



EUROPOL

**2005 EU Organised Crime
Report
Public version**

The Hague, 25 October 2005

Foreword by the Director

I am delighted to present to you the public version of the 2005 Organised Crime Report (OCR). The public version shows the most important findings in relation to the development of organised crime during the last year. The report will provide you with a better understanding of organised crime activities in a European Union of now twenty-five Member States.

The enlargement of the European Union has not led to a complete change of the organised crime landscape. Rather the opposite, although there are slight changes due to specific geographical, historical and social differences within an enlarged Union, the trends observed in organised crime for the last couple of years remain. Organised crime is exploiting their opportunities in an enlarged European Union with less internal border control by further taking advantage of cross-border activities. At the same time, the tendency to use loose network structures rather than fixed monolithic ones is confirmed.

In the area of crime types, when it comes to drugs trafficking it is worth noting that organised crime groups are getting more involved in multi-drug-trafficking as a response to an increasing poly-drug consumer profile. Drugs trafficking together with illegal migration stay at the top with regard to their overall impact. In addition the trend of organised crime groups to get more involved in so-called 'high profit - low risk' criminal activities also continues.

The need for enhanced co-operation amongst twenty-five Member States with a multitude of different law enforcement agencies involved in the fight against organised crime remains one of the most valid requirements. Nevertheless co-operation needs to be accompanied by a closer co-ordination, as the most effective use of resources will be key to turn strategic decisions into efficient operational activities. This also includes other bodies at European level.

The public version of the OCR in front of you represents the end of a period of twelve years describing the European perspective on organised crime, taking into account the ever-growing international dimension of this phenomenon.

The Organised Crime Report has been a valuable tool to provide with an overview about the current situation in relation to organised crime activities. Nevertheless, changing demands and the need to take a more pro-active approach in fighting Organised Crime has also led to a new approach. By 2006 the Organised Crime Report will be replaced by an Organised Crime Threat Assessment. The change from 'report' to 'threat assessment' indicates the major challenge for the new document to be produced: to move away from a more descriptive report towards a more far-reaching predictive assessment, which will allow for a forward-looking strategic and, in a second step, operational priority setting.

This is the last issue of the OCR. Let's look from now on into the future.

Max Peter Ratzel
Director of Europol

Index

<u>1. CRIME CATEGORIES</u>	9
<u>1.1. Drugs</u>	9
<u>1.1.1. Cocaine</u>	9
<u>1.1.2. Heroin</u>	10
<u>1.1.3. Synthetic Drugs</u>	11
<u>1.1.4. Cannabis</u>	13
<u>1.1.5. Pharmaceuticals, classified as drugs</u>	13
<u>1.1.6. Anabolic and Doping Substances</u>	13
<u>1.2. Crimes against persons</u>	14
<u>1.2.1. Illegal Immigration</u>	14
<u>1.2.2. Trafficking in Human Beings (THB)</u>	15
<u>1.2.3. Exploitation of children</u>	16
<u>1.3. Financial Crime and other crimes against property</u>	17
<u>1.3.1. Money Laundering</u>	17
<u>1.3.2. Swindling and Fraud</u>	18
<u>1.3.3. Counterfeiting and Forgery</u>	20
<u>1.3.4. Organised Robberies, Burglaries and Theft</u>	21
<u>1.3.5. Theft of cultural goods</u>	22
<u>1.4. Illicit trafficking</u>	22
<u>1.4.1. Trafficking in Stolen Vehicles</u>	22
<u>1.4.2. Tobacco Smuggling</u>	23
<u>1.4.3. Illicit Firearms Trafficking</u>	24
<u>1.4.4. Illegal waste trafficking</u>	24
<u>2. OTHER KEY OC FEATURES</u>	26
<u>2.1. Use of Influence</u>	26
<u>2.2. Use of Violence</u>	26
<u>2.2.1. Intra Group Violence</u>	27
<u>2.2.2. Inter Groups Violence</u>	27
<u>2.2.3. Extra Groups Violence</u>	27
<u>2.3. Resources</u>	29
<u>2.3.1. Use of Business Structures</u>	29
<u>3. CONCLUSIONS</u>	30
<u>3.1. OC Groups</u>	30
<u>3.2. Types of Crime</u>	31
<u>3.3. Other Key OC Features</u>	32
<u>3.4. The Threat of OC</u>	33

EXECUTIVE SUMMARY

OC groups

Organised Crime (OC) groups are expanding their fields of activity across crime types and international borders, and continue to grow and adapt to their environment. They make use of expertise in specialised fields, exploit commercial structures to operate in the legitimate business world and employ the latest communication technologies to maintain and expand their national and international links. OC groups are more likely to be loose associations of cells held together by key individuals, but the traditional hierarchical structure is still present in many cases. There is improved and increasing communication, cooperation and coordination with other OC groups. Ethnically, the groups are increasingly heterogeneous.

Indigenous OC groups from the European Union (EU), particularly those with extensive international networks, continue to represent the main threat to the EU.

Mafia-type Italian OC groups remain a major concern for their proclivity for penetrating the public, economic and financial markets.

Lithuanian OC groups are constantly expanding across the EU, establishing close contacts with local and international OC groups.

Dutch OC groups are primarily involved in the production or trafficking of various types of drugs, with a specific focus on the production of synthetic drugs and exploiting the fact that the Netherlands is one of the main entry points in the EU for cocaine.

Polish OC groups are expanding rapidly all over Europe, where they cooperate with a significant number of international OC groups in virtually all criminal fields.

German OC groups are not often reported as active outside Germany, but their areas of interest (mainly drug trafficking, fraud and stolen vehicle trafficking), their enormous profits and the central position, both geographical and economic, of Germany within the EU are clear indicators of their wide array of international criminal activities and connections.

Ethnically homogeneous OC groups, in particular ethnic Albanian and Turkish, are a major problem to a growing number of Member States.

Ethnic Albanian groups have escalated from being simple service providers to other OC groups to reaching the highest echelons of international OC. They are hierarchical and homogeneous, but cooperate willingly and proficiently with other OC groups. They are mainly involved in drug trafficking and trafficking in human beings (THB; often with disproportionate use of violence), exploitation of prostitution, facilitating illegal immigration and all kinds of property crime.

Russian OC groups have a major impact on the EU, where they are present in all Member States and involved in every type of crime, showing a particular skill in exploiting new opportunities in the economic and financial sectors.

Romanian OC groups can be either hierarchical or cellular, and are implicated in a variety of crimes ranging from credit or debit card skimming, in which they are very skilled, to THB, exploitation of prostitution, drug trafficking, document counterfeiting and all types of property crime, often resorting to violence.

Bulgarian OC groups tend to have a cell-like structure and are ethnically homogeneous. They are heavily involved in currency and document counterfeiting, payment fraud, THB, exploitation of prostitution and property crime, including car jacking and home jacking.

Turkish OC groups, usually hierarchical and homogeneous, continue to be important actors especially within the field of drug trafficking to the EU. Many Turks involved in OC in the EU are long-term residents within their host country, which assists them in developing links with non-Turkish OC groups and in their move towards other areas of crime.

Chinese OC groups are mainly involved in THB and facilitating illegal immigration, drugs and drug precursors trafficking, and extortion, robbery, kidnapping and forced prostitution

within their own ethnic communities. Homogenous and insular, they are known to easily cooperate only with Vietnamese communities.

Most of the cannabis resin destined to the EU drug market originates from Morocco, and this has put the homogeneous Moroccan OC groups in the most prominent position in the production and trafficking of hashish. In the last few years Moroccan OC groups, which have good links with Colombian and EU criminal groups, have also been trafficking cocaine, and are further involved in facilitating illegal immigration and property crime.

Colombian OC groups control the production of cocaine and its large-scale importation from South America to Europe. Hierarchical and homogeneous but tightly compartmentalised, they are divided in small cells specialised in different aspects of the drug business such as smuggling, distribution and money laundering. In the EU Colombian OC groups interact with high-level indigenous OC groups.

The outlaw motorcycle gangs (OMCG) have a wide global dissemination. Throughout Europe they are dominated by three main organisations: the *Hells Angels*, the *Bandidos* and the *Outlaws*. Members from OMCG are increasingly involved in drugs (cocaine, synthetic drugs and cannabis) and stolen vehicles trafficking, and exploitation of prostitution. Extremely hierarchical, recently they have been allowing more and more exceptions with regards to their previously uncompromising homogeneity. They are bound to make extreme use of violence.

Types of Crime

Drug trafficking remains the most common type of crime among OC groups, which are increasingly oriented towards poly-drugs consignments. Drug trafficking involves both indigenous and non-indigenous OC groups, which show a high degree of cooperation.

Control of production and overall strategic primacy is held by Turkish OC groups for heroin, made with Afghan opium and mainly imported through the numerous variants of the Balkan route; by Colombian OC groups for cocaine, which primarily enters the EU through Spain (often via Morocco), the Netherlands, Belgium and Albania; and by Dutch OC groups for synthetic drugs. Criminal groups in Morocco are the main suppliers of cannabis for the EU but Albanian domestic cultivation and export of herbal cannabis is increasing. Transportation and distribution is dealt with by OC groups of the destination and transit countries.

The global spread of drug abuse seems to be slightly losing momentum but the consumption of cannabis herb and amphetamine-type stimulants (ATS), especially ecstasy, is increasing. A rising availability of and demand for cocaine is also reported.

Illegal immigration saw no real change in volume, but certainly an even more consolidated involvement of OC groups, which control the whole process from the source to the destination countries. With increased security and enhanced border controls, the only possibility for most illegal immigrants to reach their destination country is through OC. Whilst less profitable than drug trafficking, facilitating illegal immigration is nevertheless far less risky for OC groups. Most illegal immigrants reach their destination after a multi-stage journey, during which they are passed from OC cell to OC cell along a chain of territory-bound criminal networks cooperating with smooth efficiency.

THB is a related but even more ruthless crime, as the illegal migrants are exploited during the journey to the country of destination and within that country, where they have to work in slave-like conditions in the sex market or in sweat shops. The most active traffickers or trafficking networks operating in the EU have very good links with source countries. A recent trend is an increasing involvement of female perpetrators, who can win the trust of the potential victims with more ease.

OC groups have no scruples in exploiting children in any possible way, from selling them for illegal adoption to forcing them to beg or steal, to exploiting them through child labour or

paedophilia. It appears that Bulgarian gangs have become eminent in this field, as have members of the itinerant community.

Money laundering is an offence committed by all OC groups in order to hide the origin of the proceeds of crime and to finally legitimate the illegal funds within the legal economic system. It is therefore an inherent characteristic of OC, being the end phase of virtually all other crimes. A very wide range of modi operandi has been reported, from the simple purchase of goods to sophisticated financial schemes.

Fraud is the archetypal low-risk high-profit crime, and comprises a wide variety of criminal activities which make profits by exploiting weaknesses in systems and controls. Logistically complex frauds, such as excise frauds that involve the smuggling of goods, require skill, competence and a solid infrastructure in order to function effectively, and can only be perpetrated by OC groups. Indigenous OC groups are involved in VAT frauds and intellectual and property rights frauds, Romanian and Bulgarian OC groups in payment card frauds, West Africans in advanced payment frauds, even if the reporting of that specific scam has dropped noticeably.

The number of counterfeit euros is constantly high. The necessary technology becomes cheaper and more easily available so the cost for the OC groups decreases. The strength of the euro and its broad acceptance as a means of payment makes it now more attractive for counterfeiters than the US Dollar. Counterfeiting is considered to be a low-risk high-profit activity and, at the same time, a means to finance other types of crime. Every valuable item that bears security features such as traveller cheques, passports, concert tickets and all kinds of documents can be counterfeited.

OC groups resort to robberies, burglaries and theft in order to finance and facilitate their main money-making criminal activities. In some cases OC groups steal goods that they do not wish to buy legitimately since this might be traceable. OC groups originating predominantly from Eastern Europe, the Former Soviet Union (FSU) and Former Yugoslavia remain active in organised robberies, burglaries and theft. Itinerant groups, particularly from the Balkans but also from Albania, Romania and Bulgaria are involved in this type of crime in the EU and beyond, as far as Japan. Chinese and Turkish OC groups are also linked to robberies although they often commission these high-risk criminal acts to low-level criminals outside the group

Approximately 1.3 million vehicles are stolen every year in the EU. Sixty to seventy per cent of these vehicles are recovered. In the last few years the percentage of missing vehicles of the total has increased in several Member States. Non-recovery is generally regarded as a strong indicator of OC involvement. Most OC groups involved in vehicle theft originate from Poland and Lithuania, challenged by Dutch, Moroccan and Former Yugoslav OC groups. In addition to these established groups Russian, Estonian, Bulgarian and ethnic Albanian OC groups are increasingly expanding their criminal activities into this crime area.

The smuggling of tobacco and cigarettes is flourishing in Europe. Tobacco and cigarettes smuggled into the EU come from China and other countries in Asia, Russia, Ukraine, the Baltic States, the Middle East and Africa. The cigarettes that are smuggled into the EU are in most cases destined for the North Europe market and the UK.

The scale and nature of illicit firearms trafficking is varied and includes for instance firearms originating from outside the EU, firearms originating from EU Member States, re-activation of firearms, conversion of blank-firing or gas cartridge weapons, links between arms collectors and OC groups, and weapon parts being purchased via the Internet and delivered by post for assembly at a later stage. Criminal groups active in Bulgaria are heavily involved in illicit firearms trafficking. The cheap Bulgarian hand-made weapons can be sold in Greece, the Netherlands, Spain, and Turkey with an enormous profit.

The illegal business of waste dumping generates high profits and generally penalties related to these offences are relatively low. Furthermore, in most countries there is a lack of enforcement in this field. That situation renders illegal waste disposal, especially hazardous waste, particularly valuable for OC groups.

Other Key OC Features

Corruption used by OC groups to infiltrate the state, legal economies, law enforcement bodies and politics is a powerful tool for organised crime and at the same time a possible indicator of the potential threat posed by OC groups.

The use of corruption is often hard to detect and classify and the disruptive impact of it difficult to measure. In fact, measurements of corruption are usually based on public perceptions of the use of corruptive influence in different sectors of the society. This, however, does not necessarily provide the whole picture of the level of corruption in each country.

The use of violence is inherent in many types of crime, but OC groups can exert violence for several different reasons other than committing a violent crime. Violence can be adopted as an offensive or defensive tactic, it can be planned or based on reaction, it can be brought to the extreme or limited to the necessary degree, and it can be publicly exposed or kept hidden.

Violence may be used within the group to maintain internal discipline and cohesion, against other groups to manage the balance of power within the criminal environment, and against law enforcement as well as private individuals or companies outside the criminal world.

The use of commercial structures by OC to assist in their criminal activities is continuing throughout the EU. Legal commercial structures are mainly used by OC groups to launder illicit proceeds, to cover and facilitate their illegal activities, to hinder criminal investigations, to gain profits in order to finance criminal activities or to conduct a legitimate business in an unlawful way.

The Threat of OC

OC takes advantage from the increasing mobility, urbanisation, anonymity and diminishing social control which are characteristic of modern society. Economic, social and political conditions act as pull factors for migration, and OC exploits that situation facilitating illegal immigration and trafficking human beings.

With its increasing professionalism, logistics and efficiency, OC can satisfy an increasing demand for goods and services created by globalisation and economic development. All forms of trafficking are included, the object of which can be people, drugs, waste, cultural objects, stolen vehicles, tobacco, alcohol, high technology items, counterfeited goods.

OC exploits the discrepancies between EU laws and national legislations in committing among others environmental crime and high technology crime, and, on the other hand, the gaps in EU procedures for example in VAT and other fraud.

One of the objectives of OC is to penetrate businesses and other legal structures in the EU, trying to access to positions of power and resources.

OC is exploiting technological developments, used both as a facilitator for traditional types of crime and to create new crime opportunities.

CRIME CATEGORIES

This chapter focuses on crime types that have an overall EU-wide impact. Crimes that only affect one or two Member States are not reflected in this chapter.

○ Drugs

The EU is a major consumer market for illicit drugs. The continuous demand for drugs has created a need for large-scale production and trafficking in these substances, thus remaining the **most common type of crime** among OC groups that target the EU.

In 2004, Member States' law enforcement agencies made significant **seizures** of illicit drugs and a considerable number of OC groups were successfully disrupted. However, this is not reflected in a substantial decrease in drug abuse or a major disruption of supply lines. Whilst amphetamine and heroin use may have stabilised or even declined in some Member States, the abuse of cannabis and cocaine and ecstasy is rising in others.

While cocaine, amphetamine, benzodiazepine tranquillisers (such as Diazepam and Temazepam) and cannabis are not often identified as the main drugs of misuse, they are frequently reported as subsidiary drugs, reinforcing the picture of increasing **poly-drug use**. The pattern of poly-drug use provides an obvious incentive for traffickers to engage in **multi-drug trafficking**. The key concerns are opportunity, capability, and profit. Some traffickers will readily smuggle cannabis, amphetamine or pharmaceuticals, importing the drugs in 'cocktail' loads or one after the other.

This trend strengthens the **cooperation** between OC groups, which should push law enforcement agencies to step up their efforts in international cooperation. Groups may also be involved in several other illicit activities. Turkish and ethnic Albanian networks may handle a consignment of heroin one day and arrange the trafficking of human beings the day after. Chinese OC groups are involved in the importation into the EU of precursor chemicals, the production of synthetic drugs, the export of ecstasy to South-East Asia and extortion.

The principal trafficking **routes** for the various types of illicit drugs have been in existence for decades and whilst these routes remain prominent there is a growing diversification of trafficking patterns: a two-way use of the Balkan route with an increased volume of trafficking, including the trafficking of precursor chemicals, ecstasy and cocaine from Western Europe into Central and Southern Europe and Turkey. A further development of maritime cocaine trafficking from South America via Western Africa into Europe and an increasing role of Albania as a source country of cannabis and a storage country for various types of drugs have also been noted.

OC groups involved in international drug trafficking are often homogeneous and composed of nationals from source or transit countries, for example Turkish, Albanian, Colombian, Jamaican and Moroccan OC groups.

▪ *Cocaine*

The Andean region remains the world's major cocaine **producer**, even though cultivation of coca bush in 2004 has reached its lowest levels since 1985. Cocaine requires a number of chemicals to transform it into its readily usable form, cocaine hydrochloride. Since 1999, shipments of potassium permanganate (PP) have been tracked by law enforcement agencies cooperating worldwide, and in 2003 the total amount of PP stopped was enough to process over 4,400 tonnes of pure cocaine.

Tracking PP shipments has revealed the existence, in a small number of cases, of cocaine processing laboratories within the EU. At these laboratories, cocaine base has been recovered together with the chemicals required for the final stage of purification into cocaine hydrochloride. It is likely that this displacement has been due to a difficulty in diverting the required precursor chemicals to illicit laboratories in South America.

Routes

The EU remains the largest cocaine consumer market in the world after the US. The main routes used for cocaine transport to the EU are:

- *Latin-American* route, through Argentina, Paraguay, US, Canada and Europe;
- *Atlantic* route, from Venezuela, Brazil, Argentina and the Caribbean countries towards Africa, Europe (Spain is particularly important as a transit point), Asia and Oceania.

Large quantities of cocaine enter the EU via maritime shipments and air freight. For smaller packages, couriers are used. The main point of entry is the **South of Europe**. Although the Spanish authorities seized less cocaine than in 2003, the amount seized in 2004, 33,000 kilos, is the third highest ever recorded in Spain. The Spanish authorities reported that traffic routes for hashish are increasingly being used in the cocaine trafficking to Spain. The cocaine is hidden in several countries of the African continent and is later transported to Spain by using the traditional hashish trafficking routes from Morocco. Italian authorities seized 3,570 kilos of cocaine, which reflects a constantly high consumption, which is encouraged by a substantial price reduction.

A second important point of entry is represented by the airports and harbours of **the Netherlands and Belgium**, from where cocaine is smuggled mainly to the neighbouring countries but also to Southern and Eastern Europe. Both countries report on a more extensive use of postal parcels. Since the introduction of a container scan in the port of Rotterdam, more drugs have been imported via other ports, for example Antwerp.

It has to be mentioned that **Eastern Europe** is emerging as a third entry point for cocaine. Latvia is a transit country for distribution in Russia and the Scandinavian countries, in Hungary and the Czech Republic Nigerian criminal organisations are setting up cocaine traffic towards the rest of the EU, and Polish groups are also becoming more involved in this field. Information has also pointed to the trafficking of cocaine to Albania, for storage in depots awaiting further distribution into the EU. Apparently, Eastern European countries do not yet represent a major market for cocaine, but it can be assumed that this will change in the future.

Colombians OC groups are still dominant in controlling the large-scale importation of cocaine from South America into the EU. They maintain close contacts with local criminal organisations for the wholesale distribution of cocaine.

Nigerian OC groups still dominate the West African networks and have gained a strong position in South, West and Eastern Europe.

Ethnic Albanian OC groups seem to be particularly interested in the possibility of fully entering into the cocaine trade. According to law enforcement information, each year some 30 tonnes find their way from Albania to Europe by air.

Heroin

Most of the world's illicit heroin, an estimated 485 tonnes in 2004, comes from three countries only: Afghanistan, Myanmar and Laos, with Afghanistan accounting for 87 per cent of the global production (it was 76 per cent in 2003). Poppy cultivation in Afghanistan in 2004 produced 4,200 tonnes of opium, the second highest yield in the country so far, equating to 420 tonnes of heroin. According to the United Nations Office on Drugs and Crime, the drug trade impacts upon 10 per cent of the Afghan population. Control measures are hampered by security problems, political instability, corruption and a lack of institutional capacity.

The production of heroin can be divided into two main stages: the extraction of morphine from opium, done mostly in Afghanistan, and the conversion of morphine into heroin. Some of this is done in South West Asia, but most is transported overland via Iran to heroin processing laboratories in Eastern Turkey. This stage needs the precursor chemical acetic

anhydride (AA), which is internationally controlled, although it is very widely used in a number of legitimate industrial processes. The amount of AA seized in 2003 was enough to process over 33 tonnes of pure heroin. A number of OC groups are involved in the supply of AA to heroin producers.

The EU is estimated to consume 135 tonnes of heroin a year. Social and health problems caused by the abuse of heroin are significant and put a high burden on authorities and local communities. The largest consumer country in Western Europe is the UK with approximately 260,000 heroin users. The majority of heroin destined for the UK also transits through the Netherlands, which is the country in Europe where criminal groups are the most active in the supply of hard drugs to the UK.

- ### *Routes*

Most heroin reaches Western Europe via the **Balkan route**. A good infrastructure of land, sea and air connections provide ample opportunity for the trafficking of heroin to the EU in which Turkey, due to its geographical position, plays a central role. In 2004, Turkish law enforcement agencies seized more than 6.5 tonnes of heroin and 4.5 tonnes of morphine base, in addition to over 100,000 litres of acetic anhydride, the principle chemical for heroin synthesis.

Several transit countries along the Balkan route are being used for the stockpiling of heroin, awaiting further transportation into Western Europe.

In addition, considerable amounts of heroin are smuggled into Europe along the **Silk Route**, transiting the central Asian States.

In practice, heroin consignments very rarely travel the whole way from Afghanistan to Europe in a single unbroken journey. Normally, they are bought and sold by different groups along the route, the mode of transport is changed, and loads are split and merged as they are moved westward. The detailed route will therefore vary according to the capabilities and preferences of whoever has control over the movement of the drugs at any point.

Trafficking of heroin towards and within the EU continues to be dominated by **Turkish OC groups**.

Ethnic Albanian OC groups have increased their role in the trafficking of heroin. They are reported to control up to 80 per cent of such trafficking in some of the Nordic countries and 40 per cent of heroin trafficking in other Western European countries, although they often rely on Turkish criminal organisation to supply them with heroin. In Greece, ethnic Albanian OC groups, in close cooperation with Greek nationals, dominate the trafficking of heroin and cannabis and they are increasingly becoming involved in the trafficking of cocaine. Italy reports that ethnic Albanians exchange heroin for cocaine and they are also involved in trafficking heroin to the UK, although the extent of their involvement is not clear.

- ### *Synthetic Drugs*

Synthetic drugs are, after cannabis, the most commonly used drugs in the EU with the highest rates of use found amongst young people. In 2004, the EU reported the seizure of 28 amphetamine production sites and 33 ecstasy sites. In terms of the scale of production, it is estimated that between 200 and 500 tonnes of PMK, an MDMA precursor, are smuggled into the EU annually. This is enough to produce between 2000 million and 5000 million ecstasy tablets.

Production of synthetic drugs in the EU is largely controlled by indigenous OC groups from **the Netherlands and Belgium**. The production process, from chemical synthesis to the end product and packaging, takes place in separate locations. This division of tasks reduces the risk of an all-inclusive production network being dismantled when one site is

discovered by law enforcement. OC groups increasingly establish mobile sites or facilities in more rural areas.

Synthetic drugs production by criminal groups active in Belgium appears to be growing and Belgium is now, for instance, the biggest provider for the French market.

In recent years, Chinese OC groups based in the Netherlands have become more prominent in the synthetic drugs scene. They are now active not only in the acquisition of precursors, but also in production and large scale global distribution of ecstasy. Other ethnic groups active in synthetic drug trafficking include Turkish and Moroccan individuals. Furthermore, criminals from Ireland and the UK base themselves temporarily or permanently in the Netherlands and Spain, from where, in cooperation with Dutch and Belgian OC groups, they control or influence the trafficking of synthetic drugs to the UK, Ireland and other global destinations such as Australia.

Turkish OC groups domiciled in Germany are prominent in trafficking synthetic drugs of Dutch origin within Germany as well as to Turkey in return for heroin destined for Western Europe. OC groups in Belgium, Germany and the Netherlands cooperate closely with the destination countries to facilitate the secure delivery of such consignments.

Several **new Member States**, particularly Poland, Estonia and Lithuania, have also experienced considerable amphetamine production by criminal groups. A large part of the production is meant for Northern and Western Europe but there is also a growing consumer market within the new Member States. The main reasons are the low prices and the greater profit for the wholesalers.

Criminal groups active in China provide most of the **precursor chemicals** required for amphetamine and ecstasy production, for example BMK and PMK. The selling price in China of one litre of PMK or one litre of BMK is 5 euro. The price on the criminal Belgian and Dutch market is around 700 euro per litre. With one litre of PMK, it is possible to produce one kilo of MDMA powder, which is 10 to 12 thousand tablets of ecstasy. On the wholesale market, ecstasy tablets are sold at approximately one euro each. Each litre of PMK thus gives a gross income of more than 10,000 euro.

There are indications that new sources of precursor chemicals are emerging with smaller amounts increasingly smuggled from Russia and Ukraine via Lithuania, Belarus, Poland and Germany into Belgium and the Netherlands.

•

Markets

Besides the EU, ecstasy produced by criminal groups in The Netherlands and Belgium is exported to worldwide destinations. Most tablets produced in the Netherlands were destined for the US, the Dominican Republic, Mexico and Indonesia, in order of importance. Ecstasy is also exported to South-East Asia, South Africa and South American countries, sometimes in exchange for cocaine and also to Turkey in exchange for heroin. OC groups use air passengers as couriers, airmail parcels or send larger quantities in sea freight. With regard to ecstasy in particular, whilst the criminal groups in The Netherlands remain the major global source, production has spread globally, in particular in Australia, North America, South Africa and South-East Asia.

Regarding the trafficking to Australia, large shipments are currently organised mainly by Dutch, British and Australian criminals, as well as multi-national OC groups operating in Belgium. With regard to trafficking to the US, large-scale shipments are controlled by Israeli and Dominican criminal groups, some of whom have the nationality of a Member State. The suppliers of the drugs originate in most cases from the Netherlands.

At Belgian airports during 2004 there were fewer interceptions of couriers destined for countries of North America or Western Europe. Destinations such as Mexico, Brazil or South Africa are now preferred.

The amphetamine that is produced in illegal laboratories in Lithuania is mostly shipped to Scandinavian countries. Amphetamine illegally produced in Lithuania is also shipped to Russia and Belarus. It is estimated that about 35 per cent of amphetamine produced by criminals in Poland is destined for the local market, whereas 65 per cent is exported mostly to Germany and Scandinavian countries. Amphetamine and its derivatives are smuggled by land, sea and air from Poland to the US.

- *Cannabis*

Cannabis is the most widely available and commonly used drug in the EU with many countries reporting lifetime prevalence rates in excess of 20 per cent of the general population. Criminal groups make Morocco the principle source country for **cannabis resin** or hashish, with a potential annual production of over 3,000 tonnes. Almost 100,000 families in Morocco depend on the cultivation of cannabis. The activity of criminal groups also make Pakistan and Afghanistan significant sources of cannabis resin, large amounts of which are trafficked by ship into the EU. Due to its proximity to Morocco, most cannabis resin enters the EU through Spain. Part of it is destined for the local market; the vast majority, however, is destined for other Member States. The seizure, in 2004, of over 800 tonnes of cannabis resin in Spain reflects the size of the problem and the constant massive law enforcement effort in that country.

Criminal groups import **Herbal cannabis** or marihuana to the Member States mainly by from Colombia, Jamaica, South Africa and Nigeria. Criminal groups active in Albania have developed into a major provider for herbal cannabis, which is grown over large areas. Most of it is destined for Greece and Italy. The annual turnover of the international trade in Moroccan cannabis resin is estimated at EUR 10 billion, most of which is generated by trafficking networks operating in the various Member States of the EU. Indigenous OC groups control the large-scale trafficking of cannabis resin. Some of these groups have set up bases in Spain to facilitate trafficking into their country.

- *Pharmaceuticals, classified as drugs*

A continuing trend that has been observed in Northern Europe is the smuggling of synthetic opium surrogates, mainly Subutex (buprenorphine) and Methadon (methadon hydrochloride), as shown by a number of major seizures.

Lithuania reports about Fenazepam, a psychotropic medicine that is being smuggled from Kaliningrad and illegally sold in market places. At present it is shipped by people having little or no legal income. However, it is not excluded that minor OC groups might engage in this business in the future.

- *Anabolic and Doping Substances*

Criminal groups have turned Russia into a source or transit country of doping products destined for Finland. Doping products (different anabolic substances such as anabolic steroids, peptide and growth hormones, stimulants, diuretic substances and anodynes) are used not only by sportsmen but also by drug addicts, who try to enhance the effect of other drugs. Hormones are smuggled to Finland from Thailand, the US, or Europe, often in combination with illegal drugs.

The fact that doping products are sold on the Internet is a growing threat. Buyers are not always aware that electronic trade and import by mail is governed by the same Customs regulations and limitations as personal import. Furthermore, there is the anonymity of the purchaser and the salesman. In addition, access to the prohibited products and the ordering them is easier. Offers on the Internet are increasing and it seems that the demand increases further, possibly stimulated by a decrease in prices.

- **Crimes against persons**

The most important crime in this field is illegal immigration which saw no real change in volume, but certainly a consolidation of the organised crime involvement. This consolidation can be illustrated by the expanding offer, made by the OC groups: they sometimes control the whole process from the source countries to the target countries, where the illegal immigrants are often put straight into the black labour circuit. Mixed transports with different nationalities are done more often. Several Member States report an increasing involvement of Chinese nationals both as offenders and illegal immigrants.

In the field of trafficking of human beings, ethnic Albanian OC groups are becoming more and more active, using excessive violence to control their victims. Greece signals that women are becoming more involved in organising forced prostitution since potential victims are more inclined to trust another woman. It is also noted that the criminals more frequently use legal enterprises and even labour contracts to control their victims.

Bulgarian OC groups have become prominent in the field of illegal adoption whereas Somali children have been brought to Sweden to perform child labour. Children are also forced to beg for criminal organisations. A dangerous evolution is the sexual exploitation of children through the Internet where the criminal organisations involved still find ways to safeguard their anonymity.

- *Illegal Immigration*

An important characteristic of illegal immigration is that the illegal migrants are essentially willing participants and the organised criminals profit mainly from facilitating their migration. OC groups appear to view immigration crime as a lucrative business which carries a relatively low risk of prosecution. Therefore, they have readily exploited these opportunities.

Many of the traditional transit countries that joined the EU as of 1 May 2004 are now, to a larger extent than before, being exploited as destination countries by the facilitators of illegal immigrants. The facilitators are already well established in those countries and they are utilizing the fact that the new control systems in the enlarged EU are not yet running smoothly. Furthermore, the borders of the EU are now closer to many key source and transit countries.

The complexity of moving large volumes of people across long distances requires a degree of organisation, specialisation and sophistication that can only be met by OC groups. Similarly, the profits that can be made through facilitating illegal immigration make it a market that is naturally attractive to organised crime. Many illegal migrants are attracted by the existence of diverse minority communities or family in the target country, who can provide support and employment.

However, most of the facilitators who move illegal migrants overland operate along a particular section of the route. As a result, most illegal migration takes the form of a **multi-stage journey**, with illegal migrants being passed from criminal to criminal along a chain of territorially-restricted criminal networks. Since facilitation is a business for these networks, they are largely unconcerned about the nationality or ethnicity of the illegal migrants they facilitate, and they interact with each other as business dictates. In practice, most facilitators appear prepared to work with whoever can help them to make a profit, provided there is a reasonable degree of trust between them.

- *Source countries*

Crime groups continue to make the **Russian Federation** a constant source for illegal immigration towards Western Europe. In the last two years, an increase has been observed in the number of Chechen illegal immigrants in the EU countries. There is also evidence of a growing number of Chechen immigrants linked to activities of smuggling networks operating within the EU, mainly in Germany, Austria, Poland, the Czech Republic and

Belgium. This has raised concerns for public security because Chechen illegal immigrants often become involved in OC after arriving in the destination country.

The travel regime for Russian citizens between the Kaliningrad enclave and the rest of the country continues to pose concerns. Transit documents are issued by the Lithuanian authorities and the documents are quite easily accessible for Russians travelling frequently to and from Kaliningrad. Both Poland and Lithuania have stated that the Kaliningrad district is used as an alternative route for the facilitation of illegal immigrants. The transit regime for people travelling to and from Kaliningrad must be monitored very closely due to the risk of misuse.

Ukraine is a major nexus point for illegal immigrants en route to the EU, being situated within the central and Eastern European smuggling route. Ukraine is both a transit and a source country. The nationality of the facilitators of illegal immigration varies a lot, but Afghans, Chinese, Indians, Pakistani, Vietnamese and Turks are frequently reported. The origin of illegal immigrants arriving in Ukraine varies as well, but nationals from Iraq, Afghanistan, Bangladesh, China, India, Pakistan, Somalia, Vietnam and Turkey are well represented. Russia and more specifically Moscow is an often used point of entry before entering Ukraine.

The largest number of persons smuggled towards the EU comes from the **People's Republic of China**. Chinese illegal immigrants enter the EU via several routes, for example Poland and the Czech Republic and via most airports. Major nexus points for the Chinese are Moscow and Kiev. Since the EU accession, there were instances where Malta has been used as a transit country for Chinese illegal immigration. In general terms there is a further increase in Chinese involvement in illegal immigration.

The strategic location of **Morocco**, with the nearest borders between Europe and Africa, between developed and developing countries, plays a key role in the illegal immigration flow as a source and transit country. Moroccan territory is used as a departure point for illegally entering Europe by immigrants from Morocco, Algeria, sub-Saharan countries, the Middle East and Asia, after having transited long, and in many cases, dangerous routes.

- *Trafficking in Human Beings (THB)*

The main difference with illegal immigration is that in trafficking in human beings (THB), the intention behind the facilitation is to exploit the illegal migrants during the journey to the country of destination and within that country. All the indications to date point out that THB takes place on a much smaller scale than illegal immigration. However, the nature of THB is such that it is harder to identify and therefore quantify. In addition, the exploitation involved and frequent use of intimidation and violence leads arguably to more harm to the victims. There are also cases where illegal migrants, who have been smuggled, rather than trafficked, later find themselves in exploitative situations. Exploitation of illegal migrants is made easier by their illegal status.

The most active traffickers or trafficking networks operating in the EU have very good links to the major source countries. They are either indigenous groups or have close historic or cultural connections with the country from which the victim originates. Therefore, based on the fact that most women and girls are trafficked from the Russian Federation, Ukraine, Bulgaria, Romania, Lithuania and Moldova, it can be seen that the traffickers are usually citizens of those countries. These groups will work in close cooperation with Albanian, Kosovo-Albanian, Serbian and Macedonian criminal networks.

There is also a discussion regarding the role of people smuggling syndicates in trafficking. The death of 20 Chinese cockle pickers in 2004 has led to greater awareness of the role of these syndicates in the UK and elsewhere in the EU. The structure of the groups involved in this area of crime is well known and they are commonly labelled 'Snakehead Gangs'; they operate in a hierarchical structure, with links in the source, transit and destination countries. These organisations have key components at every stage in the process to ensure control and arrival in the destination countries. A particular **modus operandi** is to ensure that the

families of the victims become indebted, at very high interest rates, to the OC Group in the source countries. To pay off the debt migrants are forced to take dangerous and low-paid employment in the destination country that the local population is not prepared to accept.

A prevalent modus operandi by criminal groups in Albania and Kosovo is to recruit victims by offering marriage. Once the women have been moved from the home country, it quickly becomes apparent that the offer of marriage was a sham, and the women are coerced into prostitution.

It has clearly been acknowledged that victims are far more likely to trust females from their own communities than anyone else. This is another growing trend identified in the structure of OC groups involved in THB. More and more females are being found to be actively involved in THB networks. In a case in Greece, **female organisers** recruited victims from their home country.

The **profits** generated for the OC groups, involved in trafficking of human beings are estimated by the UN and IOM at between USD 7 and 10 billion a year globally. It is reasonable to assume, therefore, that a fair proportion of this figure is generated in Europe. It can also not be ignored that criminals become involved in the area of crime because it is seen to be a high profit, low risk crime. The sentences that are routinely given in the rare event of a conviction are normally much lower than those for other serious crimes.

A trafficking network was dismantled earlier this year in Greece and EUR 18,000 cash and EUR 280,000 in bank deposit books was recovered. A recent investigation in the UK revealed a Ukrainian national masterminding a casual labour business that earned him more than EUR 7.5 million in four years by providing clandestine workers from Eastern Europe to farms and factories all over the UK.

Trafficked Lithuanian women are currently traded for between EUR 2,200 and EUR 6,000. Women are resold up to 7 times along the way. It was possible for the owner of a bar in FYROM to make a profit from one trafficked girl of between EUR 10,000 and 15,000 per month.

There are many examples of pimps recovering their investment in the purchase of a trafficked victim within two or three days. Everything after that is net profit including the possibility of the victim being resold.

With regards to Italy, recent research estimates the annual number of victims at over 5,000 with annual profits from the sale and sexual exploitation of women ranging from EUR 380 to EUR 950 million.

- *Exploitation of children*

- *Illegal adoption*

It appears that Bulgarian gangs have become prominent in the field of illegal adoption. Cases have been investigated in Italy, France and Portugal. Complicity with local nationals has been established.

There are indicators of a global child trafficking market which agencies estimate involved more than 1 million children and is worth EUR 1 billion a year.

Russian officials have begun a drive to combat illegal adoption after the number of adoptions by foreigners outnumbered Russian ones for the first time last year. More than 45,000 Russian children were adopted abroad in the past decade and 9,000 in the past year alone, according to statistics presented to the State Duma at the end of 2004.

- *Sexual exploitation of children on the Internet*

It is clear that crimes related to the sexual abuse of children need a special approach because the criminality behind them exhibits different dynamics and characteristics from those seen in other forms of trafficking in human beings. The use of the Internet by the sex industry is not limited to providing and selling pornographic material and sexual devices and for advertising contacts for explicit sexual purposes, but also includes distributing child pornography and the on-line grooming of innocent children unaware of the dangers facing them.

The production of child pornography is obviously a global phenomenon, although very active production can be attributed to perpetrators in the Eurasian region including Russia, Ukraine, other FSU countries, and to Japan and other South East Asian countries. Recently, South American countries have also been exploited for the production of child pornography images and movie files.

The evolution of payment systems through the Internet is now providing a much more secure anonymity for both the users/customers and the webmasters, which makes this phenomenon further attractive for the exploitation by OC groups.

- **Financial Crime and other crimes against property**

Money laundering is a common support activity of OC groups, where different modi operandi are being exploited. The increased use of electronic banking and payment has certainly led to intensified criminal activity in this field.

Intellectual and property rights fraud has the biggest impact on the EU economy causing, among other damages, the loss of hundreds of thousands of jobs. No sign of any decrease in this criminal activity could be noted.

- *Money Laundering*

Money laundering is an offence committed by all OC groups in order to hide the origin of the proceeds of crime and to finally legitimate the illegal funds within the legal economic system. By developing various and sometimes very complex integration methods of illegal money, OC groups have a tendency to penetrate the legitimate economy, such as the financial sector, in order to facilitate the money laundering process. The profit generated by OC activities is significant enough to provide these OC groups with sufficient financial powers to strengthen their internal structures, to ensure the continuation of their illegal activities, to have the capacity to corrupt officials, and finally to guarantee their future. The phenomenon has further increased during the year 2004.

Money laundering activities carried out by cash transactions connected to **drug trafficking** are still predominant.

The majority of OC groups involved in **trafficking in human beings and illegal immigration** use money laundering as a 'complementary crime'. Connections between illegal immigration and money laundering can clearly be demonstrated; this observation is particularly proven concerning Eastern countries such as Bulgaria, Ukraine and Russia, and the Chinese community.

- *Modi Operandi*

In some Member States **legal gambling** schemes are quite a widespread modus operandi to launder money. It is estimated that the above-mentioned trend will continue and increase in the future. OC groups also make their way directly into the gambling world by buying companies in this field.

Among other techniques, a growing resort to cash electronic transfer operations called **money transfers** has been observed. The use of Money Transmission Agents (MTA) by serious organised criminals to launder money is well established. Historically, MTAs have been favoured by serious OC groups from South America and the Caribbean; recent intelligence has pointed to the use of MTAs to remit criminal proceeds to other foreign destinations such as the Gulf States, Pakistan, Iran and Turkey.

Alternative remittance systems (ARS), sometimes referred to as 'underground banking', are becoming more popular. Rather than using the conventional banking system to remit funds, ARS rely on an international network of trusted contacts, who act like private bankers, accepting deposits and making payments. Records are usually kept by ARS of all transactions, but they may be in dialect, shorthand, or a language unfamiliar to law enforcement authorities in the Member States and therefore difficult to interpret. For obvious reasons, ARS are attractive to OC groups, and are especially used by those with links to South Asia where there is a long history of ARS.

The acquisition of **real estate** by foreigners has often been followed in recent years by suspicion of money laundering.

Money laundering often takes place in **offshore centres**, areas whose favourable tax situation and low regulatory standards can be exploited.

OC Groups frequently launder cash through **legitimate businesses**, typically those with a high cash turnover. The businesses are often owned or part-owned by the criminals or by close associates, although legitimate businessmen may also be duped into providing the means for laundering criminal proceeds. The same businesses may support money-making criminality, for example providing the means to transport drugs or the venue where they are sold.

- *Swindling and Fraud*

Fraud comprises a wide variety of criminal activities, which mostly endeavour to exploit weaknesses in systems and controls for profit-making. Frauds vary considerably in sophistication. Some demand financial or legal expertise, while others are simple to execute. Logistically complex frauds that require a criminal infrastructure in order to function effectively, such as excise frauds that involve the smuggling of goods, do attract OC groups. They often possess the necessary capabilities, established networks and contacts to commit large-scale fraud. Criminals have also embraced high technology crime to commit fraud.

Fraud is often related to other types of crime such as forgery of ID documents, counterfeiting and money laundering. These are often supporting criminal activities of fraud or in order to legalise the criminal proceeds thereof.

- *VAT fraud*

Value Added Tax (VAT) fraud can produce large profits and carries relatively low penalties. It can thus be considered an attractive crime area for OC groups. A particular case regards VAT fraud in food in the intra-Community trade.

In **acquisition fraud** the goods are bought VAT free against the creation of a VAT number in another EU country. The goods concerned are typically soft drinks, sweets, beer, washing powder and eggs. The foodstuffs are then transported to the destination country and sold, VAT free, to wholesalers and retailers all over the country. In the final phase, the goods are often sold to individual consumers at a lower price, which leads to losses in tax revenue and distortion of competition in the food industry.

A development of acquisition fraud, known as **carousel fraud**, involves the continuous movement of goods between collaborating traders in different EU Member States. This type of fraud results in multiple tax losses. To facilitate the fraud, a number of companies are

involved increasing the distance between the trader and the dispatcher and making detection difficult. High-value goods that are small in volume and easily traded, such as mobile telephones and computer components, are particularly attractive to carousel fraudsters.

The misuse of companies occurs frequently in cases of VAT fraud, but also in various complicated swindling practices. Suspects often use legal persons to buy consumer goods from various firms. By the time they try to collect payments, the suspects and their businesses have disappeared.

Moreover, the losses in tax revenues caused by evasion of excise duty in the course of smuggling of cigarettes and counterfeit cigarettes, and diversion of alcohol are significant. **Diversion fraud** involves the movement of duty-suspended products between bonded warehouses in several Member States. The goods never arrive in the mentioned destination country. Instead, the load is diverted onto the illicit market of another Member State without paying the due taxes. Unlike in the smuggling of cigarettes, concealment of the load is unnecessary. If challenged by customs or tax authorities prior to the diversion, the criminals can show forged or substituted supporting documents that suggest the load is legitimate.

Many OC groups engaged in large-scale alcohol diversion fraud are also involved in cigarettes smuggling. This is an indication of criminal opportunism but also of the potential flexibility of OC groups when faced with enforcement measures. When authorities have been able to prevent diversion fraud attempts, the OC groups have had the flexibility to obtain supplies from elsewhere.

- *Payment card fraud*

Payment card fraud entails mainly credit and debit card fraud. This type of fraud consists of the copying of financial data and its subsequent fraudulent use. Currently, this data is mainly obtained by three methods, namely skimming, hacking and phishing.

Skimming refers to the illegal copying of data stored in the magnetic stripe of a payment card. Automated teller machines (ATMs) are mostly targeted for skimming activities. Criminals install handmade skimming devices on the card slot and copy the data stored in the magnetic stripe. Additionally, they attach mini-cameras above the keypad in order to capture the PIN code of the cardholders. The copied data is often remotely transmitted to other members of the criminal group and used for the production of counterfeit cards. These cards are then further used for cash withdrawals at ATMs.

Hacking entails the act of breaking into databases of merchants, third party processors or banks and the copying of the data stored in these databases. The data is then fraudulently used for various purposes such as the production of counterfeit credit cards.

Phishing is a relatively new technique used to gain personal and financial data for the purposes of identity theft or fraud. False websites usually hijack the identities of the major banks and are designed to look like the website of the real bank. When the victim provides account details, the fraudsters use them to transfer money into other accounts.

Currently, there are indications of a dual development in payment card fraud in the EU. Some Member States report significant increases in card fraud, while according to others there is a striking absence of fraud cases involving counterfeit payment cards or their fraudulent use.

- *Counterfeiting and Forgery*

- *Intellectual and Property Rights Fraud*

Intellectual and property rights fraud has probably the most significant impact on the EU in terms of tax losses and employment with an estimated number of 200,000 job losses every year within the EU. Sometimes this type of crime also affects the security of the EU citizen when products such as motor vehicle spare parts or pharmaceutical products are counterfeited. Figures of seizures of counterfeit goods within the EU have exploded since 1999, increasing more than 300 per cent in certain specific areas such the counterfeiting of toys and games. The delocalisation and the industrialisation of the production plants in emerging countries has led to the structuring of this illegal market, from the production site, through complex routes of transportation to the final distribution to end users, and so opened the door for criminal networks.

If the luxury and designer goods sector was the first sector targeted by traffickers years ago, the logic of easy profits with relevant market tools was implemented by traffickers: luxury goods represent less than 4 per cent of seizures nowadays. Therefore all kinds of products for mass consumption are affected. If clothing and accessories or cosmetics sectors are classical ones, food, beverages, plants, medicines, electrical materials and components, toys and games had an increase of 94 per cent of seizures between 1999 and 2000. Telephones, cigarettes, vehicles or plane spare parts are affected as well. IT software, music CDs, movies on VHS or DVD are very lucrative sectors, easy to copy in mass production without big infrastructures or investment, and easily and rapidly replaced in case of law enforcement agencies interventions.

1 Among the places and areas of criminal activity, Thailand appears to be one of the most relevant, followed by China, Malaysia, Hong Kong and Turkey.

2 The major part of counterfeited software products traded in Europe are produced by criminals in Europe. The easy disposal on the market of tools allowing the mass production of counterfeited CDs is one of the reasons. Referring to cosmetics and vehicle spare parts, counterfeited products are produced in the country where they are sold and used. For vehicle spare parts, some EU countries are less strict on patents, therefore more attractive as a production location. Referring to medicines, according to some investigations, counterfeited products were made in Europe with African countries as their final destination.

3 One of the major difficulties in tracing a counterfeited product lies in the identification of the location of the production of its different components. That is to say that the conditioning, packaging and the product itself can be produced in 3 different places, sent to a fourth country to be assembled, and sold to a fifth country for the final consumption. Most of the time, these products are sold on the black market, which means that traffickers will benefit from illegal distribution networks specially set up for the sale or originally set up for other kinds of traffic such as drugs.

- *Euro counterfeiting*

The number of counterfeit euros increases year after year. Relatively speaking, there is still less counterfeited currency than before the introduction of the euro but nothing indicates that the number of counterfeits will drop in the coming years. The necessary technology becomes cheaper and more easily available so the cost for the OC groups decreases. The strength of the euro and its broad acceptance as a means of payment makes it now more attractive for counterfeiters than the US Dollar.

Counterfeiting is considered to be a high profit, low risk activity and, at the same time, a means to enlarge assets that can be invested in other crime types like drugs and trafficking of human beings. OC groups do not limit themselves to counterfeiting money: every

valuable item that bears security features such as traveller's cheques, passports, concert tickets and all kinds of documents are forged.

During 2004 a total of 860,661 counterfeit euro **banknotes** with a value of EUR 45,179,430 were seized. Compared to 2003 (673,902 banknotes seized), this means an increase of 27.7 per cent.

With the exception of the EUR 50 banknote, all the other denominations have increased in terms of the number of counterfeits seized. In fact, the 50 euro counterfeit apprehensions dropped from 409,460 in 2003 to 392,678 during 2004, decreasing around 4.5 per cent. Nevertheless, the EUR 50 denomination still represents 43.45 per cent of the banknotes detected and is the one which results in the greatest economic loss to the EU with EUR 19,633,900 worth of loss. This is partly due to the combined lower risk in its dissemination and easier acceptance by the public than the other denominations.

According to the statistics, France is currently the country where the largest numbers of counterfeit euros have been recovered, followed by Italy, Spain and Germany.

A comparison between the year 2003 and 2004 demonstrates an increase of 130 per cent in the total of counterfeit **coins** seized. During 2003, 60,559 coins were seized while during 2004 the seizures reached 139,328 pieces.

Most of the good quality euro notes are believed to be produced by criminals in the **Balkan and Baltic regions** where several print shops have already been dismantled since its introduction, while the distribution takes place mainly within the EU Member States. Austria, the Czech Republic, Germany, Hungary, Italy, and Poland might reasonably be expected to be the initial recipients of counterfeit euro banknotes. From these countries, distribution to the rest of the EU Member States takes place.

Suppliers based in several countries inside and outside the EU are able to place orders for counterfeits with the criminals responsible for the print shops, mainly based in Bulgaria and Lithuania, who will in turn order or arrange the production of the counterfeits.

Both the Lithuanian and the Bulgarian criminal groups use legal as well as illegal print shops for their activities. The main difference is that the Lithuanian groups control the whole production line from print shop to dissemination of a certain type of counterfeit whereas the Bulgarians seem to be divided into groups that control several print shops and other groups that control the distribution.

▪ *Organised Robberies, Burglaries and Theft*

The main organised criminal activities considered under this crime area are:

- (Armed) robberies targeting cash-in-transit and other security transports, jewellery shops and so on
- Burglaries of houses, business premises, industrial sites, shops selling expensive goods, and other valuable premises
- Theft of high-value goods such as jewellery, designer clothes and hi-tech equipment
- Theft of public or private works of art and cultural property
- Theft of documents

OC groups resort to robberies, burglaries and theft in order to finance and facilitate their main money-making criminal activities. In some cases OC groups steal goods that they do not wish to buy legitimately since this might be traceable. Theft is commonly used to obtain motor vehicles, official documents, and monetary instruments. OC groups may want to acquire firearms, keys to be used for vehicle theft, visa stamps for counterfeiting, and even police communications equipment for anti-surveillance purposes. In some cases the theft relates to a particular need, for example a tablet press for synthetic drugs production.

OC groups originating predominantly from Eastern Europe, FSU and Former Yugoslavia remain active in organised robberies, burglaries and theft. Itinerant groups especially from the Balkans but also from Albania, Romania and Bulgaria are involved in this type of crime in the EU and beyond, as far as Japan.

Additionally, Chinese and Turkish OC groups are also known to be linked to robberies although they often commission these high-risk criminal acts to low-level criminals outside the group.

Furthermore, robberies are considered intrinsically violent especially when they involve the use of firearms, and burglaries often feature violence, or threats thereof, against house occupants or shop owners. The OC groups involved have become more willing and prepared to resort to violence, if considered necessary.

An important feature of robberies is the cash-in-transit robberies or lorry-load thefts causing huge losses to the industries in question. They are almost always planned attacks at a point of transfer and involve groups of criminals armed with firearms or other weapons, which they are prepared to use.

Burglary of residential and business premises nearly always involves motor vehicle crime. Additionally, there are also clear links between robberies, burglaries and thefts on the one hand and drug trafficking, counterfeiting and forgery, money laundering and swindling and fraud on the other.

Additionally, due to the free movement of goods in the EU, the new Member States are finding it increasingly difficult to control the export of large quantities of cultural objects. The production of high-quality forged documents of authenticity is further complicating this task.

Moreover, the ability and willingness of the various OC groups involved in robberies, burglaries and thefts to cooperate with each other across borders is significant.

The increasing OC involvement in some forms of robberies, burglaries and thefts is apparent in the sophisticated ways legal structures are used to facilitate the criminal activities. Several OC groups use front companies, owned by members or supporters, for logistical reasons (for instance car hire), to sell their stolen property or to launder and invest their illicit proceeds.

- *Theft of cultural goods*

The criminal interest in cultural property embraces a wide spectrum of illegal behaviours such as theft and receiving, illicit trafficking, forgery and fraud, extortion, money laundering, important issues of threats to the integrity of cultural heritage. The criminals involved in cultural property crime can be found at all levels of society. In general they are common criminals stealing for financial gain. OC groups from the Former Yugoslavia seem to be very active in stealing – among other things – works of art, jewellery and similar cultural objects.

There is still a growing criminal interest in swindle and fraud using fake pieces of jade and ivory, which mainly occur in France, Belgium, Spain, and Switzerland.

- **Illicit trafficking**

- *Trafficking in Stolen Vehicles*

Approximately 1.3 million vehicles are currently stolen each year in the EU. Around 60 to 70 per cent of these vehicles are recovered. As the number of stolen cars in the EU is slightly decreasing, the number of missing stolen vehicles has remained relatively stable. Therefore the percentage of missing vehicles of the total has increased in several Member States.

The latter development is of concern, since non-recovery is generally regarded as a strong indicator of OC involvement. This data is supported by Member State contributions

according to which perpetrators are becoming increasingly organised and international. Some areas of vehicle theft such as overriding the electronic anti-theft devices installed in vehicles by the manufacturer require such expertise and resources that OC involvement becomes a necessity.

Currently, most OC groups involved in vehicle theft originate in Poland or Lithuania. To a certain extent their position seems to be challenged by Dutch and Moroccan OC groups and groups originating in former Yugoslavia. In addition to these established groups, Russian, Estonian, Bulgarian and ethnic Albanian OC groups are increasingly expanding their criminal activities into this crime area.

Vehicles are stolen for various purposes. They can be exported to be sold in Eastern Europe, the Middle East and North and West Africa; sold for parts or re-introduced into the black market of the country where the vehicle was originally stolen by using false or forged vehicle identities. Vehicle theft is also committed in order to finance other criminal activities of an OC group, to obtain get-away cars to be used in robberies and burglaries, and to facilitate smuggling of commodities.

Trafficking in stolen vehicles remains one of the most common forms of property crime. In the UK, the direct cost of vehicle thefts from individuals is estimated to be over GBP 600 million a year. The overall figure including uninsured losses and indirect costs is manifold.

Vehicle thefts have been partly reduced by the introduction of anti-theft technology installed in the vehicles by the manufacturer. One consequence of improved anti-theft technology in new cars has been a rise in offences aimed at stealing car keys as well as fraud and robbery by car-jacking. There are increasing instances of burglaries taking place with the sole motive of obtaining car keys. If confronted, these criminals show an increasing propensity for violence.

Fraud in this context includes hiring or test driving cars with the intention of stealing them, and insurance claims on cars that have been transported abroad to be sold.

The multi-crime base of modern OC in the EU is also apparent in vehicle thefts. In the Netherlands, some OC groups involved in vehicle thefts are also active in the smuggling of hard drugs, swindling and receiving. In Slovenia most OC groups involved in vehicle thefts were also active in other crime areas. The crimes more frequently committed together with vehicle thefts are counterfeiting, money laundering, fraud, swindling and trafficking in cocaine.

North and West Africa have become more popular destinations for the re-sale of stolen vehicles than the previous main market of Eastern Europe. Vehicles are either shipped by criminals directly to Africa or via EU countries such as France and Belgium. France, Italy and Spain have significant container and bulk cargo handling ports but also major ferry crossing points to North Africa. The main destinations of vehicles trafficked from the EU to North Africa are Algeria and Tunisia, but also Morocco and Mauritania. The vehicles are subsequently distributed to the surrounding countries.

Poland, Denmark, Sweden and Finland are transit countries for transporting stolen vehicles to the FSU. Greece is an important gateway for vehicles from Western Europe mainly France, Italy, Germany and Spain destined for Eastern Europe, the Middle East and Asian countries. Austria is also used for trafficking to Romania, former Yugoslavia, Bulgaria and to the former Soviet Republics.

- *Tobacco Smuggling*

The smuggling of tobacco and cigarettes is a problem within the EU. Tobacco and cigarettes smuggled by criminal groups into the EU come from China and other countries in Asia, Russia, Ukraine, the Baltic States, the Middle East and Africa. Cigarettes that are smuggled into EU are in most cases aimed for the Nordic market and the UK.

Cigarettes from Eastern Europe were smuggled via Germany into the **UK**, where profit margins are particularly high as a consequence of the high tobacco duty. Belgium and the Netherlands play a major role as transit countries. Turkish OC groups also seem to be involved in the traffic of cigarettes to the UK shipping the cigarettes together with heroin. Italy has increasingly become a transit country for cigarettes intended for the UK.

The individuals involved in cigarette smuggling in **Sweden** usually have some kind of connection to Russia, the Baltic States, Poland or Former Yugoslavia. Smuggling of alcohol and cigarettes to Finland seems to be largely in the hands of Russian and Estonian organised criminal groups. Sweden is also a transit country for goods smuggled by criminals from Eastern Europe to Norway, Denmark and the UK. The illegal import of cigarettes is mainly via lorries and containers in legal commercial freight traffic.

▪ *Illicit Firearms Trafficking*

The scale of trafficking illicit firearms has remained variable throughout the EU in 2004. Additionally, the nature of illicit firearms trafficking is also varied and includes for instance firearms originating from outside the EU, firearms originating from EU Member States, re-activation of firearms, conversion of blank-firing or gas cartridge weapons, links between arms collectors and OC groups, and weapon parts being purchased via the Internet and delivered by post for assembly at a later stage.

As in 2003, the **Balkan region** has to be taken into serious consideration concerning firearms trafficked into the EU in 2004. In addition, crime groups in Bulgaria are allegedly heavily involved in illicit firearms trafficking. The cheap Bulgarian hand-made weapons can be sold in Greece, the Netherlands, Spain, and Turkey for a profit of 800 per cent.

The main **route** for trafficking firearms to Western Europe is from Turkey through Serbia and Montenegro. Also FYROM is mentioned as a country where weapons are trafficked from Bulgaria. So-called small arms and light weapons smuggled out of Bulgaria are known to have found their way to EU Member States such as Italy, Spain, and the UK.

France and Ireland reported that the **enlargement of the EU** favoured the organised smuggling of firearms to those countries. Austria, Belgium, Germany and the Netherlands reported relatively low figures and minor criminal importance of illicit firearms trafficking to and through their countries. In many instances they were only registered as a secondary, sometimes supporting, criminal activity.

There is also an increase in the use of heavier and more lethal weaponry in criminal cases.

Finland and Sweden reported on the involvement of outlaw motorcycle gangs in firearms trafficking.

▪ *Illegal waste trafficking*

The concept of 'crimes against the natural environment' covers a wide range of criminal offences. Elements of organised crime can be seen in cases of illegal waste disposal, especially hazardous waste and illegal trade in protected and threatened species. When speaking about organised environmental crime in the Member States in 2004, mainly illegal waste disposal with a clear focus on hazardous waste materials is being reported.

The level of OC groups' involvement in environmental crime is difficult to determine, mainly because it has been a low priority for law enforcement authorities in some Member States and, as a result, there has been limited intelligence available.

It is worth mentioning that the illegal business of disposing hazardous waste generally generates high profits and is considered by criminals as a so-called **low risk** activity. Additionally, penalties related to these offences are relatively low in most countries and very often there is a lack of enforcement in this field. Some criminals are even known to simply incorporate penalties into the cost of doing business.

In many countries a continuous **growth of the economy** is taking place and, subsequently, the amount of waste produced is growing, whilst disposals systems are often unable to meet these growing demands. The UK reported about the increasing costs of dumping waste in a legal way ('landfill costs') as a main reason why crime in this area is growing. In addition, the lack of legitimate sites for disposing of hazardous waste in the UK may increase the instances of illegal dumping ('fly tipping'), which takes place in rural and urban areas, and has an economic as well as environmental impact due to the costs of clear up and correct disposal. The consequences for a country's environment and economy are obvious, although hard to estimate accurately. It will obviously be very expensive to clean up the sites where illegal waste has been dumped.

The 10 Member States that joined the EU in May 2004 could be experiencing a growth in the number of cases of cross-border transport of waste and illegal trade in certain protected and threatened species.

In many EU Member States it was noticed that environmental crime is sometimes taking place next to other criminal activities.

OTHER KEY OC FEATURES

○ **Use of Influence**

Combating corruption in the EU has received a high political priority. Article 29 of the Treaty on EU lists the prevention and combating of corruption, organised or otherwise, as one of the objectives enabling the creation and safeguarding of a European area of freedom, security and justice. Corruption was repeatedly identified by the European Commission as a serious problem in some of the new EU Member States. This has been highlighted by the European Commission in the yearly Regular reports on the progress of accession countries (2000-2003).

The enlarged EU of 25 Member States is a heterogeneous union of unequal countries with the per capita income levels in the new Member States falling in most cases below the average of the old EU countries, particularly in those public sector jobs that are vulnerable to corruption. This economical discrepancy between Member States may create pressures that can easily play into the hands of OC groups if left unaddressed. Despite the fact that many corruption-related problems still prevail, the fight against corruption continues in the new Member States and accession countries in the fields of policy, legislation and law enforcement. Various ongoing anti-corruption programmes and strategies are enforced in order to battle the phenomenon.

Corruption used by OC groups to infiltrate the state, legal economies, law enforcement bodies and politics is a powerful tool for organised crime and at the same time a possible indicator of the potential threat posed by OC groups.

The main problem in this area lies in the fact that reliable and comparable figures on the use of corruption by organised crime do not really exist. Available statistics can only be seen as indicative.

There are also noticeable differences in the ways in which Member States report OC-related use of corruption. Therefore it would be misleading to develop a common perspective on the use of corruption across the EU. In general terms it can be stated that corruption is used by OC as a tool to achieve their aims but the level in individual MS does differ greatly, which might also be based on the fact that data in this specific crime area is difficult to obtain.

○ **Use of Violence**

Within the criminal environment rules cannot be enforced relying on the intervention of the State. That is why actual or threatened violence is an essential feature of the outlaw world. The nature of damage caused can be physical, psychological or material.

Different criminal groups can make different uses of this tool. It can be adopted as an offensive or defensive tactic, it can be planned or based on reaction, it can be brought to the extreme or limited to the necessary degree, and it can be boasted about or hidden.

Violence may be used within the group to maintain internal discipline and cohesion, against other groups to manage the balance of power within the criminal environment, and against private individuals or companies outside the criminal world.

Statistical assessments are challenging because of the vagueness of the notion of violence, how it is applied and whether it is regarded as a tool, a threat or just an inherent part of the modus operandi of certain types of crime or OC groups. There are differences in the ways Member States report OC-related use of violence. Some Member States report on the number of OC groups that have used violence whilst other Member States indicate the percentage of cases involving violence of all reported cases. This makes the assessment and the statistical comparison of the given figures difficult and can also be misleading.

In general, it has been noticed that Outlaw Motorcycle Gangs (OMCG) are changing their strategy concerning their appearance. Previously they used an aggressive attitude, relying on fear in order to increase their power and presence in the criminal field. This caused greater attention from the law enforcement agencies and the media, they are now adopting a low profile strategy and are developing public relations in order to avoid this pressure. However, violence is still a crucial feature of their sub-culture. Clashes between *Bandidos* MC and *Outlaw* MC took place in 2004. Other killings – allegedly internal to the motorcycle outlaw gangs' environment – also happened.

Ethnic Albanian criminal groups are renowned for being violent and using intimidation to maintain discipline within the syndicate, to settle inter-groups disputes and to control their victims. Violence and threats are used against law enforcement and judicial officials.

Turkish OC groups are also very violent and protect their business with the use of extortion, kidnapping, physical violence and firearms. There have been several instances reported of contract killings related in some way to the heroin trade in quite a few countries in the EU.

Groups dealing with drugs are making an increasing use of means of violence.

Russian and Belarusian groups are known to use physical violence and intimidation to support their activities. It is used to protect their business from rivals and as threat to competitors. Violence and intimidation are also used when negotiations have broken down and a crime group wants to achieve its objective. These groups are also known to target and corrupt key individuals within organisations (for example, banks).

- *Intra-Group Violence*

Violence and intimidation are used primarily to maintain the discipline and compliance of group members and criminal associates, and to enforce criminal business deals and recover debts. Punishments may be meted out for double-crossing the group, making mistakes, not following orders, or being suspected of informing to the police.

Colombian criminal groups, which control the large-scale importation of cocaine from South America into Europe, are also reported to use violence against their members and their families in case of failures or cooperation with law enforcement agencies.

- *Inter-Group Violence*

Violence sometimes erupts because of a dispute between criminal groups, although only a small proportion becomes involved in 'turf wars'. For example, 'criminal vendetta' kidnappings revolve around disputes over debts and reflect the willingness on the part of criminals at all levels to resort to violence to reinforce their rule.

Ripping off of money, consignments of drugs or stealing commodities are often the trigger for such actions, along with problems in the logistical chain of drugs trafficking, such as suppliers not delivering on time, or buyers not paying on time.

Sometimes, groups even resort to hostage-taking. Murders were also recorded.

- *Extra-Group Violence*

In general, violence seems to be more used in relation to the exploitation, rather than facilitation, of immigrants, particularly when contracting debts or when they are subjected to extortion. Immigrants are then exploited as bonded labour for the traffickers' own companies or in the black economy (manufacturing, food processing, construction and farm crops). Concerning exploitation of human beings, the risk that children could be trafficked to EU Member States for working for OC groups as beggars must be mentioned.

Chinese criminals dealing with illegal immigration for labour exploitation and facilitating trafficking in human beings use extortion against individuals of the same nationality. Furthermore, violence has also been used against victims – mainly coming from Eastern Europe and some South American countries – in the white slave trade.

In THB the threat of violence to control both trafficked prostitutes and sweatshop labourers is widespread in the UK. Whether implied or actual, violence is likely to be ever-present from the point when the woman begins working as a prostitute. One form of control is through the supply of drugs to the victims especially where the OC group is also active in drugs distribution.

There are signs that criminals from the Balkans, especially ethnic Albanians, are seeking to gain control of the vice trade in the UK. They are doing so particularly by taking over ownership of brothels and saunas and are prepared to use violence to achieve this objective.

In general, ethnic Albanian criminal groups are reported to force the trafficked women into prostitution, through rape and other forms of violence.

Women who are victims of Bulgarian OC groups are subject to extremely serious violence; they may be beaten and raped, have their documentation removed, be held in virtual or actual captivity and work in conditions of slavery.

Inquiries in the field of THB showed that women from Romania and Bulgaria, in particular, but also from South America and Asia, are forced into prostitution by the use of threats and violence. Nigerian women are subjected to the threat of voodoo rites, Eastern European women – often handed over to nomadic groups – are repeatedly raped.

In the UK and Spain criminals are turning to house burglaries to steal keys (car home-jacking) and robbery by car-jacking. In addition, it is reported that, in France, car-jacking and home-jacking are currently carried out mostly by French, Romanian, Bulgarian, Byelorussians, ethnic Albanians or nationals from the Former Yugoslavian States and car thefts using aggressive methods are highlighted also with reference to Poland. Car theft involving violence is viewed as a threat for the coming years, due to the improved anti-theft devices that frequently cause criminals to resort to robbery.

With reference to the intellectual and property rights fields, violent methods, including murder threats, have been used by criminal groups against legal companies' experts in Russia, Mexico, North Africa and FYROM. These pressures lead some intellectual property owners to reconsider their action or to withdraw their complaint, when they do not simply renounce the property rights in these countries.

The use of violence and intimidation against law enforcement agents is a serious problem. In Sweden, motorcycle and prison gangs have systematically subjected police officers to threats, harassment, and violence in order to undermine their enforcement activities. It is worth mentioning that actions against police officers were also put in place, in particular by young criminals, prison and suburban gangs, to raise one's status in the OC environment. Also Swedish Customs officers were subject to threats and violence to varying degrees, and their entire families were targeted.

In Greece, ethnic Albanian criminal organisations which transfer drugs via the Greek – Albanian border do not hesitate to shoot at guards. Similarly, in France, cannabis traffickers, crossing the country from Spain in powerful motor vehicles, do not hesitate to use open force against law enforcement services.

- **Resources**

To give sound estimations about the turn-over or profit made by OC groups continues to be difficult as there are no agreed Europe-wide standards on how such figures should be calculated. Nevertheless it seems worth reflecting on the following figures as they give a very broad idea about the economical dimension of organised crime activities within the EU.

In Germany the profit made by criminal organisations was estimated at about EUR 1.34 billion.

In Belgium assets held by criminal groups were estimated at approximately EUR 1.5 billion.

In Spain, the criminal syndicates had an estimated capital of about EUR 1.45 billion and an estimated income of approximately EUR 1 billion.

In Sweden, crime has revenues of approximately SEK 3.7 billion a year.

- *Use of Business Structures*

Legal commercial structures are mainly used by OC groups for the following purposes:

- To launder illicit proceeds;
- To cover and facilitate their illegal activities;
- To obstruct criminal investigations;
- To gain profits in order to finance criminal activities;
- To conduct a legitimate business in an unlawful way (such as disregarding regulations about quality, safety, environment, workers pensions etc.).

For example, Turkish criminal groups often hide the drugs in purpose built concealments within the framework of the vehicles used or within the legitimate goods being carried. In many cases the consignors are Turkish companies involved in textile, foodstuffs or construction companies. These companies often appear to have links to similar companies strategically placed throughout Europe in countries such as Germany, The Netherlands and the UK, which are also the main destination markets for the drugs. Many of the companies used by the criminal groups are believed to be legitimate companies used as cover for illegal activities (for example, storage, transportation or money laundering). Turkish organised crime is also involved in the running of employment agencies giving rise to opportunities for, *inter alia*, the recruitment of couriers.

Another example is related to people smuggling activities that in Russia are run under the cover of legitimate businesses, such as travel agencies and marriage bureaux, through advertisement in newspapers and web pages on the Internet. OC groups take advantage of the increased demand for tourist trips abroad and for the opportunities to work in the countries of Western Europe to set up firms concerned with the arrangement of work for Russian workers abroad and the preparation of the corresponding documents. In general, companies in the destination countries can also be used to send invitation letters providing the reason for business trips abroad.

Travel agencies are also routinely used in trafficking of human beings. In addition, traffickers are increasingly moving towards the use of employment contracts registered with a law firm as a way of maintaining control of victims and putting a veneer of respectability on their activities.

In the economic field the following sectors are 'favoured' by criminals: the 'Import-Export' one; adding up 'Hotels, restaurants, cafés', 'Transport', 'Construction', 'Real Estate' and 'Services'.

A distinction has to be made between companies that are set up specifically to commit criminal acts and reputable companies that are misused in some way.

It is worth mentioning that, according to the Italian authorities, OC from the FSU countries is particularly involved in international finance and is capable of exploiting any new opportunity both in the economic and financial sectors such as real estate, tourism and hotels, and import-export firms trading in various goods. They specifically aim at laundering huge capital gains derived from illicit activities. In Italy it has also been noticed that the Chinese community invests in real estate and commercial business, always paying in cash. There are innumerable transactions related to handicraft-activities in the textile, leather and toys sectors.

A particular use of business was detected in the OMCG environment. Its members increasingly register their clubs as legal associations or even foundations; they try to protect their own symbols (often referred to as 'colours') as registered trademarks and sue companies which misuse them. OMCG sell merchandise the proceeds of which are used to support their imprisoned affiliates (support gear). They also carry out legal business linked with the motorbike world and tattoo parlours. In addition, relevant members of different chapters own or have close links with several legal enterprises; this might be an indicator of possible money laundering activities.

CONCLUSIONS

○ OC Groups

- Indigenous OC groups still pose the main threat to the EU.
- Italian Mafia-type OC groups are particularly dangerous for their ability in infiltrating the public and economic sectors, but their influence outside their regions of origin, albeit significant, is far less serious.
- Lithuanian OC groups easily forge alliances with international OC, and are rapidly expanding all over the EU. They are extremely skilled in money counterfeiting, and well versed in many criminal activities.
- Dutch OC groups are specialised in drug production and trafficking. Their production and consequent trafficking of synthetic drugs have a major impact on the global market. They are also involved in cocaine and cannabis trafficking.
- German OC groups are seldom mentioned in trans-national criminal activities, but their significant profits and the fact that they are involved in types of crime that require a vast network of international connections suggest that their importance on a continental level is underestimated and their actual power not fully known.
- Polish OC groups are among the fastest growing groups in the EU, and are expanding their criminal activities all over the continent.
- Ethnic Albanian criminal groups pose a significant threat to the EU because of their involvement in drug trafficking, THB and money laundering, and have expanded their activities all over the EU. They are actively looking for new criminal markets and acquiring increasingly important positions in the existing markets.
- Russian and other FSU OC groups are involved in practically all types of crime and are constantly looking for new crime markets and new forms of collaboration with other OC groups. Although heavily involved in traditional crime, including violent crimes, Russian

OC is also highly sophisticated in the area of financial crime, fraud and money laundering.

- Turkish OC is mainly involved in heroin production and trafficking to the EU. However, it is diversifying its criminal activities by engaging in poly-drug and arms trafficking and crimes against persons.
- Chinese OC groups are well established in the EU and pose a significant threat. They are heavily involved in illegal immigration, THB and non-cash payment fraud, and increasingly in precursors and synthetic drugs trafficking, money laundering, forgery and intellectual property theft.
- Moroccan OC groups pose a significant threat because they are the major providers of cannabis to the EU drug market. They are also active in THB and illegal immigration.
- Colombian OC groups control cocaine production and global trafficking. They use corruption and violence and are deeply involved in money laundering. The serious threat they pose is also due to their smooth and efficient cooperation with OC groups in destination countries.
- Outlaw motorcycle gangs are present in force in the Nordic countries, Germany and Belgium, but they are now expanding their activities to the new Member States with the support of existing gangs in Russia and Eastern Europe. They are involved in a variety of crimes such as drug trafficking, smuggling of commodities and illegal prostitution. They have no scruples about using violence.

○ **Types of Crime**

- Drug trafficking remains the most lucrative type of crime for OC and one of the biggest threats to modern societies.
- The EU is estimated to consume 135 tonnes of heroin a year. Social and health problems caused by the abuse of heroin are significant and put a high burden on authorities and local communities. Heroin is produced with Afghan opium by Turkish OC groups, which then smuggle it into the EU in cooperation with ethnic Albanian criminal groups.
- Trafficking in cocaine remains a threat for several Member States and is intensifying according to some. After the US, Europe is the main cocaine market, and the recent enhancement of border controls in the US could divert large amounts of cocaine towards the EU from producing countries in South America. Colombian OC groups dominate the cocaine trade, with effective cooperation with indigenous OC groups.
- The global use of amphetamine-type stimulants (ATS), especially ecstasy, is increasing and is posing a clear and present threat, especially to younger generations that are the main users. Production of synthetic drugs in the EU is largely controlled by indigenous OC groups from the Netherlands and Belgium, as is the ensuing large scale trafficking within Europe and beyond.
- The general and incorrect conception of cannabis as a harmless, recreational product combined with the apparent social acceptance of it can pose a real threat to the young users of the substance and to the societies of the EU. Cannabis is mainly imported from Morocco and Albania, but is also grown in hydroponics' cultures within the EU.
- In relation to social implications, THB is one of the most harmful types of crime to society. The use of violence in THB is endemic. Many of the victims are forced into slave-like existences working as prostitutes or illegal labour force. Even children are exploited in extremely harsh ways. The profits for OC are enormous.
- Illegal immigration increasingly relies on OC to succeed. The growing flow of illegal immigrants into the EU continues to burden societies, causing serious social, economic and political implications in source countries as well as a negative impact on transit and

destination countries. OC groups involved in facilitating illegal immigration are mainly from source and transit countries, and are benefiting greatly from that kind of trade.

- Money laundering is an inherent characteristic of OC, to the point that it can be safely stated that there is no OC without money laundering. There is a considerable and constantly increasing number of modi operandi for the laundering of money.
- Fraud is an extremely lucrative and often underestimated OC activity. Second only to drug trafficking in terms of profitability, fraud is the perfect example of low-risk high-profit crime. The very high threat it poses to the EU is further enhanced by the very fact that fraud is not considered a serious threat, and is dealt with accordingly by Member States' criminal laws, which are extremely lenient thus inviting OC to resort more and more to this profitable and relatively safe type of crime.
- OC groups dealing with currency counterfeiting use sophisticated printing facilities as well as artisans with considerable printing skills to produce high quality banknotes and coins. These are then efficiently distributed all across the EU. Several criminal groups are currently active in currency counterfeiting. Although small-scale traditional counterfeiting is still done in some 'old' Member States, Bulgarian and Lithuanian OC groups have taken a dominant role in this area. Counterfeit euros are to some extent also produced by OC in Colombia, the Balkans and Turkey.
- Property crimes are among the less refined types of crime with which OC groups are involved. Often used by OC groups to finance other criminal activities, property crime is frequently perpetrated by criminals who do not hesitate to resort to violence, sometimes for no apparent reason.
- Smuggling activities, especially of tobacco products and in lesser measure of alcohol, are particularly lucrative when directed towards Member States with high duties on those products, such as the UK and Nordic countries. In many cases smuggled cigarettes are counterfeits.
- OC has an increasing role in the theft of cars which are subsequently trafficked, as demonstrated by the shrinking percentage of recovered stolen vehicles. Thirty to forty per cent of the million plus vehicles stolen each year in the EU disappear, and this is considered a clear indicator of OC involvement, as only criminal groups have the structure and the expertise to export outside the EU or resell within the same market (after having tampered with car ID features and documents) such an enormous quantity of vehicles. The threat posed by stolen vehicle trafficking is increased by the rise in robbery by car jacking and home jacking, which is the result of improved anti-theft technology in new cars that makes traditional non-violent theft more difficult.
- Firearm trafficking is considered a present and constant threat, with the vast majority of them coming from the Western Balkans and Eastern Europe, where vast arsenals prove difficult to secure and low wages in the armed forces may encourage corruption.
- Environmental crime, especially illegal waste dumping, is exploiting a wide legislative vacuum and a lack of law enforcement. Much of it remains undetected. Italian Mafia-type organisations are deeply involved in such illicit business not only through the organisation and management of clandestine waste disposals parallel to the legal ones, but also through the exploitation of public tenders obtained through their deep penetration in public sectors.

○ **Other Key OC Features**

- The most established criminal groups appear to make a more calculated and cautious use of violence and intimidation. This can be noticed, for example, in Italy, the UK, Lithuania, or with reference to the development of the OMCG strategy. Non indigenous syndicates, such as Albanian, Turkish and Chinese criminal groups, are more often mentioned as using violence in the Member States where they operate, also in

connection with the exploitation of persons living in these countries and sharing the same ethnicity or country of origin. Emerging or lower level criminal groups, such as street, suburban, motorcycle or prison gangs show a more aggressive attitude, including readiness to use firearms, for carving their space in the criminal environment.

- With specific reference to structural clashes between different criminal groups, some Member States mentioned situations where they were provoked or they could be triggered by the emergence or markedly expansion-oriented strategy of some criminal syndicates, lack of a clear leadership and the linked need for regroupings, changes in agreements, alliances and areas of 'competence'.
- Concerning violence against victims of THB or smuggled illegal immigrants, it is specifically mentioned by the UK, Italy, Spain, the Netherlands, Austria, France, Portugal, Greece, Lithuania and, in general, with reference to ethnic Albanian, Chinese, Bulgarian, Rumanian, Nigerian, Greek (also in cooperation with Moldavian, Ukrainian, Romanian, Iranian), Russian, Bangladeshi, Iraqi, and Pakistani OC groups. The risk that children could be trafficked to the EU Member States and forced (through violence and intimidation) by OC groups to work as beggars emerged. It is also worth mentioning an emerging trend consisting in the increase of the propensity for violence in vehicle theft (home jacking and car jacking) as a consequence of improved anti-theft technology as well as the use of violence in the business environment to enforce monopoly in certain fields or, in general, to get control of legal enterprises.
- Most of the Member States record a significant propensity for the use of influence by organised crime. The public sector is usually the most affected, but the private sector is also noticeably involved. Corruption practices are mainly mentioned with reference to criminal activities such as smuggling or trafficking of goods or persons (including forgery and fraud connected with legalisation of illegal aliens), public works and tenders, money laundering, robberies and road freight theft, identity theft, and fraud.
- The use of businesses can be considered a key feature of organised crime. Where estimates are provided by the Member States, very high percentages of the criminal groups are reported as using enterprises. Companies are mainly used to cover and facilitate the core criminal activities (in particular, to cover and justify movement of goods – such as drugs - and persons – such as illegal immigrants) and to launder illicit profits (to justify the movement of funds from one jurisdiction to another, and to introduce money in the legal financial and economic system, to provide a reason for the availability of money, etc.). Furthermore, the use of businesses is intrinsic in certain tax-related and financial frauds.

○ **The Threat of OC**

- Modern societies based on increasing mobility, urbanisation, anonymity and diminishing social control provide greater leeway and increasing opportunities for OC. The perceived economic success and physical well-being on offer in the West act as pull factors for populations in areas where war, turmoil and unrest wreak havoc. OC can easily exploit these pressures by facilitating illegal immigration and trafficking human beings to the desired destinations. Additionally, OC uses threatening supporting activities such as violence and corruption in order to ensure a risk-free logistical chain from origin to target country, and immigrants who can be exploited to the extreme as workforce, commodity or subjects of extortion and blackmail.
- Globalisation and economic development create a rising demand for goods and services that OC can satisfy. The professionalism, logistics and efficiency offered by OC are prerequisites for ensuring the profits of a criminal activity. Illegal waste disposal, trafficking in cultural objects and luxury cars, and counterfeiting in all its variety are but examples of the areas with increasing OC involvement. OC satisfies a demand that is becoming more and more specific and sophisticated; thefts of cultural objects and jewellery follow international trends and can be committed to order: only specific and

the most valuable goods qualify. On the other hand, large volumes of smuggled bulk commodities also require OC involvement. The required chain of logistics and distribution alone are almost impossible to establish otherwise.

- OC is increasingly penetrating businesses and other legal structures in the EU. It is exploiting the lack of awareness in public administration and the advantages offered by accessing positions of power and resources. Additionally, legal businesses are often utilised by OC to provide a legal cover for illegal activities and to support them (transport, warehousing and so on).
- Technological development is currently both facilitating traditional types of crime but also creating altogether new crime opportunities for OC. The threat of high technology crime is intensified by the fact that many of these new forms of high technology crime are very difficult to detect and control by law enforcement. The losses incurred are also frequently significant. A good example of this is the hacking of payment card data that are copied in vast volumes and can easily be further fraudulently used.