	411	847	Norway
	kg	130	7			United Kingdom
Tranquillizers	kg		80			Greece
	piece x 1000		42			Greece
Barbiturates and tranquillizers	kg	8				Russian Federation

**Table 30 Cannabis (except hashish and marihuana)**

Type of drug	Unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country	
Cannabis Sativa	plant (thousands)	63		257		Albania	
				8		Austria	
					870	Azerbaijan	
					13	Belgium	
			19	2		Bosnia & Herzegovina	
		11	3	3	1	Bulgaria	
		5	3	2		Croatia	
		3				Czech Republic	
				1	1	Estonia	
		3	3	5		Finland	
		34	23	24		France	
		1	151	1	1	'the F. Y.R. of Macedonia'	
		81	169	25	69	Germany	
		10	46	61		Greece	
		1	5	5		Hungary	
					1	Iceland	
		1			365	Ireland	
		190	572	1306	3,219	Italy	
		353	583	704	885	Netherlands	
				1		Norway	
		17	1	2		Portugal	
			78		2,930	Russian Federation	
		14	8	3		Slovenia	
		3	6		4	Spain	
			10			Sweden	
		27	80	227	189	Switzerland	
		55,656	19,736	29,169	20,244	Turkey	
			44	1		Ukraine	
		85	73	48		United Kingdom	
			hectare with plants				335
	36			23	2	Bulgaria	
	51	4				Croatia	

Type of drug	Unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
		7	1			Poland
					17	Portugal
			33	11,474	350	Russian Federation
		5		6		Slovenia
					20	Turkey
				5		Ukraine
	kg plants		322,096	220,107	173,980	Armenia
		682,000	405,669	434,179		Azerbaijan
		117				Belarus
		6,280	2911			Belgium
		16	29.372	14,425	3063	Bulgaria
					296	Cyprus
		950	337			Denmark
		23	42	68		Estonia
		2	5	14		Finland
		25	31,953			Georgia
				14,908	11,653	Greece
		1,520	620			Hungary
					63	Latvia
		1,300	4	43		Liechtenstein
				34		Lithuania
			1			Luxembourg
				5,709		Moldova
		30	695	5,725	844	Netherlands
		23	29	19		Norway
		1,904	900	81		Poland
				2		Portugal
		216			10,800	Romania
		2,831	849	168		Slovakia
		3,073	2,319	18,156		Spain
		7	40	3		Sweden
			80			Switzerland
		106				Turkey

Type of drug	Unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country	
		5,103				Ukraine	
Cannabis seed	kg			1		Albania	
		1	5			Andorra	
		48	16			Belgium	
		7	7	2	1	Bulgaria	
			1			Croatia	
				10		Hungary	
			4			Poland	
		2	38	2		Portugal	
	piece (thousands)	24	17	10		Croatia	
		1	1	1		Finland	
			1			'the F. Y.R. of Macedonia'	
				1		Poland	
Cannabis oil	kg			1		Austria	
			5			Belgium	
					6	Bulgaria	
			30			Cyprus	
			4	1		Denmark	
		1	2	3		France	
		1	2	5		Germany	
				1		Greece	
		1	7	13		Italy	
		103	141	291		Russian Federation	
				64		Slovakia	
		2	1	95	18	Switzerland	
		63		2		Turkey	
		7	1,807			United Kingdom	
		litre		13	2		Albania
						2	'the F. Y.R. of Macedonia'
					77		Lithuania
			150	1			Netherlands
	75					Spain	

**Table 31 Hallucinogens**

Type of drug	Type of unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
LSD	gram			22		Estonia
		12	79			Netherlands
		1,128				Russian Federation
Hallucino-genic mushrooms	kg		13			Belgium
			43	36	617	Germany
			5			France
		15				Netherlands
		4	2			Poland
Psilocybin	kg		2			Czech Republic
				1		Norway

**Table 32 Doping substances**

Type	Unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
Sterides and other doping substances	piece x 1000	220	69			Denmark
		2				Iceland
			140	76	532	Norway
		527		20		Poland
		16	104	41		Sweden
	kg	41	74			UK

**Table 33 (Other) Stimulants**

Type of drug	Type of unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
Fenmetrazine	kg		9			Sweden
Fenetyline (Captagon)	piece x 1000	477	2,449	758	2	Turkey
Khat	plant x 1000	50				Ireland
	kg		26			Belgium
		2,473	1,905			Denmark
			374			Finland
			35	230	270	France
		6,000	5,674	3,557	2,923	Germany
		64	1			Italy
			4,700	4,309	2,296	Norway
3,296	3,406	1,806		Sweden		

**Table 34 Other illegal drugs**

Type of drug	Type of unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
Gamma Hydroxy Butyrate (GHB)	unit x 1000			7		Spain
	kg				15	Estonia
						6
	litre		18			Spain
Pain killers (unspecified)	unit x 1000		19	15	82	Norway
Unspecified psychotropic preparations	piece x 1000	20				Italy
		11				Latvia
			1	1		Poland
					179	Romania
		295	255			Sweden
		99		80		Spain
			55			Turkey
	kg	673				Russian Federation
		727				Turkey

**Table 35 Precursors**

Type of substance	Unit	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Country
Acetic anhydride	kg		6,000			'the F. Y.R. of Macedonia'
			15,000	1,610		Romania
					10,000	Slovenia
			37,763	6,227	41,000	Turkey
	litre			13,144		Bulgaria
			2,340	10		'the F. Y.R. of Macedonia'
				160		Romania
Benzyl methyl ketone	kg			1,770		Germany
	litre			31	285	Bulgaria
			110			Hungary
				10		Lithuania
					40	Poland
				137		Romania
Ephedrine	Piece x 1000		22			Bulgaria
			62			Ukraine
	kg			1		Bulgaria
			15			Czech Republic
					1	Latvia
			9			Lithuania
			30			Netherlands
			100			Poland
Phenyl acetic acid	kg			31		Bulgaria
Piperonal	kg		2,640			Slovakia
			5,000			Spain
Piperonyl methyl ketone	kg			5,016		Belgium
	litre			8,200		Belgium
				400	75	Germany
				4,750		Netherlands

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