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1 Introduction

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

In March 2003, member States received a questionnaire regarding the organised crime situation in their country in 2002.¹ In order to obtain comparable data, the questionnaire used was to a large extent the same as the one of previous years (1996 to 2001). It was divided into the following six parts: I. Introduction, II. Criteria for identifying organised crime groups, III. Organised crime situation, IV. Statistics on specific topics, V. Methodology, VI. Data of the persons(s) providing the answers.

Only 34 member States replied.² The Group is grateful to all those who contributed to the national reports. All replies received from member States were used for the compilation of this report as far as they provided information on the different subjects. Additional sources of information were used to a larger extent than in previous years.³

Organised crime continues to be an important concern not only to European countries but globally, as shown in the adoption of the United Nations Convention on Transnational Organised Crime.⁴ By end-December 2003, the UNTOC had been signed by all 45 and ratified by 19 member States of the Council of Europe. It can be considered the most important attempt to date to arrive at a commonly agreed concept of organised crime. The convention applies to serious crime, corruption, money laundering and obstruction of justice provided that the offence is transnational in nature and involves an organised criminal group as defined in the convention. According to Article 2:

- (a) “Organized criminal group” shall mean a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more crimes or offences established in accordance with this Convention, in order to obtain, directly or indirectly, a financial or other material benefit;
- (b) “Serious crime” shall mean conduct constituting an offence punishable by maximum deprivation of liberty of at least four years or a more serious penalty;
- (c) “Structured group” shall mean a group that is not randomly formed for the immediate commission of an offence and that does not need to have formally defined roles for its members, continuity of its membership or a developed structure;

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

² Against 38 in the previous year. See Appendix.

³ See list of references in the Appendix.

⁴ The ‘UNTOC’ entered into force in September 2003.

The Council of Europe – in its Recommendation (Rec2001)11 – adopted a similar definition of ‘organised crime group’ without limiting the scope to transnational offences.⁵

Nevertheless, organised crime remains an ambiguous concept:

- Organised crime is a concept with a history which keeps changing over time.⁶ It is a social construction reflecting forms of crime perceived as being particularly dangerous by society at a given point in time and influenced by different political and institutional interests.
- Organised crime does not take place in a vacuum but in an ever changing environment. It is a dynamic process adapting to new opportunities for crime, to resources and skills available as well as to law enforcement and other control efforts.⁷ It may take different forms in different societies.
- The idea of organised crime as a clearly distinct form of crime may be misleading. It may be more appropriate to think of a continuum where some forms of serious crime are more organised than others.⁸
- With the ‘new mafia’ acting like entrepreneurs and managers of legal enterprises acting like criminals, and with crime proceeds laundered and recycled in the legal economy, the distinction between economic crime and organised crime is increasingly blurred with both sharing a number of characteristics and both operating on legal and illicit markets.⁹
- Similarly, rather than thinking in terms of a dichotomy between organised crime on one side and the state and society on the other, organised crime is shaped by the social, economic and political context in which it is operating, with complex – more often symbiotic and clientelistic than confrontational – relationships between organised crime groups, state and society.

In view of these ambiguities and in spite of the above definitions, reporting on organised crime rests difficult. In order to facilitate this task and promote uniform reporting, the Council of Europe – in the questionnaire on the organised crime situation – asked member States to apply the following criteria when defining crime or criminal groups as ‘organised crime’:

⁵According to Recommendation Rec(2001)11 of the Committee of Ministers to member states concerning guiding principles on the fight against organised crime (Adopted by the Committee of Ministers on 19 September 2001 at the 765th meeting of the Ministers’ Deputies), for the purposes of this recommendation:

– “*organised crime group*” shall mean a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes, in order to obtain, directly or indirectly, a financial or material benefit;

– “*serious crime*”, shall mean conduct constituting an offence punishable by a maximum deprivation of liberty of at least four years or a more serious penalty;

See also the EU definition of 1998 of a criminal organisation: “1. A criminal organisation means a structured association, established over a period of time, of two or more persons, acting in a concerted manner with a view to committing offences which are punishable by deprivation of liberty or a detention order of a maximum of at least four years or a more serious penalty, whether such offences are an end in themselves or a means of obtaining material benefits and, where appropriate, of improperly influencing the operation public authorities (Article 1).” (Joint action 98/733/JHA of 21 December 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on making it a criminal offence to participate in a criminal organisation in the Member States of the European Union.)

⁶ See Von Lampe 2001.

⁷ See Levi 2002.

⁸ See Levi 2002 on the ‘organisation of serious crime’

⁹ See Nelken 2002 and Cartier-Bresson 1997. According to the BKA reports on economic crime (BKA 2003a) and organised crime (BKA 2003), with € 796 million, organised crime made the largest profits through economic and financial crime, that is, primarily through credit fraud, investment fraud, fraud related to commodity futures trading etc.

Mandatory criteria:

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

Optional criteria:

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

For the purposes of this report, in addition to the minimum characteristics (the 'mandatory criteria' 1 to 4), at least two of the 'optional criteria' needed to be applicable to qualify a criminal group or crime as organised crime. In consequence, 'organised crime' may not only include traditional criminal groups but also legal entities or professionals engaged in serious forms of organisational or economic crime.

The replies to the questionnaire showed that an increasing number of member States dispose of definitions of 'organised crime groups' or 'organised crime'. Sometimes legal definitions are provided for in the criminal legislation¹⁰ to make the establishment of or the participation in a crime group a separate offence; and sometimes working definitions are used for statistical, analytical or organisational purposes¹¹

Nevertheless, countries experienced difficulties in applying the mandatory and optional criteria as provided by the PC-S-CO, even if they correspond more or less to their own legal or working definitions.

The 'transnational/international' criteria seemed to pose particular problems. It would seem that in most cases it is not included in national definitions.¹² While most countries have information on organised crime groups based in their own – and to some extent also in neighbouring – countries, actual knowledge of international operations of such

¹⁰ For example in Croatia, Czech Republic, Estonia, Hungary, Italy, Slovakia, Slovenia, Switzerland ...

¹¹ For example in Germany (definition drawn up by the "Working Party of Police and Judicial Authorities"), Greece (definition of organised crime groups as given by Europol), the Netherlands (definition drawn up by the "Parliamentary Committee of inquiry on methods of investigation"). In order to help its practitioners Croatia has produced lists of indications for early detection of important facts related to the existence of organised crime, including among others: planning and preparation of severe criminal offences, the mode of perpetrating, division of proceeds, the structure of a group, conspiratorial behaviour during and after perpetration, corruption and connections with representatives of different professions, the use of violence, intimidation, threats, laundering of proceeds of crime, assistance to members of organised crime groups, creating monopoly in criminal activities, public order and quasi-patronage, using the media, conflicts among members of the same or different organised crime groups, regional and international relations of members of organised crime groups.

¹² The UK would seem an exception in that the definition specifically refers to the territorial criteria and according to which it is irrelevant where the perpetrators are based.

groups is most often limited to a small number of concrete cases which are under investigation.

The present report follows the structure of 2001 report:

The introduction will be followed by an update of the 'environmental scan' (Chapter 2) in which the factors that might influence the development of organised crime are analysed. This will be followed by an assessment of licit and illicit crime markets for organised crime (chapter 3), and only in chapter 4 will organised crime groups be analysed. The report will conclude with a chapter on trends.

With the mandate of the PC-S-CO ending in December 2003, this will be last report on the organised crime situation using the present format. From 2004, the activities of the PC-S-CO will be subsumed under the Octopus Programme, that is, the technical cooperation activities of the Council of Europe in the field of crime.

The members of the PC-S-CO would like to take this opportunity to thank counterparts in member States for their cooperation in the preparation of best practice surveys and annual reports on the organised crime situation.

2 Environmental scan

2.1 THE ENVIRONMENTAL SCANNING PROCESS

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

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

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

Environmental scanning is thus the deliberate collection and processing of information across the external spectrum, covering technological, socio-cultural, economic and political trends (Correia/Wilson 1997). There are numerous ways to environmental scanning and its success depends predominantly upon providing a structure that reflects the broader environment – a framework consistent with the underlying logic of selection. The following scan is structured through the use of an artificial device, PEST, which distinguishes between specific elements constituting the environment. PEST (or sometimes STEP) is a standard mnemonic acronym for the division of the external spectrum into the political, economic, social and technological domains. This construction may seem artificial, but the interaction between domains can provide a great deal of information on the effects which specific issues have (Black et al. 2001, p.47).

It is the second time that an environmental scan is included in the organised crime situation report of the Council of Europe. Last year's report covered several relevant trends and trajectories in the political, economic, socio-cultural and technological domains which may influence organised crime. This scan summarizes last years results, takes a fresh look at the external environment, highlights possible new trends and provides updated information on evolutions stated previously.

2.2 POLITICS AND GOVERNANCE

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

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

As last year, the diffusion of power is considered a central theme in the domain of politics and governance (RCMP 2003). Instruments of power that used to belong exclusively to governments or large corporations (e.g. money, weapons, technology, information) are increasingly available to non-state actors. International or supranational organisations assume more and more decision making powers. New governance models, at the same time, delegate power down to the regional level and up to the supra-national level.

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

The End of the Cold War has made the United States the only remaining military superpower but has not made national security issues less complex. Instead of one visible, identifiable enemy, the collapse of the Soviet Union resulted in the scattering of national security threats (e.g. interstate conflicts, trans-national crime networks, terrorism). The trend away from state-supported political terrorism toward more diverse trans-national networks demonstrates this convincingly (National Security Council 2000).

Globalisation, including the enlargement of the European Union towards eastern Europe, requires increased international cooperation on trans-national issues. The aftermath of the terrorist attacks on 11 September 2001 highlighted the need for a reinforced trans-Atlantic law enforcement dialogue, reconciling both European and United States' view on measures regarding organised crime and terrorism (De Ruyver et al. 2002).

This increase in control measures and law enforcement co-operation led to a significant change to the environment of organised crime and terrorist activities.

Many member states report new legislative measures against organised crime in 2002 such as legislation on criminal organisation (Croatia, Czech Republic, Estonia), rules to combat financial and economic crime and money laundering (Andorra, Hungary, Liechtenstein, Luxembourg, Portugal, the Russian Federation, Switzerland, Ukraine and United Kingdom) and laws to counter trafficking in human beings (Turkey, United Kingdom as well as countries of south-eastern Europe).

On multilateral level new international instruments enhancing international co-operating on the fight against have been adopted and the number of ratifications of existing conventions increased.

The United Nations Convention against Transnational Organized Crime (15 November 2000) received six additional ratifications in 2002 from member States in 2002 (Albania, Bosnia and Herzegovina, France, Lithuania, Romania and Spain).¹³ Primarily terrorism related instruments such as the International Convention for the Suppression of Terrorist Bombings (15 December 1997) and the International Convention for the

¹³ By 31 December 2003, all Council of Europe member States had signed and 19 had ratified this convention.

Suppression of Financing of Terrorism (9 December 1999) were even ratified by respectively 12¹⁴ and 23¹⁵ Council of Europe member States in 2002.

On 13 June 2002, the G8 issued G8 Recommendations on Counter-Terrorism, also enhancing the fight against organised crime by e.g. focusing on links between terrorism and trans-national crime (section 9) (G8 2002).

In 2002, the Council of Europe started the drafting of a Protocol amending the European Convention on the Suppression of Terrorism, and its Criminal Law Convention on Corruption entered into force.¹⁶

At the same time, member States were slow in ratifying important new instruments such as 2nd Additional Protocol to the Convention on Mutual Legal Assistance in Criminal Matters and the Convention on Cybercrime.

Finally, in 2002 several relevant initiatives have been at European Union level such as Decision on the Setting up of Eurojust with a View to Reinforcing the Fight against Serious Crime (28 February 2002), Framework Decision on Combating Terrorism (13 June 2002) and Framework Decision of 13 June 2002 on the European Arrest Warrant and the Surrender Procedures between Member States (13 June 2002).

States and international organisations have clearly put the fight against organised crime, sometimes indirectly by addressing terrorism, on the agenda and have created additional measures to discover, investigate and tackle the phenomenon. Substantial attention was paid to issues related with the financing of crime (terrorism) and the discovery of the assets or proceeds.

As already indicated last year, this ongoing change in the control environment may impact on organised crime activity. More than ever, organised crime groups that would avoid law enforcement reaction successfully, will have to spend more attention to cover their activities. This may reinforce the changes in the structure of the criminal groups (becoming smaller and more flexible) and the use of counter strategies such as violence, corruption or commercial structures. In 2002, an increase in violent behaviour was reported by Lithuania, Italy, Ireland, Spain and Switzerland. Corruption or other types of influence is reported to be on an increase in Moldova, Hungary, Slovakia and Switzerland and many member states report to expect a deeper immersion of organised crime in legal economic activities (Czech Republic, Estonia, Finland, Hungary, Iceland, Italy, Lithuania, Slovakia, Spain, Switzerland).

2.3 ECONOMY

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

Scientific research on the functioning of illegal markets has led to the conclusion that legal and illegal markets undergo similar market principles. Legal and illegal economic activity is both subjected to the dynamics of supply and demand and display similar

¹⁴ Albania, Bulgaria, Estonia, Finland, Iceland, Latvia, Liechtenstein, The Netherlands, Moldova, San Marino, Turkey and Ukraine.

¹⁵ Albania, Austria, Bulgaria, Denmark, Estonia, Finland, France, Georgia, Hungary, Iceland, Latvia, The Netherlands, Norway, Portugal, Moldova, Russian Federation, San Marino, Serbia and Montenegro, Slovakia, Spain, Sweden, Turkey and Ukraine.

¹⁶ See www.coe.int for the status of signatures and ratifications of Council of Europe instruments.

businesslike behaviour when considering lucrative opportunities. In the global age, globalisation processes have created significant new contexts for crime. Criminal entrepreneurs exploit a range of new opportunities to illegally maximise profit, while legal businesses are not always resistant to engaging in illegal activities.

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

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

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

Last years environmental scan specifically referred to three situations, where asymmetries were expected to create opportunities for organised crime: the (illegal) market for waste disposal, trafficking in human beings and financial markets.

Although information on all of these situations can be found, many sources point at the continuing growth of opportunities for trafficking of human beings.

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

Table 1: Asymmetries in human development in Europe

HDI ¹⁷ Rank	Country	HDI Index 2001	GDP/Capita (PPP US\$) 2001	Population (millions) 2001	Recorded criminal offences	Convict- ions	Prison population
					Per 100 000 inhabitants in 2000		
1	Norway	0.944	29 620	4.7	3 278	1 427	57
2	Iceland	0.942	29 990	0.3		*719	
3	Sweden	0.941	24 180	9.0	13 693	1 338	63
5	Netherlands	0.938	27 190	16.8	8 215	658	84
6	Belgium	0.937	25 520	10.5	**8 558	1 446	87
10	Switzerland	0.932	28 100	7.0	3 732	**971	79
11	Denmark	0.930	29 000	5.4	9 447	**767	64
12	Ireland	0.930	32 410	4.4	1 928	193	76
13	United Kingdom	0.930	24 160	61.3	***9 817	***2 684	***124
14	Finland	0.930	24 430	5.3	10 262	3 351	52
15	Luxembourg	0.930	53 780	0.5	5 216		
16	Austria	0.929	26 730	8.1	6 891	512	86
17	France	0.925	23 990	62.8	6 405	957	77
18	Germany	0.921	25 350	82.5	7 616	1 071	97
19	Spain	0.918	20 150	41.2	2 308	*254	113
21	Italy	0.916	24 670	55.5	**4 123	**484	*94
23	Portugal	0.896	18 150	10.0	3 616	534	127
24	Greece	0.892	17 440	10.9	3 482		76
25	Cyprus	0.891	21 190	0.9	575	**126	38
29	Slovenia	0.881	17 130	1.9	3 614	358	59
32	Czech Republic	0.861	14 720	10.1	3 811	615	210
33	Malta	0.856	13 160	0.4	4 345		66
35	Poland	0.841	9 450	38.2	3 278	577	169
38	Hungary	0.837	12 340	9.3	4 445	1 034	153
39	Slovakia	0.836	11 960	5.4	1 642	399	132
41	Estonia	0.833	10 170	1.2	4 038	717	329
45	Lithuania	0.824	8 470	3.2	2 275	571	263
47	Croatia	0.818	9 170	4.3	1 597	403	100
50	Latvia	0.811	7 730	2.1	2 087	528	*163
57	Bulgaria	0.795	6 890	7.2	1 779	388	121
60	"the former Yugoslav Republic of Macedonia"	0.784	6 110	2.2	*976	*366	*72
63	Russian Federation	0.779	7 100	133.4	2 022	811	726
66	Bosnia and Herzegovina	0.777	5 970	4.3			
72	Romania	0.773	5 830	21.6	1 578	338	222
75	Ukraine	0.766	4 350	44.4	1 126	470	*445
88	Georgia	0.746	2 560	4.7	269	173	173
89	Azerbaijan	0.744	3 090	9.5	* 73	*197	*29
95	Albania	0.735	3 680	3.4	149	117	65
96	Turkey	0.734	5 890	82.1	712	*1 512	
100	Armenia	0.729	2 650	3.0	360	203	225
108	Moldova	0.700	2 150	4.2	864	360	220

Council of Europe member States not covered by the HDI: Andorra, Liechtenstein, San Marino, Serbia and Montenegro

Sources:

UNDP 2003 for HDI, GDP, population

WODC 2003 with data on crime for 2000 unless indicated otherwise:

*UNODC 2002

** In 1999.

Note:

*** Data for England and Wales only

¹⁷ Human Development Index of the United Nations Development Programme based on education, life expectancy and gross domestic product in purchasing power parities per capita (UNDP 2003).

Western economies are facing chronic shortages both of highly skilled workers in IT and other professions, and unskilled workers in basic services, due to the decline in population growth (National Security Council, 2000). As a result the competition for well-educated and skilled employees is escalating (pull-factor). Others, like some eastern European economies, on the other hand, experience difficulty to absorb large number of new entrants to the labour force, due to their limited economic capacity (RCMP, 2002). Combined with trends like urbanisation and rural depopulation, these countries are confronted with a dramatic increase of underemployed, urbanised young men, putting strain on governments to generate jobs. Disintegration of youth is considered an important context for crime (push factor).

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

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

As stated last year, the push and pull factors influencing migration to the West are unlikely to diminish in the near future. The 2002 member states' replies to the questionnaire indicate that a decrease in living conditions asymmetries is not to be expected in the near future, creating further opportunities for immigrant smuggling and trafficking.

2.4 SOCIO-CULTURAL TENDENCIES

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

In last year's scan, it was argued that organised crime is found to be facilitated by particular cultural factors and the existence of subcultures. A favourable environment for organised crime can have a cultural basis, in that criminal networks function as an alternative social system or that bonding mechanisms are based on trust, ethnicity or family ties. It was thus stated that ethnic networks have played a significant role in the development of trans-national organised crime and that trans-national ethnic networks greatly facilitate the creation of network structures for criminal activities, especially where immigrant groups have not been fully integrated in their adopted society (see also Europol 2003, p. 11). The events in Iraq and the violence in the Israeli-Palestinian conflict may create even greater distrust between the western world and Arabic community and thus stimulate different types of ethnic or religion-based networks.

However, in the 2002 replies to the questionnaire, several member states (e.g. Estonia, Finland, Italy, The Netherlands) indicate a tendency towards more multi-ethnic organised crime groups and activities (confirmed in Europol 2003, p. 9). With regard to economic crime, it would appear that organised criminals are predominantly nationals

of the country in which the crime is committed.¹⁸ This shows that the explanatory value of “ethnicity” relating to organised crime activity is on a decrease. Ethnic relationships may not necessarily fulfil the requirements of an environment calling for flexible, adaptable and international networks.

Last years scan mentioned that cultural globalisation is characterised through hyper-diversification in taste, value, style and opportunities and a feeling that this is supposed to be accessible by each individual for purposes either of self-expression or consumption. In some societies this leads to a discrepancy between goals, causing feelings of ‘relative deprivation’. The criminogenic potential of this discrepancy lies in the fact that consumerism is cultivated and in combination with problems on the legal supply side the shortage of the desired good gives rise to smuggling activities and black market networks. There are no indications that this situation is likely to change.

As in 2001, increased attention was paid to the religious composition of the world. Religious change is ongoing and new religious movements are a growing industry. When these movements are prepared to act against the rest of society, fertile ground for certain aspects of organised crime (e.g. illegal weapon trafficking) will be provided.

2.5 TECHNOLOGY AND SCIENCE

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

The development of technology is considered an important source of globalisation. The availability of cheap, rapid and reliable communications has permitted the integration of the international capital market and cross-border investment, the growth of multinational corporations and the spread of consumer knowledge and random information. The growth and development of information and communication technologies (ICT’s) has led to their wide diffusion and application and has consequently increased their economic and social impact. ICT’s played an important role in the shift towards knowledge-based societies and is said to contribute to sustainable growth (OECD 2001).

It is only logical to expect that criminal networks will use the latest technology when available to them and when reasonably cost-effective. In spite of the overwhelming possibilities of a global electronic interconnected world, the use of technology by organised criminals is a rather rationally considered option. *‘Even organised criminals tend not to use anything more technologically difficult than they need to in order to stay in business’* (Levi & Naylor, 2000). Nevertheless, a growing use of ICT’s by organised crime groups has been reported by several member states in 2002. In the same line, The 2003 European Union Organised Crime Situation Report notes a widespread use of mobile phones, and in particular pre-paid telephones, as a key feature of organised crime groups today. Many groups are said to use pirated or encrypted phones and stolen phone cards, which are replaced on a regular basis. According to the EU, the wide variety of technological means and the speed of innovation present a huge challenge for law enforcement tackling organised crime (Europol 2003, p. 12).

Although most organised crime is expected to keep occurring in the real world, criminals have indeed discovered the possibilities of the Internet and it is reasonable to presume that organised criminal cyber-activity will increase considerably in the near future (Williams 2001). To exploit these new opportunities organised criminals do not

¹⁸ In Germany, for example, 58.8 percent of economic crimes involving organised crime in 2002 were committed by Germans (BKA 2003a).

even have to develop technical expertise about ICT's; they can simply hire hacking specialists just as legal businesses hire IT-consultants.

The most important challenge of the current information era is the efficient management of ICT's and the 'intellectual capital' that is generated. The democratic expansion of the use of ICT's has led to a greater availability of technology and information to non-state actors and millions of different kinds of unidentified users. The arrival of cyber-space and its endless possibilities occurred without any legal framework regulating its use and dealing with the possible threats, increasing the potential for online crime. The empowerment of non-state actors through IT urges all users of ICT's, including governments, to enhance security awareness and responsibility. In 2002 two member states (Albania and Croatia) ratified the Council of Europe Convention on Cybercrime (23 November 2001).

As e-commerce takes off and the Internet is more and more used to execute speedy financial transactions, the opportunities for all kinds of frauds and acts of laundering money are self-evident. It is argued that with the increased and widespread use of e-banking even more opportunities will be created to conceal the movements of the proceeds of crime. The 2002 replies to the questionnaire, referring to the use of new technologies in money laundering activities, support this argument, though more at the level of belief than in case studies demonstrating the use of e-banking for laundering

The increased availability of technology as such opens opportunities for all kinds of counterfeiting. The 2003 European Union Organised Situation Report states significant developments in the area of computer and printer technology, increasing organised crime groups' capacity to produce counterfeit documentation of various types, as well as counterfeit currency (Europol 2003, p. 12).

ICT's may also have an impact on the structure of criminal organisations and the management of criminal enterprises. It has been argued that societies and economies built around ICT's follow a networking logic rather than one of clear hierarchies.¹⁹ If – as has been stated earlier – organised crime groups are shaped by their environment, one may assume that this logic will increasingly apply to organised crime as network-based organisations.

2.6 CONCLUSIONS

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

In spite of the process of globalisation, the nature of the state and the political institutions still appear to be critical determinants for organised crime. The tendency of several member States to enhance the effectiveness of law enforcement changes the environment in which organised crime operates and thus appears to influence the features of organised crime.

There are indications that a substantial part of organised crime groups increasingly turn to various counter measures to minimise the risk of law enforcement, such as:

¹⁹ See Castells 2003, p. 21 on the 'rise of the network society'.

- shielding activities by making use of legal business structures in criminal strategies and by developing more complex money laundering mechanisms
- corrupting, intimidating and influencing key persons in public administration, politics and the business community
- improving and professionalising their organisational structure by making use of expertise and available infrastructure such as ICT's, and by paying more attention to the planning of activities, the division of tasks, the outsourcing of certain activities and international cooperation.

In turn, organised crime influences policy choices. The terrorist attacks of 9/11 in combination with the dominant role of the USA in the shaping of measures against this 'new threat' have generated a debate focused on the financing of terrorist groups. The result has been an enhanced though different focus on money laundering and the proceeds of crime. Several legislative and organisational initiatives followed on the European continent in this respect.

As both organised crime and policy towards it seem to be interlinked, reality proves to be far more complex. Several processes in the external environment play an intermediary role in the dynamics that define the relationship between both parties.

Even if it is accepted that organised crime is to a high degree opportunistic and profit driven, other tendencies play their part in setting new conditions for criminal opportunity or simply do not alter already existent ones.

There are for instance no indications that the current asymmetries in human development will decrease in the near future. Push and pull factors influencing migration to the West are therefore unlikely to diminish in the near future. In combination with current asylum policies and new legal initiatives in this domain, last year's statements on growing opportunities for illegal immigration remain valid.

Finally, events such as the war in Iraq and the resumption of violence in the Near East may impact on the organised crime situation. Both conflicts have led to an even greater distrust between western and Arabic societies. As a consequence, the integration process of ethnic minorities in western countries could be disrupted which mutual separation and 'criminalisation' of traditional ethnic practices paradoxically could reinforce in turn the position of criminal networks as alternative viable social networks for ethnic minorities.

3 Crime markets

3.1 ILLICIT DRUGS

In the majority of member States drug trafficking is considered the most important activity of organised crime groups. In some countries, including Croatia, drug production and/or trade takes the second place of criminal activities by organised crime groups. Several countries in the eastern part of the continent, namely Hungary, Latvia, “the former Yugoslav Republic of Macedonia” and Romania, explicitly note that the trade in illicit drugs is growing.

3.1.1 Heroin

PRODUCTION

The cultivation of poppies primarily takes place in two Asian regions: south-east Asia and south-west Asia. In south-east Asia it is Myanmar, followed at a distance by Laos, Thailand and Vietnam. In south-west Asia the main producing country is Afghanistan, and to a much lesser degree, Pakistan. In the course of the 1990s, the cultivation of poppies was reduced by 50 percent in south-east Asia. Most recent estimates show that this trend continues (UNODC 2003b, p. 8). Meanwhile the cultivation of poppies increased substantially in south-west Asia, especially in Afghanistan. At the end of the last century this country was responsible for 70 to 80 percent of the world opium production (UNODC 2003c, p. 15). Although a large proportion of the drug remains and is consumed within this region, Europe is an important destination for opiates from Afghanistan. According to Interpol 80 to 90 percent of all heroin discovered in Europe has been produced from Afghan opium (Interpol 2001).

The production of opium in Afghanistan has undergone dramatic changes in recent years. In 1999 and 2000, poppy crops broke all records, resulting in estimated amounts of 4,600 and 3,300 tonnes of opium respectively. In the summer of 2000, the Taliban regime banned the cultivation of poppies and subsequently enforced this ban, causing a reduction to a mere 185 tonnes in 2001. After the fall of the regime, many farmers in Afghanistan resumed the growing of poppies, probably attracted by the substantial rise of opium prices in the previous year. Recovering to ‘normal’ levels of production, the country regained its position as the world's largest opium manufacturer in 2002. According to UN estimates, about 3,400 tonnes of opium were produced in 2002 (UNODC 2003c, p. 16).

The most recent assessment of the opium production in Afghanistan presents an estimate for 2003 which is 6 percent higher than in 2002, namely 3,600 tonnes (UNODC 2003c, p. 7), from which 360 tonnes of heroin could be produced. Cultivation of poppies is less intensive in some of the traditional areas, but at the same time spreading to new areas. A general trend seems to be that farmers cultivate opium poppy in increasingly remote and inaccessible areas, some of them close to the northern border. Opium poppy cultivation was reported in several districts for the first time in Spring 2003 (UNODC 2003a, p. 4). The present Afghan government outlawed opium production, as the previous regime did, but with little impact to date. Furthermore the authorities lack an adequately trained police force. Also the remoteness of a number of a number of opium growing districts is a major obstacle for eradication efforts. According to the UN Office on Drugs and Crime, dismantling the drug economy demands an effort on the part of Afghan society that is unlikely to be sustained unless the international community demonstrates an equal determination to support it (UNODC 2003c, p. 10).

A large part of the opium produced in SW Asia does not leave the region but is seized or consumed in countries like Pakistan and Iran (Reuter & Greenfield 2001, p. 161). The number of opiate users in these countries probably exceeds those in Europe. The consumption of opiates in central Asian countries, including Kyrgyzstan, Tajikistan, Turkmenistan, Kazakhstan and Uzbekistan shows strong increases over the last five years (CND 2003, p. 10). The most common type of opiates consumed in these countries is opium.

DISTRIBUTION

For European opiate users, opium is processed into heroin. This mainly takes place in Turkey, and to a lesser extent in the central Asian countries north of Afghanistan. The latter reflects a change in the traditional transport route to Europe. Since the break up of the Soviet Union, the drugs are not only brought to the European markets over the Balkan route but also over the so-called Silk Route. This route starts in central Asia and goes via the Russian Federation or Kazakhstan, Ukraine, Poland and/or the Baltic states to the main consumer market in western Europe. As the cultivation in Afghanistan seems to be moving towards border regions in the northern part of the country, the Silk Route could become more important in the near future. So far, however, seizures statistics indicate that the Balkan Route still deserves its reputation as the 'highway for heroin' to Europe (BKA 2002)²⁰. It is estimated that every month between 4 and 6 tonnes of heroin are brought to the European consumer markets over the Balkan Route (Enea 2003).

Currently, a wide range of routes are used for transporting opiates from the south-west Asian production region to the European drug market. Often these are variations of both the Balkan and Silk Routes. The trafficking not only occurs by trucks, buses and other vehicles on the road; also ferries, planes and trains are used more and more by heroin smugglers. TIR trucks however still are the main means for transportation for larger shipments of heroin (BKA 2003, p. 97).

In the past, most heroin was imported to Council of Europe member States almost solely by Turkish distributors. Nowadays, the wholesale heroin market in Europe is controlled by both Turkish and Albanian criminal organisations, which are responsible for the importation and wholesale distribution of heroin in the majority of countries. In some countries, Turkish groups are dominant, in others ethnic Albanian drug traffickers. Ethnic Albanians are responsible for the whole sale distribution of heroin in Hungary. They buy it from Turkish sources and sell it to Hungarian retailers. It is estimated that trafficking in drugs will remain one of the main activities of organised crime groups in Greece. In particular, it is expected that Albanian criminal organisations shall continue to operate in trafficking in drugs, among other commodities. The Norwegian market for heroin is also dominated by ethnic Albanian groups, even though they are not as prominent as they used to be. Albanian groups are increasingly operating in the Czech Republic and Switzerland. Most of their illegal activities are linked to drug trafficking (mainly heroin, but also cocaine). In Switzerland, Russian and west African groups are also active in this area. The drugs market in this country has become more violent, especially in cases involving west African groups.

During the second half of the 1990s, Russia, Poland, the Baltic states and Scandinavian countries were flooded with white heroin from Afghanistan. The number of heavy drug users increased alarmingly, as did also the number of HIV infections connected to intravenous drug use. However, the supply of heroin to the Finnish market was

²⁰ Seizures statistics can be misleading, however. Border controls in central Asia are less stringent than in Europe, which may lead to a significantly lower interception ratio.

dramatically decreased in 2002, probably due to the cultivation ban in Afghanistan. A result of this was a reduction in the number of aggravated narcotics offences (-13 percent) in Finland. The purity of the seized heroin declined to under 10 percent - a very low level compared to the previous year. Even before the supply of heroin began to diminish, a buprenorphine product, Subutex, used in the substitution treatment of opiate addicts, increased its popularity in the illegal markets in Finland. Several people addicted to amphetamine have also begun using Subutex without being addicted to heroin before. The Subutex pills have been smuggled to Finland mainly from France by networks of users.

As in Finland, there seemed to be a shortage of heroin in Switzerland as well in the first part of 2002. This was probably not caused by a reduction in the production of opium in Afghanistan, but most likely by problems encountered by drug trafficking groups in the aftermath of September 11, 2001.

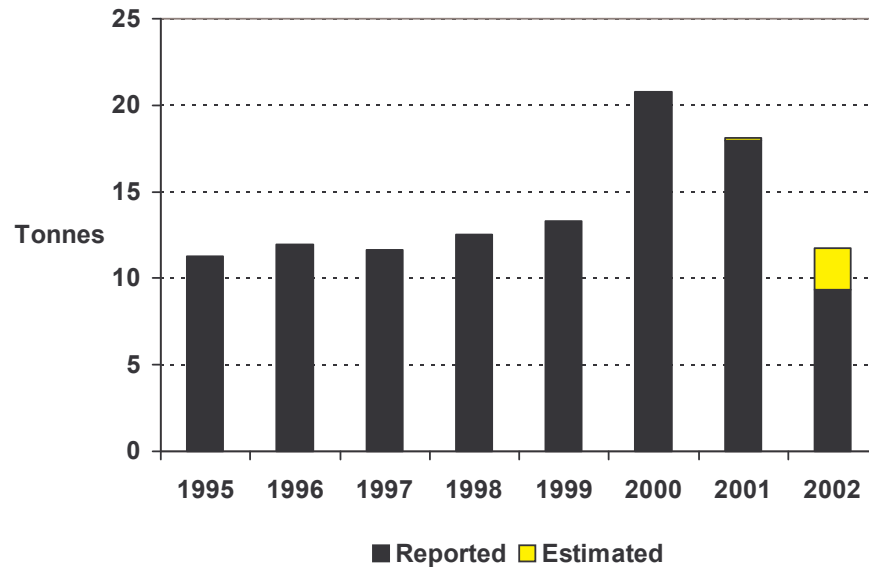
In Poland, the Baltic states, the Czech Republic, and other central and eastern European countries, until recently many drug users prepared their own opiates from poppy straw. The domestic opiate drug market literally was a home grown affair; the wide availability of the simple technology to turn equally available opium plant product into opiate drugs meant that nearly all drug users were also, at some time if not all of the time, drug producers (Watson 1991, p. 13, cited by Ruggiero & South, 1995, p. 95). Due to the increasing flow of high quality heroin imported from south-west Asia, locally produced opiates are more and more substituted (EMCDDA 2003b, p. 41). One of the consequences of this change is that domestic markets increasingly become controlled by organised crime groups operating on an international level.

SEIZURES

Seizures of heroin have increased greatly since the mid 1990s, from 11 tonnes in 1995 to 21 tonnes in 2000 and 18 tonnes in 2001. Statistics show a significant decrease in 2002 to about 12 tonnes.²¹ A comparison of estimates for the Afghan opium crop with European heroin seizure statistics shows that they are highly correlated²². Therefore the decrease in the amounts seized in Europe in 2002 is attributed to the decline of the poppy cultivation in 2001. The decrease of the amounts seized is much less than in quantities produced. This can be explained by three factors: the stockpiling of opium after the bumper crops in 1999 and 2000, the priority given to supplying the most profitable European market and the extra dilution of heroin distributed in European countries (McColm, 2003). As the Afghan opium production in 2002 and 2003 reached levels similar to that in 2000, one could anticipate that in 2003 and in 2004 between 17 and 19 tonnes of heroin will be seized in Europe.

²¹ This needs to be seen with caution, as not all member States submitted seizure data.

²² The Pearson correlation is =.81 for opium production estimates 1990-2001 compared with the European heroin seizures 1991-2002. The one year difference between the two series is applied to take into account the time to process the opium and transport the heroin to Europe.

Graph 1: Heroin seized in Europe

The amounts of heroin seized in a particular country are predominantly influenced by the following factors:

- the production of opium, especially in Afghanistan, which is the main determinant of the supply of heroin to the European drug market
- the geographical position, whether or not it is situated along one of the main transit routes for this type of drug
- the size of the consumer population, which determines the domestic demand (assuming that consumption patterns of addicts do not differ significantly between countries)
- the law enforcement effort to intercept drug shipments.

Looking at the seizure statistics for heroin since 1995, Turkish authorities are responsible for about one third of all heroin seized in Europe. This clearly reflects the role of the country as the principal nexus point for the trade in opiates from south-west Asian origin. Reviewing the average amounts seized per million inhabitants, the relative importance of the aforementioned factors becomes more obvious. Countries with seizures exceeding the European average of 18 kg per million inhabitants per annum are Liechtenstein (185 kg), Bulgaria (95 kg), Turkey (69 kg), Slovenia (48 kg), Switzerland (45 kg), Hungary (43 kg), Netherlands (44 kg), "the former Yugoslav Republic of Macedonia" (38 kg), UK (38 kg), Greece (32 kg), and Italy (19 kg). This pattern confirms the importance of the position of member States along a main transport route for heroin and the effect of domestic demand on seizure statistics in other (especially western European) countries.

CONSUMPTION

As regards the consumption of opiates, in most western European countries (including Austria, Belgium, Cyprus, France, Germany, Iceland, Ireland, Italy, Liechtenstein, Malta, Netherlands, Spain, Switzerland, and the UK), the level is stable or declining, whereas the general tendency in central and eastern Europe (including Bulgaria, Czech Republic, Estonia, "the former Yugoslav Republic of Macedonia", Georgia, Hungary, Moldova, Poland, Romania, and the Russian Federation) is growing (UNODC, 2003, p. 120). The number of opiate addicts in the Russian Federation has grown considerably, partly because of the increasing amounts transported over the Silk Route. The Romanian authorities expect the drug market to develop continuously, which means

that the number of abusers, especially among juveniles, will increase. The increased number of addicts in “the former Yugoslav Republic of Macedonia” contributes to the rise in the interest of organised criminal groups in illicit drug trafficking. It would seem that central and eastern European countries are becoming consumption countries not different from those in western Europe.

Though the number of heroin consumers is low in comparison to other types of illicit drugs, opiates account for the most problematic drug abuse in the majority of countries, with the exception of Finland and Sweden, where the majority of problem drug abusers primarily use amphetamine. In most countries, the vast majority of drug deaths are directly related to the abuse of opiates. Apart from health problems, opiate abuse also results in extra crime. In the UK there are strong indications that many ‘problematic’ drug users acquire a significant proportion, perhaps half, of the income used to pay for their drugs through low level crime, including property crime, benefit fraud, drug dealing and prostitution.

3.1.2 Cocaine

PRODUCTION

Three Andean countries - Bolivia, Colombia, and Peru - are responsible for over 90 percent of the coca bush cultivation in the world. One country stands out as the prime producer, namely Colombia. Colombia is also refining a large part of the coca produced by the two other countries.

Since the mid-1990s, there has been a decrease in the global cocaine production from about 950 tonnes to between 800 and 850 tonnes in 2002 (UNODC 2003, p. 23 & 25). The decline was mainly caused by eradication programmes in Bolivia and Peru in the second half of the last decade. At the same time, production in Colombia went up significantly. By the end of the century, the country was responsible for about three quarters of the world production. However, since 2000 the coca cultivation in Colombia is falling, while it has somewhat increased in Bolivia and stabilised in Peru.

TRAFFICKING

By far the largest consumer market for cocaine is the United States of America. Europe is the second-largest. It can be estimated that between 400 and 500 tonnes per annum are destined for North America (especially the USA and Canada) and between 160 and 200 tonnes for Europe (Van der Heijden 2003 p. 34). Most of the rest of the cocaine remains in the production region. The amount of cocaine consumed in the US showed a decline in the 1990s of between 38 and 51 percent (ONDCP 2003, p. 53). At the same time the price went down. Because of these tendencies, the value of the market, as expressed in expenditures by consumers, was reduced by approximately 50 percent (ONDCP 2002, table 11). Although prices in Europe decreased as well, they still are much higher than in the United States (UNODC 2003, p. 259). Therefore, cocaine trafficking to Council of Europe member States remains very attractive for organised crime groups.

Since the dismantling of the Medellin and Cali cartels in the mid 1990s, a large number of smaller organisations have taken over the wholesale market. Colombian networks remain the most important organisers of large scale cocaine transports to Europe. Not seldomly they co-operate in order to organise maritime transport of multi-ton shipments. To some extent importation of cocaine to individual western European countries is conducted by domestic groups who manage to establish links with south American producers. According to several sources, criminal organisations from west

Africa (mainly originating in Nigeria) are getting more and more involved in the trafficking of cocaine to Europe.

The islands of the Caribbean, and to a lesser extent countries in the northern part of South America, are often used as transit areas for cocaine destined for either North America or Europe. A number of these countries have historical links to member States, which leads to frequent sea and air traffic of persons and commodities. Examples are the links between Jamaica and the UK, between Brazil and Portugal, between the Netherlands Antilles and the Netherlands and between Colombia and Spain. This situation is abused to recruit couriers having legitimate family-related reasons for going to or returning from Europe. For example, over the last two years the island of Curaçao in the Dutch West Indies has become a very important departure point for hundreds of couriers carrying ingested cocaine pellets destined for Europe. At the Amsterdam airport Schiphol, high numbers of 'mules' (couriers) born on Curaçao but with Dutch nationality were arrested and hundreds of consignments were intercepted. The quantity of cocaine intercepted at Schiphol increased from 4.1 tonnes in 2001 to 7.4 tonnes in 2002. This means that the air route has become more important than the traditional way of maritime container transport to the Netherlands. One of the possible reasons for the remarkable shift in modus operandi is the installation of X-ray container scanners at the port of Rotterdam. The total amount of cocaine discovered at airports elsewhere in Europe remained at the same level as in 2001, that is, 5.2 tonnes. Most of it was seized in Spain (1.9 tonnes) and the UK (1.1 tonnes) (Pompidou Group, 2003, annex 2A).

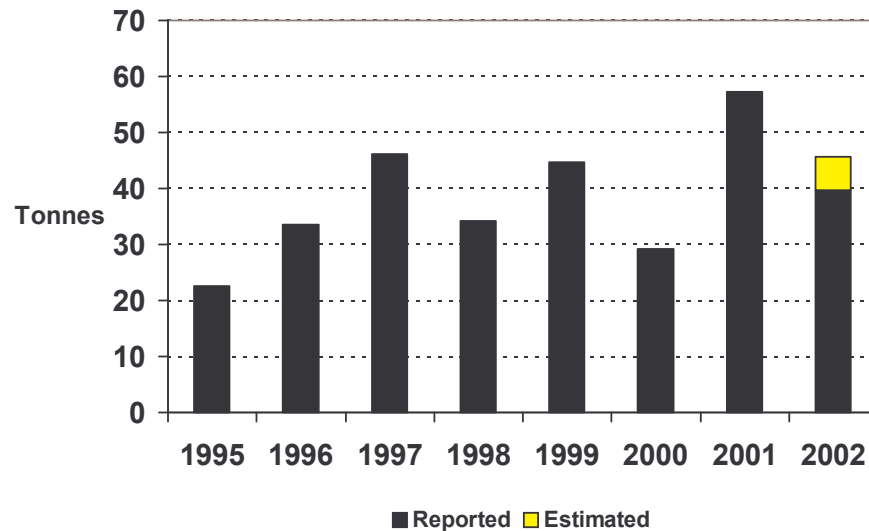
Concealment in sea freight containers and on sailing boats remains a common way of transporting large quantities of cocaine to Europe. Especially the Spanish authorities are very successful in the interception of maritime transport. Many seizures of over 1 ton are made on the open sea.

Once imported, shipments of cocaine are split up into smaller consignments and sold to domestic middle level drug dealers. They distribute it to street level dealers, who in turn sell it to consumers, either as powder cocaine or in the form of crack cocaine.

SEIZURES

Throughout the 1990s Spain and the Netherlands reported the highest cocaine seizures in Europe. Data over recent years confirm the role these countries play as main transshipment points. Approximately 60 percent of all cocaine seized in Europe in the period 2000-2002 was intercepted by Spanish and Dutch authorities.

The total amount of cocaine seized in Europe shows strong variations from one year to the next. One of the main reason for this fluctuations is the size of drug consignments discovered on board of ships. In 2001, a cargo of over 10 tonnes was seized by Spanish authorities. In the following year there were no shipments discovered which exceeded 2 tonnes. Because of this, the total amount of cocaine seized in Europe declined from a record quantity of 57 tonnes to about 44 tonnes. The latter figure is partly based on estimations, as the seizure data from some member States are still missing. Despite the decrease in 2002, the long term trend is upwards.

Graph 2: Cocaine seized in Europe

Almost all cocaine intercepted in Europe is discovered in the western part of the continent. Only 2.5 percent of the total quantity of cocaine seized between 2000 and 2002 was discovered in central and eastern European countries (see table 20). The situation can change in the coming years, as these countries seem to be attractive as transit countries. Several national reports of member States in central and eastern Europe, e.g. the Czech Republic, refer to initiatives by foreign criminal groups, including Albanian, Russian-speaking, Asian and Arab organisations, to distribute various types of illicit drugs, including heroin and cocaine.

CONSUMPTION

The consumption of cocaine is concentrated in the western part of Europe. 1.1 Percent of the population aged 15 years or more has used cocaine during the last twelve months. The highest 12 months prevalence data are found in Spain and the United Kingdom with 2.6 percent, and 2.0 percent of the adult population respectively (EMCDDA 2003a, table 2). In the eastern part of the continent, the 12 months prevalence rate is estimated at 0.1 percent (UNODC 2003, p. 129). However, in some central and eastern European member States, including the Czech Republic, the demand for cocaine seems to be growing, especially among youngsters. This is partly due to a decrease in price.

The drug monitoring centre EMCDDA notes that in many central and eastern European countries, drug use increasingly may be coming to be perceived, especially among some sections of urban youth, as being the norm (drug use as part of modern lifestyles) rather than pathological. The reasons for this are not hard to see - exposure to perceived western ideals and lifestyles, including images of drugs in music, literature and advertising, and increased freedom to express them, may be accompanied by an increased willingness to experiment with drugs. This process is facilitated by increased mobility, travel and tourism as well as by increased communication through the Internet and by increased commercialisation and the global promotion of youth culture and consumer products such as music, fashion or computer games (EMCDDA 2003, p. 19). Students aged 15 or 16 years in central and eastern European countries²³ already in

²³ The central and eastern European countries referred to are Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

1999 had a lifetime prevalence for cocaine close to that of students in the European Union (1.2 percent versus 1.5 percent. Source: EMCDDA 2003b, p. 18).

In Europe, most cocaine is consumed by snorting cocaine HCl in powder form. However, crack cocaine is gaining terrain in various countries, including France, Germany, the Netherlands and the UK. This type of cocaine is made from powder cocaine by cooking it with some additives. The result are crystals (rocks), which usually are heated and the rising vapours inhaled. Crack cocaine has a short but strong stimulating effect (flash) and is considered to be more addictive than powder cocaine. French research brought to light that half of the individuals who used crack cocaine during the last month, consumed the drug on a daily basis compared to a quarter of other cocaine users (Bello e.a. 2002, p. 49). The consumption of crack cocaine is highly concentrated among addicts who are using other types of illicit drugs (especially heroin) as well. They can make crack cocaine themselves by converting powder cocaine. In recent years, more and more street level drug dealers keep ready to use crack cocaine in stock.

3.1.3 Amphetamines and amphetamine-type stimulants

PRODUCTION

For amphetamine and other synthetic drugs like ecstasy and LSD, climate and weather conditions do not limit production in any way. Nowadays, other potential restrictions, e.g. the access to necessary information on production methods, do not play a role anymore, either. In libraries and on the Internet detailed descriptions of the chemical processes can easily be found. Manufacturers of synthetic drugs can lower their risks for arrest and seizure by locating the production in the same region as where most consumers live. These conditions result in a situation in which for potential producers only one significant bottleneck remains: the availability of chemical precursors (BKA, 2003, p. 110).

Having said this, it is rather peculiar to note that the production of amphetamine in Europe is highly concentrated in only two countries, namely the Netherlands and Poland, which are not the member States with the highest prevalence statistics for this type of synthetic drugs. Those are recorded on the British Isles and in Scandinavia.

Based on information regarding the origin of seized shipments, many member States point to the Netherlands as probably being the largest producer of amphetamine, followed by Poland. There are indications that the latter country is gaining ground, especially on the Scandinavian market. Production countries of lesser importance are Belgium, the Baltic states, Germany, the Russian Federation and the UK. The number of amphetamine laboratories discovered in Germany has decreased over the years, from 18 per annum between 1990 and 1998 to 6 per annum in the last four years (BKA 2003, p. 202). Last year, six illegal production sites were discovered; 2 for amphetamine and/or metamphetamine, 2 for ecstasy, 1 for crack and 1 for mescaline. The manufacturing of amphetamine in the UK is estimated to cover about one fifth of the domestic demand (DrugScope 2003). The rest is imported from the Netherlands (Home Office 2002). On many occasions, the synthetic drugs are transported by road via Belgium and France and enter the UK through the Channel Tunnel. Ferries are a common way of transporting illicit drugs to the British Isles too, sometimes in 'cocktail loads' consisting of various types of drugs.

The Netherlands are still the main producer of ecstasy (MDMA, MDEA and MDA), in Europe, with the neighbouring countries Belgium, Germany and the UK contributing to a lesser extent. The number of laboratories for synthetic drugs dismantled in the

Netherlands shows a rising trend, from 34 in 1998 to 43 in 2002 (Van der Heijden 2003, table 9). The total number of production sites discovered in this 5 year period is 186. However, this includes 70 locations on which no chemical processes occurred; these were storage and/or tableting places. In two thirds of the remaining 116 cases, ecstasy was manufactured; nearly all of the rest was meant for the production of amphetamine.

In the Czech Republic law enforcement authorities every year discover many sites for the production of pervitin (metamphetamine). The authors of the Czech contribution expect the production to increase. Although Czech citizens are still dominating the pervitin market, Russian speaking as well as Asian groups are increasingly producing and distributing this type of drug in the country. Metamphetamine is also exported to Germany, where prices are higher. Similar laboratories, mostly small-scale, are found in Slovakia and the Russian Federation. In all three source countries, the drugs are destined for the domestic market; export is exceptional.

The number of labs for the manufacturing of synthetic drugs which were discovered by law enforcement authorities in member States between 1997 and 2002 are presented in the next table (Sources, apart from the replies to the Council of Europe questionnaires, are: ODCCP 2000, 2001 & 2002; UNODC 2003; Interpol 2000 and 2001). Because of lacking data, it is not possible to distinguish between production sites for amphetamine, metamphetamine, and amphetamine type stimulants, which makes it rather difficult to derive conclusions from the table.

Table 2: Synthetic drug laboratories discovered in member States (1997-2002)

Member State	1997	1998	1999	2000	2001	2002
Belgium	2	2	4	11		
Bulgaria	10			1		2
Czech Republic	14	19	27	19	28	
Denmark	1	1	2	1	2	
Estonia	2		1	5		4
Germany	9	15	5	8	10	4
Greece				1		
Hungary		1				
Latvia		1				1
Lithuania	1		1	5		2
Netherlands		34	37	37	35	43
Poland	10	4	8	14	12	15
Romania					1	3
Russian Federation			56	59	71	
Slovakia	1		2	95	10	9
Spain	1	1	3			
Sweden	2	1			4	
United Kingdom	4	6	11	5	7	
Ukraine	1	7	2			

In Hungary, there is only unconfirmed intelligence data available on a drug laboratories capable of producing synthetic drugs in 2002. As precursors for this type of drugs can be found in Hungary as well, the current situation is bound to deteriorate. Most of the laboratories referred to in table .. are small-scale, kitchen-type sites for the manufacturing of synthetic drugs meant for the local market. However, in particular the production of ecstasy has taken on huge proportions in recent years. The increase in

production was far greater than the rise in consumption, so prices declined. This has led to an enormous expansion of the trafficking of ecstasy.

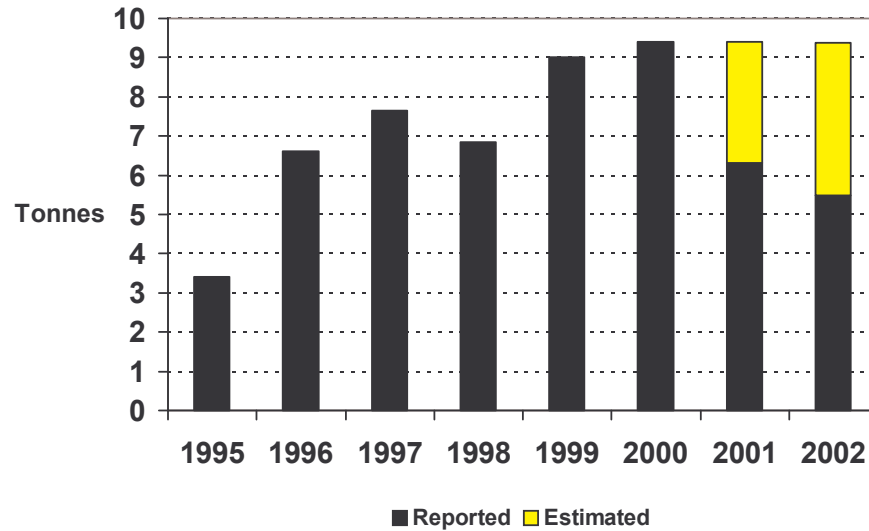
TRAFFICKING

As mentioned before, there is a concentration of consumers of amphetamines in Scandinavia, the UK and Ireland. Therefore, trafficking has remained a regional business. In sharp contrast to this, trafficking of ecstasy has become a global phenomenon in the second half of the 1990s. Seizure data indicate that over half of all amphetamine and over three quarters of all ecstasy found on the European market originated in the Netherlands (Van der Heijden & Papenhove, 2002). Other EU Member States are the most important destinations for Dutch producers. In the period 2000-2002, over 35 million ecstasy tablets were intercepted on their way from the Netherlands to consumers elsewhere in the EU. However, the export of ecstasy is not constricted to the European market; millions of ecstasy tablets originating from the Netherlands are seized elsewhere on the world. In the past three years, over 22 million Dutch pills were intercepted by law enforcement agencies in other parts of the world. More than half of them were discovered in the United States. The trend however, as regards the numbers of ecstasy tablets intercepted, is downwards, from six million in 2000, via four million in 2001 to three million last year (Papenhove 2003). A probable cause for the decline is an increase of the production in the US itself (UNODC 2003, p. 44).

The trafficking of synthetic drugs within Europe is mostly carried out by criminal groups from both source and consumer countries. On the global level, the playground is dominated by organised crime groups from the United States, the Russian Federation as well as Israel. Groups from other countries seem less important, as the amounts they are smuggling usually are relatively small. On the retail level in most member States the distribution of amphetamine and amphetamine type stimulants is in the hands of domestic groups, although in some central and eastern European countries, including the Czech Republic, Estonia, Hungary and Poland, foreign groups and criminal organisations of mixed composition play a role as well. The most common means of transportation of ecstasy to other continents is by air. Within Europe, the drugs are mainly distributed by road.

Since data from a number of member States with an important consumer market are not available yet, the amounts seized in these countries in 2002 can only be estimated. The total quantity of synthetic drugs intercepted last year lies at the same level as in 2001, that is, between nine and ten tonnes (graph 4). Table 3 shows the seizure data for each country. From it one can easily conclude that law enforcement agencies in the United Kingdom and the Netherlands are responsible for two thirds of the total quantity intercepted. Less, but still considerable amounts of synthetic drugs are seized in Belgium and France. In many cases, these seizures refer to shipments on route from the Netherlands to the UK.

In July 2002, law enforcement authorities in Turkey succeeded in disrupting an attempt to distribute large amounts of captagon produced by a Turkish pharmaceutical company. 4.6 million pills were seized and examined by experts. It appeared that the active substance in the pills was not phenetylamine but rather amphetamine, ephedrine, caffeine, N-formylamphetamine, quinine and derivatives of amphetamine. All members of the criminal organisation responsible for this initiative were apprehended.

Graph 3: Amphetamine type stimulants seized in Europe**CONSUMPTION**

Estimates of the number of people who use amphetamine at least once a year, are 2.4 million in western Europe and 0.9 million in central and eastern Europe (ODCCP 2002, p. 260). In comparison to other member States, the prevalence in Ireland and the UK is high: 2.6 percent and 1.9 percent, respectively, of the population between 16 and 59. In the rest of EU the annual prevalence is about 0.4 percent of the adult population (ODCCP, 2003, p. 343).

According to the EMCDDA seven of every thousand adults in the European Union have tried ecstasy during the last 12 months. This means that there are approximately 1.8 million consumers of this type of synthetic drugs in the EU. The United Nations Office on Drugs and Crime, however, estimates the number of actual users of ecstasy in western Europe (a term which refers to more countries), at 3.3 million (UNODC 2003, p. 143). The difference between the estimates of the two organisations is probably caused by the circumstance that for several countries no recent prevalence data are available, while the trend in the consumption in recent years has been upwards. In central and eastern European countries, the number of ecstasy users is relatively low (<0.5 percent), though rising. The highest prevalence was found in Latvia (0.7 percent) (UNODC 2003, p. 344).

In Switzerland, the consumption of synthetic drugs is still rising, though not as steep as in the previous ten years. In June 2000, for the first time PMA (parametoxamphetamine) was encountered. This ecstasy type stimulant causes severe medical problems, in some cases resulting in death. The tablets resemble ecstasy pills, which makes it difficult to recognise them.

3.1.4 Cannabis

PRODUCTION

The cultivation of cannabis is widespread over the world, evenly distributed across Africa, Europe, the Americas and Asia. According to the UN, there are more than 120 countries in which cannabis is growing (UNDCP 2000, p. 33). Reliable assessments of the extent of cultivation and production of cannabis are not available. Except for the large number of source countries, important obstacles for accurate estimations of the world production are the fact that cannabis is cultivated but also grows in the wild and not only outdoors but also indoors. Moreover the latter method leads to substantial higher crops per square metre and to higher contents of the active agent THC. Despite the methodological difficulties there are estimates - partly based on consumption statistics - on the global production of cannabis: approximately 30.000 tonnes (ODCCP, 2000a, p. 32). Mexico is the most important producer, especially for cannabis herb (marihuana).

For Europe, Morocco is the main source country for cannabis. The country produces cannabis resin (hashish). In 2002 an estimated 2,000 tonnes were produced, of which three quarters was destined for the European market (INL, 2003, p. X-37). Probably 75 to 90 percent of all cannabis resin consumed by European drug users originates from Morocco (UNIS 2003a). In recent years the cultivation of cannabis has increased substantially. In 2003 the area of hemp plants could be more than twice the surface in 2000 (250,000 versus 120,000 hectares). This might result in a record production of about 3,000 tonnes (Tremlett, 2003). Secondary sources for cannabis resin found on the European market are south-west Asia (including Afghanistan and Pakistan) (UNODC, 2003, p. 29 & 30; Interpol, 2003, p. 33; BKA, 2003, p. 93).

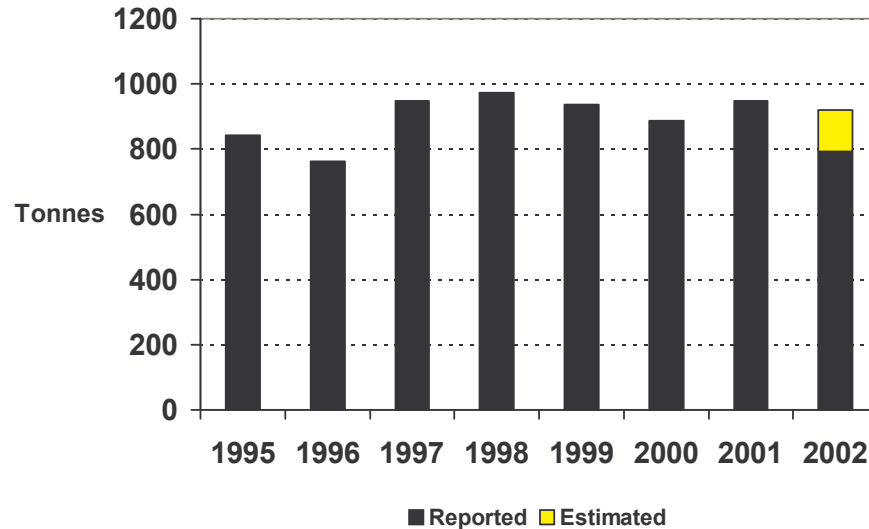
Sources for herbal cannabis are mainly located in southern Africa (including South Africa, Malawi and Swaziland), Latin America (especially Colombia and Jamaica) and Europe itself (in particular Albania). In the majority of Council of Europe member States, there is at least some cultivation of cannabis. This conclusion can be derived from the numbers of cultures dismantled, the hemp plants uprooted and cannabis seeds discovered by law enforcement in recent years (table ..).

In Albania and other countries in the southern and south-eastern part of the continent, cannabis is growing outdoors, both in the wild and cultivated. In western European countries, especially in France, Germany, the Netherlands, Ireland, Italy, Switzerland and the UK, the indoor cultivation of cannabis has taken significant proportions. The scale on which cannabis is produced in western Europe might be sufficient to satisfy at least a quarter of the demand in the region (DrugScope, 2003). Some countries, including the Netherlands, Switzerland and the UK, could even be self supporting for more than half of the domestic demand (Jansen 2002b, p. 1; EKDF 1997, p. 48; Iversen 2000; Travis 2003; Tremlett 2003; JRF 2003). In Hungary and other central and eastern European countries, most marihuana of it is grown on in-country plantations and passed on to dealers. Marihuana is grown in open-air plantations, but also in greenhouses and hangar-type locations, where both the lighting and the irrigation are computer controlled.

TRAFFICKING

Graph 4 shows that last year around 950 tonnes of cannabis were seized in Europe, which is about the same amount as in previous years.

Graph 4: Cannabis seized in Europe



Approximately three quarters of it is cannabis resin. Spain is by far the most important transit country for Moroccan cannabis resin destined for European consumers. Based upon seizure statistics from the recent past, we estimate that between two thirds and three quarters of all hashish found on the European market is imported via Spain. The rest is brought into Europe by maritime transports to other member States. Several consumer markets, including Italy and the UK, receive some shipments directly from Morocco. For other countries, the Netherlands functions as a transshipment point, both for Moroccan cannabis and for cannabis from other sources.

An example is given by the Norwegian contribution, which says that hashish from Morocco is often smuggled via Spain, where the Netherlands or Denmark serve as transit countries.

Out of the organised crime groups operating in Spain, almost two thirds (64 percent) were involved in illicit drug trafficking, with hashish as the second type of drugs most frequently mentioned, after cocaine.

The trafficking of cannabis from south Africa to serve the west African community in Ireland demonstrates how organised criminal activity in this country is moving beyond the traditional involvement of domestic nationals.

In Estonia, the dissemination of drugs of the cheaper make (like cannabis) is in the hands of foreign organised crime groups, whereas the Estonian criminal world trades in the most expensive and highest quality narcotics (cocaine, ecstasy, amphetamine). The four amphetamine laboratories discovered and eliminated by the police in 2002 mainly belonged to Estonian-speaking representatives of organised crime.

CONSUMPTION

Cannabis still remains the most widely consumed type of illicit drugs in Europe. The UN estimates the average prevalence to be 7.2 percent in west Europe and 3.3 percent in east Europe (UNODC 2003a, p. 136). Expressed in absolute numbers, we are talking

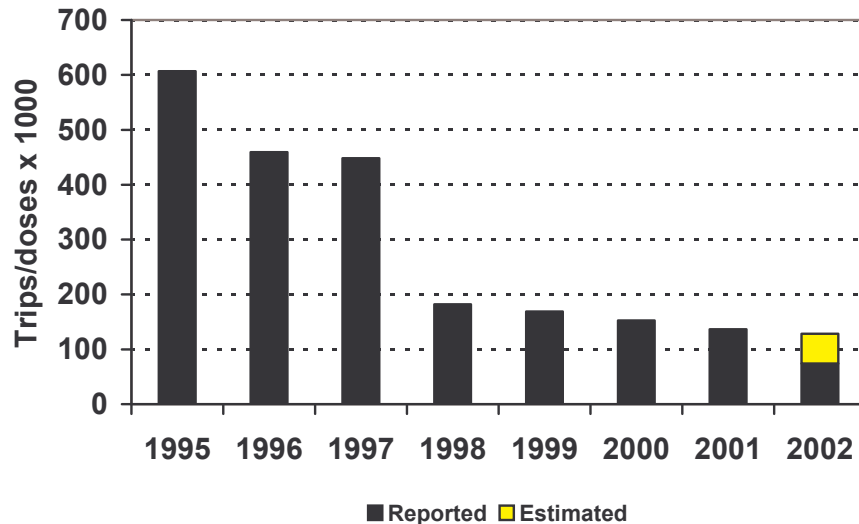
about 34 million consumers; 23 million in the western part and 11 million in the eastern part of the continent.

There seems to be a change regarding the proportion of the two types of cannabis, as a consequence of the increasing cultivation of cannabis within Europe. The major part of it is consumed as herbal cannabis. The traditional strong position of cannabis resin is threatened. One of the reasons for this trend is the high contents of THC that can be reached nowadays by indoor cultivation under strictly controlled conditions. The high quality of domestically grown marihuana has already pushed hashish from the leading position in the market in some western European countries, including the Netherlands, Switzerland and the UK. In other member States, most cannabis consumed still is imported hashish. A possible consequence of this trend is, that internationally operating organised crime groups are loosing position on the cannabis market to home-growing citizens and domestic groups distributing cannabis herb on a fairly small scale. There are indications however, that part of the indoor cultivation in the Netherlands, which for the most part is located in private dwellings, is organised by criminal groups which are installing all necessary equipment, supply seedlings, send staff to assist in the harvesting and eventually buy the cannabis crops at low prices. If a cultivation is discovered by the police, the owner of the dwelling usually knows nothing about the people who helped him to set it up.

3.1.5 Other illicit drugs

The amount of LSD seized in Council of Europe member States in 2002 is somewhat less than in previous years. The popularity of this type of drugs seems to be much lower than it was in the first half of the 1990s. As usual, most LSD trips were discovered in the countries in west Europe, with the exception of Romania, where the police succeeded in the interception of 22,000 trips.

Graph 5: LSD seized in Europe



3.1.6 Seizures and arrests for drug trafficking

As regards the statistics on seizures the next table shows about as many countries with an increase as countries with a decrease. In some countries there are changes which do not seem very plausible; they are probably caused by changes in the way seizures are registered. This makes it very difficult to derive conclusions from the statistics.

Table 3: Numbers of seizures in relation to drug trafficking

Member State	1998	1999	2000	2001	2002
Albania				189	
Andorra	159			302	
Armenia				234	293
Austria	6,003	6,265	6,336	4,793	
Azerbaijan					
Belgium	17,608	12,584	20,107		
Bosnia and Herzegovina					
Bulgaria	156			57	261
Croatia	4,849		5,711	6,550	7,585
Cyprus	283	420	289	388	436
Czech Republic	902	510	1,153	559	
Denmark	10,740	7,990	9,761	9,730	5,692
Estonia	220	535	760	908	779
Finland	3,929	4,802	5,721	10,103	9,821
France	46,609	50,260	57,182	53,534	65,907
Georgia				726	
Germany	45,673	51,691	54,046	51,695	46,511
Greece	269	134			
Hungary	129	125	485		810
Iceland				928	
Ireland	7,818	7,222	7,539	9,308	5,603
Italy	23,415			22,910	25,756
Latvia		292		551	479
Liechtenstein				33	
Lithuania				701	
Luxembourg	533	752	737	780	893
Malta	157				
Moldova	473	538	1,422		
Netherlands	5,430	20,006	13,877	14,353	
Norway	16,736	19,425	21,509	26,578	28,860
Poland					
Portugal	7,268	8,517	6,996	6,099	
Romania	118				
Russian Federation	182,943	177,014		129,125	
San Marino					6
Serbia and Montenegro					
Slovakia	1,062		3,901	1,154	1,160
Slovenia		729			641
Spain	81,928	91,212	104,984	119,251	138,484
Sweden	15,199	15,197	15,983	14,465	
Switzerland		30,208		34,333	28,159
'the F.Y.R. of Macedonia'	125			266	192
Turkey	969	3,256	2,794	2,920	4,106
Ukraine	1,467				
United Kingdom	158,572	139,657	130,196	131,155	

3.1.7 Conclusions on drug trafficking

Developments in recent years show that the heroin market in Europe is greatly influenced by the production of opium in southwest Asia, in Afghanistan in particular. As the cultivation of poppies has returned to the high levels reached by the end of the last century, the trend of decreasing supply of heroin will be reversed in 2003. Estimates of the 2003 opium crop in Afghanistan indicate that the coming years no decline of the heroin supply to member States is to be expected.

As a result of the influx of high quality south-west Asian heroin in central and eastern European countries, locally produced opiates are more and more replaced by imported drugs. This leads to an increasing share of the drugs markets in these countries by internationally operating organised crime groups. At the wholesale level, the heroin market in most member States is controlled by Turkish and ethnic Albanian groups. The latter seem to be gaining ground.

The trend in the supply of cocaine to Europe is clearly upwards, despite strong variations in the amounts seized from one year to another. Colombian organised crime groups dominate the wholesale trade, although groups from other Latin American countries, especially from the Caribbean region, are becoming more involved in the trans-Atlantic transportation of cocaine. As in previous years, Spain and the Netherlands are the most important points of entry to Europe. In the Netherlands, the air transport route, with the involvement of thousands of couriers carrying relatively small consignments of cocaine in luggage or inside their body, has become much more important than the traditional maritime transportation. As consumption levels seem to be rising in most member States, especially in central and eastern Europe, it is expected that the smuggling of cocaine will be expanding in the next two years.

As regards amphetamines, production has shifted since the middle of the last decade from the Netherlands to the Baltic region, including Poland. Important consumption regions are the British Isles and Scandinavia. Poland is the main supplier for Scandinavian countries, whereas organised crime groups in the Netherlands still produce large amounts of amphetamines for the markets in the United Kingdom and Ireland. In a number of countries the consumption of amphetamines seems to be partly replaced by the use of ecstasy (mainly MDMA, but also MDEA and MDA). Most of these synthetic drugs are still manufactured in the Netherlands, despite the dismantling of dozens of laboratories by Dutch law enforcement in recent years. Dutch organised crime groups are not only the main suppliers for the European ecstasy market, they also export millions of tablets to other parts of the world, including northern America and Australia. Other groups involved in the wholesale distribution of synthetic drugs are of American, Russian and Israeli origin.

The market for cannabis in Europe shows a tendency of becoming more self supporting, in particular as regards cannabis herb (marihuana). Cannabis resin (hashish) is still mainly originating from Morocco. The cultivation of hemp in this country seems to be ever more increasing, leading to enormous amounts of cannabis resin shipped to Spain and other member States. For cannabis herb, domestic cultivation, outdoors in southern European countries and indoors in central and northern Europe, has for a large part replaced the importation from production regions in Asia, Africa and Latin America. This development was stimulated by the use of more sophisticated indoor cultivation methods since the mid 1990s, leading to more potent drugs at lower costs. Nowadays, cannabis herb is produced in the vast majority of member States. The gradual shift to domestic production of cannabis herb might result in a declining role of international organised crime in this market.

3.2 VEHICLE THEFT

The theft of motor vehicles remains a significant problem in Europe, although numbers seem to be decreasing. In 2002, about 1.2 million vehicles were stolen, compared to 1.5 million in 1994. One third of the vehicles were not recovered. Criminal profits from this market are estimated at some Euro 5.8 billion. Data available suggests that more than half of the vehicles are stolen in three countries only, namely the United Kingdom, France and Italy.

Criminals apparently have developed new *modi operandi*, such as ‘car-jacking’ or ‘home-jacking’ (Europol Car Crime Report 2002). Car-jacking involves one or more persons applying or threatening violence against one or more persons to obtain the keys in order to gain possession of a vehicle. Home-jacking involves the burglary of a home in order to obtain the keys of a vehicle. While in many cases car theft or related insurance fraud involves individuals, vehicle crime remains an important activity of organised criminal groups.

Reports on the vehicle theft situation in the Netherlands may help illustrate the situation and the *modus operandi*.

In 2002, 30,785 vehicles were reported stolen in the Netherlands. Three quarters of them were passenger cars, of which about two thirds were subsequently recovered. There is a correlation between the age of the car stolen and the recovery rate: the newer the car, the lower the chance of it being recovered. Less than half of all stolen cars under five years old are ever recovered (Blaauw, 2003).

Twenty-three investigations in the Netherlands featured criminal groups suspected of activities involving motor vehicle crime. Most of these investigations concerned the theft of upmarket passenger cars. They were stolen for re-sale, for ram-raids, or for component parts. The stolen cars were re-sold both in the Netherlands and abroad. In order to prevent detection of the theft, cars for the Dutch market were provided with a different identity. Criminal groups used various methods for this. For instance, stolen cars were equipped with the registration numbers of cars of identical type and colour. One group bought up cars, which had been written off, and then stole identical ones. Another group made use of an employee in an insurance company to trace details of cars identical to those they had already stolen. Stolen cars were exported to the Antilles, Surinam, Ghana and Tunisia. Two of these groups first took photographs of cars, from which potential buyers could choose, and the cars were stolen subsequently. Five groups stole cars and then used them for ram-raids. A number of criminal groups stole lorries or the trailers of particular lorries. Investigations showed that it was less the lorry which was the main target, but rather its (valuable) cargo. The cargo stolen included computers or computer parts, hifi-equipment or metals. In one case, the stolen trailer was sold as well. The trailer was then used for transporting hashish. Drugs were also concealed in a number of stolen cars, which were exported abroad. As a result of the use of anti-theft immobilisers, most modern cars can no longer be stolen without keys. Many car-keys are therefore stolen from private homes or business premises. In 2002, 1,600 cars were stolen in the Netherlands following the burglary of private homes (that is through ‘home-jacking’). The previous year, 1,000 cars were stolen in this way. Some of the criminal groups did not hesitate to use violence if surprised in the act. In addition, one criminal organisation stole cars by means of car-jacking. Two of the criminal groups included in the survey engaged exclusively in vehicle crime. A further four groups were involved only in motor vehicle crime and handling of stolen goods. Some of these groups did, however, use burglary to gain access to the ignition-keys. The bulk of the stolen vehicles were sold (Netherlands Organised Crime Report 2002).

Table 4: Vehicle theft and non-recovery rates

Member State	Motor vehicles reported stolen			Proportion not recovered (percent)		
	2000	2001	2002	2000	2001	2002
Albania	74			16		
Andorra	54	535524	51	28	30	60
Armenia	43	50	42			
Austria		5,623	3,805		44	38
Azerbaijan		73	28			
Belgium		27,308				
Bosnia and Herzegovina						
Bulgaria	10,786	10,599	10,549	51	48	
Croatia	2,529	2,236	2,151	50	47	52
Cyprus	210	188	197	31		31
Czech Republic	22,814	22,139	26,157	83		
Denmark						
Estonia	624	770	2,230	83	86	46
Finland		15,000	12,264		12	12
France	301,539	261,307	252,084		33	32
Georgia						
Germany	93,237	108,861	102,478	42	42	42
Greece	7,160		13,542	57		50
Hungary	1,123	2,749	8,354	76	89	
Iceland						
Ireland			13,752			37
Italy			203,894			44
Latvia		3,166	3,093		44	43
Liechtenstein	4	8	7			
Lithuania	5,694	5,822	8,164	52		63
Luxembourg			519	31	39	40
Malta	1,202	1,066	717	50	43	45
Moldova		383	421		73	
Netherlands	31,116	28,662	29,713	40	38	39
Norway	23,339	20,598	25,819	10	10	10
Poland	68,062	59,458	53,674	40	35	
Portugal	26,420					
Romania						
Russian Federation		38,349				
San Marino						
Serbia and Montenegro						
Slovakia	5,856	5,344	5,099	82		
Slovenia	1151	1,212	1,180	65	58	61
Spain	102,419		102,011	30	25	24
Sweden		44,094			8	
Switzerland	67,301	62,732	64,050		2	
"the F.Y.R. of Macedonia"			186			
Turkey	16,084			39		
Ukraine	3,000			66		
United Kingdom		377,000	328,196			38

3.3 TRAFFICKING IN CULTURAL PROPERTY

Property crimes – in particular theft and burglary – account for the largest share of criminal offences committed in Council of Europe member States. Organised theft and receiving of stolen goods is a major market of organised crime. In Germany, for example, 13.2 percent of all investigations into organised crime are related to property crime. Some other member States report similar data.

Among property crimes, the illicit traffic in cultural property seems to have gained in significance as a market for organised crime groups as well as an opportunity for money laundering. While smuggling in cultural property involves objects which may have been legally acquired but the trade of which may be subject to restrictions, trafficking implies the trade in objects which have been illegally acquired. In most cases, smuggling or illicit traffic in cultural property is carried out across international borders.

Theft, forgery, smuggling and illicit traffic in cultural property are not really new phenomena. However, it would appear that since 1980, such offences have gained in importance due to an expansion of the markets for culture in general, an increasing demand for paintings, icons, sculptures, statues, books, vases, glasses, furniture, liturgical items, clocks, drawings, carpets, and an increase in opportunities within the context of globalisation, including international trade and internet auctions.

Countries which are poor or in crisis or which exercise little control run the greatest risk of being victimised. Presently these include Afghanistan, Iraq, Africa or Latin America.

Illicit traffic in cultural property involves a chain of illegal actions. For example:

- In South-America professional expeditions are undertaken for illicit digging, and in West-Africa village communities hunt for cultural objects to engage in barter trade with professional traffickers
- Tourists acquire objects and export them illegally
- Employees of museums steal objects and sell them
- Burglaries in private homes are undertaken professionally to steal objects, sometimes on order
- Criminals traffic objects abroad, sometimes in exchange for other illegal goods such as drugs
- Tourist busses, planes, private cars, diplomatic baggage are used to conceal and smuggle objects
- Expertises and papers are forged
- Diplomats function as couriers
- Proceeds from crime are laundered by purchasing objects of art
- Objects of art serve as guarantee in criminal transactions.

The expansion of the cultural markets and the profits generated have changed the supply side in that organised crime groups are increasingly involved in different parts of the trafficking chain, that is, the organised theft of objects, the transport across borders and the receiving of stolen goods, as well as money laundering.

Reliable data on the extent of the problem are difficult to obtain, since it involves a broad range of different objects and since the theft of archaeological or unregistered objects often remains unnoticed and thus unreported. Moreover, the boundaries between legal trade and smuggling and illicit trafficking are often blurred.

Information provided by member States is limited: Croatia reports smuggling and illicit traffic in cultural property through network type criminal organisations. According to information received from Cyprus, objects originating from western Africa, Japan and the Americas are trafficked by Turkish criminal organisations.

Interpol is providing data based on objects wanted. In 2000, by far the largest number of objects in Europe was wanted by Italy (27,795) – mostly furniture, paintings, icons and liturgical items – followed by Switzerland (3,372) – mostly clocks – and Russia (3,257) – mostly paintings and icons.

Given the low level of reporting, data available do not necessarily confirm the assumption of cultural property being a major criminal market. However, it may also suggest that this field is not receiving sufficient law enforcement attention.

3.4 ILLEGAL ARMS (INCLUDING FIREARMS)

The illegal trade in arms, in particular in small arms, continues to feed violence and armed conflict and to constitute threats to national and human security around the world. Although the trafficking in arms is believed to present highly profitable business opportunities for criminal groups, reports from member States seem to suggest that this is only a limited market for organised crime in Europe:

In Croatia, 39 cases with 17 persons involving illegal possession of illegal arms and explosives in large quantities, a further 452 cases of illegal possession with 233 persons, were recorded. According to the Ministry of Interior, less than 5 criminal groups – mainly of Croat nationals – are involved in this type of crime.

In Cyprus, 6 automatic and semi-automatic firearms, 12 handguns, 122 shotguns, 1 hand grenade, 23 mortars and 1,5 Lbs explosives were seized, and 98 persons were arrested for illegal arms trafficking.

In Estonia, trafficking in arms decreased since the mid-1990s due to effective operations against arms dealers, and there appears to be no organised trafficking at present. In 2002, the police confiscated 589 firearms, of which 370 were registered and 219 were un-registered.

In Germany, in 2002, 242 pieces of automatic and semi-automatic firearms, 1,852 rifles and shotguns, 3,218 pistols and revolvers and 38,693 kg of explosives were seized. 312 offences were related to a breach of the Arms Act and 21 of the Control of Weapons of War Act. However, of the 690 organised crime cases recorded, only 3 were related to arms trafficking.

In Greece, two criminal organisations were investigated in 2002 in relation to arms trafficking. These involved 14 suspected members of criminal organisations, of which 11 were charged. They had illegally imported arms and ammunition (pistols, sub-machine guns, rifles, grenades, detonators, etc.) from Serbia, Belgium and the Netherlands. In addition, arms and explosives were seized in various cases, coming from neighbouring countries, mainly Albania and Serbia and Montenegro. One automatic Kalashnikov, 30 pistols, 60 shotguns, 114 rifles, 23 kilograms of explosives were seized.

In Hungary, 4 automatic weapons, 28 handguns, 892 other types of weapons, 4 explosives were seized.

In Ireland, seizures in 2002 included 602 firearms, 3,25 kg Semtex H, 500 meter detonating cord, 117 electric detonators, 12 hand grenades 11 mortar and 1 gelignite stick.

In Latvia, 44 criminal proceedings were initiated related to illegal arms or explosives. 20 automatic and semi-automatic firearms, 19 handguns, 21 other firearms, 52 kg ammonites, 3 grenades and 209 various detonators were seized.

In “the former Yugoslav Republic of Macedonia” 153 criminal offences were registered in relation to illegal trade in arms, for which criminal charges were brought against 215 suspects. 1,003 weapons were detected and seized, including 21,685 pieces of ammunition, 84,147 kg of explosives, 279 pistols, 26 revolvers, 25 rifles, 55 automatic and semi-automatic rifles, 4 submachine guns, 7 machine guns, 4 hand grenade launchers and 1 mortar were seized.

In Moldova in 2002, 32 criminal proceedings were initiated related illegal possession, purchase, manufacturing and trading of arms, ammunitions or explosive substances. Seizures included 12 pistols, 6 explosive utensils, 3 carbines, 90 explosive bombs of 90 mm calibre, 1 bomb throwing machine, 120 mm calibre, 90 bombs, calibre 120 mm and 2 carbines with model lunette SVD, 14 pistols machine guns, 6473 cartridges, 5,45 calibre, 1564 cartridges, 7,62 calibre, 57 grenades, type RG 42, 35 mine explosives, 115 bomb explosives, 1003 bomb explosives of the type URG., 5 anti-infantry mines, 55 detonators, 23 grenades throwing machines with anti tank reaction “RPG-18”, “Muha”, 43 imitating mine explosives, 2 reactive grenades, 2 grenades RGD, 3 charges for Kalashnikov, 1518 cartridges of calibre 14,5 mm, 1 machine gun, model “KITBT”, 44 fire extinguishers for machine gun, model “KITBT”, 20 grenades for Kalashnikov, 3 dicks for the gun machine “Decteriov”, 10 grenades throwing machines produced on the territory of Transnistria.

In Slovenia, 175 criminal offences of illicit manufacturing and trading with weapons and explosives were recorded. 167 hunting weapons, 95 automatic and semi-automatic firearms, 42 bombs, 30 military rifles, 278 handguns, out of them 93 revolvers, 17,206 items of explosive devices, 2390 g of explosive, 42 explosive devices, 1 military rocket launcher, 68 items of non-firing weapons were seized. The number of criminal offences related to the illicit trade in weapons and explosive materials has remained stable.

Table 5: Illicit arms seized in member States

Member State	Firearms			Other arms		
	2000	2001	2002	2000	2001	2002
Albania	1,635			215		
Andorra						
Armenia	172	98	282	16		415
Austria		320				
Azerbaijan		111				
Belgium						
Bosnia and Herzegovina						
Bulgaria	47	231	66	38		19
Croatia	629	1,934	452		381	
Cyprus		12	140	51		24
Czech Republic	44			10		
Denmark						
Estonia		250	589			
Finland						
France		8,500				
Georgia						
Germany			5,070			242
Greece		547	205			
Hungary			32	870		892
Iceland						
Ireland			602			23
Italy						
Latvia			60			
Liechtenstein						
Lithuania	141	24			60	
Luxembourg	89					
Malta						
Moldova			27			1,320
Netherlands						
Norway						1,948
Poland	2,185	2,439	1,851			
Portugal						
Romania	49	41	10			
Russian Federation		73,476				
San Marino						
Serbia and Montenegro						
Slovakia						
Slovenia		6,606	540			639
Spain	1,427		398	8,829		
Sweden						
Switzerland						
"the F.Y.R. of Macedonia"			396			607
Turkey		1,722		933		
Ukraine	9,710					
United Kingdom						

3.5 SMUGGLING IN MIGRANTS

Considerable increases in the smuggling in migrants for the purpose of illegal migration and trafficking in human beings are reflections of the negative impact of globalisation. Both, smuggling and trafficking have become major global business.

The International Organization for Migration estimates that over four million persons are smuggled or trafficked internationally and across national borders each year. While in the past little distinction has been made between trafficking and smuggling, the protocol to the United Nations Convention on Transnational Organised Crime defines smuggling in migrants as: "... the procurement, in order to obtain, directly or indirectly, a financial or other material benefit, of the illegal entry of a person into a State Party of which the person is not a national or a permanent resident;"²⁴ In contrast, trafficking in human beings is not limited to illegal border crossing or entry but involves continued exploitation.²⁵ In some member States, however, no difference is made in the reporting; replies to the questionnaire thus mix up smuggling and trafficking:

- Austria: In 2002 law enforcement agencies registered 20,439 cases dealing with smuggling in aliens. 48,436 persons were stopped crossing illegally the borders of Austria, mainly coming from Iraq, Romania, former Yugoslavia, Afghanistan, India, Ukraine, Russia and Turkey.
- Croatia: There were 191 reports on illegal transfer of persons over the state borders, involving 237 persons and probably ten criminal groups.
- Estonia: There appears to be no involvement of criminal groups in smuggling activities. A single case (not related to organised crime) was related to ten Kurds who were illegally transported from Russia to Estonia (the final destination was Finland). The organiser was a local leader of a Kurdish community in Estonia.
- Finland: 51 cases of trafficking in human beings and illegal immigration were reported by the authorities.
- Germany: Of 690 organised crime cases in total, 59 cases involved illegal immigration. The 2002 organised crime report shows 2,016 offences related to illegal immigration and 386 offences of trafficking in human beings.
- Greece: 37 criminal organisations were investigated for being involved in illegal trafficking and immigration, mainly Iraqi, Greek-Turkish, Albanian, from "the former Yugoslav Republic of Macedonia" and Turkish. Investigations were carried out for 188 suspected members of criminal organisations, 109 of which were charged with relevant crimes. It must be mentioned that Turkish criminal groups are active in the smuggling in illegal migrants by sea from Turkey to the Greek islands but also of continental Greece. In 2002, 44 out of a total of 83 traffickers arrested by port authorities were Turkish nationals (there were also 18 Greek, 11 Ukrainians, 5 Poles). Clandestine immigrants transported by sea mainly originated from Afghanistan, Iraq, Pakistan, Iran, Somalia, Kashmir, etc.

²⁴ Article 3 of the Protocol against the Smuggling of Migrants by Land, Sea and Air, supplementing the United Nations Convention against Transnational Organized Crime.

²⁵ See Article 3 (a) of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, adopted by resolution [A/RES/55/25](#) of 15 November 2000 at the fifty-fifth session of the General Assembly of the United Nations.

For the illegal entry of aliens in this country through the land borders, the following routes were followed: Albanian nationals mainly through the Greek-Albanian border (land and sea) but also through the border with “the former Yugoslav Republic of Macedonia”. Nationals of central- and eastern European countries entered the country through the borders with “the former Yugoslav Republic of Macedonia”, Bulgaria and Turkey (Evros river). Nationals of African-Asian countries mainly crossed through Turkey but also Bulgaria and “the former Yugoslav Republic of Macedonia”.

- Hungary: Reported illegal entries and attempts amount to 570, of which 2 cases were linked to organised crime groups. 36 perpetrators were arrested on smuggling charges (excluding those smuggled).
- Latvia: 260 persons were detained for illegal entering the country. 13 criminal cases were initiated for trafficking of human beings, 27 persons were detained and 2 of them were arrested.
- Lithuania: The number of people illegally entering the country or trying to do so is 114. The number of persons formally placed under suspicion (accused) for trafficking in human beings is 16. The number of persons formally placed under suspicion (accused) for transportation of the citizen of the Republic of Lithuania abroad with the aim to seek for asylum, to work illegally or to stay abroad illegally because of other reasons or fraudulent promising legal status abroad was 4.
- Moldova: According to United Nations reports, it seems that the number of Moldavian citizens that have left the country temporarily or on a permanent base varies between 200,000 and 300,000 persons. Many of them are staying illegally on the territory of another state, becoming in such way victims of different criminal groups and networks.
- Netherlands: According to data from the Ministry of Justice and the Immigration and Naturalization Service (IND), the falling trend in the number of asylum applications continued in 2002: applications were down from 32,579 in 2001 to 18,667 in 2002. The countries from which the highest numbers of applications for asylum were received were Angola (1,891), Sierra Leone (1,620), Afghanistan (1,077), Iraq (1,022) and Iran (655).
 In 2002, 200 cases of migrant smuggling were registered with the Public Prosecutions Service (Directorate-General Law Enforcement, 2003). The number of large-scale investigations into migrant smuggling fell sharply in 2002. The reasons for this were, among other things, the extreme complexity of cases of this kind, the specialist knowledge necessary, and the concomitant demands on the capacity available. This inventory includes thirteen cases of migrant smuggling, which complied with the criteria of the European Council. Analyses carried out by the Migrant Smuggling Information and Analysis Centre (IAM) reveal that in a number of cases the Netherlands functioned above all as a transit country for migrants with the ultimate destination of the United Kingdom, France or Scandinavia. The interest of asylum-seekers in settling in the Netherlands appears to have diminished (Public Prosecution Service and Migrant Smuggling Information and Analysis Centre, 2002). The thirteen investigations included in this report confirmed this conclusion.
 In nine of the thirteen cases included, the United Kingdom was the final destination, while Scandinavia, Canada and the US were mentioned in two investigations. In a few investigations the final destination was not clear. All the investigations showed that the criminal groups in Dutch territory were engaged

in the final stages of migrant smuggling: transport to, and the provision of travel and identity documents for, the final destination.

The analysis carried out by the IAM reveals that the smuggled migrants who arrived in the Netherlands by air often flew first to Paris, Vienna or Düsseldorf and then continued to the Netherlands on an intra-Schengen flight. In one of the investigations in the inventory, Frankfurt airport was used for the same purpose. According to the IAM, the people smuggled virtually always paid in advance of the journey or after an interim stage of the journey. In one of the thirteen investigations, the people smuggled were frequently set to work at an interim stage of the journey to earn the money for the following stage.

From the IAM's analysis, it emerges that the smugglers of human beings increasingly focus on destinations with less strict visa requirements. Migrants often use Schiphol as a transit airport en route to other destinations in Europe. Overland transport entails greater risks for the people smuggled. Russia, Belarus and Ukraine continue to function as important transit countries in the chain of illegal immigration. From Africa and the entire continent of Asia, the migration stream flows via these countries. Since the tightening up of border controls in Poland in 2001, the route from Moscow has shifted to the Czech Republic and Slovakia. Improvements in border control in the candidate-states for membership of the EU have led to increased professionalism among smuggling organisations. Equally, candidate-states become increasingly attractive to migrants as a place to settle, either temporarily or permanently, in anticipation of membership.

The criminal groups involved in smuggling human beings by sea from Africa to Spain tend not to demonstrate a high degree of organisation. From the Near and Middle East, on the other hand, large-scale, organised migrant smuggling by sea does occur. Above all Syrian, Turkish and Iraqi Kurds regularly try to reach Italy or France by sea, often via Turkey or Greece (Public Prosecution Service and Migrant Smuggling Information and Analysis Centre, 2002).

In all thirteen of the investigations included in this survey, migrant smuggling was the principal activity of the criminal association. In a few cases, migrant smuggling occurred in conjunction with drug trafficking. One criminal group, for example, was involved in cultivating cannabis. Each time a shipment of cannabis was made to the United Kingdom, people from India, Myanmar and Pakistan were also taken along, in return for payment. Nine of the thirteen criminal groups can be characterised as homogeneous in terms of the ethnic origins of the key suspects. These groups were Turkish, Iraqi, Chinese and Somali respectively. En route via the Netherlands to the United Kingdom, the Czech Republic, Italy, France and Germany often functioned as stopover points within Europe. In the thirteen investigations included, the people smuggled originated from Africa (Ghana and Cape Verde), Asia (India, Pakistan, Myanmar, the Philippines, China, Sri Lanka and Iran) and eastern Europe (Albania). For the final leg of the journey to the United Kingdom, all possible means of transport are used: boats, ferries, aeroplanes, cars and lorries (including covered trailers).

- Norway: It seems clear that smuggling of human beings is a large scale enterprise, generating high profits. Beside, the sentencing framework is mild, and the discovery risk has been comparatively low. In 2002 there arrived 17,575 asylum seekers in Norway. The amount of asylum seekers has increased by 770 percent since 1997. The main stream of people smuggled into Norway comes from Africa and Asia. As far as Asia is concerned, we often see that the same criminal agent operates within various types of crime. Typically, these are smuggling human beings, and deal with crime of gain, prostitution and drug dealing. Besides, smuggling to Norway from asylum camps in other European countries occur.

- Poland: Illegal immigration poses still a serious problem in Poland, as Poland's territory is being used increasingly for the purpose of smuggling illegal immigrants (mainly from Asia) to western Europe. In 2002, 233 organised groups of illegal immigrants were stopped on the Polish border, involving 2,100 illegal immigrants. Additionally 172 persons organised illegal immigration or helping in this type of activities were arrested. On the border with Ukraine 32 groups with 355 immigrants, on the border with Czech Republic 11 groups with 119 immigrants, on the border with Slovakia 6 groups with 149 immigrants, on the border with Byelorussia one group with 10 immigrants, on the border with Lithuania one group with 8 immigrants. Additionally 3 groups with 30 illegal immigrants were stopped with in Polish borders. As for the nationality of immigrants, they were mostly from Russia, China, India and Ukraine.
- Switzerland: Illegal immigrants organised by criminal groups from China created the main problem in Switzerland.
- "The former Yugoslav Republic of Macedonia": The smuggling of larger groups of women through the country to Albania and Greece seems to be a new phenomenon. A total of 49 criminal offences were detected committed by 73 perpetrators. 21 perpetrators were taken in for 19 criminal offences of mediation and procuring to prostitution, 13 perpetrators were taken in for 6 criminal offences of "illegal transfer over a border" committed in an organised way, 6 perpetrators were taken in for 6 criminal offences of "establishing a slavery relationship and transportation of people in slavery" and 18 criminal offences were committed by 33 perpetrators. A total of 1,192 people entered illegally in the Republic of Macedonia, of which 854 people were detected on entry, while 338 people were detected on the exit to the neighbouring countries.
- Turkey: the total number of border violators in 2002 was recorded at 82,825. The people involved in smuggling organisations are split into three different groups. Firstly: not only large and strong organisations, but also smaller and weak organisations have taken a role in facilitating illegal immigration. Secondly: Terrorist groups, like PKK are active in connection with illegal migrant smuggling. Terrorist groups take money from illegal immigrants, transfer these people to destination countries, promising high quality of live standard and use falsified documents for transportation. Very often drug trafficking and trafficking for sexual exploitation are connected with illegal immigration. Thirdly, opportunist local people living in border regions lead other organisations, dealing with illegal immigration, to earn a limited but satisfied benefit comparing to usual incomes. Especially, families living in the Turkish-Iranian and Turkish-Iraqi borders, sometimes take role in such kind of movements like guidance service and attempts take people into the country from the paths or the small fishers living in the Aegean coasts attempts to take people out of Turkey to the Greek islands which are very near to the Turkish coasts. In some limited cases, these people are used as subcontractors of larger groups.

Table 6: Illegal entries

Member State	1999	2000	2001	2002
Albania		13,819		
Andorra				
Austria	42,812	45,730	48,659	48,436
Belgium				
Bosnia and Herzegovina				
Bulgaria			6,763	9,828
Croatia		24,180		
Cyprus	213	456	182	725
Czech Republic	44,000	32,720	23,834	5,509
Denmark	348			
Estonia		2,488		
Finland				
France				
Georgia				
Germany	2,163	1,962	3,262	2,016
Greece				
Hungary	6,499		1,628	
Iceland			137	175
Ireland	3,456			6,259
Italy			133,619	78,394
Latvia			271	260
Liechtenstein	16	42	41	22
Lithuania	349	100	107	114
Luxembourg		266		11
Malta	611			
Moldova	70			
Netherlands	27,900	25,000		
Norway	10,160			
Poland				
Portugal		5,503		
Romania			5,666	
Russian Federation				
San Marino				
Serbia and Montenegro				
Slovakia	7,888	7,752		4,983
Slovenia	13,740	18,571		
Spain		14,346	13,360	64,655
Sweden				
Switzerland		109,518	105,734	
'the F.Y.R. of Macedonia'	3,736			1,192
Turkey	47,579		31,496	82,825
Ukraine		27,000		
United Kingdom			69,875	

3.6 TRAFFICKING IN HUMAN BEINGS

According to Article 3 (a) of the Trafficking Protocol to the Palermo Convention²⁶:

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

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

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

In their replies to the questionnaire, member States provided the following information on trafficking in human beings:²⁷

- Austria: With more than 600 brothels in Austria and more than 90 percent of the women coming from foreign countries, especially from eastern Europe, trafficking in human beings for the purpose of sexual exploitation continues to represent an important problem.
- Bulgaria: 42 criminal groups were involved in trafficking in human beings for sexual exploitation.
- Finland: 63 cases of pimping were reported. 74 different individuals were suspected of these crimes. Even if the activities have been tightly organised, trafficking is not considered a question of a large-scale organised crime.
- Germany: In 2002, 811 victims of trafficking in human beings were recorded, 87.3 percent of them from central and eastern Europe, in particular Russia (17.6 percent), Lithuania (14.7 percent), Bulgaria (11.2 percent), Ukraine (10.6 percent) and Poland (10.1 percent). At the same time, 821 suspects were recorded of which 39.6 percent had German nationality and 35 percent came from central and eastern Europe. In 113 cases, one single suspect was reported, in seven cases

²⁶ Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, adopted by resolution [A/RES/55/25](#) of 15 November 2000 at the fifty-fifth session of the General Assembly of the United Nations.

²⁷ It should be noted that member States in their reports tend to mix up trafficking in human beings and smuggling in persons, or to limit trafficking to cases of sexual exploitation.

more than ten suspects were involved. Deception as to the purpose of the migration (53.5 percent of victims), recruitment through model agencies or similar (38.7 percent) and violence (15.8 percent) were the most often used methods of recruitment. 26.6 percent of the women had agreed to work for prostitution.²⁸

- Greece: Criminal organisations investigated for being involved in trafficking in human beings were 31, mainly Greek and Albanian. Investigations were carried out against 205 suspected members of criminal organisations, 164 of which were charged with relevant crimes. The offenders involved in illegal trafficking, in addition to Greek, were foreign nationals such as Albanians, Bulgarians, Russians, Romanians, Ukrainians and Iraqis. The organisations were in most cases relatively small with 3 to 6 members. In the last years an increase has been noted in the participation of female criminals in such trafficking groups, often aliens, who had been victims in the past and are now offenders themselves.
- Luxembourg: The majority of prostitutes are from Russia, Ukraine and Bulgaria. Organised groups from Brussels, Metz and Hamburg are involved.
- “The former Yugoslav Republic of Macedonia”: Several channels for illegal transfer of women into the country in order to sell or procure women for prostitution have been established. Criminal activities have been extremely intensified for the illegal transfer of foreign female nationals often involving foreign organised criminal networks.
- Moldova is an important source countries for female victims who are trafficked all over the world. An estimated 200,000 to 300,000 persons are connected to trafficking in human beings activities.
- Netherlands: In their second report, the office of the National Monitor on Human Trafficking updated the national statistics relating to human trafficking up to and including 2001 (National Monitor on Human Trafficking, 2003). In 2001, 132 cases relating to human trafficking were registered with the Public Prosecutions Service. In twenty-seven of these cases the victims were minors. One can observe that those suspected of human trafficking in 2001 are increasingly also often guilty of other criminal offences, especially property offences (35 percent), drug trafficking (27 percent), (fire)arms trafficking (13 percent) and migrant smuggling (10 percent). Of the victims, 49 percent were from Bulgaria, Ukraine, Russia, Nigeria or Romania. In 2001 the majority of the suspects came from the Netherlands (42 percent), (former) Yugoslavia (12 percent), Nigeria (7 percent), Albania (5 percent) and Bulgaria (4 percent). The number of unaccompanied minor asylum-seekers (AMAs) fell sharply from 5,951 in 2001 to 3,232 in 2002. The main countries of origin of the AMAs were Angola (854), Sierra Leone (392), Guinea (199), China (177) and Togo (147). The reduction in the number of AMAs can largely be attributed to the new Aliens Act (1 April 2001) and the tightening up of policy. Young girls still sometimes make use of the AMA-procedure to come to the Netherlands without realising that they will be forced to work as prostitutes. It is above all human traffickers who deliberately abuse the procedure for this purpose (National Monitor on Human Trafficking, 2003).
On the basis of the nationality of the victims, one can distinguish two types of criminal groups. Eight criminal groups were involved in human trafficking from countries of eastern Europe. Five groups brought women to the Netherlands from central Africa (primarily Nigeria). In the first category the victims were

²⁸ Information based on Bundeskriminalamt (2003d).

always adult women, whereas the second category included both adult and under-age women. In all investigations the women and girls were lured to the Netherlands under false pretences with promises of work in the hotel and catering sector or opportunities for studies. Some of the Nigerian women/girls were forced to come to the Netherlands because their parents had accumulated a large debt with the criminal group.

In the Netherlands, and sometimes even on the journey, the women/girls were put under severe psychological and physical pressure, ranging from rape to the provision of a bare minimum of food. Voodoo rituals were often employed to force the Nigerian women/girls into prostitution, and subsequently to keep them there.

In one investigation, the criminal group was involved in both the trafficking and smuggling of human beings. In this inventory, human trafficking was virtually always the core activity of the criminal association. False papers were used to get the women/girls into the Netherlands. Eight criminal groups produced these themselves (nearly always as a subsidiary activity). Some associations procured false residence permits to give the women legal status. These women were then frequently employed in legal sex clubs.

Very few criminal groups were engaged exclusively in human trafficking and/or forgery. Thus, for example, the associations were also active in the trafficking of hard drugs (in four investigations), theft, and/or motor vehicle crime (each in three investigations).

The women did not always end up in the Dutch prostitution sector. A number of criminal groups put the women to work in other European countries. All the criminal groups engaged in both the transport and exploitation of the women/girls. Most groups were also involved in the 'recruitment' of their victims. Because of their illegal status, the women generally worked in illegal prostitution zones (so-called 'tippelzones'), clubs or the escort industry.

- Norway: Trafficking appears to develop into a business enterprise managed by criminal organisations. Criminal proceeds gained in this sector are invested in other criminal activities. Increasingly eastern European women appear on the prostitution market. Albanian groups which had previously been involved in drug trafficking and illegal gambling are more and more involved in trafficking in human beings.
- Romania: Classical shielding activities to cover trafficking in human beings – such as night clubs, casinos, cultural groups or model agencies – are being diversified and now also include services for baby-sitting, taking care of sick persons. Networks involved in trafficking in human beings are also involved in other areas of organised crime, in particular drug trafficking.

3.7 CHILD PORNOGRAPHY

3.7.1 Introduction

Child pornography includes the production, distribution, exportation, transmission, importation, intention, possession and advertising of child pornography (Vienna Commitment, 1999, Chapter II, pt. 3). As practical experience shows, the internet is used extensively for providing and selling pornographic material.

Only few member States provided reports on child pornography:

- Croatia reports a total of 31 criminal offences of exploiting children or minors for pornography and 19 criminal offences of introducing children to pornography. The existence of any organised crime groups dealing with child pornography has not been established.
- In Germany, in 2002 43 percent (or 668 of 1565 cases) of computer crimes recorded were related to child-pornography. This large share may be due to the fact that child pornography is easier to identify as a criminal offence than, for example, internet fraud, and that the public is more likely to inform law enforcement services of such offences.²⁹
- Greece reported on one criminal group composed of six members of Greek origin. The material was trafficked over the internet. The offenders also profited at the expense of unsuspecting website visitors, interrupting their connections with the ISP and connecting to foreign telecommunication operators, for access to other pornographic websites.
- Luxembourg participated in one international investigation in one internet-case of child pornography investigation.
- The Netherlands reported that two investigations were related to the production or possession of child pornography. In one case a number of pornographic pictures of young children were found in the course of a house search. The second investigation did involve production. Children came to a studio where, in the first instance, they posed for normal clothing advertising brochures. It was not until later that nude photos were taken of the children. The photos probably circulated in paedophile networks. The suspects in this investigation originated in the Netherlands and Belgium.
- The United Kingdom's NCIS reports that the number of child sex offenders is difficult to estimate. Over 18,000 individuals, the vast majority of them men, are currently registered as sex offenders. This figure includes those responsible for offences against adults. However, the Sex Offenders' Register holds the details only of those offenders convicted, cautioned or released from prison for specific child and adult offences after September 1997. A recent UK law enforcement investigation (Operation One) revealed that a significant proportion of the 7,000 UK subscribers to a particular use group were unknown to the police. This points to the limitations of the registration system as an indicator on the extent of child sex offending in the UK.

²⁹ See Bundeskriminalamt 2003c: 27.

3.7.2 The impact on the victims

The number of children sexually abused in Europe is significant. Estimates suggest that 10 to 20 percent of children “will be sexually abused during their childhood” (May-Chahal/Herczog 2003, p. 3).

The psychological impact on the victims of child sexual abuse varies from case to case. For some there may be no outward sign of the abuse having affected them, but for others it results in alcoholism, petty crime, mental health problems and, in extreme cases, suicide. Experiencing abuse as a child is also a risk factor that may influence whether someone becomes an offender.

3.7.3 The profile of child sex offenders

Child sex offenders do not fit a standard profile. They come from all social and ethnic backgrounds and any walk of life. They have varying levels of intelligence and interpersonal skills. Some are obsessive collectors and keep detailed diaries and pictures of children and catalogue their activities and fantasies. In the UK, by far the majority are adult white men. Although women make up only a small percentage of offenders, a large number knowingly or otherwise facilitate child sex offences by providing access to their children or ignoring abuse. This usually occurs when the women herself is vulnerable, either economically or emotionally. Some offenders have a preference for children of a particular age, sex or appearance, while others will target any child. Most offenders in treatment programmes report that they became aware of a sexual attraction toward children before the age of 18.

3.7.4 Targeting and controlling victims, including “grooming”

Most identified child sex offenders act alone. Organised groups are relatively rare. However, there is extensive criminal networking. Offenders network in order to exchange indecent images and fantasies, to gain access to victims, and to justify and “normalise” their offending. For example, networks provide positive reinforcement that child pornography is acceptable. Where offenders are able to establish relationship with like-minded individuals, for example through being imprisoned together, it is possible for networks to form. However, the arrival of the Internet has changed the nature and extent of networking. The Internet makes it possible to network on much wider scale and, if security measures are taken, with less risk. Online guides to all aspects of child sex are available. Some have hyper-links to bulletin boards, information about chat rooms, where IT expertise and access or grooming techniques are shared, and passwords or pass-phrases given to access pornography.

3.7.5 The nature and extent of organised child sex offending - Networking

Most online child sex networks are hierarchical in structure and secretive, with access by invitation only. Individuals may be approached in chat rooms and invited to join a network. Often there is a vetting process, with status and trust being gained by evidence of illegal activity. Protecting themselves against law enforcement is a key concern, and some online child sex offenders openly discuss methods for keeping their activities from the police. There is also evidence that online networks undertake counter-intelligence activity, researching techniques used by the police and Internet watch groups by debriefing people who have been arrested. Some members are aware of surveillance techniques and take steps to avoid being followed. If an offender puts members of the network at risk, perhaps by the unauthorized passing on of images, he is likely to have his computer targeted with viruses or denial of service attacks.

3.7.6 Grooming through the Internet

Some child sex offenders use Internet chat-rooms (or ICQ/Instant messaging) to target and groom children, to encourage the child to supply indecent images of themselves, or text of a sexual nature, or ultimately to meet up. A number of offenders have shown themselves adept at manipulating the children they contact, winning their trust by pretending to understand and share their interests and feelings. The anonymity of the Internet allows adult offenders to misrepresent themselves as young children or more often teenagers, making it easier for them to establish a bond. In some cases, children have been duped into meeting up with offenders, who have then attempted to abuse them sexually, sometimes successfully.

3.7.7 Images of child abuse

Some experts believe the viewing images of child abuse allows offenders to normalise their sexual feelings and break down any barrier of guilt and fear which prevent them from physically offending. Whatever the precise link between viewing images and committing child sex acts, possessing the images as an offence in itself. Moreover, the demand for new images encourages producers to find new victims or to repeat the abuse of existing victims. Production of images usually involves abuse of a child, although some images of adults are altered through a process known as “morphing”. The Internet has enabled a rapid growth in the publication of computer-based images of child abuse and their global distribution. Computer-based images of child abuse have now largely replaced printed material.

The Internet Watch Foundation (IWF) disseminates intelligence on websites containing images of child abuse to law enforcement, and liaisons with UK Internet Service Providers, so that illegal material can be removed from their servers. In 2002, the number of reports made to the IWF increased by 64 percent. Over half of all illegal websites known to the IWF are hosted in the USA, although the number in Russia has more than doubled (from 286 to 706). However, sites may be hosted in one country and managed from elsewhere. This creates significant difficulties for law enforcement, not least in identifying and tracing the victims` identity or the location of the abuse. However, the National Crime Squad’s Childbase initiative is an attempt to tackle the problem by analysing seized images.

3.7.8 Child pornography and organised crime

It is difficult to believe that a relatively small number of offenders, either individually or operating in networks, are responsible for the production of large quantities of child pornography. Some may distribute it for pleasure rather than profit via newsgroups, peer2peer networks, file servers, non-payment Internet sites and community groups.

However, the potential profits to be made from selling images of child abuse online, suggests an involvement of serious and organised criminals. Advances in Internet technology mean that it is now also possible to show real-time video coverage of abuse simultaneously to a number of viewers.

With the development and spread of digital technology, intellectual property crime offers potentially lucrative opportunities for serious and organised criminal. In particular, the cracking of security features integrated within products paves the way for the sale of pirated copies of software, games, music and films.

Email, Internet chat rooms and instant messages offer new options, as do web-based and client server mail accounts, websites and message boards. These tools can be used to coordinate criminal activity, locate victims, and to launch new criminal enterprises. They provide speed of communication and relative anonymity. Encryption tools offer a further level of security to serious and organised criminals in terms of data they store and exchange.

3.8 ENVIRONMENTAL CRIME (INCLUDING ILLEGAL WASTE TRAFFICKING)

Environmental crime as a legal concept is an act committed with the intent to harm or with the potential to cause harm to ecological and/or biological systems, for the purpose of securing business or personal advantage, and in violation of state or federal statutes for which criminal sanctions apply. Environmental crime is a multi-faceted concept. It includes: trafficking of endangered species, dumping of toxic or hazardous waste, use of, or trafficking in, ozone depleting substances. Modus operandi of environmental crime are: pollution of air (Traffic in the air: problem with "Ozon-gap"), pollution of water (such as nuclear waste in the Mediterranean sea), pollution of earth (Chemical waste disposal, atomic waste disposal (Clifford, 1998). Natural law and environmental criminology refer to the "immutable moral principles" associated with the natural order, including principles promoted by the church and later directed by the development of common law - certain actions are "male in se" - "male prohibita". The Chicago School of Human Ecology associated in 1970 and 1980 delinquent activities with the individual's environment. Crime and victimization are related to community design or the structural manifestations of poverty. The Chicago School of Human Ecology investigated linkages to existing crime classifications like white-collar crime and environmental crime, as crimes of corporations (Clifford, 1998). Environmental crime as a philosophical concept asks what environmental damage is occurring but is not covered under the existing environmental protection status. It depends on the type of activity, the specific act, the actors(s), the social status of the actor(s) and the sanction applied. Environmental crime is so dangerous because it involves not only the living generations, it can be much more serious for future generations.

Member States reported on environmental crime situation as follows:

- Austria reported three major environmental crime cases. These cases dealt with waste disposal. The waste was disposed irregularly into earth and water. In one case it was oil, in the second case it was waste from home and in the third case it was nuclear material.
- Croatia reported a total of 445 criminal offences of environmental crime including illegal waste trafficking. The largest number of these offences (425) was related to poaching. Five criminal offences of polluting the environment were noted and two criminal offences of threat to environment by waste. The existence of any organised crime groups could not be proved.
- Romania reported that there were no cases in the field of trafficking with strategic materials and radioactive substances; the informative - operative activities unfolded sustain the hypothesis of the existence of some groups operating on organised principles, with a certain hierarchical structure, norms of conspiracy and no opening in the relation with 3rd persons. The coordinators of the networks are usually persons with sufficient knowledge on the manner of manipulation, transportation and storing of the radioactive substances and are noticed on their danger.

- The Netherlands reported five investigations in environmental crime. All five involved illegal dumping of waste. Two investigations also included the storage of chemicals necessary for production.

3.9 ILLEGAL GAMBLING

The fascination of ‘striking lucky and making a fast buck’ naturally attracts the underworld. Gambling has always been accompanied by crime. Gambling has supported all forms of crime from deception and theft to murder (Fiorentini and Peltzman, 1995). Illegal gambling and prostitution backbones of organised crime. Where illegal gambling is expanding, further facets of criminal presence can be recognized like dubious neighbourhoods (night life, prostitution), a tendency towards acts of violence (blackmail, gang warfare between gambling organisations with the gamblers themselves often the victims), loan sharking (extortionate rates of interest), Organised crime members (classic the Las Vegas phenomena (Abadinsky, 1990)) use sometimes electronic support equipment to cheat casinos/customers.

According to replies to the questionnaire:

- Austria: Illegal gambling activities have always been traditional cornerstones of organised criminals. Austrian, Turkish and Asian criminals are very active in illegal gambling. Because of weak legal provisions, very little is done by law enforcement agencies to fight these activities.
- Bulgaria: 5 criminal groups were involved in illegal gambling schemes. In 142 police operations 1060 gambling machines were confiscated.
- Cyprus: two cases of illegal gambling schemes were investigated. Illegal gambling is an area in which organised crime is involved, in particular the “Larnaca” criminal group. Concerning the number of gambling establishments, there are 22 all over the island.
- Romania reported that in 2002 the police investigated 286 crimes specific to gambling activities. But it was stressed that it was very difficult to reflect the real state of this type of crime, especially in the case of the economic agents with gambling licence and with several gambling locations, which had to be simultaneously controlled and cross-verified, followed by specialized financial and accounting verifications made by the Ministry of Public Finances bodies.

3.10 ARMED ROBBERY

Although use of violence is a classical criteria of organised crime, armed robbery is not a typical activity of organised crime groups (Csaszar, 2002). The following table may give an indication as to the extent of armed robberies, but the information provided by member States does not permit an evaluation of links to organised crime.

Table 7: Armed bank robberies

Member State	1999	2000	2001	2002
Albania		2		
Andorra	1			
Armenia				
Austria				
Azerbaijan				
Belgium				
Bosnia and Herzegovina				
Bulgaria				
Croatia		16	17	26
Cyprus	7	7	11	5
Czech Republic	19	21	51	28
Denmark	97			
Estonia	3			
Finland	11			
France			952	
Georgia				
Germany			925	855
Greece		64	57	141
Hungary			55	27
Iceland				
Ireland				81
Italy				
Latvia		1		
Liechtenstein				
Lithuania			9	
Luxembourg		8		
Malta	10		5	5
Moldova	2	2		
Netherlands	140	94	89	
Norway	64		23	22
Poland	46	91	67	88
Portugal				76
Romania				
Russian Federation				
San Marino			2	
Serbia and Montenegro				
Slovakia	8		14	5
Slovenia	9		25	26
Spain	1,018	591	116	557
Sweden				
Switzerland				
Turkey				
'the F.Y.R. of Macedonia'				
Ukraine				
United Kingdom	467		132	168

3.11 EXTORTION (INCLUDING PROTECTION RACKETEERING)

Protection racketeering and other forms of extortion are among the most profitable and also most violent activities of organised crime groups and one of the areas where the law enforcement system is helpless without the cooperation of victims.

In countries where owners of legally established enterprises, shops and clubs do cooperate with law enforcement, criminals tend to focus on illegally established enterprises or those of the grey economy. In other countries, extortion remains a rather violent activity, sometimes with an ethnic background in that perpetrators of a certain background extract money from business people of the same ethnicity. Methods used by the perpetrators in this field range from different forms of threats, to the use of force, sometimes involving booby-traps and firearms.

Yugoslav, Turkish and Asian groups and gangs, and those from the CIS-states, blackmail their own compatriots, demanding protection payments using various means of pressure and intimidation. But it is not always money that is collected, sometimes it is political support that is asked for.

Two very specific types of extortion should be mentioned:

- Illegal collection of debts, sometimes with the use of force, is becoming more and more important in some countries, reaching up to 80 percent of all extortion cases of an organised criminal group. There is a big difference between typical protection racketeering and illegal collection of debts. In the latter case perpetrators extract debts, which really exist, compared to the former case, where debts are just imaginary. Of course, it is very tempting for criminals to add special, very high interests to the basic sum of the debt.
- The second, also very specific type, which is linked to property theft: cars are stolen and sold back to their legal owners against payment of a ransom. Despite the fact owners of the vehicles are in some way forced to buy back their own cars, this is not extortion, at least not in the strict sense. This type of criminality is sometimes an entry point for other areas of criminality. The number of cases that remain unreported is believed to be considerable. The enlargement of the European Union will have an increasing effect in this field of crime.

Council of Europe member States provided only limited information:

- Croatia reported that one of the most profitable criminal activities of the illegal organised groups is the criminal field of extortion/protection/racketeering. Although, no official charges were filed against any members of the organised crime groups for extortion, protection, racketeering. Cyprus Police is aware that some club proprietors (night clubs, cabarets, game houses, etc) have been compelled to pay for protection. It should be noted that the Police couldn't lay any charges, unless someone files a complaint. Unfortunately, the victims of such illegal activities are not eager to testify to the Police and hence, no action can be taken.
- In the Czech Republic extortion is closely linked to crimes of violence. The 'professionalism' of offenders is increasing.

- Lithuania reported 60 cases of extortion, Luxembourg investigated 4 cases of extortion, Portugal mentioned 69 cases, San Marino, 3 cases, Slovakia 12 cases and Slovenia reported 474 cases of extortion.

3.12 FRAUD

3.12.1 The situation in 2002

As in previous years, crimes related to various types of fraud are among the most commonly mentioned offences in countries' reports, however in the majority of countries it is not very clear to which extent organised crime groups are involved in this type of criminal activity. Losses for certain countries are enormous³⁰, meaning that fraud is a very lucrative activity for its perpetrators. It also serves as useful bridge between legal and illegal activities of organised crime groups, representing thus a serious threat to legal business all over Europe.

There is a significant difference between richer economies and countries with a lower GDP, not only in the number of fraud offences and the extent of the damage but also in terms of the efforts of law enforcement agencies to investigate, prosecute and report such offences.

The liberalisation of markets in former socialist countries has caused a real "boom" in the creation of small enterprises. After some years, many of them find themselves in rather difficult economic situation and struggling to survive. Coping strategies involve different arrangements, sometimes close to illegality. They therefore represent a fertile ground for organised crime groups, their investments into legal business sector and fraud schemes under the umbrella of legal persons. Increased regulation of markets and institution building to enforce such regulations, in particular in countries acceding to the EU, is leading to more sophisticated methods of fraud.

3.12.2 The European Union's financial interests

The protection of the Community's financial interests is largely based on the primary responsibility of the member States, which have the task of managing more than 80 percent of expenditure. EU Member States have to inform the European Commission of fraud and similar irregularities with a damage above 4,000 EUR (10,000 EUR for traditional own resources such as customs duties, etc). The cases reported were on the rise in 2002:

- *Traditional own resources*: the member States reported 2 119 cases, 13.1 percent more than in 2001, with the largest increase in Greece (+136.4 percent), Sweden (+88.9 percent) and Belgium (+63.5 percent). Meanwhile, the number of cases reported by the Netherlands and the UK dropped. The damage established rose to 324,544,459 EUR, representing an increase of 35.8 percent. The most common cases were involving cigarettes, bananas, sugar and aluminium. The most common countries of origin of the products involved were the USA and China.
- *Agricultural expenditure*: the member States reported 3 285 irregularities, 36 percent more than in 2001, and the total amount affected was about 198 million EUR, representing an increase of more than 41 percent. Despite the fact that member States in half of the cases could not identify the products involved, it

³⁰ Estimated at 14 billion GBP in the UK. In Germany, economic crime accounts for only 1.32 percent of organised crime offences but for 50 percent of material damages (BKA 2003a, p. 23).

can be said that living animals, edible fruit and nuts, peel of citrus fruits or melons and edible vegetables were mentioned most often.

- *Structural measures*³¹: the number of cases of irregularities has increased from 1194 in 2001 to 4656 in 2002, by approximately 290 percent and the amounts involved increased from 216 million EUR to 614 million EUR. In this area, the most frequent types of irregularities reported by member States were incorrect accounts, missing or incomplete supporting documents, not eligible expenditure, irregular termination, failure to respect deadlines and failure to respect other regulation or contract conditions.

Direct expenditure and external aid sector is managed exclusively by the Commission, represented by OLAF as the only investigative body in this field. In 2002, 136 new investigations were opened (compared with 103 in 2001) and 128 files were closed (122 in 2001) with an impact of approximately 28.9 million EUR.

The main priority of OLAF in 2002 remained *internal investigations*, covering all the sectors of Community activity. In 2002, 50 new investigations were opened (33 in 2001) and 36 cases were closed (13 in 2001), which points at better cooperation between European institutions.

It is impossible to establish the extent of fraud in all the above-mentioned cases and especially the extent of fraud offences committed by organised crime groups.

3.12.3 Other fraud

Fraud covers a wide variety of criminal activities which attempt to exploit weaknesses in systems and controls in order to make money. Since a large amount of fraud goes unreported, it is difficult to estimate the overall scale. In eastern Europe fraud cases are being reported more and more often due to the fact that they present a considerable real threat to small and medium enterprises, which sometimes are not able to continue their activities after suffering from different types of fraud. In western Europe businesses are often reluctant to report fraud because they are concerned about their reputation and the impact on customer confidence and share values.

Fraud varies in sophistication. Some demand financial or legal expertise, others are simple to execute. Technical complexity is not always the proof of involvement of the organised crime groups but logistically complex fraud that require a criminal infrastructure in order to work effectively do draw more organised crime, since they have the necessary capabilities, established networks and contacts.

Increased involvement of organised crime groups in the legal business sector also raises the risk of their involvement in the so-called white-collar fraud. Organised crime may be introduced to the possibility of such fraud through the contacts they form with businessmen and professionals in order to launder their criminal proceeds or through other forms of cooperation. Involvement in white-collar crime can indicate that an organised crime group is maturing and attempting to move to more legitimate activities.

Fraud is not always the principal activity of the organised crime groups. Sometimes various types of fraud are used to support the core criminal activities of such groups.

³¹ They concern Structural Funds (European Regional Development Fund, European Social Fund, European Agricultural Guidance and Guarantee Fund) and the Cohesion Fund

The final damage caused by different types of fraud often³² does not exceed 1 million EUR and it is often the subject of money laundering, which follows immediately after concluding the predicate offence of fraud.

It is difficult to set a very clear typology of different types of frauds but there have been some efforts³³ in this direction:

- *Excise fraud*: High profits and relatively low risks and penalties, compared with other forms of organised crime, have encouraged some criminals to move away from trafficking in illegal goods and switch to legal goods, mainly cigarettes, tobacco, alcohol and fuel. The easy interchange between cigarettes and alcohol highlights the potential flexibility and responsiveness of organised crime groups when faced with targeted enforcement measures. When law enforcement successes have been recorded against diversion frauds in specific countries, organised crime groups have had the flexibility to find suppliers in other countries. Cases of excise fraud can differ in many characteristics but there are some common features of this type of fraud: sometimes they involve typical smuggling, sometimes they take place in the form of diversion frauds³⁴, sometimes the goods involved are produced illegally or they are even counterfeited or re-fabricated in different ways³⁵. The damages caused in a form of lost revenues of countries are significant, going up to billions of GBP in the case of UK or EUR in the case of continental European countries. In Estonia cases of fraud concerning alcohol, tobacco and fuel were registered. In Romania the number of involved customs officials was registered and the perpetrators are getting specialised for certain products or market segments, establishing the logistic basis (phantom companies, storehouses,...).
- *VAT fraud*: This type of fraud can be divided into three sub-types:
 - *registered evader fraud*: occurs when VAT-registered traders fail to declare their true liability by suppressing transactions
 - *unregistered evader fraud*: occurs when traders do not register turnovers above the VAT-threshold.

These two types of fraud are to be usually found in the cash-based businesses and they are very attractive for organised crime groups due to large profits and relatively low penalties.

- *Thief fraud*: it is the most frequently used type of organised crime fraud, which occurs in three different forms: missing trader intra-community fraud - MTIC, repayment fraud and third country export diversion fraud. The last two forms involve diversion of mainly basic consumer and luxury goods from export to home use without charging VAT. Repayment fraud involves the recovery of VAT on wholly fictitious or exaggerated transactions by fictitious (bogus) companies. Advanced technology enables criminals to create authentic-looking counterfeit sales invoices to support these frauds. In Finland and Poland organised crime groups specialise in repayment fraud – cargoes of no value

³² The cases of Andorra, Armenia, Croatia, Cyprus, Estonia, Finland, Greece, Latvia, Lithuania, FYROM, Slovenia, Turkey

³³ In this presentation basically the NCIS – UK classification is used

³⁴ Movement of duty-suspended products between bonded warehouses in different countries where the goods do not arrive at the stated destination.

³⁵ Different mixtures of duty-privileged and road fuels, “laundered” fuels (strong acids are added to red diesel to remove the colouring agent).

circulate across borders in order to raise compensation based on false documents.

In many EU member states "missing trader intra-community fraud – MTIC" has been detected, a systematic criminal attack on the VAT system, which involves obtaining a VAT registration to purchase goods from a VAT-free source anywhere in Europe, selling the goods at a VAT-inclusive purchase price and going missing without paying over the VAT. MTIC is commonly known as acquisition or carousel fraud and often involves items with rapid turnovers that are transported in high volumes³⁶ between collaborating traders in different countries, resulting in multiple tax losses. A number of companies are inserted in the supply chain and the criminals disappear before the VAT is paid over and a further tax loss occurs with purchasers reclaiming the VAT paid to the original trader. In the UK, MTIC grew rapidly throughout the 1990s, reaching a damage between 1.7 billion to 2.75 billion GBP in 2001-2002. In the Netherlands the criminals as new employees of legal enterprises managed gradually to win the trust of their superiors, then, with a small margin of profit for the entrepreneurs, large consignments of merchandise were forwarded to a neighbouring country, from formally non-existent companies, using the legal enterprises as intermediaries. By the time employers became suspicious about this VAT-carousel, the employees had disappeared already. The carousel fraud is well-known also in Germany, Ireland³⁷ and Romania.

- *Benefit fraud:* the largest organised fraud against the benefit system involves the theft of payment instruments (giro cheques, order books,..), which are often altered to higher values. Organised crime groups sometimes bribe public officials dealing with the instruments to steal the instruments of payment or to accept fraudulent payment instruments.
- *Private sector fraud:* many types of fraud occur within the private sector and there are more and more organised crime groups involved. Frauds include high-level manipulation of share prices and high-yield investment confidence tricks, such as pyramid schemes, faked instruments of payment and long firm frauds. The latter type, which is quite common in transition countries, involves setting up a company, trading legitimately to build up a credit history with a firm and then placing a large order before disappearing without paying. These so-called "boiler room frauds" involve foreign organised crime groups giving the misleading impression that they operate within the country and trying to get investors to buy worthless shares. Finding out that share certificates are hard to obtain and the proceeds from any sale of the shares are not forthcoming, victims do not have access to complaints or compensation schemes if there is a problem. In central and eastern Europe small and medium-sized financial companies have been taken over by organised crime groups and used solely as fronts for criminal businesses.
- *Nigerian or "419" fraud:* millions of unsolicited letters and emails are sent out every year, enticing victims to offer their bank accounts as the destination for large amounts of money in return for the percentage of the funds. Those who respond positively are requested to provide advances in order to free up the promised returns on investments, sometimes they are even asked to travel to other countries. This type of fraud builds on the greed of the future victims.

³⁶ Soft drinks, confectionery, mobile telephones,...

³⁷ Including one in the value of 25 million Euro.

- *Investment fraud*: generous returns on money invested in the investment scheme are promised and initial investors may be paid dividends out of the money received from later investors, prolonging the life of the fraud. The deception is often elaborate – organised criminals under the umbrella of non-existing companies hold the meetings in good hotels, fine restaurants, they are well-dressed, ...Victims are often encouraged to join other investors, who turn out to be accomplices of the fraudsters. In the Netherlands the scheme consisted of investments in a neighbouring country with high interest levels. The money invested in a non-existent private bank in that country was transferred via a third-party account to a numbered account in a third country.

3.13 MONEY LAUNDERING

3.13.1 Introduction

Money Laundering trends, like other aspects of organised crime discussed in this report, are affected by the sorts of legal and practical operational measures that are taken to prevent and detect it. Furthermore, the number of reports made to Financial Intelligence and/or Investigation Units (FIUs) is more an indicator of (i) the alertness of financial institutions and (to a lesser but increasing extent) professions about their clients and potential clients, and (ii) what they decide to do (or feel/are legally obliged to do) about their suspicions than it is a reflection of changes in laundering behaviour. Thus before coming to the conclusion that real trends in laundering patterns have occurred, one must first look to see if there are any artefactual changes (e.g. new laws expanding the coverage and/or provability of money laundering; extra financial investigators; Financial Intelligence Unit, police or bank or legal staff training/publicity; listing or de-listing by FATF in its 'Non-cooperating countries or territories' initiative³⁸) that could account for changes in reporting behaviour by financial and professional intermediaries or for recording practices by administrative, police and prosecution units.

As in previous years, the main identified methods by which money laundering is indicated to have been achieved in 2002 are:

- Back-to-back loans to suspected offenders against the security of funds deposited in foreign or domestic accounts
- Purchase of real estate - sometimes registered in corporate names in corporate secrecy jurisdictions - and building materials

³⁸ We are not attributing all of the changes to the NCCT process: some of these elements would doubtless have happened in the more consensual process of MONEYVAL. However, as the FATF Annual Report on NCCT for 2003 notes:

"63. In July 2002, Hungary began the second phase of the transformation of anonymous accounts, which requires that the data on all the owners of accounts above 8,400 euros are to be reported. 5,809 STRs were reported from January-November 2002, an increase of more than three times for the previous year. An additional 3,193 STRs were received between 1 January and 1 June 2003."

Likewise, in relation to Russia, the Annual NCCT Report for 2002 noted:

"On 16 May 2001, Russia enacted a federal law ratifying the 1990 Council of Europe Convention on Laundering, Search, Seizure and the Confiscation of the Proceeds from Crime. On 6 August 2001, Russia enacted the law "On Combating the Legalisation (Laundering) of Income Obtained by Criminal Means." This law came into effect 1 February 2002... The FIU began operations 1 February 2002 and was admitted into the Egmont Group in June 2002. The FIU currently has a staff of approximately 130 who are largely dedicated to analysis of STRs. To date the FIU has received approximately 100,000 STRs. The Central Bank has issued a number of regulations to implement the STR program and has examined 650 banks regarding the level of their compliance with the law."

- Purchase of valuable commodities, especially diamonds and other lightweight, transportable ‘products’.

In addition, there are the following Informal Value-Transfer Mechanisms, which illustrate the importance of viewing money laundering as a method of safely storing, transporting and making available again the proceeds of crime (and other desired transfers, often from legal-source activity):

- Hawalla
- Hundi
- Currency exchange networks
- Fei chien, door-to-door, and other Asian varieties
- Invoice manipulation schemes
- In-kind fund transfers
- Trade diversion schemes
- Courier services and physical transfer methods, including smuggling
- Correspondent bank accounts
- Gift and money transfer services overseas via special vouchers and internet web sites
- Internet based payments/transfers
- Stored value, such as pre-paid telephone cards and "chits"
- Security transfers, such as brokerage accounts
- Debit and credit cards used by multiple individuals

There is no reason why all or even many reports of suspicious (and, *a fortiori*, unusual) transactions can be expected to relate to *organised* crime, local or transnational, as conventionally defined. Especially since the pressure on financial institutions was stepped up following ‘9/11’, and the EU passed its Amending (‘Second’) Directive on Money Laundering in 2001 (though only now reaching its proclaimed deadline for coming into effect), there has been increased ‘defensive reporting’, which was rising even before the terrorist finance initiatives. It is less personally and institutionally risky for Money Laundering Reporting Officers to report a customer’s transaction as ‘suspicious’ or ‘unusual’ than not to report it and take the chance that with hindsight, their actions may look like negligence or even a ‘cover up’. Furthermore, ‘suspicious’ really means ‘suspected’: it is the observer who is suspicious – the transaction merely may be so. Likewise, from mutual pressure within MONEYVAL and GRECO or from imposed FATF pressure, almost every Council of Europe country has created Financial Intelligence Units and reporting procedures. However, these vary enormously from police to administrative or civilian units, some with and some without in-house investigative capacity: unless there is the legal and practical capacity to take these reports forward to criminal prosecution and/or *regulatory* monitoring and preventative learning, the FIU cannot achieve much.

But whatever system of filters is applied, a suspicious transaction report does not signify that funds are actually proceeds of any crime (not even of tax crime), and does not automatically link to the particular *organisational* form of crime with which this Council of Europe report is concerned. Presenting the findings in geographical blocks is particularly difficult here, since although funds may be laundered by national and/or ethnic groups who derive most *profit* (i.e. proceeds net of ‘business costs’ to the criminals) from crime, the places to which they go are ‘virtual’ rather than real after the initial placement of the funds into the laundering vehicles, which continue to range from financial institutions to real estate vendors and restaurateurs or pure ‘front businesses’ which lack meaningful economic activity (and therefore should fail ‘Know Your Customer’ tests if applied). Thus, though regulation in Liechtenstein has improved substantially (and after monitoring in the year 2001, they were taken off the

FATF 'blacklist'), it is irrelevant to their use for laundering activities whether they, the Swiss, the UK and its Crown Dependencies (Jersey, Guernsey and the Isle of Man), Cyprus, Malta et cetera are *physically* on the 'Balkan route' for drugs transportation: electronic transfers and informal value transfers bypass the normal geography of crime. (Though convenience factors such as easy transportation access, as well as legal arbitrage, affect the attractiveness of particular jurisdictions for currency exchange and some other aspects of laundering.) Little is actually known about the impact of being 'blacklisted' on countries' attractiveness to money-launderers, though it is presumed that measures of enhanced scrutiny deter those who may wish to move their funds out of sanctioned places. There is little doubt that the strenuous efforts made to avoid being blacklisted or to get off the NCCT list have an effect on the legislative and regulatory systems, and if the anti-money laundering efforts have any impact on crime, regulatory improvements should lead to reduced attractiveness, measured in principle by lost existing and potential business. Unfortunately, business shifts for many reasons, so this calculation is far from simple.

Despite the ongoing concern expressed about money laundering within the Council of Europe member States and elsewhere in the world, only a modest proportion of criminal investigations yield firm evidence of how it is organised and what techniques are used. Even in the Netherlands, where in 2002 financial investigation is *relatively* active as a component of police work, only about a third of organised crime investigations generate much evidence of laundering. Sometimes this can be (as in nearly all Member States) because the core activity of criminal investigation is to obtain a conviction for a substantive criminal code offence, and the investigators do not go further than that necessary for that end. But as proceeds of crime confiscation and 'following the money trail' become more popular and are seen as key elements of disrupting the growth of crime groups, more evidence of money laundering can be expected to come to light and be 'captured' for analysis of trends and risks and for collateral purposes such as these organised crime reports. There is one unanticipated side-effect of criminalising 'own funds' laundering, and that is that since it is easier to prosecute for own funds laundering than for laundering the proceeds of others' crimes, there is a temptation to show greater activity for external audiences by boosting money laundering prosecutions in this way, thereby making it even harder to work out trends. Moreover, the flexibility in the definition of organised crime means that there is ambiguity in whether different Member States consider money laundering as being part of the organised crime group or a separate function by specialist outsiders. But as in previous years, the general lack of sophistication in most cases identified suggests that most of the laundering can be conducted in-house.

3.13.2 Laundering methods

The conventional wisdom from the more sophisticated financial centres is that the tri-stage model of placement, layering and integration has become rather dated. As the Liechtenstein report states, the use of tools such as front companies and letter box companies has made the layering and integration deceiving third parties more common. In particular (though this is not new) false 'tax planning' arguments and fictitious trades (used as much to effect frauds as to launder funds, particularly involving the provision of non-existent services which are harder than physical goods to check) are commonplace.

Whereas in previous Dutch reports, most identified launderers were Dutch, in 2002, this fell to a fifth while, as in previous years, there was strong representation also from Turkey, the Netherlands Antilles, Morocco and Surinam (plus a large number of Albanians in one major case, which distorted the pattern of ethnicity involved in money-laundering overall). These are key origin, smuggling and destination routes for

drugs or (in the case of the Netherlands Antilles) offshore finance centres, and their nationals can be expected to be involved in laundering since supply/refinement and middle-market distribution generate the largest profits (Pearson and Hobbs, 2001). It is these profits surplus to living and leisure expenses that are saved, and the Dutch and British findings are that the higher-up drugs traffickers tend to save and invest far more than others, mirroring patterns in the legitimate world. This should not be mistaken for trend data but research on Dutch major criminals 1993-99 showed that they mainly use their money in legal investment markets, converting it to credits, securities, or investments in real estate. A great deal of money is also invested in their own, entirely or partly criminal companies. The credits or claims are mainly constituted by loans to friends and family (Meloan et al., 2003). More generally, and especially but far from exclusively in Scandinavia and the Baltic countries, criminals tend to put their money into purchasing real estate, building materials such as timber, massage parlours, saunas, and the semi-respectable part of the sex industry where business levels are obscure, work permits (unless raided by the authorities) are not always required, and where the benefits of vertical integration with migrant smuggling can be enjoyed by owners, if more rarely by workers. On the other hand, though it is easy to merge the income from crime with the income from saunas and other cash businesses, the *money-laundering* benefits of this are lost unless the extra income is declared to the tax authorities and thereby 'cleansed' – otherwise it simply becomes tax evasion in addition to any primary offences that may have been committed. (Though satisfying foreign jurisdictions in order to follow the money trail and freeze/confiscate the assets may still present serious problems, not least from finite investigative resources³⁹.) Cash can also be used not just to buy businesses and real estate (and to corrupt officials for planning permission in EU as well as in non-EU Member States – see Gomez-Cespedes et al., 2003), but also to buy aggregate and other physical materials used for building. This has been the pattern in some sunny and pleasant parts of Europe, especially if it coincides with (and adds to) rising asset values: examples are the *Costa del Sol* in Spain, parts of Southern France, and fashionable parts of what were then accession countries, such as the Czech Republic, Hungary and Baltic States such as Latvia. Unless there are proactive investigations or serious *ex post facto* accounting demands for building components (with penalties for failing to have a satisfactory explanation), such direct investments by-passing financial institutions are quite adequate for criminals: few jurisdictions appear to enquire how so much capital gains can be obtained from selling property – or rental income obtained from letting out property – when original declared income was low. Otherwise front companies based in corporate secrecy jurisdictions will be used by those with the requisite contacts or knowledge.

Since drugs trafficking investigations are the dominant part of organised crime *investigations* in most member States, it can be expected that most detected laundering will be connected with drugs, even though changes to all-crimes money laundering legislation mean that legal predicates may be wider. (On the other hand, many suspicious transaction reports will relate to fraud, since such scams are easiest for bankers professionally to detect as 'abnormal' behaviour).

The extent to which Member States report information about money laundering varies substantially, and not merely because some organised crime gangs distribute funds among their members as 'living expenses' rather than saving, investing or performing other acts normally regarded as 'laundering'. Laundering is mentioned in approximately two fifths of the major Dutch cases, with a few examples of bureaux de change acting in a major way for drug trafficking organisations: large cash proceeds are

³⁹ Thus in Estonia, for example, out of 1,073 STRs, there were 8 criminal investigations, leading to 3 arrests for suspected money laundering and 20 preventative arrests. In Finland, there were 2,718 STRs, leading to 114 investigations and an unknown outcome other than €505,000 confiscations and €750,000 asset freezes. In Iceland, 189 STRs led to no arrests.

usually changed in this way, though the advent of the Euro has made it easier for many cash traffickers to operate Europe-wide without having to change currencies, though dollars and pounds still represent major transfer needs among drugs consumption countries. Most financial and organised crime investigations are oriented to drugs – and, especially since '9/11', terrorism - investigations, so cash deposits, purchases and transfers are more central than they would be in commercial and tax fraud cases. Some suspicious transactions are simply financial transfers with no evidence that they are part of a complex laundering scheme. The move to the Euro meant far fewer foreign exchange transactions than in previous years – a trend throughout the Euro zone.

Drugs exporting and transit countries are key sites for money exchange: within Europe, the Netherlands, Belgium and Germany are often mentioned in that connection. Mostly transfers are rapid, suggesting that funds are being used for the intermediate 'layering' stage. The most common next step is the purchase of real estate overseas by 'front men', with loan-backs being used for advances back to the original criminals, often via legal entities. Intensive research projects reveal the centrality of real estate purchases, but not necessarily in the country where the investigation takes place. For example, Turkish heroin traffickers often purchase land in Turkey rather than the Netherlands, UK or other European countries (such as Germany, which has a large amount of Turkish 'guest-workers'), and often in the names of their families rather than themselves. This is not always just because their families are acting as nominees to hide the origin of the funds but also because collective family rather than simply personal enrichment is the goal. There was evidence that many transfers went into Nigerians living in the Netherlands, who sent the funds on to Nigeria and claimed that they were sending to family members there, but they either did not know the names of their families or gave false names.

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

Table 8: Indications of money laundering mentioned in Dutch criminal investigations against organised crime groups, 2002 and 2001

Indications	Number of organised crime investigations 2002	Number of organised crime investigations 2001
Exchange of money for foreign currency	33	29
Smurfing	10	8
Quick transfer of funds	12	11
Fictitious investment earnings /double invoicing	3	5
Interruption of 'paper trail'	1	4
Fictitious gaming proceeds	1	1
Loan-back arrangement	5	8
Underground banking	9	3
Money transfers	20	11
Real estate carousel	6	4
Other	42	14
Unknown	-	11
Total (one or more indications)	74	56

Dutch investigations suggest that money laundering occurs relatively the most frequently in combination with trafficking in hard drugs, fraud and soft drugs. Of the 13,420 money transfers reported as suspect, 77percent were transfers from the Netherlands to countries abroad, possibly with easier identification rules. The weakness of funds transfer requirements is illustrated by the fact that in a fifth of the money transfers reported, it is not known what country was involved. The personal details of the person requesting and/or receiving the money transfer were also often

incomplete. The predominant destinations of suspicious money transfers was the Netherlands Antilles (a quarter), with Turkey and Nigeria much smaller proportions. The third network analysis carried out by the Disclosure Office reveals that a great number of people of Nigerian descent received money transfers from western countries such as Italy, Austria, Spain and the United States and converted them into further money transfers to the Netherlands Antilles, Nigeria and Colombia. As in the two earlier network analyses, the findings are probably linked to global frauds sometimes connected also to drugs trafficking. With regards to the involvement of particular national groups, there remains significant year-on-year variation of figures outside Turkey (whose role in heroin has been emphasised in scientific - e.g. Bovenkerk and Yesilgöz, 1998; Zaitch, 2001 - as well as police accounts). Less systematic data are available in many other jurisdictions. The Norwegian authorities, for example, note that groups of asylum seekers and travellers from Russia, Lithuania, Poland, Romania and the former Yugoslavia send large amounts of money out of Norway through parcels such as insured mail and MoneyGrams, or by money transfers to foreign accounts via Norwegian banks. Expatriate Somalis and Iraqis (pre-and probably post-invasion) especially also send large sums of money – an unknown proportion of which is from crime - out of the country through the Hawala underground banking system.

There has been a steady rise in the number of ‘suspicious transactions’ reported in many countries, as well as in the number of ‘unusual transactions’ in those MS such as the Netherlands that have that system. In most small population financial services centres (whether deemed ‘offshore’ or not), the number of requests for cooperation from overseas far exceeds those from domestic suspicious transaction reports. The number of reports reasonably varies widely between those in which a temporary freezing of the account (with consequent risk of inadvertent ‘tipping off’ to account-holders who request transfers during this period) follows automatically upon reporting and those in which no freeze occurs.

In the year 2002, financial institutions reported 137,000 unusual transactions to the Unusual Transactions Disclosures Office (MOT), a trebling since 2000, and 81percent up from 2001. These are views based on banking information only and after investigation, 24,741 were reported as suspicious to the police and judicial authorities, a smaller rise though still more than double the 2001 figure.

The Dutch Unusual Transactions Disclosure Office (MOT) and Belgian CFI exchange a lot of information successfully. In 2000, the customs authorities were included in the structural reporting regulations of the MOT when money-laundering activities are related to trade. In the case of the police, suspicious transactions are dealt with by the Office for the Provision of Police Support to the National Public Prosecutor (BLOM). To arrest suspects and seize sums of money more quickly, the National Public Prosecutor with the BLOM can make use of the HARM technique (*‘Hit and Run Money Laundering’*).

Below is a synoptic table of some relevant data on suspicious transaction reports and arrests in recent years. Please note that any date-to-date point information represents only a snapshot, and that suspicious transaction reports in year t may (or may not) lead to arrests in year t+1 or even later, while in other cases, arrests in year t may relate to suspicious transaction reports in t-1. The huge disparity between numbers of suspicious transaction reports and arrests in most countries indicates the problematic nature of using the numbers of STRs as a performance indicator for ‘anti-money laundering effectiveness’ once they have reached a ‘reasonable’ threshold that indicates that the jurisdiction is taking money laundering seriously. It must also be borne in mind that in some jurisdictions (e.g. Austria, Germany, Liechtenstein, and Switzerland), the making of an STR leads automatically to a short-term account freezing, giving that act a different significance from that in the UK, for example.

3.13.3 Trends in money laundering reporting

Table 9: Statistics on money laundering

	Number of suspicious transaction reports				Number of arrests			
	1999	2000	2001	2002	1999	2000	2001	2002
Albania								
Andorra								
Armenia								
Austria		184	248				13 ⁴⁰	
Azerbaijan								
Belgium								
Bulgaria				220				0 ⁴¹
Croatia			12	178 ⁴²			12 ⁴³	1 ⁴⁴
Cyprus				70 ⁴⁵				1
Czech Republic				1,246				0
Denmark	337	249	319					
Estonia				1,073				23 ⁴⁶
Finland				2,718 ⁴⁷				
France	1,655	2,537	3,598	6,896		21	58 ⁴⁸	
Germany			8,214				139	117
Georgia								
Greece								
Hungary			15	5,809			0 ⁴⁹	
Iceland				189				0
Ireland								
Italy ⁵⁰	3,763	3,530	4,872	7,915				
Latvia								
Liechtenstein			158	202 ⁵¹			0 ⁵²	

⁴⁰ These are warrants for arrest, and 12 court orders to inspect accounts (mostly in the cases involving arrest). A total of €211 million was involved, and court orders freezing €22.5 million were issued, with €4.5 million in transactions were postponed, an unknown percentage of which was also included in the court freezing orders. 42 individuals were prosecuted for money laundering and 45 people for criminal organisation activities (s.278 Austrian Penal Code).

⁴¹ 50 dossiers, involving €101.4 million, were finalized, with 17 preliminary instructions issued.

⁴² 67 of these notifications were forwarded for further investigation and possible prosecution.

⁴³ In all of these cases, property was seized, and the 15 confiscation cases presumably also included some from the previous year.

⁴⁴ This was a multiple offender case, but the number of persons convicted is unknown.

⁴⁵ In Cyprus, an additional 170 cases were received from local police, FIUs, Interpol and other foreign authorities.

⁴⁶ Of whom, 20 were preventative arrests.

⁴⁷ Of which 114 coincided with or led to money laundering investigations.

⁴⁸ These conviction data appear to be based (Tracfin, 2003) on the reports of this year, whether or not the conviction occurred in that year.

⁴⁹ No asset restraint or confiscation orders were made either.

⁵⁰ Italian data sourced from the reports of Ufficio Italiano dei Cambio (2002), and have been collated by them from September to September (when records started) rather than by calendar or financial year.

⁵¹ Of which 23 led to fuller investigation, often involving enquiries about predicates overseas.

⁵² However, there were 35 investigations launched, and 11 confiscation cases (which probably did not relate to the investigations of the same year, because of the time delays in all legal systems).

	Number of suspicious transaction reports				Number of arrests			
	1999	2000	2001	2002	1999	2000	2001	2002
Lithuania				156				
Luxembourg	110	161	410	631				
Malta				28				
Moldova				5				
Netherlands		11,023	20,233 ⁵³	24,741				
Norway			992	1,291 ⁵⁴				
Poland			92 ⁵⁵	441		2	10	9
Portugal								
Romania				9 ⁵⁶				210
Russia				100,000				
San Marino				9				
Slovakia			452				24 ⁵⁷	
Slovenia			92					
Spain								
Sweden								
Switzerland	303	311	417	652 ⁵⁸				
'the F.Y.R. of Macedonia'								
Turkey								
Ukraine								
U.K.	14,500	18,408	31,251	64,164		129 ⁵⁹		

Although serious and organised criminals arrange for significant sums of cash to be transported out of the UK (as for other Council of Europe countries), the laundering of cash in the UK, either by introducing it into the legitimate financial sector, using it to buy valuable assets, or simply spending it, is more common. The use of banks and other organisations in the regulated financial sector to launder funds entails a degree of risk for organised criminals, since suspicious financial transactions, including suspicious cash payments, are subject to a disclosure regime in all Council of Europe member countries. The number of reports made to the UK National Criminal

⁵³ The Dutch system involves filtering 'unusual transactions' reported by financial institutions and bureaux de change and preliminary analysis by a civilian bureau before passing onto the police as suspicious transactions. It is not possible to state what proportion of Dutch 'unusual transactions' corresponds to 'suspicious transactions' in other countries such as the UK: but the operative criteria may be much the same.

⁵⁴ These resulted in 128 fresh investigations in Norway, and 60 additions to existing investigations. Registered confiscation orders increased by almost half to NOK 60.6 million from the 2001 figure.

⁵⁵ Of these, 77 came from banks and 4 from public notaries. In addition, GIF investigated 60 cases of suspicious financial dealings on the basis of information received from the internal revenue service, revenue control agencies, customs offices and customs control office etc. An additional 75 investigations resulted from information provided by the public prosecution service, police, State Protection Office and other sources of information. These have not been classified as 'suspicious transaction reports' here for the sake of consistency with other national reports.

⁵⁶ 5 billion ROL were frozen in this context.

⁵⁷ Of the 24 charged, 17 were subsequently prosecuted and 10 were sentenced under Section 252 of the Slovakian Penal Code.

⁵⁸ Of which 515 were sent to the Public Prosecutor, compared with 380 in 2001. In 2002, the Swiss assets linked to these reports totalled CHF 666 million, a third of the 2001 figure.

⁵⁹ The number of prosecutions, of whom 50 were convicted at the year end, though some may have been convicted subsequently. No data on arrests are kept. The delays in publishing crime statistics mean delays in reporting prosecution data.

Intelligence Service (NCIS) – the national reporting agency for suspicious transaction reports – rose 70 percent from 2000-2001 and more than doubled to 64,164 in 2002. The rise is explained in part by the increased Financial Services Authority interest in money-laundering reporting systems following implementation of the Financial Services and Markets Act 2000; and in part by the events of 11 September 2001: but large FSA fines of banks for poor record-keeping and the introduction of the Proceeds of Crime Act 2002 led to heavier publicity and wider regulation, as the Law Society's Money Laundering Task Force spread the message to the legal profession. This reporting process by lawyers accelerated even before the English High Court ruled⁶⁰ that solicitors had to make reports wherever they suspected that their clients (for example in divorce cases) had concealed income from the tax authorities and/or had claimed social security to which they were not entitled. Prior to this ruling, the KPMG (2003) 'Review of the regime for handling Suspicious Activity Reports' noted that 236 banking institutions did not disclose any Suspicious Activity Reports to NCIS in the first six months of 2002, out of a total average population of banks able to take deposits in the UK during that period of 385. The bulk of SARs are likely to and do arise from the large clearing banks: however, over 60 percent of banks in the UK failed to make a single disclosure in a six month period. Disclosures in the first six months of 2002 from 116 different solicitors comprised 0.6 percent of the total, while those from 33 different accountants represented 0.2 percent of the total number of disclosures. However, although these *percentages* may be low, it should be noted that more British lawyers/notaries made reports in 2002 than did those of any other European country.

The French Report (Tracfin, 2003), notes the rising trend in dossiers (which have almost trebled since 1998) arising from suspicious transaction reports: the 6,896 reports in 2002 have already resulted in 291 dossiers, 61 preliminary investigations and 14 judicial information. However, in addition to the normal loan-backs and single-premium insurance policies, TRACFIN noted some abuse of internet banking facilities via innocent and less innocent intermediaries, and the contribution of the shift to the Euro to reports from financial institutions. (This more properly is viewed as partial laundering, since the persons and businesses could not automatically demonstrate the legitimacy of their assets *if questioned*.) The Italian report does not describe any trends, other than noting the use of existing real as well as phoney front companies to conceal funds transfers. However in 2002, €16.4 million were confiscated and €304.4 million seized in judicial and preventative proceedings.

In Liechtenstein, the number of banks making disclosures more than doubled (13 out of 17 compared with 6 out of 17 in 2001), while there was a 50 percent increase in the number of reports made by fiduciaries. The rise in internal compliance is illustrated by the fact that there were 53 reports thus generated in 2002 by banks (compared with 22 in 2001), and 79 by fiduciaries in 2002 (compared with 35 in 2001). It appears that Liechtenstein institutions have shifted to a more proactive mode, rather than largely reacting to external demands for information. In Liechtenstein, almost all the reports made related to financial crimes of fraud, with very few being drugs-related, though more drugs may have been included within the quarter that were under the 'money-laundering' heading. The largest groups of those suspected were Swiss, followed by Germans, but 41 were of unknown nationality, reflecting the fact that they were filed prior to any business relationship being established. In terms of asset values, because of a small number of large cases, Spain and Russia represented the two largest areas generating suspected criminal assets. Luxembourg, like Liechtenstein, finds that money-laundering is one of the most frequently alleged crimes in requests for mutual legal assistance, though Luxembourg states that in some cases, no real attempt has been made by the requesting jurisdiction to investigate the laundering allegations. In a third of organised crime enquiries in 2002, laundering was alleged. The Luxembourg

⁶⁰ P v. P. 10 October 2003.

authorities, like many other financial services centres, have found themselves dealing with an increasing number of suspicious transaction reports, the number quadrupling since 2000. On the other hand, again commonly, the criminal justice outcome of these reports is modest: in 2002, two preliminary enquiries led to formal judicial action, a gap that is explained as the result of the need for external collaboration before opening a case in Luxembourg, where most of the natural and legal persons are located abroad. In neither 2001 nor 2002 was any conviction for laundering obtained there: but there was substantially increased mutual legal assistance, both inwards and outwards. Both the number and value of assets frozen dropped markedly in 2002 compared with 2001, but wild value fluctuations appear to be a regular feature of Luxembourg seizures, which helpfully differentiate between national and international cases. In Switzerland, the trends were not dissimilar to those of other major financial centres, though allegations of Swiss involvement in tobacco contraband smuggling and fiscal evasion continued. The Swiss authorities continued their active AML policies, with rises in both numbers of reports and investigations: the fall in amounts seized probably reflect variations in particularly high-value cases (and one might expect that as Know Your Customer policies for Politically Exposed Persons improve, fewer assets will be there to be seized when they fall from grace). In Cyprus, it is asserted that money laundering is mis-attributed to the island as a whole rather than to the Turkish-controlled North. Nevertheless, there were 70 STRs from financial institutions and another 170 from local and international police and FIUs, totalling 240, leading one arrest, 25 asset seizures totalling US\$2.7 million, and one confiscation totalling \$66,668.

In Hungary, as elsewhere, serious and organised criminals frequently launder cash through legitimate and quasi-legitimate businesses. These businesses are often owned or part-owned by the criminals by close associates, although legitimate businesspeople may also be duped into providing the means for laundering criminal proceeds. The businesses typically have a high cash turnover, since this makes it easier for criminally acquired cash to be fed in, for example taxi firms, restaurants, night clubs and car sales or repair companies. The same businesses may support money-making criminality, for example providing the means to transport drugs to their final destinations. There is also common use everywhere for money transmission agencies (MTAs) to convert and transfer cash.

In Slovenia, four organised crime groups were identified as linked to money laundering, and five such cases were recorded as crimes and passed on by the police to the State Prosecution Office. The Office for Money Laundering Prevention opened 92 new cases, from which 11 cases were forwarded to the Police and State Prosecution Office for money laundering suspicions, plus 18 more cases for substantive offences other than money laundering. However, the Slovenians have been very active in investigation of money laundering activities, normally where Slovenian nationals work in collusion with foreign gangs. In 2002, as in previous years, the tourist industry (including restaurants) and real estate were overwhelmingly the most popular venues for identified money laundering, accounting for almost all cases. Night clubs, the sex industry, money exchange offices and car rental firms provided a few cases each. Asset seizures occurred in two cases (totalling about €1.6 million), with one large case of confiscation.

In the Czech Republic, a trend towards legitimisation of assets by Russian, Ukrainian and other Caucasian nationals was noted, as they attempt to purchase (corruptly and non-corruptly) businesses with the proceeds of crimes committed outside the Czech Republic. Furthermore, several varied ethnic and national groups – Albanians, Italians and Vietnamese, for example – purchase real estate with crime proceeds, sometimes just for investment but sometimes to house criminal activities such as smuggling contraband, drugs and people. 1,246 STRs were received, but there were no arrests:

asset seizures totalled 2,393 Czech Crowns. In 2001, the Slovakian Office of Financial Police received 452 reports on unusual commercial operations amounting to 500 million Euros. Between July 1997 and November 2001, 1610 reports were received, amounting to 2.15 billion Euros. More than seven percent involved legalisation proceeds from crime contrary to § 252 Penal Code: twice the corresponding figure for the Czech Republic in 2001. The percentage of unusual bank operations increased in 2001 compared with the previous years, though it is not clear whether this represents a real rise or just a rise in awareness.

Slovak investigators seldom go beyond proof of predicate crimes, and such proof is necessary under Slovak law to prove laundering. Its prevailing forms are purchase of real estate, in particular lucrative hotels, recreational, medical and health facilities, which is made easier by inadequate cadastral and land registry offices. Legalisation of means from crime may be connected with unauthorised tax deductions by private firms in relation to cars and equipment that is actually bought from proceeds of crime. Crime opportunities are 'encouraged' by the absence of Fiscal Police with authorisation to investigate legal entities and natural persons in this process; by resource constraints on the Office for Small Entrepreneurs (who regulate the range of activities authorised to small entrepreneurs); and by lax controls over private security activities. However, this goes against the grain of deregulation trends worldwide. According to official statistics, 24 persons were charged with legalisation of crime proceeds. Of these, 17 persons were subsequently accused and 10 persons were sentenced under § 252 Penal Code.

In Croatia in 2002, only one organised crime group involved in laundering and drugs trafficking was dealt with, and this resulted in a prison sentence and confiscation of proceeds: two such groups were identified and there was intelligence that three groups had purchased real estate with proceeds. This did not represent the whole of the AML activity in Croatia, however, since in 2002, the Office for the Prevention of Money Laundering received and processed 178 reports, of which over a third (67) were transmitted onward to varied administrative, customs and police units, including foreign FIUs. (The Ministry of the Interior received 19 STRs and the Public Prosecution Office received 23 STRs.) By contrast, in 2001, the Croatian Ministry of the Interior processed 12 cases of money laundering, arrested 12 perpetrators, confiscated 15 properties and succeeded in 12 seizures.

In Poland, there are reportedly increasing signs of the intensified use of the variety of commercial and business-like structures by the organised groups. The rationale given seems to be that purely illegal activities that were the main income source of such groups (such as the illegal importation and distribution of alcohol) are becoming increasingly risky. Activities of organised criminal groups in Poland include investment of illegal capital in various legal enterprises, primarily money exchange offices, pawnshops, so called 'social agencies' (commonly brothels), recreational enterprises such as hotels, horse stud farms, building firms, acquisition of real estate, investments in banks and insurance companies. 151 organised crime groups there engaged in economic crimes including money laundering in 2002, the vast majority being exclusively Polish. Though verification is difficult, it is alleged that as much as 8 percent of the entire shares traded in Warsaw are owned by crime groups (though like many stock investors they may have suffered losses). Apart from purchasing front firms to legitimate their capital (depending on how tough questions are asked of the origins of funds), there are attempts to use threats to obtain control of certain areas of economic activities and entertainment, or a combination of threats and corruption of financial services staff. The authorities report more sophisticated methods, unknown in previous years included transfer-pricing, transfer of profits to the firms bought or established in offshore finance centres, use of 'front' firms and of ethnic minorities for the purposes of international financial transactions.

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

During the year 2002, GIFI was informed about 441 suspicious transactions (up from 92 in 2001) by the variety of institutions obliged to do so under the money laundering prevention law 2000. Of that number, 260 came from financial services institutions. Of those investigated, roughly half were passed on to prosecutors though, as in all countries, any charges and prosecutions may come only in later years. Police data for 2002 show that 71 new money laundering investigations under Article 299 of the criminal code were instituted, up from 57 in 2001 and 30 in 2000. In 13 cases (compared with 21 in 2001), the investigation supported the allegations, and charges were brought against 9 suspects (10 in 2001 and 2 in 2000). This reflects the higher profile of money laundering with the Polish authorities, but not an increase in or changed pattern of laundering in Poland.

In Romania, the abolition of the restrictive list of money-laundering offences enabled an upsurge in investigative and prosecutorial activity, though only 9 suspicious transaction reports were received in 2002. The main methods were similar to those in serious economic crime:

- Illegal appropriation of VAT evaded by dummy companies by overstating prices of domestic or internationally traded goods
- Purchase of stock at under-value from fraudulently bankrupted firms
- Transfer of funds overseas on the basis of fictitious invoicing
- Diversion of funds lent to purchase capital market stocks
- Opening accounts with forged identity documents, often in collusion with bank staff.

In Moldova, money-laundering legislation and its implementation was late developing, but four organised criminal groups were identified as having engaged in laundering, while six invested in the economic field and five had some connection with official economic sectors. In all, there were five suspicious transaction reports in 2002. However, it is likely that there is far deeper penetration of organised criminals and corrupt persons in the economic life of Moldova, a contributing factor to the one third of the economically active population who work abroad. In Bulgaria, more reports of money-laundering connected with privatisation were received and, as elsewhere in Europe, the tourist and night-time economies were the most popular venues for investment of the proceeds of crime.

3.13.4 Conclusion

The reports on 2002 illustrate the more general connections between crime and money laundering, which should not be seen as an activity wholly *sui generis*, but as enabling cognate activities that allow a partial step into mainstream commerce while retaining some comparative advantage vis-à-vis the criminal skills of drugs dealing, vice, and 'protection', assisted by corporate vehicles and accounts created and held in jurisdictions that are less vulnerable than local ones to shifts in the fortunes of criminal groups. Given the extent of physical as well as virtual flows of money, people and legal/illegal commodities across European borders, the choice of investment vehicles – primarily property and more fungible assets – makes good sense to criminals as offering a bridge between wholly illicit and wholly licit (if desired) activities. In some cases, this is to facilitate activities within the broadened boundaries of the European Union; in others it reflects the expectations of rising real estate prices that were fuelled by the rush of expenditure of 'black money' that accompanied the introduction of the Euro; and in others still it reflects the boost to night-time economies from increased European affluence and from the growth of cheap flights to many European cities, bringing with them party-going attitudes and a ready market for licit and illicit services.

3.14 FALSIFICATION & FORGERY

In the majority of cases and almost in all countries counterfeiting and forgery of documents were mentioned as a supporting or subsidiary activity and only seldom as a principal activity of organised crime. In order to avoid misunderstandings in the precise meaning of the terms some countries provided definitions of 'counterfeiting' and 'forgery', according to which 'counterfeiting' means that a branded article, identity document or any other sort of document is imitated in its entirety so that the imitation can scarcely be distinguished from the authentic product and "forgery" refers to the imitation or substitution of parts of an existing product, such as a branded article, an identity document or other document.

The largest category among the counterfeited documents is still the identity documents, mainly passports. Usually (UK, Netherlands) around 20 percent of organised crime groups are reported to produce, supply or use false personal identities for supporting the following core activities: illegal migrations, drug trafficking, fraud, money laundering and car thefts.

The primary purpose of false identities is to enable organised criminals to conceal themselves, their activities and their assets in order to minimise the risk of detection, particularly when on the move. These movements normally require the proof of identity in a documentary form, which will be recorded or copied. False identities are used to acquire vehicles, lease premises, open bank accounts, apply for loans or credit cards, make money transfers, rent safety deposit boxes, set up mailing addresses, subscribe to telephone or internet services, buy property, register companies, sign shipping documents, obtain other identity documents, book hotel rooms and plane tickets, travel abroad to conduct businesses. They facilitate illegal migrations and fraud, help criminals to infiltrate organisations and are saleable commodities in their own right.

In the Netherlands migrant smugglers provide people smuggled with false or "look-alike"- documents (documents are used by someone who shows similarities with the photograph in the document in question). There were also some cases where passports or identity cards were borrowed, sometimes in return for payment. The smugglers then

arranged for their clients to travel on the borrowed passports. If the people smuggled were caught, the owners of the document filed a report of loss or theft.

In this area the term of 'identity fraud' has become very common to refer to the increasing use of various types of fraud concerning travel and identity documents. Other false documents, which are used very often, are false invoices, securities, employer's declarations, bank cards and credit cards. In Latvia false documents on non-existing companies abroad are used for the fictive export or re-export while goods stay in the country.

Counterfeiting and cloning of different cards are considered to be a complex crime, for which some sophisticated equipment is needed. Usual ways for conducting these types of counterfeiting include the purchase of equipment from the internet sites and high street electronic stores, the use of ATM attachments to read card details, wholesale stealing of card details from data bases (data stream attacks) and use of false internet sites to obtain card details.

In the majority of countries organised crime groups very seldomly specialise in counterfeiting or forgery of the documents but when they do, they co-operate with other domestic and foreign organised crime groups (Andorra, Croatia, Czech Republic, Estonia, Germany, Latvia, Netherlands).

Having in mind low risks and large benefits and the absence of the duty to register the most advanced copy machines organised crime groups in the Czech Republic have specialised themselves in the counterfeiting and forgery and this country is becoming a counterfeiting power, mainly for identity documents, public certificates and telephone cards.

Some countries (Germany and Netherlands) have noticed that the percentage of foreign perpetrators is very high in the counterfeiting and forgery of documents.

Due to their supportive nature counterfeiting/forgery offences will remain very important for the activities of organised crime groups. It is hard to expect any big increase or decrease in the volume of these offences since they will continue to serve the principal activities of organised crime groups and their scope and volume will depend entirely on the nature, scope and the volume of the core criminal activities. It is also possible to expect that a small number of organised crime groups will continue to specialise in the counterfeiting/forgery offences meeting demands of other groups, thus bringing the quality of their products to perfection. Anti-counterfeiting protective measures⁶¹ may present a certain obstacle to their activities due to their getting used to new circumstances and conditions but this will only have a temporary character. New technologies will continue to be used for the purposes of counterfeiting and forgery adding in this way additional problems to the law enforcement agencies.

⁶¹ Introduction of new documents with more protective elements, use of new materials, informatisation of the area, etc.

4 Organised crime groups

4.1 GENERAL PATTERNS

Bearing in mind that the intelligence on the situation regarding organised crime is a reflection of the scope and intensity of efforts of the law enforcement agencies only and that the replies to the questionnaire on the structure, patterns and organisation of organised crime groups are far from complete, the following patterns emerge:

- organised crime lives more and more in a sort of symbiotic relationship with legal activities in the society, meets the demand of goods and services not provided by the legal economy, and competes for human and material resources available
- in some countries direct links between organised crime groups and the ruling political forces have been established, enabling secured operations of by criminal, high profits for both criminals and politicians and investments in further political or economic activities
- only few countries report on possible links between organised crime groups and terrorist groups
- organised crime activities in countries with a lower GDP and weaker public institutions continue to develop fast
- differences in the average standards of living and income in different countries and in administrative practices remain significant factors influencing the development of trans-national organised crime
- war and conflicts – such as in South-eastern Europe – have caused an increase in specific criminal crime activities and shaped organised crime, including smuggling and trafficking in human beings, extortion, illegal migration. Organised crime groups due to the resources available, launder the proceeds of crime and to invest them into legal activities. They thus play a decisive role in the legal economy and strive for influence in other fields as well
- in the majority of countries domestic organised crime groups dominate. However, there is a disposition towards to transnationalise activities
- the majority of organised crime groups are active in large urban areas
- smaller regions with an increasing number of organised crime groups often witness the establishment of new and good relations between previously hostile groups (e.g. Chinese and Vietnamese groups in the Czech Republic) and changes in their organisation and in the level of violence used;
- prominent criminals from some countries establish themselves abroad to introduce their domestic collaborators to suppliers abroad and to assist in the sourcing process
- the number of foreign or transnational organised crime groups is rising and so is the degree of international co-operation among them, mainly in the border areas and in large urban communities, foreign leaders of organised crime groups engage domestic partners as their deputies, mainly to facilitate recruitment

- some, mainly ethnicity-based organised crime groups (Albanian, Estonian) are becoming a serious threat to the security of other countries
- organised crime groups in some countries are trying to come agreements on the sharing of markets and to solve their problems through negotiations
- although organised crime groups may give priority to certain activities, they are able to quickly switch to new activities to reduce risks and enhance profits, to exploit new opportunities and to protect their interests
- professionalism of the members of organised crime groups, mainly through education and training, is increasing, accelerated also by the intensive use of new technologies and thorough logistical planning (suppliers, sub-contractors, producers of documentation, ..), which includes forward-planning and real-time management
- some countries face an increase in female perpetrators in specific areas (prostitution, trafficking in human beings)
- organised crime groups are increasingly involved in legal activities, sometimes extracting themselves from the original criminal environment, disrupting legal businesses (unequal opportunities), having a serious impact on the economic systems of some countries (the investment potential is falling, investors are leaving the country, the shadow economy is growing, national economies are decreasing, people are discouraged and they are leaving their own countries), increasing in this way the difficulties of investigating authorities
- the power of organised crime groups is expanding not only in illicit markets but also in the field of strategic economic industries, political systems, political parties, public administration and law enforcement
- activities of the organised crime groups undermine the trust of people into law enforcement activities, sometimes giving rise to self-protective measures
- in addition to corruption, organised crime groups apply increasingly other protective measures against law enforcement agencies and other organised crime groups, including thorough intelligence gathering on their activities
- recognising the fact that not all organised crime groups have the same importance, Germany has introduced the so-called 'organised crime potential', which is used to express the level of organisation and professionalism on a scale from 1 to 100. In 2002 the average of this potential of all organised crime groups in the country was 40.5 points.

Based on different sources it is possible to pinpoint the organised crime groups that represent major threats to the security of European citizens:

- Albanian, Belgian, British, Dutch, German and Italian organised crime groups in general, since they all have excellent international connections in and outside Europe and they are involved in different areas of criminality. Especially the growth and the danger of Albanian organised crime groups in some countries attract the attention of law enforcement agencies. The difficulties in the investigation of their activities are due to their dominant family type network organisation with a hard core of permanent members and less fixed contacts for specific tasks. They are considered to be the most violent organised crime groups, able to adapt to new circumstances very quickly and to maintain secrecy

of their activities, often trying to influence financial and political areas. In some countries (e.g. Switzerland) they are considered to be important enough to determine the evolution of organised crime.

- Russian organised crime groups in the field of financial crime
- Chinese organised crime groups in the field of illegal migrations
- Colombian organised crime groups in the cocaine trade
- Nigerian organised crime groups in the field of fraud,
- Moroccan organised crime groups in the field of car theft and trade in cannabis.

4.2 THE STRUCTURE OF CRIMINAL ORGANISATIONS

There were not a lot of changes concerning the structure of organised crime groups in the year 2002 when compared to 2001. Reporting countries still lack a clear picture as to the different structures of organised crime groups, but the main conclusion in the field of organisational structure of organised crime groups remains the same: it is still impossible to set a general rule on the structure of criminal organisations throughout Europe. Nevertheless, some rules on the organisational structure of such groups can be established.

It is a relatively new development that organised crime groups in some countries manage their own structure deliberately to adjust to new circumstances, and to invest into their own organisation.

The organisational structure of organised crime groups in Europe is mainly determined by three elements:

1. The environment (traditions, social stratification, public administration) in which organised crime groups are established:
 - The first example are Italian organised crime groups, where the division of groups has remained stable for years. The most important hierarchical (family) type of organisation is still the Cosa Nostra from Sicily (180 groups, 6000 members) and the most important network types of organisation are still Camorra ("Gang", Campania, clan type, 175 groups, 9000 members), N'dranghetta ("Courage, Loyalty", Calabria, 150 groups, 5000 members) and Sacra Corona Unita, Sacra Corona Libera, Nuova Sacra Corona Unita (Apulia, cellular type, 50 groups, 2200 members)
 - The second example are organised crime groups established in the former Soviet Union, where the division of tasks ("Vor v zakone" - "thief in law", "papkа" - fathers, "starchina"- senior officers, "obstchak" - joint fund holder, brigade-leaders, fighters, financiers, network personnel) has remained the same for years, too. The institution of "obstchak" is gaining in importance, since it is turning from a person keeping the joint funds of organised crime groups into a kind of central federation for organised crime groups, which gathers the strongest leaders to agree on division of territories and labour in order to avoid conflicts. All organised crime groups in countries where "obstchak" exist, have to pay a regular membership fee - "krysha" (the roof) for protection and security guaranteed by the criminal leaders
 - For British 'firm' type organisation, as a third example, permanent members, distinct roles, clear chains of command and straight communications are significant

2. The areas of organised crime groups activity:

organised crime groups which deal with typical areas of illegal activity (trafficking in drugs, illegal arms trading, extortions, robberies) are usually hierarchically organised, while organised crime groups, especially those dealing with economic or financial crime, are organised cell-wise or network-wise.

3. The prevailing nationality or ethnicity of organised crime groups members:

In the Netherlands, for example, the network type of organisation is typical for Albanian-, Dutch- and Turkey-based organised crime groups, and the cellular type of organisation for Nigerian- and Colombian-based organised crime groups. In Switzerland the hierarchical type of organisation is typical for Albanian (from Albania, "The former Yugoslav Republic of Macedonia", Serbia and Montenegro, Kosovo) organised crime groups .

In a large number of countries organised crime groups are ethnically homogenous despite the fact that the number of foreign perpetrators is gradually rising. On the other hand, some very developed countries (Germany, The Netherlands) face transnational organised crime groups. In Germany, for example, only 20.2 percent of organised crime groups comprised suspects of one nationality, in other organised crime groups the number of nationalities involved was usually 2-3, sometimes even reaching 15. A large number of countries report that the prevailing nations in organised crime groups determine the main areas of criminal activity of those groups.

Despite the fact that the majority of organised crime groups in eastern European countries still have a hierarchical type of organisation, the management style in organised crime groups (Estonia) which are loosing their links to traditional organised crime groups in their predecessors countries (Russia), is getting less directive. Business methods of leadership are being used more and more. The same organised crime groups while expanding to other countries (Finland) and markets are showing extremely tight hierarchy in order to absorb the existing organised crime groups and to eliminate all incoming threats. This is also the case of old organised crime groups advancing from their basic territory to new countries, sometimes following military-like discipline (10 brigades from the former USSR developed their activities in the Czech Republic). Sometimes traditional organised crime groups from one country render assistance to organised crime groups in another country in order to maintain the firm structure and positions.

The hierarchical type of organisation in a small number of countries (Croatia, Hungary) is increasingly replaced by another, especially network type of organisation which are based on common denominators of illicit gains, ethnicity, family relations and kinship relations. In other countries the structure of organised crime groups is becoming more and more hierarchical.

Countries where the phenomenon of organised crime was not known for long (Iceland, Ireland) face different types of organisation, ranging from hierarchical to loosely knit structures.

Table 11 indicates how member states perceive⁶² the structure of criminal organisations in their respective country.

⁶² The table is based on the replies to the questionnaire received

Table 11: The structure of organised crime groups

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

4.3 GEOGRAPHICAL ANALYSIS

The geographical context has a direct influence on the crime opportunities available and the way in which they are exploited by criminal groups. In order to facilitate the geographical analysis, member countries are as follows:⁶³

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

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

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

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

⁶³ This particular solution is open for further improvements; also, the names given to the groups/regions are only chosen for practical purposes. The grouping of countries in the same group does not necessarily imply that they have other things in common than offering a similar geographical context which explains certain features of organised crime.

In **Finland**, criminal groups were previously described as comprising 5 to 6 core members and 9 to 10 other members, with no coordination between groups. The report for 2002 states that the size and cohesion of the groups vary a lot. Most of the groups can be characterised as loose and flexible gangs that consist of members who move between variable groupings according to changing needs and opportunities. However, there are also some rather stable and also hierarchic and large groups which operate systematically and on a large area and have also international contacts, above all to Estonian-based organised criminals. There are about 30 identified active organised criminal groups that meet the EU criteria of organised crime. The number of active criminal groups is altogether about 70. In 2002, the NBI had investigated 15 organised criminal groups that met the EU criteria of organised crime and were active at the national level. The number of investigated organised criminal groups that operated at a regional level was counted in tens. Those groups were being investigated by both the NBI, several units of the local police, and also by the Customs authorities. A large part of the regionally operating organised criminal groups are interlinked in their criminal activities and form a loose and changing network, linked with organised criminal groups that operate at the national and international levels. Under such circumstances, it is often impossible to say whether a group under a specific investigation should be ranked as a group or as a cell/subgroup of a larger group.

The NBI estimates according to intelligence data that there are about 300-400 persons who can be considered as members of organised criminal groups that meet the EU criteria. In all, there are probably about 800 participants to organised criminal activities in Finland. These figures do not include the foreign organised criminal groups which have both representatives and active links in Finland and a significant impact on organised criminal activities in the country.

Most of organised criminal activities that have been under investigation in Finland are related to illegal drugs trafficking. For this reason, the 2002 report presents data for persons suspected for aggravated narcotics offences to serve as a guideline to the ethnic composition of organised criminal groups. In 2002, about 500 different individuals were suspected of aggravated narcotics offences, referring to about 800 separate suspicions of such offences. The recent trend is a systematic increase of Estonian and Russian nationals among the suspects - from 7 percent in 1998 to 22 percent in 2002 -, the role of other foreign nationalities remaining insignificant. The proportion of Finnish nationals has simultaneously decreased from 84 percent in 1998 to 75 percent in 2002.

The organised crime problem in Finland has mostly been related to narcotics crime and the smuggling of alcohol. In recent years, also property crime, pimping and company crime and business in the grey economy have been observed. The groups are observed to be growing and gaining power, and the influence of foreign offenders is increasing together with a stronger division of tasks and responsibilities between Estonian and Finnish perpetrators.

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

The Hell's Angels in 1999 counted 7 chapters (109 members), and the 'Bandidos' 11 chapters (111 members). Data for 2000 or 2001 were not provided but the situation was reported to be stable. Street gangs were primarily observed in the larger Danish cities. Some of them have established cooperative contacts with biker circles in larger towns. Biker support groups and street gangs are reported to have some common members. 33

street gangs were identified in 1999, with 400 to 500 'core members'. No figures were given for 2000 or 2001. The members of the street gangs are typically boys or young men of non-Danish ethnic background.

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

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

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

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

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

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

In the 2002 reply, Norway repeats these observations. The 2002 reply recognised the dilemmas in counting as it states that 'also, even if a section may count 10 people, it will usually also have a larger network for the members to co-operate with... it is getting more and more common for individuals to co-operate cross-sectionally'.

The 2002 reply specifies that many of the organised criminal 'milieus' (another concept used in the Norwegian terminology) seem to be involved in import and sale of drugs. Ethnic Albanians are said to still dominate the Norwegian heroin market, even though they are not as prominent as they used to be. Other groups connected to drug trafficking are criminal motorcycle clubs, some larger youth gangs consisting of mainly ethnic Pakistanis, and groups of Balts, mainly Lithuanians and Estonians. Other, less prominent groups trafficking drugs are groups from Somalia, Turkey, Iran, and West Africa. -Criminal groups, mostly consisting of Norwegians, smuggle large amounts of alcohol and cigarettes into Norway. These environments seem to be small, closed and very well organised. There seems to be a limited number of ringleaders in Norway, but with many secondary parties which constitute a relatively large network. Intelligence suggests that the profit orientation of the alcohol and cigarette smuggling groups has resulted in some expansion of the smuggling to include also drugs. -Some criminal groups, mainly consisting of Norwegians, seem to have specialised in aggravated robberies, especially of money transport vehicles. The money seems to be invested in other criminal activities, for instance importation of drugs. The criminal milieus in question appear to co-operate in that they buy services from each other.

Furthermore, trafficking in human beings has developed into a significant criminal activity in Norway over the last years. It seems clear that smuggling of human beings is a large scale enterprise, generating high profits. Besides, the sentences are mild, and the discovery risk has been comparatively low. In 2002, there arrived 17,575 asylum seekers into Norway. The amount of asylum seekers has increased by 770 percent since 1997. The main stream of people smuggled into Norway comes from Africa and Asia. As far as Asia is concerned, we often see that the same criminal agent operates within various types of crime. Typically, these are smuggling human beings, and deal with crimes of gain, prostitution, and drug dealing. Besides, smuggling to Norway from asylum camp in other European countries occurs.

The groups seem to be well organised according to a hierarchical structure, where there are various intermediaries who do not seem to be aware of each other farther than one step above themselves in the hierarchy.

Previously, crime connected to trading in human beings was mainly limited to trafficking in women for prostitution.

Today, there seems to be a professionalisation where the infrastructure around the prostitution is connected with criminal organisations, which invest the profit from this enterprise in other forms of illegal activity. In Norway, one can see an increase in eastern European women on the prostitution market, where criminal ringleaders apparently take the profit. Especially, one can see that Albanian milieus who were formerly known for drug dealing and illegal gambling have now become involved in activities connected to trafficking in women.

In the past few years, there were signs that children are being smuggled into the country in order to be used in criminal activities of gain. Investigation suggests that criminal adults are behind and obtain the profit from the children's criminal activities.

Several people from eastern Europe seem to abuse the institution of asylum in Norway. They apply for asylum in order to exploit the period of administrative procedure to commit criminal activities. One can see groups of asylum seekers and travellers from Russia, Lithuania, Poland, Romania and the former Yugoslavia, who are very active in regard to pilferage and shoplifting. They mainly steal tobacco, food, jewellery, watches, electrical/technical appliances and prepaid mobile phone cards. It has also been disclosed that people from these environments send large amounts of money out of Norway through parcels such as insured mail and MoneyGrams, or by money transfers

to foreign accounts via Norwegian banks. Some groups also send large sums of money out of the country through the Hawala system (underground banking system). These are mainly Somalians and Iraqis. Some of the money is obviously for family aid in the home country, but we reckon that parts of it stems from criminal activity (trafficking in drugs and human beings).

There are groups in Norway which seemingly have specialised in money and debt collecting by use of force. Criminal motorcycle clubs are for instance involved in this, but there are also other criminal groups. These debt collecting groups are in addition involved in other criminal activities.

Criminal groups, mainly members with different backgrounds, are known for extortion/demands for protection money, and then mainly towards business people with the same ethnic background as themselves.

It seems that certain criminal environments have specialised in stealing cars, evidently in addition to other criminal activities. One of every ten cars stolen in Norway is never recovered. It is assumed that many of these cars are transported out of the country to be sold in other European countries, preferably in Eastern Europe, in the Balkan states in particular, and in Africa, especially with Gambian wirepullers. The police also have information that stolen cars have been used as a means of payment for drugs and other illegal goods. In recent years, a relatively high number of used cars have been imported into Norway. In this connection, several incidents have been disclosed where imported vehicles have been stolen abroad before they have been sold to unsuspecting Norwegians.

25,819 Motor vehicles were stolen in 2002, including 18,058 cars and 1,326 motorcycles. Nine out of ten cars are recovered, either in Norway, or they are stopped at the border. We have no figure on how many thieves or smugglers of stolen vehicles were arrested.

22 Banks/post office savings banks were robbed in 2002. 13 Of these robberies were solved, and 30 people, were arrested. In 2002 there was an increase in armed robberies of money transports. There were 12 robberies in 2002, and only 2 in 2001. The Norwegian police have focused on this problem, and have more recently arrested suspected members of different criminal groups.

In addition to the above-mentioned criminal activities, it may seem that organised crime takes place within the areas of hit and run burglaries, theft of art and antiques, illegal gambling activities, fraud and money laundering. There is still an increase in aggravated thefts from mini-banks, presumably committed by organised groups, and most of the cases have not yet been solved.

If we look at the development of organised crime, we are under the impression that the criminals are becoming more professional, and the threshold seems to be lower than before for members to turn to violence. This violence is mainly carried out within and between the criminal groups, but sometimes even innocent third parties as hurt.

Regarding places or regions, some of the criminal organisations in Norway operate mainly within the country, whereas most of them seem to have contacts abroad. It seems that the latter primarily have contact with criminals in other European countries.

The drugs which come to Norway generally pass through other European countries. Heroin usually comes to the Nordic countries through the 'Balkan Route' and is fetched from depots in countries in South and Central Europe. Nowadays we see that other smuggling routes also lead to Northern Europe, like from Turkey, Greece and Italy.

Amphetamines are mainly smuggled from Estonia, Latvia, Lithuania, Poland, the Netherlands and Belgium. Hashish is often smuggled from Morocco via Spain and then on to Europe, where the Netherlands or Denmark seems to be the chief transit countries for Norway.

Liquor is for the most part smuggled into Norway from transit warehouses in other Nordic countries or from Northern Europe, mostly Germany. Most of the goods come from Spain or Portugal but also from Greece, Italy, France and some Eastern European countries.

Cigarettes are mainly smuggled from Eastern Europe, generally from Poland, Estonia, Latvia and Lithuania.

People smuggled into Norway for the most part come from the former Yugoslavia, Somalia, Iraq, Russia, Ukraine, but there are also some from Romania, Slovakia, Afghanistan, Iran, Bosnia, Pakistan, Sri Lanka and Lithuania. The groups organising the smuggling of human beings mainly come from the countries from which the individuals are smuggled.

Speaking of trends, changes in the crime picture as a result of the development of information and communication technologies (ICT) are seen as a challenge in the combat against crime. The use of ICT means that some traditional types of crime take new forms. This can for instance involve distribution of illegal pornographic material, drug and weapon offers, international fraud, handling of stolen goods, money laundering of proceeds from criminal acts, or dissemination of information, guidance and encouragement to commit various types of criminal acts. The communication services offered to the users enables the users to communicate in an anonymous, concealed and encrypted manner across the national borders. ICT has thus created new criminal opportunities, which for instance enables efficient and anonymous management of activities. This seems to be actively exploited by some criminal 'environments'.

The biggest threat as regards the development of crime in Norway is seen in that criminal organisations and networks should gain further foothold and expand. The organised criminal groups on which there is the most information are mainly operating within the crime areas of drugs, smuggling of alcohol and cigarettes, trafficking in human beings, extortion/debt collection by use of force, aggravated robberies, theft of vehicles/exportation of stolen vehicles and economic crime/money laundering. Some of the criminal organisations are reported to operate within several of the mentioned areas.

In **Iceland**, ad hoc criminal groups seem best to describe the degree of organisation, rather than structured criminal networks or Mafia-type organisations. However, as there is no definition of organised crime or economic crime in the Icelandic Criminal Code, data are scarce. There is no known support or full-fledged chapter of international organised motorcycle gangs but there are some indications of activities of Hell's Angels in Iceland. In 2002, two separate groups of persons from Hell's Angels - one from Denmark, one from Norway - were denied entry to Iceland and sent back in police escort.

The majority of organised criminal activities monitored by Icelandic authorities concerns drugs crime, and most of this takes place in the capital city. The form of cooperation is mostly in the form of a loosely knit structure on an ad hoc basis, often a group within a group. There are often defined tasks within these groups, e.g. obtaining money for the drugs, purchase drugs abroad, smuggling it to Iceland, distributing it to pushers. Drugs are mostly bought in the Netherlands, Denmark and Spain. Icelanders

commit most of the drug violations. Lately foreigners who have become Icelandic citizens have co-operated in drug violations without born Icelanders participating in these groups. About 500 persons are estimated to be involved in organising importing and distribution of drugs; of these, about 10 percent are estimated to be very active and organised.

Other groups (about 10, with 3-5 members each) have been found to engage in customs violations in high-tax importing, in particular of cars from Germany, Canada and the USA. Accordingly, the leaders and members of these groups originate in Iceland, Germany, Canada and the USA. In this activity, corporations are sometimes used.

A further activity of other criminal groups are violations of the Fisheries Management Act. The violations are done by transferring quotas between fishing vessels and processing plants and changing the value of the quotas and the market value of the fish. The number of groups and participants is unknown, sometimes corporations are used for these purposes.

The main problem with tax frauds concerns VAT. Also in these activities, corporations are used in some instances. The groups are Icelandic, and their numbers are unknown.

Concerning trends, no change has been observed since 2001.

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

Organised crime is reported to exist all over Sweden but predominantly in the three metropolitan regions and other big cities. For smuggling of commodities and of human beings, there is a direct connection to the country of production and origin. Otherwise, smuggling takes place via third countries. In financial crimes, companies and tax havens are used as a part of the organising of the crime. In 2001 companies also existed in the smuggling of drugs, alcohol, cigarettes and human beings.

4.3.2 North-western Europe: Belgium, Ireland, Luxembourg, Netherlands and United Kingdom

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

Also, the number of criminal investigations of organised crime has grown in recent years.

Luxembourg in 1999 observed a number of foreign organised criminal groups on its territory. The most influential of them were Belgian groups (Brussels and Charleroi), and groups composed of refugees from Montenegro and Kosovo. The criminal operations were reported to include organised theft of cars and other property (groups from Brussels dominating), and VAT fraud where criminals from Nordic countries as well from southern neighbours were implicated. Apart from these, also Russian and ex-Soviet nationals, ex-Yugoslavians, and Chinese groups were particularly noted, although successful investigations against these groups could not be reported. All organised groups were understood as being resident in the neighbouring countries. Estimates on the number of groups or their members were not given. As of 2000, Luxembourg has been reporting more systematically than in the previous years, analysing 28 known criminal groups in 2000, 34 in 2001, and 35 in 2002. All groups were active at international level, reaching typically into neighbouring countries. The criminals identified represented 35 different nationalities in 2002, much more than the 20 in the previous year. The most frequently cited nationalities were French (10), Italian and Luxembourgian (7 each), German, British and Dutch (4 each). Of non-EU nationalities, Albanians were cited most frequently, usually in connection with drugs.

The size of the groups was variable. The most common size was 4 to 6 members. In 2002, no group had over 20 members. The number of suspects in these investigations was 201 in 2000, and 250 in 2001, dropping to 230 in 2002. The average number of members has decreased from 9.1 in 2000 to 7.0 in 2002. The average duration of the criminal activity of the groups has increased over the three years from 21.7 months in 2000 to 33.7 months in 2002. This development is interpreted to be a consequence of a decrease in the proactive work of the police as this reduces the possibilities of timely interventions.

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

The statistical unit applied in the report of the Netherlands is 'investigation' rather than 'criminal group'. The 2001 report described 146 'investigations' (in 2000, 118 investigations) with 634 principal suspects (689 in 2000), stating that, as previously, the majority of the groups investigated have a hierarchical structure, with one or two leaders and subordinates. A majority of the groups observed had a structure that was more horizontal (flat) than vertical. Also the group often consisted of a fixed composition of core members, but quite often, the composition was more fluid in nature.

Regarding the ethnic composition, the majority of principal suspects originated from the Netherlands. The most frequently mentioned countries of origin after the Netherlands were Turkey (6 percent), Morocco (5 percent), Surinam (3 percent), the Netherlands Antilles (3 percent) and Bulgaria (2 percent).

All the principal suspects were Dutch in 38 percent of the 2001 investigations. These all-Dutch groups were mostly involved in drug trafficking, money laundering, fraud and falsification. In 30 percent of the investigations, the country of origin of all the principal

suspects was outside the Netherlands. Dutch and foreign principal suspects were observed together in 32 percent of the investigations.

The Dutch 2002 report on criminal investigations into organised crime relates to criminal groups that were subjected to investigations in 2002. The basic data are related to 185 criminal groups. - This is significantly more than in the previous years, however the report stresses that the figures are not comparable due to changes in the reporting and assessment principles. - Their most common criminal activities were trafficking in hard drugs (97 investigations), money laundering (74), trafficking in soft drugs (53), falsification (48) and fraud (44). The nationality is known of about 80 percent of the suspects from the criminal groups. The majority of the suspects had Dutch nationality (60 percent). In addition, Albanians (7 percent), Turks (6 percent) were mentioned relatively frequently. However, considering the ethnicity of the suspects, the proportion of people with an indigenous Dutch background was only 30 percent. The most frequent other ethnicities were Turkish (12 percent), Surinamese (9 percent), Albanian (8 percent), Moroccan (7 percent) and Antillean (6 percent). As to the structure of the groups, the data for 2002 were collected in a manner that is not comparable with previous years. Also, for the same reason the data for 2002 are quite incomplete. On the basis of 40 investigations, it is concluded that pyramidal structures are the exception rather than the rule in criminal groups. It is also maintained that it is increasingly difficult to fathom the structure of criminal groups. This is because criminal groups shield themselves as well as possible. The Netherlands' role as a transit country in various illegal markets for illegal goods and services also contributes to the difficulty of detecting the structure of criminal groups. The supply and demand markets attract many criminal groups from very diverse countries of origin. Many groups have a multi-ethnic composition, sometimes because non-indigenous population groups constitute a bridgehead for the introduction of illegal goods and services from their countries of origin, but also because there is a lucrative profitable market with a great deal of demand. Small networks sometimes form part of larger networks.

The Dutch report distinguishes between Dutch, Colombian, Turkish, Albanian and Nigerian groups. In the past, Dutch networks used to play an important role, especially in drug trafficking in and around Amsterdam. Some of these networks are still active, primarily in the production of synthetic drugs and Dutch cannabis. Their role and structure is presently unclear, partly as the result of the large number of non-Dutch affiliations. The Colombian groups have a fragmentary and strongly decentralised structure. They engage almost exclusively in import, and do business with diverse criminal groups based in the Netherlands. The groups and networks are often loosely linked and flexible, and operate in shifting constellations. They shield themselves well, participate in other criminal activities, and generally only stay in the Netherlands for a short time. Transnational crime where criminals of various nationalities collaborate, is seen as an important trend. - Turkish groups are responsible for importing the majority of the heroin consumed in the Netherlands. They also distribute heroin to Germany and the United Kingdom. Several investigations revealed that they also export ecstasy and cocaine to Turkey, where they are exchanged for heroin. Turkish criminal groups are also involved in migrant smuggling and human trafficking. Turkish groups have mostly a network structure involving a hard core of permanent members and less fixed contacts for specific tasks; pyramidal and hierarchical structures are the exception. Increasingly, in particular in the trafficking of cocaine, ecstasy and hashish, Turkish groups work together with other ethnicities. The Turkish groups work with a relatively clearly delineated distribution of tasks, implement their own internal system of sanctions and make use of passive counter-strategies. The members of the networks are often connected by family ties. - Albanian groups in Amsterdam often operate in small groups; these groups operate individually but they do maintain contacts with other groups, substantially via the strong presence of family ties (cousins and brothers). -

Nigerian groups are involved on a large scale in bank and credit card fraud and swindling, in the Netherlands and worldwide. A distinctive characteristic of the Nigerian network is the existence of various cells which are affiliated into groups. This loose structure of cells and groups makes these networks more difficult to combat. Nigerians were revealed to be involved in suspicious money transfers, fraud, human trafficking and drug trafficking.

The total number of suspects who formed the object of investigations in 2002 was 1,466. Two thirds of these (997) were key members of the criminal groups concerned. 469 suspects were 'other' members. The nationality of 1,209 suspects is known. Of these, 60 percent had Dutch nationality. When it comes to the ethnicity of the suspects, however, this percentage was considerably lower. Of the 1,111 suspects whose ethnic background was known, only 30 percent were ethnically Dutch. For 136 groups it is known whether or not they were of ethnically homogeneous composition where their key members are concerned. 79 groups (58 percent) were ethnically homogeneous. 26 of these homogeneous groups were Dutch; there was also a relatively high occurrence of Turkish (11), Moroccan (10), Surinamese (7) and Antillean (4) groups. A relatively high proportion of homogeneous groups were involved in migrant smuggling and armed raids. When it came to migrant smuggling, homogeneous groups with a Turkish or Iraqi background predominated; armed raids were mainly the preserve of Dutch and Moroccan groups. Drug trafficking involved both homogeneous and heterogeneous groups. The trafficking of soft drugs attracted slightly more homogeneous groups.

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

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

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

While the concept of loose criminal networks, made up of semi-independent criminals, may offer a partial explanation for the extent of observed cross-sector criminal activity, it also increases the importance of identifying and tackling those individuals who act as the links between the key criminals. In a number of cases, what appear to be randomly

chosen and unconnected criminal activities have points in common, such a financier or an overall director who keeps distance. It is also fairly common for individuals to feature peripherally in a number of law enforcement investigations, often in a specialist or facilitating role, such as brokers for drugs deals, transport specialists, money launderers, or corrupt professionals, without themselves becoming a principal target.

Shared backgrounds are clearly important to establishing trust. Some criminals will deal only with people they know well or have had referred to them by others they know well. This can make common ethnicity important, particularly where there is a relatively small community in the UK where everyone is known to someone else or can be checked out. However, while criminals from particular ethnic backgrounds may enjoy certain advantages, perhaps because of how criminal trades flow and are controlled further upstream, greater social and geographic mobility in the UK and elsewhere in the EU has been eroding the relevance of ethnicity both in terms of who is involved in which markets, and of the interaction between criminal groups. For example, a number of Merseyside organised criminals are known to have initiated contact and forged links with, among others, Colombian, Turkish, Dutch and Spanish criminals outside the UK allowing them to obtain Class A drugs directly from overseas suppliers rather than UK-based importers.

The 2002 report replicates much of the previous one. It states that there are some organised crime groups that resemble the traditional British 'firm' or Italian mafia, with permanent members each with a distinct role, and a hierarchy in which there are clear chains of command and communication. However, there are also other 'groups' that are, in practice, loose networks, the members of which coalesce around one or more prominent criminals to undertake particular criminal ventures of varying complexity, structure and length. In the latter instance, the criminals may not think of themselves as being members of any group, and individuals may be involved in a number of separate criminal ventures at any one time.

While the NCIS analysis is illuminating, it fails to provide volume estimates which, considering the problem description would in any case need to remain rather fluid: the nearly phenomenological-constructivist perspective adopted in this analysis tends to present organisation as a rather subjective matter, depending on the self-understanding of each participant or observer. This is an important choice as it tends to render volume estimates rather meaningless. Simultaneously, such an interpretation may prove to be fruitful considering control efforts. - The analysis does not indicate that rapid changes in the situation would be observed or foreseen

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

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

The second category involves groups whose activities are less significant than those of the first category. These groups are characterised by less cohesive group structures and criminal activities that are often confined within Ireland. On average, organised crime groups contained eight persons, the volume of the total membership was estimated as being stable. The membership of many of the less significant groups was explained to be quite fluid because of their relatively weak group structures and opportunistic approach to crime. Many of the less significant groups comprise criminals who come together from time to time, in order to carry out serious crime and then regroup, in different formats, to address the next criminal enterprise.

The role of foreign actors is foreseen to be growing, organised criminal activity is moving beyond the traditional involvement of domestic nationals. Illegal immigration, drugs transit, and computer components/counterfeit software are given as possibly emerging problem areas.

The 2002 reply for Ireland emphasises that they have moved towards a reporting perspective focusing on the future rather than a historic description. As a consequence of this new threat assessment approach, the number of groups identified is larger than earlier as the time span covered is 2002 and the first five months of 2003. The Irish groups are divided into two general categories. The first category consists of 17 major groups (against 'a dozen' major groups counted in the previous years) that are well-established, tightly structured, involved in drug trafficking and armed robbery. These groups form the most significant element of Irish organised crime. The second category involves groups whose activities are less significant than those of the first category.

Many of the less significant groups comprise criminals who come together from time to time, in order to carry out serious crime and then regroup, in different formats, to address the next criminal enterprise. The extent of the reorganisation that occurs in this category of groups is a reflection of their vulnerability to disruption by police investigations and the fact that some of the smaller groups display an opportunistic approach to their activities. Relatively weak structures allow a considerable degree of reorganisation among many of the less significant groups. Similarly, the fluidity of personnel impacts on assessments of group size: in a small number of the less significant groups a person may be a member of two groups. Average group membership is about seven persons.

The groups are not operating within Ireland alone but also in other European countries as well as also in countries outside of Europe. This goes in particular for the major criminal groups. In keeping with the previous year, 56 percent of the total number of groups are located in Dublin, 16 percent are located in the border divisions, and the rest of the country accounts for the remaining 28 percent of the groups. Approximately 50 groups are active in the U.K.; almost 20 groups are active in Northern Ireland, and approximately 15 are active in the Netherlands.

Of trends, the Irish 2002 reply notes that emerging trends in other EU Member states relating to organised criminal networks based on illegal immigration have not yet risen to a significant extent in Ireland despite the dramatic increase in the number of persons seeking asylum during recent years. The domestic nature of Irish organised crime may well continue in the years ahead. However, West African involvement in fraud has increased in recent years and this trend is likely to continue. Organised criminal activity is also moving beyond the traditional involvement of domestic nationals, as demonstrated by the trafficking of cannabis from South Africa to the West African community in Ireland. Similarly, the number of U.K. nationals involved in Irish based organised crime groups is small but it is increasing. The use of Ireland as a transit route by organised criminal groups is likely to continue (drugs trafficking, trafficking of

cigarettes). Policing a relatively extensive and remote coastline will continue to present a considerable challenge to all of the agencies involved.

The threat to the computer industry is a reflection of the prominence of that sector of industry in Ireland. The focus of the threat is changing. The threat originally focused on the theft of computer components. Several measures to counter this threat have been successful. The threat to the computer sector has extended to focus on counterfeiting software. Organised crime groups have tended to regard counterfeiting software as a potentially low risk/high profit activity.

A significant increase in the movement of large volumes of cash by organised crime groups from Ireland to other EU Member States has been identified; large amounts to seized cash have been located and identified as having originated in Ireland as the proceeds of mainly drug trafficking. These monies are used to invest in other Member States such as Spain and Portugal where a number of major Irish criminals have taken up residence. - An increased level of VAT carousel fraud has been identified in 2002 involving criminals in Ireland.

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

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

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

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

Crimes of abduction and extortion are reported to display the most remarkable development in 2000. The growth in migrations to Portugal has encouraged the appearance of organised networks which besides smuggling people have started to

extort money from the immigrants. These networks mainly consist of citizens of eastern European countries (Romanian, Moldavian and Ukrainian nationals in particular have been observed). The groups are reported to have a vertical structure with highly centralised control, and with a restricted area of operation.

The 2001 reply applies a new structure and, obviously, new definitions of organised criminal groups. The result is 42 groups investigated, with 105 apprehended members of 15 different nationalities. Drugs trafficking is the dominant activity. Western European criminals are reported not to be very interested in the Portuguese market, with 70 percent of the suspects being of Portuguese origin. However, Portugal remains one of the main routes of drug imports to the European mainland.

In 2002, no major changes were observed. The number of investigated groups was 40, with 105 apprehended members representing 16 different nationalities. Thus, no change from 2001 to 2002 has been discerned.

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

The Spanish 2000 reply repeats similar observations but obviously applies a different selection of criteria with new definitions of organised criminal groups, distinguishing only 56 organised criminal groups. The 2001 reply, again apparently applying new criteria, identifies 176 groups, with an average size of 14 members. Part of them (16 percent) have connections with other criminal groups within the country. Most (71 percent) have ten or fewer members, one-fourth have between 11 and 50 members. Three groups with 51-100 members and three with more than 100 members. The total membership is given as 2,547 individuals. For the 176 groups reported, connections to 33 countries, 8 in EU countries and 25 in third countries are observed. The activities of the groups within the Spanish territory have expanded to the whole country, more to the Mediterranean coast and the capital region than elsewhere.

The Spanish 2002 reply must again have chosen new criteria since it enumerates 594 organised criminal groups, out of which 117 were purely Spanish, 310 had a mixed membership, and 167 had a purely foreign membership. 119 of the groups co-operated with other criminal groups. The number of persons involved was 9,984, nearly half (47 percent) of them were Spanish nationals. Other significant nationalities represented were Colombians (8 percent), Romanians (8 percent), Moroccans (5 percent), Yugoslavians (3 percent), Italians, Portuguese, Bulgarians, Albanians, Turks, French, British, Polish, Russians, Lithuanians (about one per cent each), and other nationalities (18 percent).. The size of the groups was mostly small, up to 10 members (54 percent),

or middle-sized or between 11 and 50 members (40 percent). Thirty groups (5 percent) had between 51 and 100 members, and five (0.8 percent) had more than 100 members.

The dominating types of crime in which the groups are involved were drugs trafficking (64 percent), theft of various kinds (45 percent), money laundering and different falsification offences (66 percent), illegal immigration and trafficking in human beings (28 percent).

Of trends, the 2002 Spanish reply identifies an increase in the organised crime emanating from Central and Eastern Europe, including Russian criminal groups. Drugs trafficking continues to be the main transnational activity of the organised criminal groups, together with money laundering and prostitution. The large increases over time in the numbers of investigated organised criminal groups must reflect significant changes in the definitions applied. This conclusion is based on the observation that the Spanish report is not claiming that the situation would have changed radically over time.

Andorra, neighbouring to Spain, reported in 1999 that almost all of the organised criminal groups observed have a horizontal structure. This is probably related to the location and role of Andorra as a transit area from the Iberian peninsula to France. No cooperation between groups in the same country is found, but cooperation with foreign groups was noted to exist, quite unsurprisingly considering again the location of Andorra en route from Spain to France. Group leaders as well as members come from Spain, South America, and the United Kingdom. People involved in the narcotics business were mostly Spanish, Portuguese, and Andorran. Money laundering groups, another Andorran speciality, were not domestic but transient, mostly with members of foreign origin. They were using the Andorran system for laundering foreign drug money and proceeds of other crimes. In this sense, the legal system of Andorra together with the geographical location of the country make for money laundering activities to be more abundant here than in many other countries. The number of participants in groups was below 10 in the money laundering business, and between 11 and 50 in drug-related groups. The total number of active groups members is estimated at 11-50.

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

Three other groups, involved in trafficking narcotics from Spain (there being no domestic production of narcotics) are mostly of Spanish, Portuguese, and Andorran origin. The average size of the groups is 11-50 members, with a total of 11-50 active members.

In 2001, the reply distinguishes between groups orientated towards money laundering, drugs trafficking, smuggling (tobacco), and payment cards and false documents. The same distinction is made in 2002. Each type of groups is analysed separately, the payment card groups have a hierarchical structure, the others being organised horizontally. Co-operation with other groups in Andorra is non-existent. Co-operation with groups from other countries is observed in drugs trafficking and tobacco smuggling (mainly with British and Spanish groups), money laundering and smuggling. The leaders of the money laundering groups are from Central and South

America, the Netherlands, or Spain. The drugs trafficking groups are mostly composed of Spanish, Portuguese, or Andorran nationals. Individuals arrested from the smuggling groups are Spanish, Andorran, or French.

The 2002 reply repeats the observations concerning the horizontal structure of the criminal groups

France, in the reply for 2000, gave no definitive answers to questions on number, size, or structure of organised criminal groups. They do, however, report 248 sentences for 1999 that involve leaders of criminal organisations. The offences involved were mostly armed robberies, serious thefts, and narcotics offences. The 2001 reply concludes that France does not have the kind of criminal organisations as are found in Italy, Japan, China, or Colombia. It is only in their international activities that some French criminal organisations have taken on Mafia-type structures. Since the 1980s, French criminal groups have established themselves in the South of the Iberian peninsula, developing a very violent activity centred about the drugs economy.

San Marino states that there are no elements leading to believe that criminal organisations exist on their territory. No groups that would meet the criteria of the questionnaire were known in 2001. A similar observation was made for 2002.

In the **Italian** reply again gives a detailed analysis of established Italian organised criminal groups. The Sicilian Mafia (Cosa Nostra), the Campanian Camorra, the Calabrian 'ndrangheta, and the Apulian organised criminal groups are assessed by the number of groups in each tradition as well as the volume of their membership. The Cosa Nostra was the only tradition described as representing a hierarchical organisation, while the three others were organised in a horizontal fashion. Each of the four traditions dominates in their own territory in Southern Italy. The estimates of the number of groups are similar as in the previous years. The volume is also in 2002 estimated at 180, with 6,000 members for the Cosa Nostra, at 175 with 9,000 members for the Camorra, at 150 with about 5,000 members for the 'ndrangheta, and at 50 with about 2,200 members for the Apulian groups. The groups have extensive cooperation, in different constellations, with foreign organised criminal groups in both European and non-European countries.

These organisations represent a very complex and intricate scenario that can be assessed only by considering larger structures where individual organisations create federal-type criminal groups like the Sicilian mafia, the Calabrian 'ndrangheta, the Campanian Camorra and the Apulian organised crime. In 2000, 5,150 subjects were identified for criminal conspiracy (6,020 in 1999); 2,249 were identified for criminal conspiracy aiming at trafficking in narcotics (3,033 in 1999), and 1,238 for mafia-type criminal conspiracy (2,214 in 1999). The Cosa Nostra is reported to attempt to recover – after serious problems caused by authority actions – its unity by a strategy that aims at establishing a single decision-making body. The Camorra groups, predominantly lacking a pyramid-shaped structure, have most recently been observed to operate in cigarette smuggling, rather than drug and arms trafficking; this is connecting Campanian Camorra clans with Apulian clans, and Camorra groups with mafia figures from the Balkans (Albania, Montenegro). The Calabrian 'ndrangheta, with a horizontal structure including various family-based clans, appears to tend to create a collective body in order to support more effectively the most complex operations. It has connections with other Italian mafia organisations as well as with foreign organisations. Their main interest are drug trafficking activities and the infiltration in major public contracts. The Apulian organised crime contains a large number of independent groups, without a pyramid-type organisation. Two criminal organisations among these include groups with an overall structure, operating only in certain geographical areas in this region. Recently, the Apulian groups have expanded at a

national level, and become involved with criminal organisations from Montenegro and Albania. They have initiated 'cohabitation' with foreign criminal organisations, developing links and organising meetings to conduct criminal operations that involve trafficking in human beings, drugs, and arms. This is facilitated through the large volume of illegal immigration taking place in the area.

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

The Italian 2000 reply assesses trends according to which all criminal organisations operating in Italy are interested in a modernisation process which is characterised by the attempt to establish new links, also at an international level, and by an entrepreneurial and business nature in order to connect the criminal economy with the legal economy. Thus, there is a trend aiming at establishing alliances. On the other hand, minor criminal structures are being parcelled out and operating in areas where major criminal organisations are not active.

The 2001 reply confirms the previous description, noting an increase in the relevant criminal activities in the year 2001. Foreign criminal groups are often active in organising illegal immigration and clandestine labour. Furthermore, over the last few years, it is observed that extra-European criminal groups have begun to invade the Italian turf, beginning with criminal activities that are least interesting for the traditional groups such as prostitution, trafficking stolen cars, drugs sales, and are eventually developing a collaborative relationship with the national groups.

The 2002 report notes 13,824 criminal groups as against 9,675 for 2001; the number of drug-related groups was 6,425 in 2002, as against 4,749 in 2001; and 3,769 mafia-type groups in 2002, as against 2,541 in 2001; each of these represent significant increases.

In 1999, **Malta** stated that it has no locally based organised crime in the meaning of the Council of Europe questionnaire. Observations have been made, however, of persons in Malta who seem to be involved in organised crime based outside of Malta. The crimes typically implied here are narcotics business and money laundering. No organised crime groups in the strict sense are identified in Malta, but using more flexible criteria, the structure of existing groups is said to be mostly hierarchical, they operate on a national level, with members of the same age, or occasionally pertaining to the same family and also to the same ethnic background. The usual age range is 18-45 years. The countries of origin of group members are Bulgaria, Libya, Tunisia and Egypt (i.e. those neighbours that are closest to Malta). The number of groups is very low, the total number of participants is not known.

In the 2000 reply, Malta repeats these observations. Malta does not have locally based organised crime. Occasionally however there are persons teaming up together, for a particular criminal enterprise (mainly armed robberies). Some individuals are identified in Malta who may participate in what could be organised crime based outside Maltese borders.

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

In the 2002 reply, Malta repeats the 2001 statement, commenting that the lack of organised crime groups is probably due to the geographical size of Malta which renders it s difficult task for anyone to be linked and/or associated with other criminals without the knowledge of other persons.

In this group of countries (i.e. **South-western Europe**), the decisive role played by geographical circumstances may be observed once more. Andorra, not quite unlike Luxembourg, reports being a transit country on one hand, and a base for organised money laundering on the other. Malta, another geographically peripheral country, also displays similar features. In contrast to these small countries, Italy and Spain are having a large-scale experience of organised criminal groups. Both have, however, a different organised crime scene in particular with regard to drug trafficking. Spain has been more connected with Hispanic overseas markets on one hand, and with its immediate neighbour (Morocco) on the other. Italy has widespread connections with organised criminal groups in a more diverse selection of countries together with a situation where several local domestic strongholds of organised criminal groups are identified. The present evidence did indeed suggest that Italy continued to be the most significant European country when organised criminal groups are concerned, and in particular if hierarchically structured permanent groups with transborder and overseas connections and influences are concerned.

4.3.4 Central Western Europe: Austria, Germany, Switzerland, Liechtenstein

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

The geographical dimension of the activities of the ‘foreign’ groups covers most European countries. They are involved in a broad range of businesses, including construction, oil trade, financing and money laundering, transports, and other business both locally and internationally.

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

The 2002 reply emphasises the organised criminal groups from Albania and its neighbour areas (Kosovo, Macedonia, Montenegro) that have been, since 1991, constantly expanding their criminal activities (trafficking drugs, arms, migrants and human beings) to the rest of Europe. They operate in three types of structures: small groups around the members of one family, operating under the cover of a legal enterprise; relatively small hierarchical groups related to a family-based clan; hierarchically structured criminal organisations. All three groups types rely on relationship networks established both in the country of origin and in the foreign

country in question. –Other groups that receive a separate analysis are groups from Russia and the other CIS countries (economic crime, money laundering, trafficking drugs, arms, and women), Chinese groups (trafficking human beings, Switzerland being mainly a transit country)), West African – mostly Nigerian – groups (drugs trafficking but also frauds, trafficking in human beings and document forgery of all varieties). There is little data about their structure, composition or size.

Germany is counting investigations, not groups. The annual number of investigations has been decreasing over time both in terms of ‘new’ investigations and in terms of the total number of investigations. Organised crime is observed to represent multiple constellations, in particular in the form of networks and extended ethnic families.

Germany reports that in 1999, 816 organised crime investigations were conducted, with 7,777 suspects from 94 countries involved. 562 organised criminal groups were investigated, where over one-half (297) concerned groups with up to 10 suspects. On the other hand, ten of the investigated groups involved more than 100 suspects. Details about the type of structure of the different groups are not given. Mostly, the groups investigated were heterogeneous in terms of nationality, and for one-fourth (145), cooperation with other criminal groups were established.

In 2000, the reply is equally brief, this time the number of organised crime investigations was 854, with 9,421 suspects from 92 countries, derived from those 628 investigations where suspect data are included. In terms of nationality, heterogeneous groups were established in 506 cases. 122 cases involved groups of offenders comprised of a single nationality. Cooperation with other criminal groups was established in 211 cases. Half of the groups (307) had 10 members or less, while seven cases had more than 100 suspects. In 138 of the investigations analysed there were regional and supra-regional links. In 500 investigations, international links were established, with altogether 90 countries. The leading countries in this respect were Germany’s close neighbours: the Netherlands and Poland. Also Austria, Belgium, France, Spain, the UK were mentioned frequently.

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

In 2002, 338 new investigations were initiated, this figure being the lowest one for the past ten-year period. The number of all investigations in 2002 was 690, or considerably lower than in 2000 and 2001.

The 2002 report does not accept this trend as reflecting a decrease in the organised crime phenomenon. Rather, it is explicit about that this trend is just an outcome of less investment in law enforcement regarding organised crime. This is highly interesting as this attitude seems to be repeated in several other organised crime assessments. It is thus not accepted, as a rule, that the decreasing figures could actually also reflect decreasing organised crime activities - such a development seems to be excluded by definition, as it were. However, the reports representing this view are not providing any further evidence in support of this view.

The number of investigated suspects has also declined from 15.237 in 2001 to 13.825 in 2002. The decline is quite similar to the one of 2001, and is in line with the decline of the number of investigations.

Of the suspects, a decreasing proportion are German: 44.4 percent (vs. 49.7 in 2001). Of foreign suspects, Turks were the largest group, the next in size being Polish, Lithuanian, Italian, Russian, Bulgarian, Yugoslavian, Vietnamese, Ukrainians. Ten percent came from states of the former Soviet Union.

The average number of suspects per investigation was 20 (ranging between 3 and 337). The sizes of the investigated groups were mostly 10 or less, or 11-50. 20 percent of the groups had members of only one nationality. This proportion has decreased over time systematically.

Overall, the BKA assessment concludes that the picture of 'known' organised crime in Germany is 'essentially' unchanged. No aggravated changes may be observed. Drug trafficking, property crime and economic crime are the essential sectors where organised crime could be found to operate in Germany.

Also the suspects and investigated groups have not been different from previous years. German suspects continue to be the most numerous; of foreign suspects, Turks continue to dominate. In 2002, Polish groups have slightly gained in importance. The trend of Lithuanian organised crime groups gaining ground, as foreseen in 2001, has indeed proven to have taken place. Yugoslavian offenders, in contrast, seem to have clearly decreased, likely as a consequence of the political stability achieved in the Balkans.

In 2002, the suspects had international contacts to 104 countries. The most important of these were the Netherlands, Poland, Italy, France, Spain, Belgium, Russia, and Austria.

The **Austrian** reply for 2001 states that organised crime has developed into a transborder, multinational problem. In 2001, a total of 41 organised crime -related cases were reported. These cases comprised several categories of criminal groups. The first are criminal groups from Eastern European countries that are denoted as ethnic criminal organisations, being very often large gangs with international infrastructure, efficient logistics, great flexibility with regard to operating in specific fields of crime. The second category are Italian groups that are engaged in money laundering in Austria. The third category are groups from Turkey, concentrating on traffic in narcotics, trafficking in human beings, and extortion. The fourth category are groups from Asia that have mainly come to notice for trafficking in human beings and money laundering.

The 1999 reply of **Liechtenstein** is not specific about the matters concerned. Due to the small size of the country and of its rural character, it is explained that Liechtenstein does not experience the common forms of domestic organised crime. In the 2000 and 2001 replies, this message is repeated. However, progress is reported in that a money laundering branch of an international criminal organisation has been disclosed, with a network of companies that have connections to South American Mafia families. The company network has companies in many European (Austria, Spain, Denmark, Switzerland, Cyprus and Ireland) and American countries (USA, Mexico, Panama, Costa Rica). Further, some illegal immigration operations were disclosed, with ten smugglers of persons apprehended (with no information of the organised criminal groups involved). The 2002 reply notes that the country is too small to be of interest to criminal organisations in the 'classic sense'. The police is also not aware of any criminal organisations whose operations would focus on this country. However, it must be noted that Liechtenstein, as a finance and bank centre, is exploited by the money laundering branches of criminal organisations for laundering proceeds of crime. Over the past three years, major effort has been taken to minimise this risk.

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

4.3.5 Central Eastern Europe: Czech Republic, Hungary, Poland, Slovakia and Slovenia

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

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

In 2001, Slovenia reported no significant changes in the number of organised criminal groups (70) and their members (650). However, in 2002 the number of organised criminal associations was estimated at 60, with about 500 members, indicating a decrease in the activity. The structure of the groups was equally often hierarchical, network type, or cellular. Of the 2002 associations, 19 were organised hierarchically, others were networks or cellular. Within the hierarchic associations, no so-called genuine mob groups were detected. The majority of associations were loosely organised, but some were quite homogeneous (mostly those with hierarchical structure). All of the associations co-operated closely with other criminal groups in Slovenia, 57 also had foreign connections, mostly in neighbour countries. The connections were, however, mostly individual relationships and not so much a matter of superiority or inferiority. Organised crime group leaders are mostly Slovenian citizens, some of the leaders are of other (former Yugoslavian) nationalities, in particular these are the leaders of nationally homogeneous associations. Drugs, illegal immigration, theft of vehicles and trafficking in stolen vehicles, smuggling other goods, and racketeering are the major criminal activities of these groups. Also illegal arms trading, trafficking on human beings for sexual exploitation, and money laundering were observed in several instances.

The downward trend in the volume of criminal associations is substantiated by the significant (40 percent) decrease in the number of criminal offences related to organised crime processed by the Slovenian criminal police. This decline is however explained not to reflect a real drop in organised crime or in policing. It is, rather, brought about by the fact that the criteria for determining organised crime have been applied consistently, in line with the Europol concept of organised crime. and criminal associations

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

In 2000, the Czech report has a more detailed view of the situation. The number of groups practising organised crime was estimated at approximately 75 and the number of members at 2,000. Over the 1990s, there have been a slightly larger number of groups dominated by foreign elements. In a relatively constant way, half the groups are mixed. The rest, just more than a quarter is made up of purely foreign groups and a slightly smaller number are purely Czech ones. No new figures were given for 2001 or 2002.

With regard to proportions of individual nationalities represented in organised crime in the Czech Republic, in the 2001 and 2002 replies four types of groups are distinguished, in contrast to the 2000 report that mentioned only two plus a third 'miscellaneous' category:

- The strongest category comprises criminal organisations coming from the former NIS countries. They rank among the most active ones, and in the last five years the crimes committed by those organisations have markedly increased. They are mainly organised into criminal structures called 'brigades', and there are currently (2002) about ten of them in the Czech Republic. An increase of violent criminal activity is linked with the growth of this category, racketeering (the sale of protection services), extortion of prostitutes from the former Soviet Union, illegal trade in weapons and drugs, efforts to legalise earnings gained by illegal activities and car thefts being the most common criminal activity involved. Ukrainian, Russian and Chechnyan organised criminal groups are significantly involved in crimes of violence that show brutality, devastation of victims and the use of firearms for murders. In dividing territories among individual criminal groups from the former Soviet Union, the members of enemy groups are often killed. They penetrate into the Czech Republic with the help of various cover companies (they receive a residency permit for the purpose of employment in their own company or in the company which is run by another person of Russian origin). They have a lot of funds available, which are being mainly invested into real estate in the Czech Republic. Illegal employment of Ukrainian workers has increased. Due to their permanent infiltration into the state structures in the NIS countries their influence and power are getting wider. According to Czech intelligence, Russian organised crime in the Czech Republic is represented by groups from Russia, Ukraine and from the region of the Caucasus. For this type of organised crime, the gradual transfer from apparent criminal activities, which marked those groups at the beginning of their existence, to legal business operations is typical. They arrive in the Czech Republic with already-gained capital, coming from crimes committed outside the Czech Republic. They further utilise such capital to establish legal trade companies. Typical features among organised criminal groups using the Russian language are the penetration into the economic sphere with the consequence of

possible destabilisation, an effort to reach a significant influence in strategic economic industries, attempts to corrupt the state administration thereby affecting its decision making, and efforts to place their members or co-operating persons in governmental bodies and political parties. These groups have at their disposal high financial amounts which are invested into the organisation infrastructure of criminal groups and into their business operations, such as drug distribution, illegal weapons dealing, and smuggling strategic material.

- The second category is represented in particular by criminal organisations coming from former Yugoslavia, Bulgaria, Albania, and Italy. In recent years changes have been underway in the division of influence. Bulgarian criminal organisations, which previously concentrated on car theft, are now more and more focusing on supplying Bulgarian prostitutes to brothels. Criminal organisations from former Yugoslavia have taken over running erotic clubs. These also focus on drug trafficking and crimes of violence. The activity of Italian criminal groups is very latent, they focus mainly on purchasing real estate in Prague. With respect to Kosovar-Albanian criminal groups, the Czech Intelligence Service states that Albanians from Kosovo are engaged especially in the drug trade, illegal conveyance, debt collection, prostitution, car thefts, dealings in gold and leather products, and the weapons trade in the Czech Republic. Albanians are dominating in the trade in gold and leather products. The Czech Republic has become a significant drug-transit country of the so-called Northern Branch of the transfer. The internal organisation of gangs is improving and, at the same time, the brutality of offenders is higher. The same applies to the groups recruited from Macedonian Albanians. This situation is permanent. Kosovar criminal gangs are steadily incorporated into the Czech Republic.

- The third category are criminal organisations from South-East Asia. Chinese and Vietnamese groups are the most active ones. The Chinese criminal structures are typical for their ethnic coherence. Although they do not have the nature of classic Chinese criminal groups (e.g. triads) in the Czech Republic, they are organised in small groups by the place of their origin in China and by the types of crime they are involved in. They concentrate on running casinos and illegal brothels; they are suspected of money laundering, organising illegal debts and dealing in narcotics and pirate products. Chinese groups of smugglers not only arrange illegal border crossing, but also kidnapping illegal migrants, which is followed by blackmailing their relatives. The trade in 'trademark' (pirate) products is another kind of crime. Based on the knowledge of the CIS, the Chinese immigrants in the Czech Republic establish commercial companies, which in a number of cases form an illegal base for illegal migration. Several offshoots of Chinese mafia-type criminal organisations, organised by the Chinese provinces from which the members originate, operate in the Czech Republic. Vietnamese criminal groups have been involved especially in organising illegal migration and smuggling goods and narcotics. A higher consumption of drugs in the Vietnamese community led to the establishment of a network of Vietnamese drug dealers. Their activities have been under the influence of the Vietnamese coming from Germany. In many cases, international and/or national warrants are issued against these persons whose experiences are mainly used in debt collection, racketeering of market places, threats towards competitors etc. This demonstrates an apparent shift from street gangs to establishing deeper organisations. Crimes of violence decreased from previous years. The trend of co-operation between Chinese and Vietnamese groups is continuing. Closer co-operation with criminal groups from the former Soviet Union was detected as well. Co-operation between some Chinese citizens and police in revealing crimes is starting to appear.

- Arabian criminal organisations were a new observation in 2001. They concentrate mainly on drug smuggling, dealing in arms and on financial frauds. Such activities are undertaken through the network of travel agencies, car rentals and garages. In organising illegal migration, they have recently started to cooperate with Vietnamese criminal groups. They usually use non-existing companies and they are ready to participate in any kind of crime in their operations. A high number of Pakistani citizens have been involved in crimes recently. Such persons are banned from staying in the countries of Western Europe.

For 2002, the Czech Republic reports that in the view of accession of the Czech Republic to the EU, the interest of criminal organisations to penetrate via the Czech Republic to Western Europe has been clear. Criminal organisations are described as being well organised, and they are becoming more aggressive. The leaders of criminal structures will endeavour to infiltrate state structures with the objective of legalising their activities and profits. They attempt to influence or directly place their people into the governmental institutions. They use various ways to manage this goal: corruption in all its forms, extortion, blackmailing, subsidising interest groups or individuals etc.

According to the 2002 report, criminal organisations operating in the Czech Republic come mainly from the countries of the former Soviet Union, former Yugoslavia, Bulgaria, together with Italian criminal groups and criminal groups from Southeast Asia (particularly from China and Vietnam). After 1989 these organisations entered Czech territory and made use of all legislation gaps and especially of the indulgent approach of establishing companies. Currently these organisations try to extend their influence by establishing corporations with foreign participation, and they also change the spheres of influence. The Czech citizens mainly facilitate service - they can provide good knowledge of the environment and laws, contacts etc.

Regarding trends, the Czech report observes that criminal organisations will continue their efforts to maximise their legal activities, and their activity will focus mainly on purchasing as much real estate and land as possible. Criminal organisations will also try to strengthen and expand their power (corruption). Illegal trade in drugs will continue to a higher extent. Organising illegal migration will become financially profitable. An increased activity of Arabian criminal organisations can be expected in terms of the illegal trade in weapons.

Organised crime activities will apparently be carried out as a complex form of crime commitment, particularly in connection with corruption, drugs, violent crimes, financial crimes, organised prostitution and people trading. The possible links of organised crime to international terrorism represent a latent risk. Manifestations of religious, ethnic and political terrorism cannot be excluded. The illegal sale and purchase of explosives, weapons and ammunition will be permanent interests of crime. The interest of distributors in Czech counterfeit currency is anticipated.

In compliance with the findings e.g. from Germany, the Czech report assumes that a part of organised crime structures is extricating itself from its original environment and is well established in legal business operations. However, only some indications of this trend are available, such as links to legal commercial structures, international co-operation and the employment of special financial advisors.

Slovakia 1999 reported well-organised hierarchical structures of organised criminal groups. These were also having cooperation with foreign criminal groups, in particular where drug-related activities are concerned. Many group leaders were typically Slovak nationals, however, groups involved in drugs offences had a foreign leader, mostly

from Albania, with 3-7 persons in the managing structure. Other activities are performed by groups with from 5 to 20 members.

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

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

In their 2000 reply, Slovakia estimates the number of organised criminal groups to amount to 202, with 2,745 persons operating in the groups. The groups have typically less than ten members, ten groups identified with more than 50 members. The groups are hierarchically structured, which implies the involvement of various family members and, more often, aliens, most typically Ukrainians and citizens of the Czech Republic. Similar figures were not given for 2001.

According to the 2002 reply, the groups are well-organised hierarchical, composed of mostly Slovak nationals. They are co-operating with other domestic groups when it is in their interest, and with a lot of foreign groups in their own part of Europe (Czech Republic, Ukraine, Hungary, Romania, Slovenia, Austria, Poland, Russia), but also in particular offences, Holland, Germany, Turkey, Albania, Bulgaria, Italy, Spain, and China). The group leaders are Slovak nationals, members can also sporadically include citizens of Romania, Slovenia, Ukraine, China. The activities of the groups are mainly regional, partly also national. Very few are engaged in international activities. The number of groups operating in Slovakia was 26, the usual size being between 11 and 50 members, the largest having 95 members. The estimated total number of participants was 420. The groups operate mainly within the country, but there are links with neighbouring countries - Czech Republic and Hungary (illegal arms trade); Slovenia, Ukraine and Germany (prostitution); Albania, Croatia (illicit drugs); Romania, Poland, Ukraine, Austria (theft and trafficking in stolen vehicles).

The reply does not recognise recent substantial changes in the level of organised criminal activities. However, the number of groups involved has decreased substantially because of three factors: First of all, the definition of organised criminal groups has been modified; second, the underworld has undergone a spontaneous reorganisation; and the third factor is successful law enforcement. The groups have not substantially changed their modus operandi.

In 1999, **Hungary** enumerated 76 existing and active organised crime groups with altogether 1,982 individuals suspected to be involved, or an average of 26 persons per group. Nearly one-half, or 34 groups had between 5 and 10 members, and 28 groups

had between 11 and 30 members. Six massive groups were observed, with 100-300 members each, the largest ones operating in the Budapest metropolitan area.

In the 2000 reply, the number of groups was estimated at 72, or four less than in the previous year. Most groups were operating at the local level, 26 of them conducting their activities in the capital city and its immediate vicinity. Organised crime is not the isolated activity of separate groups; indeed there is a loose inter-group alliance in which positions, common and conflicting interests as well as relationships become increasingly permanent.

In the 2001 reply, the number of organised criminal groups has decreased, being 59. Out of these, 12 were paid special attention because of their activities. The majority of the groups operate on local level. The most significant groups are characterised by the fact that they have many members and perform their activities in several countries. Their majority operate in one location or may be the element of some stronger group. Compared to previous years, no significant changes as to the features of the groups are observed. The majority of the groups are hierarchical. However, the number of groups operating in a network structure has increased. Family and ethnic groups are also observed. The majority of the groups consist of Hungarians only. Few groups consist of foreign members only. For the majority of the groups, drug dealing is a main profile.

The 2002 report counts 46 organised crime groups operating in the country, nine of which are of particular interest. The number of groups has decreased by 16 from the previous year. The decrease is reported in part to be due to successful law enforcement in that leaders of groups have been prosecuted or have been forced to leave the country. However, it is partly also due to the incorporation of the weaker groups into the stronger ones. Most of the groups operate on a local level. An important feature of the major organised groups is their relatively large strength and their area of operations covering several countries. The most typical size of the groups is 11-50 members – eight groups have fewer than 10 members, one is known to have a membership between 51 and 100. There are 9 organised criminal groups with a membership in excess of 100 but this figure also includes groups operating from foreign countries. With 36 groups, a hierarchical structure dominates; however, the number of criminal network style groups has grown. Some groups continue to be organised along family relations (4 clans) or kinship relations (3 groups) and ethnicity/nationality (9 groups).. The membership is mostly Hungarians. In most organised crime groups, the emphasis is more and more shifting towards illicit drug trafficking. The proceeds are increasingly often invested in catering and construction industries. Most of the groups operate in the Budapest metropolitan area, but a few groups are active in many other counties of Hungary.

The 2002 report for **Poland** repeats the statement from previous years according to which the structure of the organised groups in Poland is usually rather simple. It is mostly a hierarchical structure with no more than two or three levels. Every group has a single leader and few other members belonging to some sort of collective leadership. Other members, so-called 'soldiers' are usually not 'constant' or 'full time' members. They are usually hired to do a concrete job and for concrete purposes. It means that the membership of groups, leadership excluded, is usually by no means stable and fixed, and changes constantly according to the needs and the current situation. It is only within few groups involving foreign nationals where family connections constitute the base of the existence of the group and because of that membership is rather constant. Groups with more complicated structures, for example a cell-wise structure, are not very common. Where they do exist, they are usually most dangerous and most difficult to penetrate and destroy. Such structures have They are found to be engaged in theft, legalising and smuggling of motor vehicles, and in the production, smuggling and trafficking of drugs.

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

In 2002, the figures were larger: 522 organised criminal groups were identified by the police. The groups comprised 6,924 members, of which 790 were considered to be leaders, and 6,134 regular members. The clear majority (417) involved only Polish nationals. The remaining 105 groups had international or ethnic character, 9 of which were classified as so-called 'Russian-speaking' groups.

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

According to the opinion of the police, Polish criminal groups and foreign criminal groups active on the Polish territory usually do not specialise exclusively in one kind of criminal activity and do not limit their activities to one kind of crime only. It means that criminal activities of the groups depend on various kinds of circumstances, such as the market situation, personal contacts, human, financial and marketing resources, technical possibilities of action etc. In recent years, these groups seem to be switching every one or two years to a new field of activities. This should protect them against police and the disruption of illegal business.

However, most criminal groups have some sort of priorities in the type of criminal activities they engage in. Police have recently distinguished at least three dominating types of activities in which the groups are engaged.

- Various types of 'classic' criminal activities (robberies, extortion, criminal violence). In 2002 there were 178 groups with 1,536 members engaging in such activities - extortion, various acts of criminal violence and terror, arms and explosives trafficking etc. It seems that a change of generations is taking place in recent years in major Polish criminal groups
- Drug trafficking. In 2002, there were 133 organised criminal groups with 1,188 members engaging primarily in this type of activities, first of all production of synthetic drugs, smuggling of drugs as well as selling them in the domestic market
- Economic crime. There were 151 groups with 1,536 members engaging primarily in such activities, including corruption, money laundering, fraud etc.
- Mixed type of activities. There were 60 groups with 1,174 members that engaged in various types of criminal activities without one area which could be designated as the dominant one.

Of all the observed groups, ten were of an ethnic character - 7 Armenian and 3 Vietnamese groups. 9 groups were Russian-speaking.

The main trends regarding organised crime in Poland during 2002 were the following:

- development of various local groups, mostly on the territories near the state borders which provide variety of services to the groups active in the heartland, or engaging in various offences involving Poland as a transit country.
- strengthening the position of Polish organised groups engaging in theft of luxury cars in entire Western Europe and trucks in Germany in particular, as well as their increased control over smuggling of goods through the western and southern border of Poland.
- attempts to dominate the illegal trade with guns and explosives by groups involving Russian speaking offenders.
- increased participation of the Russian speaking offenders in Polish organised criminal groups, also as their leaders. This results primarily from the belief that Ukrainians or Byelorussians can not be acting as undercover agents for the Polish police.
- increased numbers of groups engaging in a broad spectrum of criminal activities, and increased tendency either to invest profits in the legal economy, or to move assets abroad.
- attempts to avoid criminal activities to be disturbed by the police by the variety of new protective measures. For example it becomes customary to conduct criminal activities in the regions of the country being far away from the place of residence, or to change area and place of activities every 1 or 2 years.
- the new practice of providing loans to legal business at usurious interest rates with the purpose of future takeover.
- increasing attempts to corrupt public functionaries, including policemen.

4.3.6 South-eastern Europe: Albania, Bulgaria, Croatia, Cyprus, Greece, “The former Yugoslav Republic of Macedonia”, Serbia and Montenegro, and Turkey

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

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

The detected groups mostly (over 90 percent) have a homogeneous composition, being only Bulgarian citizens. Foreign citizens participated in some of the criminal groups, mostly Turks, Russians, Ukrainians, and a few persons from neighbouring countries.

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There is cooperation between local criminal groups and groups from other countries in particular in the immediate neighbourhood. However, also Germany, Spain, Norway

and Brazil are mentioned. The foreign connections are particularly active in the fields of drug trafficking and trafficking in women, falsifications of bank notes, credit cards and other similar documents, and pirate product and cigarette trade.

In the 2002 reply, Bulgaria explains that the structure is hierarchical in the case of small criminal groups with 4-5 members. If the group size exceeds 10 persons, the structure is a mix of cellular and hierarchical. In such cases, the different cells possess a certain autonomy. A typical example are the groups engaged in distributing drugs.

Most, or 91 percent of the groups are homogeneous, consisting of Bulgarians only. A structure based on ethnicity is observed among persons from Albania, Kurds, and Moldavians, Armenians, Georgians.

In 2002, there were 356 identified organised criminal groups in Bulgaria. Of these, 164 were newly identified, the remaining 192 were under investigation already in 2001. The total number was 21 percent larger as compared to the figure of 2001. Simultaneously, the number of neutralised groups also increased by 47 percent, from 103 in 2001 to 151 in 2002.

The typical size of the groups remained unchanged, varying between 4 and 15 persons. The number of small groups with 10 members or less was 298, which is 84 percent of all groups. The number of groups with 11-50 members was 58, the average number of their members being 16.

The number of participants has increased by 22 percent, from 1.720 persons in 2001 to 2.105 in 2002. The country of origin of the group members and leaders was mostly Bulgarian, 8.2 percent being foreigners.

In 27 percent of all groups, the activity was multi-criminal, encompassing 2, 3 or several domains, with a specialisation in one basic criminal activity. The number of active groups in the 28 different regions of the country depends on the specific features of each region - the proximity of international highways, ports, frontiers, tourist centres and other relevant factors.

The criminal activities of the groups comprise drug trafficking, professional motor vehicle theft, trafficking false money, and the sexual exploitation of women. Bulgaria is a typical transit country for many of these offences.

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

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

The organised economic crime groups are described in detail. One of them, with 13 members in a network structure, 'stole' the Savings Bank. All members were Albanians,

the group only operated within the country. The second group with 52 members organised false pensions for mine workers, also in a network organisation, with only Albanian members, operating in Tirana only. The third group with nearly 200 members, with a network structure, committed insurance fraud, operating all over Albania.

Croatia did not provide a report for 1999. In their 2000 and 2001 replies, it is stated that there are persons who in recent years have taken advantage of the state of aggression in Croatia and have, by smuggling of goods and persons, credit fraud, money laundering, practice of usury, racketeering, extortion and organising prostitution, acquired assets which they want to invest in legal financial flows. This leads to the establishment and purchasing of firms, catering establishments and investment of 'dirty money' into other criminal activities. Croatia thus reports of broadly speaking identical criminal activities that are dealt with in other country replies. However, organised crime groups in the Republic of Croatia could not be considered as belonging to traditional type of criminal associations. These mostly refer to professional type of criminal associations dealing with one or more criminal activities (drug trafficking, trafficking in human beings, arms, drugs, smuggling, extortion etc.) and are not characterised by hierarchical structure, subordination, planned and continued activities, conspiracy etc. The members are only related as personal acquaintance and have common interests in acquiring illegal material gain by the commission on one or several offences. Thus, organised crime groups are mostly horizontally structured with heterogeneous composition. They co-operate mutually on the territory of Croatia and with other criminal groups abroad. Members of some groups are in connection with criminal organisations or individuals in Italy, Slovenia, Germany, Austria, Hungary, the Czech Republic, Slovakia, FR of Yugoslavia, the Federation of Bosnia and Herzegovina, and Bulgaria and the newly established States of the former Soviet Union. Leaders and members of these groups mostly originate from countries created by the breakdown of the former Yugoslavia.

However, there are also criminal associations of an adaptable type with flexible organisational structure, the area of activity and criminal activities they are engaged in.

Significant investigations in 2001 included a group of 28 persons involved in smuggling of people. Another group of 9 persons were involved in motor vehicle thefts, a further group of 9 persons distributed forged banknotes and equivalents. Two more groups (16 persons each) were committing economic offences of various kinds. During 2002, the Office for the Prevention of Corruption and Organised Crime received reports of 30 crime groups, two referred to crime organisations and 28 cases referred to other groups. A total of 248 persons were reported, 228 of whom were organisers or members of groups, while 20 persons were organisers or members of crime organisations. The typical size of the groups was 5-10 members, no group had over 30 members.

Suggesting a trend, Croatia states that one can expect foreign criminal organisations, criminal associations and individuals to use their connections in Croatia to extend their criminal activities and spread them over the territory of the Republic of Croatia. The background of this development is described as follows: the number of organised crime groups significantly increased in the early and mid-90s when a number of people exploited the war waged on the territory of the Republic of Croatia. These persons engaged in smuggling goods and trafficking persons, financial engineering, money laundering, practising usury, racketeering, extortion and organisation of prostitution. They gained considerable material wealth and attempted to invest in legal financial flows. This process was carried out by setting up or purchasing companies and catering establishments or by investing proceeds of crime for financing other criminal activities.

Some individuals having committed criminal offences and having gained large material profit were singled out as persons who did not hide their aspiration to establish a criminal organisation to be used for controlling a particular territory, conducting criminal activities, as well as for controlling proceeds of crime and investing into economy (exchange offices, security service agencies, gambling houses, night clubs, catering establishments, sale of vehicles, real estate and other companies with various activities).

Cyprus represented a rather limited organised crime scene, according to the 1999 country report. The 2000, 2001 and 2002 reports are similar. The country has two small illegal organised criminal groups, one based in Larnaca, the other in Limassol. Both are hierarchical, family-based structures that co-operate to some extent, and fight each other on occasions. Both groups have non-family members at the lower levels of the hierarchy, mainly Greek-Cypriot males with a criminal record. The top of the groups is being held by family members who are native Cypriots. Each group consists of a small number of hard core members and few other associates. The groups are not having any international dimension, but restrict their activities to the area of Cyprus.

Turkey counted 47 organised criminal groups in 2000, their size ranging generally from 11 to 50 members, with an estimated total number of 2,500 participants (these figures are identical with those given for 1999). For 2001 or 2002, no further statistics were delivered. For 2002, there are some figures for specific types of criminal activities: trafficking in human beings related to illegal immigration, illicit arms trafficking, and drug trafficking.

People smugglers are reported to have an important role for the illegal immigration movements, with 1,155 people smugglers apprehended in 2001, and 1,155 also in 2002. The smuggling is carried out by three types of groups:

- large gangs dealing with people smuggling mostly. They have several contacts and liaisons in the route of illegal movement, not only in the source but also in the transit and destination. These groups are led by one person and operated by the deputy leaders in the provinces on the route. some kind of subcontractors are used for support functions such as transportation and hiding
- terrorist organisations. They, by force take money from the potential migrants in the source countries, promising them a high living standard. They transfer these people to the destination countries via transit ones, either from green borders or blue borders by falsified documents. At the same time they use these illegal migrants as sympathisers and militants, and carriers of drugs, and make use of them in prostitution
- opportunist local people living in the border region. These people participate in people smuggling to earn a limited but satisfactory benefit compared with their usual incomes. Especially families living in the Turkish-Iranian and Turkish-Iraqi borders sometimes have a role in guide services and attempt to take people into the country from the paths; or the small fishers living in the Aegean coasts attempt to take people out of Turkey to the Greek islands. In some limited cases, these people are used a subcontractors for the larger groups.

Regarding illicit arms trafficking, 323 operations were carried out against organised crime groups in 2002. As a result, 2,358 suspects were apprehended. Besides, 114 events related to illicit trafficking were observed. As a result, 359 suspects were apprehended.

On groups involved in drugs trafficking, no specific data have been presented.

Organised crime groups are generally composed of members coming from the same region in Turkey. A leader of the criminal group usually gives importance to this

feature of the group. The groups mostly have a hierarchical structure. The groups mostly consist of uneducated young people who don't have sufficient income. The group members are mostly between 20 and 40 years old. On the top of the organisation, there is a leader and to the bottom there are intermediaries, transporters and couriers. The groups have relations with some terrorist organisations operating against Turkish constitutional integrity. Many of the leaders of the criminal organisations are seen in an effort to seek ways in order to increase their image in the eyes of the community. Occasionally structures of a cellular character are also found. Organised crime groups are generally composed of members coming from the Black Sea region of Turkey. Some groups also have members from other regions. Occasionally, cooperation with groups in other parts of the country may take place. Organic ties with foreign organised criminal groups are not observed, beyond the situation that some group members have personal relationships with members of foreign groups.

The criminal groups generally commit crimes such as drug trafficking, trafficking in human beings, fraud, money laundering, corruption, prostitution, murder, injury, kidnapping, firing at houses and business places, assault, intimidation, collection of checks and bonds, ransom, taking protection money, forcing to sign a bond, loan sharking, and looting of public land.

Most of the activities of the criminal groups occur in those cities with more economic and trade power than the other cities in Turkey. While Turkish organised crime groups generally commit crime in Turkey, they also sometimes co-operate with groups active in South-eastern Europe and Central Asia.

Information on **Serbia and Montenegro** is not available.

In 1999, **“The former Yugoslav Republic of Macedonia”** reported that within organised crime groups, there is no clearly defined structure, but that they constitute rather a criminal network in which the members are horizontally connected through a division of tasks and their interest in making profit. The size of the groups was not indicated. The role of family connections was said to be dominating. Most leaders and members are nationals. However, in groups that are dealing with illegal migration and drugs, there are attempts to impose foreign citizens as leaders. The small size of the country prevents geographical or other divisions in the actions of criminal groups. Most of the groups are regionally connected with organised criminal groups or individuals from neighbouring and sometimes other European countries. The reply for 2001 states that the crime groups are mostly without exact hierarchical structure. They consist mostly of more than three people and are also otherwise meeting the general criteria of organised crime groups. The group members are horizontally connected in the crime network. They act at local and international level, depending on the type of criminal activity, international connections being required for trafficking drugs, firearms, and stolen vehicles, as well as for prostitution, illegal migration and smuggling.

In the 2002 reply, **“The former Yugoslav Republic of Macedonia”** states that there are criminal groups in the country, which in terms of their structure most often do not have a differentiated hierarchical set-up, and in terms of their modus operandi are characterised with uniformity in the type and manner of carrying out criminal activities. Most often, the tasks and roles of the members of these criminal groups are differentiated, which to a large extent depends on the type of criminal activity of the group (drugs, weapons); the groups often operate internationally as well, or implicate themselves in operations of international criminal groups. With the majority of the registered criminal groups, there is no strong hierarchical structure, but a criminal network and members of the group are connected horizontally by means of division of tasks and the interest of gaining a profit.

More expressed is the presence of groups of clean ethnic origin, with members of the same sex, different age and family ties. Depending on the type of criminal activity, they operate nationally and internationally, whereby the international link is characteristic of the crime with drugs, weapons, vehicles, prostitution, illegal migration and smuggling.

The members and leaders of the groups originate from their domicile state, but as to some types of criminality (illegal migration, drug crime) attempts have been observed to impose foreign citizens as leaders of the groups. Because of the small area and number of population of the state, one cannot speak about a distinct geographical division in the operation and origin of the criminal groups, however there is certain geographic differentiation of the groups on the basis of the type of criminal activity.

Most of the organised criminal groups in Macedonia are connected regionally, with groups of group members from the neighbouring countries, and lately with groups from other European states. Macedonia is a transit country for drugs transports and for organisers of illegal immigration heading for Western European countries. It has also served as a transit country for moving stolen vehicles from Western Europe eastwards. The geographic location of the Republic of Macedonia as the centre of the corridors comprising the so-called 'Balkan route' brought about a large number of criminal activities to take place through its territory, including illegal arms and smuggling.

Regarding trends, the Macedonian reply for 2002 states that there a rising tendencies in the area of illegal drug trafficking, arms smuggling, illegal migration, trafficking in human beings, and criminal violence. The basic factors contributing to the changes in the level of organised crime relate to the security situation in the Republic of Macedonia and the conditions in the region in general: the excessive accumulation of weapons in the area, the conspicuous unemployment in the countries of the former socialist bloc which contributes to the development of illegal immigration and prostitution. The increased number of drug users in the country contributes to the rise in the interest of organised criminal groups in illegal drug trafficking.

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

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

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

The 2002 Greek reply states that in this year there were 166 investigations into organised crime groups, with 234 persons considered as key members of criminal organisations. More than half – 92 or 55 percent - organisations were hierarchical, while one-fifth or 34 represented a horizontal structure. In the remaining cases, the structure was not ascertained. The composition of the groups is reported to vary, their members being of the same ethnic origin or of different ethnic origins depending on the type of criminal activity. In several cases, there is co-operation with other criminal groups within the country. The leaders and groups members are nationals of 33 different, mostly European countries. The criminal organisations broken up by law enforcement authorities in 2002 mainly operated in the area of Athens and Thessaloniki. The size of the 166 groups ranged from 3 to 44 members, their estimated number of participants was 1,010 persons. Many criminal organisations had ties with 21 countries such as Albania, Turkey, FYROM, Italy, Bulgaria, trafficking in drugs and operation in illegal immigration being the dominant orientations.

On trends, the Greek 2002 reply estimates that the criminal organisations shall continue to be involved in criminal activity, mainly illegal immigration, trafficking in drugs, smuggling and trafficking in human beings for sexual exploitation, as long as such illegal activity continues to generate large profit. In particular, it is estimated that Albanian criminal organisations shall continue to operate in the trafficking of drugs, illegal immigration, trafficking in women. Turkish criminal organisations shall continue to operate in illegal immigration. Bulgarian criminal organisations shall continue to operate in counterfeiting and forgery. Other criminal organisations shall continue their operations, the possibility also existing that they shall expand their activity.

The Greek 2002 reply states that this is the first time that they applied, within the framework of guidelines supplied by Europol, methods for analysing the profile of the criminal organisations, in order to transform the report into an assessment of threats and risks.

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

4.3.7 Eastern Europe: Armenia, Azerbaijan, Georgia, Moldova, Romania, Russian Federation and Ukraine

The **Russian Federation** reported in 1999 very briefly on the organised crime situation. It stressed the hierarchical type of organised criminal groups, with a detailed division of tasks and rigid internal discipline. The groups were, accordingly described to be stable, with a superior union management. The latter refers to the existence of associations of organised criminal groups, often referred to in studies of Russian organised crime (e.g. Aromaa & Lehti 2000; Bäckman 1999). In the 2001 reply, this view is replaced by an interpretation that is more like the one found in many West European countries: the Russian reply recognises all group structures suggested in the

questionnaire as existing, i.e. hierarchical, cell-wise and network structures. Also both homogeneous and heterogeneous groups are found, part of them being organised on an ethnic and regional basis. The leaders of criminal groups are Russian citizens, the members being also from CIS countries and other states. As rule, the groups consist of no more than 10, sometimes however between 11 and 50 members.

The **Armenian** reply for 2000 states that no data on the topic are available. A similar message is conveyed in the replies for 2001 and 2002.

The 2002 reply of **Azerbaijan** does not provide data on the number or structure of organised criminal groups in the country. The reply indicates that the recorded volume of other crimes except for drugs offences is small.

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

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

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

The number of organised criminal groups was estimated at 121, with 1160 persons involved. These 121 groups were understood to belong to six larger organisations of which five have as their leaders renowned 'thieves-in-law'. The largest community has almost 500 members. The sizes of these six organisations ranged from 471 to 27 members, including two groups with up to 100 members. 93 of the 121 groups counted less than 10 members each. For 1999 and 2000, identical figures are reported. In 2002, the number of criminal groups operating in the member states of the CIS was 36, united into 6 criminal communities (organisations), with 117 participants.

Besides the country's own territory, the criminal activities of Moldavian organised groups involved many European countries that were reasonably close to the country (also Cyprus and Israel), but also further west such as Italy, France, Spain, and Portugal. Outside of Europe, cooperation with groups in the USA and China were observed. The profiles of the criminal activities were geographically differentiated. Operations carried out with CIS countries were quite similar to the selection of organised criminal activities carried out towards or in cooperation with organised criminal groups in European countries: trade in alcohol, tobacco, drugs, arms and explosives, people, and smuggling of migrants, money laundering, economic crime of various kinds. The exact character of the criminal operation reflected, in each instance, which countries were involved in which operations. Overall, the description resembled ones received from the Russian Federation in other sources.

The Moldavian reply states that the crime situation is becoming more serious. Organised criminal groups commit many crimes. Corruption is increasing very much, affecting almost all spheres of social life. The volume of the shadow economy is very high. Many economic activities are controlled by the criminal world or by corrupt authorities. A particular problem is created by the territory of the Transnistrian Republic where legislation of the Republic of Moldova is not in force. Law enforcement institutions cannot stop the activity of criminal groups that operate on the territory of Moldova and other states, as they hide in Transnistria and cannot be apprehended. This region has a border line of 150 km with Ukraine, part of which is not controlled by Moldavian law enforcement bodies and this fact is used as an advantage by the criminal organisations for trafficking arms, ammunitions, drugs, human beings, as an advantage for illegal migration, counterfeiting of goods (especially tobacco, oil, alcohol, mass consumption goods etc.), for committing economic and financial crimes, including money laundering, etc. These facts are concluded to indicate that organised crime represents a threat to the security of the state in Moldova.

Ukraine, for 1999, reported that 294 organised criminal groups with more than 2,000 members were active in their territory. Of the groups, 33 (with 500 members) were said to have international ties. 12 groups (125 members) had an ethnic background. In the Ukrainian reply for 2000, the number of organised criminal groups was reported to have decreased, from 1165 to 9608 (in this reply, Ukraine has obviously applied a different definition of organised criminal groups than in 1999). Recent years have seen a tendency towards an increasing average size of the organised criminal groups. While in 1992/1993 most of the disclosed organised criminal groups comprised 2 to 3 persons, starting from 1997 most of them appear to have 4 to 10 persons, with an increasing number exceeding 10 participants.

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

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

Traditional general criminal organised crime include groups involved in fraud, racketeering and smuggling, as well as in dealing with drugs and sex business, arms trade, car thefts, and others. However, the report notes that in the most recent years there has been a shift to economic organised crime related to finance and credit, banking, foreign economic relations, privatisation, fuel and energy sector, agricultural industry, metallurgical, mining and refineries. These are observed to be the sectors where the lion's share of 'shadow' capital is being formed and money laundering is

flourishing. The Ukrainian report does, however, not give estimates of the number, size or structure of organised criminal groups engaged in these fields.

The geographical scope of the activities of these gangs was reported as having spread to several western and central European countries (Germany, Hungary, Poland, Greece, and Great Britain were mentioned separately), and the USA. Money laundering (legalising illegally obtained means) is, of course, carried out in countries where offshore zones are situated. For illegal immigration, Ukraine was seen as being in a central position as a transit country to Europe, migrants arriving from China, Vietnam, Sri Lanka, Pakistan and Afghanistan. Mention was also made of a transit function in the provision of women to the sexual markets in Turkey, Poland, Hungary, the Czech Republic, Greece, Arab emirates, Israel, and the USA. The number of illegal migrants on the territory of Ukraine is increasing in big leaps. Apart from various 'Caucasian' (Chechen, Azeri, Armenian, Daghestan, Georgian) communities, a number of other colonies of illegal migrants have formed in Ukraine, such as Vietnamese.

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

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

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

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

In 1999, a total of 1,261 groups were observed by the police, of which 842 groups consisting of Romanian citizens, 145 of foreign citizens, and 274 mixed groups. In 2000, a total of 1,339 groups were noted, of which 133 groups composed of foreign citizens, 924 of Romanian citizens, and 282 mixed groups. For 2001, still more, or 1,401 groups were identified. The 2002 figure again exceeds the previous one, with 1,608 criminal groups observed by police combating organised and drugs crime. 673 groups were dismantled.

The groups usually have up to 10 members, but also networks with 11 to 50 members have been identified, in particular in the field of trafficking in human beings where the group membership of course is a mix of Romanian and foreign nationals.

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

4.3.8 The Baltic countries: Estonia, Latvia, Lithuania

The structure of **Estonian** organised criminal groups is reported to be either hierarchical or of a network character. They are influenced by the geopolitical proximity to Russia and the historically strong connections with Russian groups; although these links are said to be weakening. Russian groups do not lead Estonian organised crime but certain co-operation does take place. This trend is characterised by the fact that in mutual communication they do not any more use the Russian place names where the principal part of the group came from but the names of the leaders operating in Estonia.

The type of criminal organisation most numerously represented in the foreign countries is the criminal organisation of Estonians. The members of these criminal organisations operate very actively in the Scandinavian countries: In Finland, in Sweden, to a smaller extent also in Norway and in Central Europe: Germany, Holland, and Spain. The main accent of operations in the foreign countries is concentrated to Spain. In Spain they mainly operate in transit in the smuggling of drugs on such routes as Columbia-Spain-Estonia and Columbia-Spain-Scandinavian countries. Prostitutes are also brought from Estonia to Spain, Finland, and Germany. The criminal organisations operating in Estonia have chosen several offshore regions and other countries for money laundering (e.g. Cyprus, Malta, Byelorussia, Ukraine). The representatives of Estonian-speaking organised crime continue their close co-operation with Finnish criminals in particular in the field of narcotics.

The main region of activity of the criminal organisations is connected with the major Estonian cities of Tallinn and Tartu, and with the East-Viru region. The place of activity of the Russian-speaking groups reaches to Russia and Latvia as well. The place of activity of the Estonians has expanded to Europe.

At the moment there are about five active criminal groups operating in Estonia, and the estimated number of active members of the groups fluctuates from 15 to 30 persons. The five active criminal groups are identified as two Russian ones (the Kemerovo group and Stanislav Volkov's group), one Armenian, one Azerbaijan group, and one Estonian group⁶⁴.

The Kemerovo group is still one of the more monolithic and serious ones in Estonia, showing a constantly growing impact of international contacts. The main action lines of the organisation are narcotics business, extortion, alcohol and tobacco business, racketeering, to some extent illegal arms trade and car theft, selling the cars back to their owners.

The Volkov group is more specialised, its main area being stolen cars. In part, this concerns commissioned cars, in part stealing cars with the purpose of selling them back to their owners. The organisation is still one of the most serious operators in this action line.

⁶⁴ This analysis illustrates one of the basic differences between the understanding of "criminal groups" in the Russian-influenced tradition in contrast to the West European tradition. In the EU or Council of Europe tradition, the Kemerovo "group" would apparently comprise a large number of "member groups" rather than one single entity.

The Azerbaijan criminal organisation developed into a criminal organisation in 1998. The number of active members amounts to 20 - 30 persons, with approximately the same number of supporting members. The group is mainly engaged in the sale of illegal alcohol and tobacco, in racketeering and in drug business.

The Estonian criminal organisation is the only criminal organisation consisting of persons of Estonian nationality, which by its structure is clearly honeycomb-like. Substantially the organisation consists of smaller Estonian-speaking groups whose common interest in the joint cash register are represented by a concrete competent leader. Although they are also dealing with extortion and racketeering, the main accent of the organisation's work is on economic crime: tax frauds, frauds against banks and in administration of large-scale drug business, organising larger shipments at international level. In their activities during the last years, they have taken on an orientation to the western criminal world; several members of the group also live in Western Europe.

As this is an organisation consisting of a number of smaller groups, the number of its members, together with the passive members, amounts to approximately 200 individuals. If the non-Estonian speaking organised crime has turned its main attention to the dissemination of cheaper narcotics, then the Estonian criminal world trades in the most expensive and highest quality narcotics (cocaine, ecstasy, amphetamine). Also the narcotics (amphetamine) laboratories discovered and eliminated by the police have belonged mainly to the representatives of the Estonian-speaking organised criminals.

The Armenian group, mostly dealing with tobacco, alcohol, money laundering and to a smaller extent with illegal immigration, is fading away.

The Estonian reply specifies also the criminal groups that are concentrated around the authorities of the underworld. The members concentrate usually around one member after whom the group is named. Such are the Russian groups, mostly formed of the local Russians. Their leaders have good contacts with the other authorities of the underworld, including the authorities in Russia, Latvia and Byelorussia. The members in several of such criminal groups share a background in the law enforcement of the former Soviet Union and the top athletes.. They are active in such areas as drug business, extortion, money laundering and theft of vehicles.

Furthermore, there are several smaller groups that have concentrated mainly on specific criminal offences such as car theft or stealing from apartments.

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

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

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

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

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

The 2002 reply for Latvia states that the structure of the organised criminal groups is characteristically a constant hierarchical system: leader, joint fund holder, brigade leader, fighters, financiers and network personnel. There are strict duties within the hierarchy. The members are mostly male, the membership is mostly permanent. Co-operation between criminal groups takes place in criminal activities as well as in entertainment business and daily level. The majority of the groups co-operate with groups from other countries – Russia (70 percent), Lithuania, Estonia, Germany, Poland and the Netherlands. Criminal connections increase in the Russian and Belarusian direction. The leaders and members of the Latvian groups are Latvians and citizens of republics of the former Soviet Union. Geographical or other elements of origin are not the main criteria for the groups. Since one of the main aims is international co-operation, most of the groups are multinational. Of the ethnic dimension, mentions are made of Chechen, Azerbaijan, Armenian, Georgian and Gypsy groups. According to analysis, there are three main criminal groups operating in Latvia:

- the Haritonov criminal group. This group is supported by Russian organised criminals, securing the leader position, to subordinate small criminal groups, and to develop new relations, in particular business relations, with Russian criminal groups. This group controls part of Riga, and the Ventspils and Jurmala territory. The basic forms of activity are extortion of protection money, smuggling and counterfeiting. Their main business is legalised (oil products, bank operations, real estate, tourism). The group has developed relations with organised crime structures mainly of Russia and Lithuania, and also of Spain and Turkey
- the Pardaugava criminal group. This group has mediated the movement of finances of Russian organised crime into Latvia. These assets have been invested in the monopolisation of oil business, control over Latvian sea harbours, manufacture of jewellery based on Russian raw materials, and real estate business
- the Adu criminal group. The leader of the group keeps close connections with the organised crime groups of Russia, Lithuania, Estonia and Georgia. Their main lines of activity are pickpocketing and vehicle thefts (especially from

Germany) and their resale to the owners, control over drug dealing in the country, and extortion of protection money.

There are no exact data on the size of the groups. The main groups, with 100 or more members consist of brigades that specialise in concrete spheres (smuggling, extortion, robbery, thefts etc.) These brigades comprise small groups, each group consists of from five to several tens of people. There are about 10-15 persons in the core of the main groups, 2-3 persons in the core of brigades, and one leader of small groups. The total number of participants is not possible to estimate; there are about 100 organised crime brigades and groups operating in Latvia. International co-operation between the criminal groups continues. Due to this, Latvia has become a transit country for smuggling and drugs trafficking. The groups involved in extortion are mainly operating in the collection of debts (80 percent). Persons and companies involved in racketeering are mentioned mostly in the shadow economy, in sectors such as prostitution, smuggling, money laundering, drug trafficking. The tendency of legalisation of the extortion continues.

Of trends, the Latvian 2002 reply states that some groups refrain from the extortion business and are more orientated to drug trafficking, using the possibility of free travel in the EU. These activities are expected to increase. The smuggling becomes more latent. For instance using the international criminal networks, stolen cars are being dismantled in Latvia or removed abroad and then sold. New cars are being moved to Russia using forged documents. Older cars are being moved to Lithuania, Estonia, Belarus and Ukraine by changing their identification numbers. Latvia is being used a transit country from Europe to Russia and the CIS countries. After the Latvian accession to the EU, the organised crime groups are expected to focus on the EU by developing criminal contacts. Also organised criminal groups of the old EU countries will try to expand into Latvian territory.

In 1999, **Lithuania** reported that the structure of organised criminal groups is variable and not complicated. There are no exclusively ethnic groups. No detailed information on group size was provided. The structure of the groups differed from group to group. However, it is not complicated but mostly of two kinds: clear-hierarchical structure with coherent leader or unclear where it is difficult to understand who guides the group. The groups are mostly heterogeneous, save the capital city of Vilnius and the port city Klaipeda. There is no criminal group which is composed solely on an ethnic basis, except groups of Roma. The age of criminals involved in criminal groups is decreasing. The group leaders are mostly Lithuanian nationals. The reported number of organised criminal groups has grown from 40 in 2000 to 57 in 2001, and 94 in 2002. The number of persons involved has varied from about 1,500 in 2000 to about 1,000 in 2001 and about 1656 in 2002. The most common crimes in which the groups are involved are vehicle theft and other theft, extortion, illicit drugs, smuggling, and robbery

Co-operation with other groups in the same country is observed but it is not of a permanent nature but, rather, ad hoc cooperation. The cooperation is in particular for drug trafficking, and also trafficking in human beings for sexual exploitation, and for illegal immigration. Their cooperation with foreign groups takes place mostly with groups from neighbour countries and groups from western Europe, like Germany, Russia, Poland, Spain, Belarus, Great Britain, Latvia, the Netherlands, France, Ukraine. A trend of growing activities abroad is observed. Furthermore, in 2002 new groups have replaced many of the older ones and have begun to practice such crimes as murders, serious assaults, robberies, thefts, extortion. Activities of older groups have developed to a higher level - economic and financial crimes.

Over the 1990s, the phenomenon of organised criminal groups in the Baltic countries seems to have developed along dissimilar routes. The great influence of organised

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

4.4 MODI OPERANDI

4.4.1 Shielding practices

Shielding practices have become an important modus operandi of organised crime groups: they collect information on the activities of other organised crime groups, on the activities of law enforcement agencies and on judicial procedures, learning in this way about the legislation and practises, which might help them maintain the desired position on the criminal market.

Specially chosen and trained perpetrators attend court hearings, follow media reports and debrief arrested associates. During their illegal activities organised crime groups use self-protective measures, such as surveillance and counter-surveillance, sometimes they even employ specialists in this field. Special attention is paid to the ways of communication – the preferred methods are still codes, face-to-face contact, followed by a very extensive use of ‘prepaid’ or ‘pay as you talk’ telephones, which do not need to be registered. Perpetrators also like to use telephone booths and satellite phones and, lately, internet services.

Most serious criminals perform their activities only in co-operation with people they know well and trust. In order to limit the risk to be apprehended in the fields they do not know best, some organised crime groups members hire specialists – drug brokers, illegal immigration agents, money launderers.

Very popular ways for the protection of organised crime activities are changing means of communication, switching of identity, address and transportation and the use of fronts/dummies. Capable organised crime groups also very often change places of activity.

Some eastern-European organised crime groups hire foreign, mainly Russian speaking leaders to limit the risk of being the object of undercover police activities. They are convinced that those leaders, mainly Ukrainians and Belorussians, cannot perform undercover work for police.

In order to avoid attracting attention in the field of legislative, institutional and practical measures against laundering the proceeds of criminal activity, perpetrators increasingly use alternative remittance systems and typical illegal banks.

According to Dutch authorities 40 percent of investigated organised crime groups use different shielding practises (codes, fronts/dummies, changing means of communication,..) and 6 percent of organised crime groups use counter-surveillance. Other methods used can be seen from the special analysis made on the basis of 185 investigations on organised crime:

Table 12: Shielding practices in the Netherlands

Methods used	Absolute number
Oral messages in code	47
Frequent variation of means of communication	33
Use of several means of communication	27
Use of fronts/dummies	18
Use of false identity papers	15
Written messages in code	14
Counter surveillance	12
Frequent changes of cars	10
Use of lease cars	9
Bribery	7
Strategic networking	6
Use of foreign means of communication	5
Changing residence	4
Active tracking of officials	2
Tapping telephones of investigative authorities	2
Direct eavesdropping on investigative staff	1
Buying information	1
Pressuring officials and/or their family members	1
Data encryption	1
Other techniques	38

Shielding practises are among the most important reasons for the duration and complexity of investigations into organised crime. In Germany the usual duration of investigation in 2002 was 16.5 months and the longest investigation took 88 months.

4.4.2 Use of influence

One of the most successful tools enabling organised crime groups to function well has always been and still is corruption. This is confirmed by a number of reporting countries where more and more action is taken against corruption.⁶⁵

Corruption is one of the preferable and most effective tools of organised crime groups as it facilitates their activities, and since it is two-way relationship, which includes elements of secrecy and trust among the briber and the bribe-taker, it is much more stable than other relations among criminals and representatives of public life or private companies. Some analyses (UK, Netherlands) show that approximately 25 percent of all organised crime groups make use of corruption. In Germany, the element of international corruption was also included in the analysis of 476 investigated cases⁶⁶:

Table 13: German cases of organised crime in which influence was mentioned

	In Germany	Abroad
Public administration	30	31
Justice system	13	9
Business community	11	5
Media	4	2
Politicians	6	14

⁶⁵ Other countries, however, which are known to face serious corruption problems, ignore this issue in their replies.

⁶⁶ More than one form of corruption may have been mentioned in a single investigation

Some countries (Hungary, Romania) face constant efforts of organised crime groups to influence anybody, who might assist them in conducting their activities or in shielding them against the law enforcement activities. Some organised crime groups even succeeded to engage so-called 'sponsors', who provide support for their activities on a constant basis but without perpetrating the crimes themselves.

For organised crime groups corruption has become just a part of business in which they started to behave in a specialised and professional manner: they are hiring legal and business experts and experienced and usually well known lawyers in order to use their assistance in this field, planting members or associates into jobs or locations of importance. Perpetrators use the opportunistic approach, based on the accessibility and perceived vulnerability of the 'targets'; there are almost no 'cold' approaches anymore. Interestingly, analyses (e.g. in the UK) show that the motivation for the corrupt behaviour of public officials assisting organised crime groups does not only consist of money or other material rewards but also of friendship and family loyalty.

In some, especially transitional, countries (Moldova) corruption affects all spheres of public life and they face an obvious destabilisation of the law enforcement bodies that are often managed by different corrupt persons in higher positions. This has an immediate impact on the economy: since honest managers and owners of the companies cannot count on the normal protection of public authorities, in order to survive they are forced to co-operate more and more with organised crime groups or corrupt authorities. Organised crime corruption takes into consideration the problems of the transitional period, unemployment, insecurity and poverty, thus affecting the state fundamental institutions and institutionalising itself in the structures and mechanisms of the social, economic, political and legal system. It is possible to say that developed countries with long history and democratic traditions face illegal influence, which is oriented mainly towards the law enforcement agencies (police, customs, immigration services, prosecutors, prison services,) and towards the witnesses in specific cases, without trying so much to gain an overall influence in their countries.

Within the police forces and in the public mind it is often assumed that there is a close link between corruption and organised crime. In contrast to such assumptions, usually there is only a small percentage of reported corruption offences relevant to organised crime determined by the police. Aiming to get more information on possible links between organised crime and corruption Germany completed an analysis of those links, taking into account not only 'corruption' as some of the criminal offences from the Criminal Code but also 'corruption' as the exertion of influence detected during the investigation and not followed by criminal charges.

The analysis showed that German organised crime groups are clearly disproportionately represented in the field of corruption as a consequence of their better social integration in their own country. Different forms of influence were established: obtaining information from police databases and current investigative proceedings in the field of drug-related crime, obtaining information on wanted listings for persons and property in the field of property crime, facilitating illegal immigrations and trafficking in human beings through contacts to residents' and aliens' registration authorities in the field of nightlife crime, bribing police and customs officers in the field of smuggling.

Table 14: Reported spheres of influence by organised crime groups

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

In the vast majority of organised crime investigations corruption was more or less helpful for the commission of other crimes, thus having a clear secondary character. Only in a few investigations of economic crime was corruption the focal point or of considerable importance. No investigations revealed corruption linking organised crime groups and persons in key positions in the political system, the judiciary, the public administration, the media and the economy. Only in some isolated cases did a certain influencing of decision-makers at local/regional level take place.

The final results of the analysis show that the theory on close, even symbiotic interlinking between corruption and organised crime in Germany cannot be confirmed, and that corruption offences do not appear to be an integrated element of organised crime in Germany but rather means used more or less professionally.

4.4.3 Use of enterprises & legal entities

Business enterprises are misused for illegal activities in various ways, mainly as a cover for illegal activities, as the receiver of unlawful assets or as a service for carrying out illegal activities. In last years organised crime groups have been trying to maximise their legal activities and to establish themselves in legal business operations. To achieve this goal organised crime groups are employing financial advisors and developing links to legal commercial structures and to foreign or international counterparts. This can specially be observed in transitional countries (Estonia, Czech Republic), where organised crime groups used the liberalisation of companies legislation and established different companies in early 90s. Now they are trying to extend their influence with foreign participation (=investments) in those companies. In some countries the main businesses of organised crime groups are legalised already (Latvia: oil products, bank operations, real estate, sea harbours, manufacture of jewellery).

Organised crime groups in some countries (Finland, Norway) are hiring highly qualified business professionals specialised in organising and supporting the transfer of assets collected into companies, out of the reach of authorities, usually abroad.

Organised crime groups are investing their profits in the following main areas, mainly cash-heavy sectors: real estate, catering and building industry, security firms, night clubs, car dealers, etc. In some countries they achieve remarkable results – in Poland they own 8 percent of the entire value of stocks on the Warsaw stock exchange. Investments of organised crime groups into legal and quasi-legitimate businesses are gaining in volume and importance in general. Sometimes this is a method of taking-over legal companies - in Poland organised crime groups provide loans to legal businesses at usurious interest rates with a clear purpose to take over.

Sometimes members of organised crime groups can be found among the founders or financiers of different social groups.

In some countries foreign organised crime groups penetrate into their territories with the help of coverage companies from abroad or by establishment of brand new companies. Usually those enterprises have a lot of funds available and are trying to penetrate strategic economic spheres in an effort to achieve a significant influence there and in governmental bodies and political parties. There are countries where organised crime groups have already achieved those goals. In some cases ethnically based organised crime groups copy the approach of other organised crime groups (Asian organised crime groups in the Czech Republic copy the CIS approach) in establishing legal companies.

On the other hand, organised crime lives in a very close relationship with activities of regular and legal enterprises in the society, using them as suppliers, sub-contractors and distributors in certain small parts of their activity. Especially regular import/export industry is being misused (NL) for carrying out illegal activities and for absorbing or investing unlawful assets.

In the Netherlands a study showed the following involvement of different sectors in criminal activity (whereby more than one activity may have been mentioned in a single investigation).

Table 15: Number of Dutch organised crime investigations mentioning involvement of various economic sectors in criminal activities

Sector	Number of times mentioned
Transport	31
Hotel & catering	12
Sex industry	8
Automotive trade	11
Retail trade	12
Import/export companies	10
Other (service companies)	2
Other (production)	10
Miscellaneous	3

4.4.4 Use of information and communication technology

With the invention of personal computers and the expansion of the internet, societies and economies around the globe have become dependent of information and communication technologies. Crimes related to such technologies therefore do have considerable impact.⁶⁷

According to the Convention on Cybercrime of the Council of Europe (ETS 185) such crimes can be divided into 4 groups:

- Offences against the confidentiality, integrity and availability of computer data and systems (CIA offences) – including illegal access to computer systems, illegal interception, data interference, systems interference, misuse of devices
- Computer-related offences – including computer-related forgery and fraud
- Content-related offences – that is, child pornography (the Protocol to the Convention – ETS 189 – adds racism and xenophobia)
- Offences related to infringements of copyright and related rights.

It may thus involve offences such as:

- Hacking: is the term usually used to describe unauthorised access and unauthorised modification of computer material. Having gained unauthorised access, hackers may acquire sensitive data and change or erase the content of files. Over 44 percent of large and small businesses in the UK have suffered such an attack and the average cost of such an attack to the business was 30 000 GBP. In Germany the number of unauthorised modification of computer databases increased very much in comparison to previous years although the overall number of cases in the field of cybercrime has strongly decreased. In Greece offenders gained profits at the expense of unsuspecting website visitors,

⁶⁷ See also Part 2 (Environmental scan) of this report.

interrupting their desired connections and connecting them, unaware, with foreign telecommunication operators, for the access to other websites.

- Viruses and worms: viruses are malicious codes that spread throughout a computer system once imported, typically by the opening of an email attachment. Worms are similar to viruses, but are self-propagating. To date, the majority of viruses and worms have been designed to cause damage to computer systems rather than for financial gain. Trojan horse programs with viruses may change this. These can transmit data to another location, which would enable personal finance and other details to be extracted and used to commit fraud. The threat of viruses and worms is further increased because users do not routinely use anti-virus protection properly or they do not use it at all despite the big losses which might occur. A survey in the UK resulted in the estimation that the next major virus attack on the UK will cost business in the region of 2.1 billion GBP.
- Extortion: companies in the UK have had their computer systems infiltrated by an electronic intruder who attempts to locate valuable and sensitive data. The hacker or an accomplice then offers to fix vulnerabilities in the system for a consultation fee rather than publicising them. This form of extortion relies on the company's fear of adverse publicity, damage to reputation, and loss of customer confidence. Banks, financial institutions and other large businesses that rely on public confidence in their levels of security are therefore attractive targets. Some identified attempts in the UK appear to originate from the Former Soviet Union, but is difficult to really determine the origin of attacks.
- Denial of service attacks (DoS): use of networked computers or computers to bombard another networked computer or server with data with the intention of disrupting or rendering the latter inoperable, or of enabling unauthorised access. Meanwhile Directed Denial of Services (DDoS) uses Trojan codes proliferated via email to 'enslave' thousands of computers, termed 'zombies', that can then be activated at the time of the attack. DoS and DDoS are increasing and they are causing considerable damage. In 2002 a serious DDoS attack disabled 9 of the 13 main servers that power the internet worldwide for several hours causing considerable slowdown of the internet globally. DoS attacks can be used to make money through extortion or manipulation of stock shares of the target company.
- Intellectual property crime: offers potentially lucrative opportunities for organised crime groups. In particular the cracking of security features integrated within products and the marketing and distribution of pirated goods can be done with the assistance of the newest technical know-how. The widespread availability and decreasing costs of hardware capable producing both CD-ROMs and DVDs very cheaply, the consumer market ready for pirated goods and low chance of detection make this type of crime attractive to organised crime groups. In Ireland thefts of computer components and counterfeiting of software present a big threat to their computer industry.
- Fraud: the development of e-commerce offers opportunities for acquiring payment card details from internet sites. These details can be used to manufacture counterfeit cards, or to commit 'card-not-present' fraud by purchasing goods and services over the internet or by telephone. In some cases hackers sell those details to fraudsters and websites have also been set up containing thousands of stolen card details. One way to acquire such card details is also so-called 'website spoofing', where genuine websites are duplicated by setting up a website with a similar internet address so that users are re-directed to the bogus site where they are asked to present their card details, accounts

details or other financial information. In the Netherlands perpetrators went to unmanned filling stations where it is possible to pay at a machine. The PIN equipment was removed and adapted. Subsequently, specially-adapted PIN equipment was put in place, which enabled the perpetrators to gain access to clients' PIN codes. Credit card frauds were, among others, registered in Andorra, Hungary, Ireland, Malta.

Reporting by member States on cybercrime in relation to organised crime is scarce. This may be due to the limited capacities of law enforcement agencies to identify and cope with these types crime or a limited understanding of the linkages or as assumption that information and technologies are simply new tools used by organised criminals to commit old forms of crime. In any event, ICT are at least part of the *modi operandi* of criminal organisations:

- Criminal communications: organised crime groups have always sought fast and secure means of communicating with each other. Email, internet chat rooms, instant messaging, web-based and client server mail accounts, websites and message-boards offer new options for them. These methods can be used to coordinate criminal activity, locate victims and to make criminal contacts, as well as to procure goods and services related to the criminal enterprise. They provide speedy communication and relative anonymity. In the UK there is evidence that some organised crime groups are exploring the use of the internet to communicate – mainly drug traffickers are using internet chat room facilities to discuss, negotiate and arrange supply of drugs. In this area the use of internet-cafes is quite common in the Netherlands. Norway faces new forms of traditional types of crime by distribution of illegal goods and their offers, dissemination of information, guidance and encouragement to commit various types of criminal offences.
- Encryption: encryption tools offer a further level of security to organised crime groups in terms of data storage and exchange. They are readily available on the internet and can be used both with data stored on hard disks and with communications such as emails. There are indications that organised crime groups in the UK in Norway are increasingly using these tools.

4.4.5 Use of violence

VIOLENCE WITHIN THE CRIMINAL WORLD

After money laundering, violence is perhaps the most widely identified supporting criminal activity, used almost in the half of organised crime groups in majority of countries.

A number of organised crime groups make use of psychological and/or physical violence mainly within the criminal world. One can distinguish between violence against members of the group, rivals and others who are also involved in criminal activities.

Violence and intimidation are used primarily to maintain discipline and compliance of group members and criminal associates. Sometimes (Romania) the level of internal discipline depends on the level of specialisation. Punishment in the UK organised crime groups may be meted out for double-crossing the group, making mistakes, not following orders or being suspected of informing the police.

In the Netherlands the form of sanctions encountered most frequently were those against members of the same criminal group or against their families. The investigation listed a scale of negative sanctions, ranging from threat to fines or withholding the payments to liquidation. Two sorts of perpetrators within organised crime groups were frequently put under psychological and/or physical pressure: couriers and the victims of human trafficking. If they did not cooperate or earn enough, they were raped, assaulted or subjected to great psychological pressure. As well as negative sanctions, there were also positive rewards for members of organised crime groups, ranging from extra financial rewards to the provision of lawyers or the maintenance of family-members if they the members were arrested.

In some countries (Croatia) sanctions for maintaining group discipline are rare or are even decreasing, showing a higher rate of organisation (Estonia) or the respect earned by specific members of specific organised crime groups, where the recognisable use of force is no longer necessary (Germany). It depends very much on how the threats are taken by the persons concerned – if they are taken seriously enough to ensure compliance with demands or group discipline then there is no need for further violence.

Some ethnically based organised crime groups show extreme cruelty in punishment of their own members (Azerbaijani, Albanian).

The use of coercion towards other criminals follows specific rules. In some countries there are some efforts to solve possible disputes in a peaceful manner, mainly in order not to attract police attention.. In some countries (Slovakia) the level of professionalism, aggression and brutality in using violence is rising. The Czech Republic faces contract killings by hired perpetrators from abroad, leaving the country immediately after the killing, which quite often leaves their victims completely devastated due to very popular use of booby traps.

Some organised crime groups (Estonia) which established their reputation on the fact that they solve internal tensions through peaceful solutions, however, show extreme cruelty to other organised crime groups in settling their disputes.

In the UK coercion is particularly prominent in the heroin, cocaine and crack trades and it is frequently associated with ethnically homogeneous organised crime groups (Turkish, West Indian). Although the figures show that around 40 percent of all organised crime groups use some kind of violence there is a possibility that this is substantially under-reported because the majority of victims are criminals themselves and unlikely to report incidents either because they fear reprisals, are reluctant to draw attention to their own criminal activities or simply prefer to deal with the matters themselves. It is interesting that the more established groups use violence much more, reflecting in this way their willingness to reinforce their rule, mainly criminal vendetta.

In the Netherlands the most common types of violence against the criminals outside organised crime groups were ripping-off of rivals, assaults in cases of non-payment and liquidation of rivals. The Netherlands has even developed a definition of 'liquidation', according to which 'a person can be said to have been liquidated if he or she was deliberately murdered, the offender acted with premeditation in order to consolidate and/or strengthen his own position, and both the offender and the victim belonged to criminal circles'. About 8-10 percent of all murders committed in the Netherlands are liquidations.

Foreign organised crime groups are trying hard to avoid the use of violence in other countries in order not to draw attention of the domestic authorities and they very seldom use any forms of coercion towards individuals who do not respect the division

of territory or the demands of certain organised crime groups or towards other organised crime groups, settling the accounts among them. In some cases (Fin) domestic criminals are taken abroad to 'business' negotiations and intimidated into cooperation.

The countries where the crime scene has not changed for long do not face serious problems with the violence among organised crime groups since there are no disputes concerning the regional power balance between the rivals groups (Greece).

It is worrying to see that more and more criminals are armed (UK) or that very solid links between arms trafficking and other types of crimes are established (Ireland). In some countries (Czech Republic, Latvia, Poland) the use of explosive devices in cars, apartments and offices of rivals is very popular, sometimes just to demonstrate the power (Poland) or to eliminate persons endangering interests of organised crime groups.

USE OF VIOLENCE OUTSIDE THE CRIMINAL WORLD

Outside of the criminal world, violence, which is on the increase throughout Europe, is used in two different ways:

- as a supporting measures to commit offences in other fields: to threaten law enforcement officers, prosecutors and members of judiciary (Slovakia), potential and real witnesses (UK), and to force individuals to act against their will, for example women trafficked to some countries (UK) to work as prostitutes; or
- as a constituent part of specific criminal offences, most often the criminal offences of robbery and extortion, especially debt repayment and racketeering.

It has to be mentioned that especially in the field of illegal migrations plenty of injuries of immigrants occur but not as a result of a planned activity but simply because organised crime groups in charge of the 'business' are not concerned with the safety of those immigrants (Turkish organised crime groups in Greece).

The more established organised crime groups use more violence but this is the calculated use helping organised crime groups to remain on the market and survive. Extreme or spontaneous violence is more likely to be counter-productive, since it attracts law enforcement attention and distracts organised crime groups from their main businesses.

Sometimes the use of violence is strongly connected with the ethnical composition of organised crime groups and the typology of crimes they are committing: Russian organised crime groups' extortions and Polish organised crime groups' robberies in the Czech Republic, Moroccan, Dutch, Surinamese, Turkish, Antillean and Nigerian organised crime liquidations in the Netherlands.

Sometimes violence is directed towards the victims themselves, in other case to their families or business associates (Greece). In Slovakia violent damaging of the property is most often directed towards law enforcement and judiciary. The most common reason for the use of violence are forced payments – debt collections, racketeering, extortions, etc.

The most common types of coercion used outside the criminal world are still the intimidation and physical violence (Croatian, Estonian, Greece, Italy, Lithuania) but sometimes the violence is also used in some kind of terrorist practises (CZ).

Table 16: Spheres of violence

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

PEOPLE KILLED BY ORGANISED CRIME GROUPS

Due to very limited responses to this part of the questionnaire it is impossible to assess general trends in this field, and the table is given below only for illustrative purposes:

Table 17: Number of people killed by organised criminal groups

Member State	1996	1997	1998	1999	2000	2001	2002
Albania							
Andorra							
Armenia							
Austria		1	≥1				
Azerbaijan						12 + 5 att.	
Belgium	15	28			18		
Bosnia and Herzegovina							
Bulgaria					10	11 + 12 att.	
Croatia							
Cyprus			3	3	3	2	0
Czech Republic				±15	10 to 15		
Denmark	3	2					
Estonia	±10	2	2	±25	7 to 10	7-8 + 4 att.	1 att.
Finland	1	1	1	4	6		0
France ⁶⁸	33	47			34	30	
Georgia							
Germany	70	44	63	32	29	21	
Greece		4				4	0
Hungary		6	≥3	12	49		
Iceland						0	
Ireland	6	1		1	4	1 + 1 att.	7 + 1 att.
Italy	201	190	63	93			
Latvia					3	4 + 2 att.	2 att.
Liechtenstein							
Lithuania				12			
Luxembourg							1
Malta							
Moldova		6					
Netherlands ⁶⁹		66	35	≥12	±20	9	
Norway	1					0	0
Poland		20	≥20	>21	≥16		1 + 9 att.
Portugal							
Romania			4	4			
Russian Federation		>130					
San Marino							2 + 1 att.
Serbia and Montenegro							
Slovakia		30	45		3		
Slovenia	8	8	2	1	1	1 + 4 att.	0
Spain	10		9		8		9
Sweden					4		
Switzerland			76				

⁶⁸ Including attempts⁶⁹ Including attempts

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Member State	1996	1997	1998	1999	2000	2001	2002
'the F.Y.R. of Macedonia'							
Turkey					7	3 + 8 att.	
Ukraine			≥18	≥14	≥20		
United Kingdom			28				

5 Trends

5.1 DEVELOPMENT OF ORGANISED CRIME

In a number of countries, including Hungary, Lithuania, Moldova, Norway, “the former Yugoslav Republic of Macedonia”, and Romania, organised crime is on the increase. In Moldova, organised crime represents an attempt on the security of the state itself. This is partly because of the unsatisfactory control of the application of the legislation on the territory of the Transnistrian Republic. Here, Moldavian legislation is not in force, and as a result the criminals who are operating from this region cannot be held liable. According to Norway, the biggest threat as regards the development of crime is that criminal organisations and networks should gain further foothold and spread on. In FYROM narcotic drugs already are on the number one position on the list of main organised crime activities. The country performs a transit function for illicit drugs. For the near future, an increase in organised crime activities is expected, including illegal drug trafficking, arms smuggling, illegal migration, trafficking in human beings, and criminal violence.

In other countries, including Greece and Malta, the organised crime situation does not seem to be changing very much. In a few member States, e.g. in Slovakia, the number of criminal organisations has decreased.

5.2 GLOBALISATION

In Germany the proportion of heterogeneous organised crime groups increased between 1993 and 2002 from 70 percent to 80 percent.

Many member States, including Estonia, Finland, Italy, Lithuania, Poland and Portugal report the influx of foreign organised crime groups. In some countries, foreign groups even dominate certain areas of organised crime. Examples are leaders of groups originating from Estonia and Russia who have divided territories in important sectors of organised crime in Finland and simultaneously downgraded the Finnish criminal actors into a status of mere subordinates and messenger boys. One such sector is pimping and prostitution, another is the drugs market. Estonian- and Russian-led criminal groups are also involved in large-scale property and economic crime, including vehicle theft and the smuggling of alcohol and cigarettes. These criminal networks reach several European countries, including Spain, and other parts of the world. The Estonian authorities also observe that organised crime is becoming more and more international. There are not only close relationships between foreign (especially Russian) organisations and domestic organised crime groups, but they are forming groups of mixed ethnic composition as well. Russian-speaking offenders are also increasingly active in Poland, also as leaders of Polish organised crime groups.

Ireland notes that on several occasions in recent years, the volume of drugs seized has been in excess of domestic demand, which indicates that the country has performed a transit function. Several Irish organised crime groups have developed a considerable potential for international trafficking in drugs. They seem to have the capacity to cooperate with other international traffickers to deliver drugs to any location world-wide. The trafficking of cannabis from south Africa to serve the west African community in Ireland demonstrates how organised criminal activity in Ireland is moving beyond the traditional involvement of domestic nationals.

Italy observes a tendency for traditional Italian organised crime - Mafia, 'Ndrangheta and Camorra - to expand their illegal activities to other countries as well, especially in

western Europe, while at the same time foreign criminal organisations are getting a firm foothold in Italy. There is also an increasing co-operation between Italian groups and mafia-type organisations on the Balkans. One of every eleven mafia-type organisations registered in 2002 was of foreign or mixed composition. For some of the more powerful criminal networks operating in Italy, exploiting prostitutes and minors have become of marginal importance in comparison to the illicit trade in arms and drugs. Their drug activities started with the smuggling of marihuana from the Balkan peninsula, and were expanded to include the trafficking of Asian heroin and finally the trading of south American cocaine. According to the contribution of Switzerland, both Nigerian and Albanian groups are involved in the cocaine trade in the country.

The authorities in Slovenia found out that more and more criminal groups from this country are connected to groups from other Yugoslav republics. These countries serve as logistic points for drug and illegal immigrant transports. Illustrative of the increasing international co-operation between organised crime groups is the situation in Lithuania. Organised crime groups in this country have been entered into relationships with representatives of organised crime from Russia, Belarus, Latvia, Ukraine, Poland, Germany, United Kingdom, Spain, the Netherlands, Belgium, Switzerland, France and other countries.

The coming EU membership of central and eastern European countries will ensure the free mobility of people and capital between these countries and western European states. Especially if they also join to the Schengen area, this will decrease the possibilities to control the flows of people and goods. Although this development will probably bring the quality of law enforcement in the new member states on a higher level, there is a general fear that it will not prevent organised crime groups from spreading their illegal activities to other countries. Several reports noted that the EU enlargement will provide organised crime plenty opportunities for drug trafficking.

5.3 INCREASING LINKS WITH THE UPPERWORLD

A number of countries, like Germany, Poland and Portugal note a tendency of organised crime groups to engage in a broad spectrum of criminal activities, and to invest profits in legal economy, or to move assets abroad. The growing intensity of relationships of the so called underworld with legal business sectors is mentioned in quite a number of national situation reports, including those from Croatia, the Czech Republic, Estonia, Hungary, Norway, Poland, Portugal, Romania, Slovakia and Turkey. This trend manifests itself mainly by the investment of criminal assets in various types of private businesses. Economic sectors most affected this way are real estate, the tourist industry (including restaurants and hotels) and the financial market. In Turkey, many leaders of criminal organisations are seeking ways in order to improve their image in the eyes of the community. According to the Portuguese report, the use of legal structures by organised crime has caused a diffusion of the line between under- and upper world. The traditional stereotypes of organised crime criminals are no longer accurate as they cannot be distinguished from ordinary citizens: crime has 'democratised'. Hungary notes that certain groups have been operating almost undisturbed. They have long stabilised their financial status by having accumulated sufficient financial assets through the perpetration of crimes. The police find it difficult to recognise the current activities, the only remaining option being the monitoring and inspection of the business activities.

Other member States, including Cyprus and Iceland, note that organised crime groups are rather small and they do not have (yet) reached the point of investing in the legal sectors of society.

5.4 GROWING PROFESSIONALISM

Another trend is the increasing professionalism of organised crime groups. This is observed in a number of member States, including Iceland, Lithuania, Poland, Portugal, UK. Groups in Hungary and Poland are more and more employing or making use of highly qualified specialists, like financial, tax, and investment advisers, prestigious law firms, specialists in computer technology, high ranking bank employees, etc. They also try to avoid the disturbance of criminal activities by the police by a variety of protective measures. For example by conducting these activities far away from the place of residence, or to change area and location of activities every one or two years. In line with this, Iceland mentions that criminals are increasingly aware of the possibilities for camouflaging their activities and otherwise hampering police investigations and other law enforcement efforts. Professionalism manifests itself also by the frequent changing of modus operandi, e.g. concerning drug trafficking routes. The UK observes a convergence of the trade in various types of illicit drugs (including heroin, cocaine, cannabis, amphetamine and pharmaceuticals) in Spain and the Netherlands. The trend to increasingly engage in multi-drug trafficking is attributed to logistical reasons. Specialised brokers facilitate the buying and transporting of 'cocktail' loads of illicit drugs.

British, Norwegian, Portuguese and Spanish authorities report that new technologies, in particular for communication purposes are more and more applied by organised crime groups. ICT in general and the Internet in particular enables criminals to communicate across national borders in a speedy, anonymous, concealed and encrypted manner. According to the UK report, organised criminals already are using sophisticated and high-powered encryption tool to protect themselves. The Internet also provides new markets for criminal organisations, e.g. for illegal pornographic material, drug and weapon offers, international fraud, handling of stolen goods and, last but not least, money laundering.

6 Appendices

6.1 REPLIES TO THE 2002 QUESTIONNAIRE

The following countries replied to the 2002 questionnaire:

1. Andorra
2. Armenia
3. Azerbaijan
4. Bulgaria
5. Croatia
6. Cyprus
7. Czech Republic
8. Estonia
9. Finland
10. Germany
11. Greece
12. Hungary
13. Iceland
14. Ireland
15. Italy
16. Latvia
17. Liechtenstein
18. Lithuania
19. Luxembourg
20. Malta
21. Moldova
22. Netherlands
23. Norway
24. Poland
25. Portugal
26. Romania
27. San Marino
28. Slovakia
29. Slovenia
30. Spain
31. Switzerland
32. 'the former Yugoslav Republic of Macedonia'
33. Turkey
34. United Kingdom

6.2 TABLES ON ILLICIT DRUGS SEIZED IN EUROPEAN COUNTRIES (1995-2002)

Table 18: Heroin seized

Kg.	1995	1996	1997	1998	1999	2000	2001	2002
Albania	3				7	48	5	
Andorra								
Armenia			1					
Austria	47	81	165	118	79	251	288	
Azerbaijan		3	1	4	4	10	4	7
Belarus	2		1	1	2	3	3	
Belgium	129	140	109	76	74	376		
Bosnia and Herzegovina				5	3		2	
Bulgaria	213	371	415	220	281	2,079	1,550	534
Croatia	38	2	3	51	13	7	20	37
Cyprus	3	1			2	5	2	
Czech Republic	24	20	84	252	108	115	94	
Denmark	37	61	38	55	110	32	25	
Estonia					1		1	4
Finland	16	7	3	2	3	102	8	3
France	499	617	415	344	203	444	351	476
Georgia					2	4	6	
Germany	933	900	722	686	796	797	836	520
Greece	173	194	146	232	98	1180	330	324
Hungary	588	319	206	750	173	819	186	141
Iceland					1			
Ireland	13	11	8	38	17	22	30	17
Italy	954	1270	474	710	1,314	980	2,005	2,585
Latvia					1	1		6
Liechtenstein		9	19		14			
Lithuania					1	1	3	3
Luxembourg	13	6	3	4	2	11	1	3
Malta	2	3	5		2	6	3	
Moldova			10			1		
Monaco								
Netherlands	351	516	906	784	781	896	739	1,122
Norway	50	74	56	38	46	52	68	59
Poland	67	46	143	70	110	120	235	296
Portugal	67	47	57	97	76	568	315	96
Romania	54	112	171	412	83	53	42	202
Russian Federation	15	18	40	443	1,011	984	1,287	
San Marino								
Serbia and Montenegro		574	17		3	0	63	
Slovakia	125	11	146	14	6	99	16	15
Slovenia	18	25	30	46	32	395	97	69
Spain	560	537	479	444	1,159	486	631	275
Sweden	32	40	14	71	64	31	33	
Switzerland	213	406	209	404	398	382	228	209
'the F.Y.R. of Macedonia'	111	29	15	92	16	169	111	29
Turkey	4,500	4,422	4,200	4,651	3,862	6,053	4,392	2,123
Ukraine	10	4	9	9	22	22	8	200
United Kingdom	1,395	1,072	2,235	1,348	2,346	3,386	3,929	
Total	11,250	11,948	11,563	12,484	13,326	21,022	17,947	9,357

Table 19: Other narcotics

Type of drug and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
Papaverum Somniferum; hectares with poppies	Lithuania		3			
	Poland	4	3			
	Russian Federation		1			
	Ukraine			20		
Papaverum Somniferum; plants x 1,000	Azerbaijan			46		
	Croatia	4	6	1		
	Italy	6	26	4	27	
	Portugal	29		1		1
	Russia		2	2	3	
	Spain		2		1	
	Sweden		4			
	Turkey			4		
	Ukraine		9	6	17	
Poppy plant material; kg	Armenia	19			3,379	775
	Austria	9	9			
	Azerbaijan	6	2,578	7,226		
	Belarus	1,621	19,473	1,084	31	
	Bulgaria				1,420	660
	Croatia			2		
	Czech Republic		91	28,430		
	Estonia	36	129	38		
	Finland	1				
	Georgia	8	84			
	Latvia	192	30	146	183	
	Lithuania	1,525	744	623	436	257
	Moldova	407	706	870		5,360
	Poland	6,872	3,553	3,180	1,190	3,000
	Portugal			3		
	Romania				6,000	28,613
	Russian Federation	16,511	18,366	21,227	50,396	
	Spain	5	1,003	22,756	84	
Turkey			1820	67		
Ukraine	26,632	133	22,000	3,400		
Poppy straw extract; litre	Latvia	65				
	Lithuania	50			130	69
Poppy straw extract; kg	Lithuania					5
Opium (raw); kg	Armenia		2	5		
	Austria	10	34	70	4	
	Azerbaijan	49	52	88		
	Belarus		243	1,304	1,381	
	Bulgaria	2	6		2	1
	Denmark	5				
	Croatia			2		
	Cyprus			1		
	Czech Republic		91			
	Denmark	5	3	1	5	
Estonia	19		19	3		

Type of drug and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
	France	3	1	19	3	1
	'the F.Y.R. of Macedonia'	20	28	27	3	
	Germany	286	80	31	556	
	Georgia		15	34	3	
	Greece		46	2	4	
	Hungary		2	18	8	2
	Italy	3		29	12	
	Latvia	1			41	
	Lithuania		36	623	567	
	Moldova	13	28	1,485	1,891	
	Netherlands	1				
	Norway	2	2	10	3	
	Poland			69	1,190	
	Portugal			3		
	Romania	1	2		16	
	Russian Federation	1,804	1,507	20,749	22,216	
	Spain		1	5	85	
	Sweden	16	10	24	16	
	Switzerland		1			
	Turkey	142	319	363	261	86
Ukraine			166	151		
United Kingdom	55	38	18	18		
Opium (liquid); litre	Croatia	9		2		
	Lithuania	49	190	77		
	Moldova			99		125
	Sweden		16			
Opium (liquid); kg	Armenia	2				
	Azerbaijan		45			
	Belarus	331	244	221		
	Denmark		3			
	Estonia	19				
	Latvia	65	17	7		
	Moldova	13	280			
Ukraine	127	21				
"Polish heroin"; litre	Poland	394	389	388		
Poppy seeds; kg	Armenia			3		
	Azerbaijan		2,577			
	Austria			1		
	Czech Republic		91			
	Estonia		129			
	Georgia		84			
	Moldova		706			
	Russian Federation			18,564		
	Ukraine		133			
Morphine base; kg	Turkey		1,010	1,300	472	230
Morphine; pieces x 1,000	Croatia		1			
	Romania	17				
	Norway		1	2	2	

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Type of drug and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
Morphine; kg	Austria	2				
	Belarus			1	192	
	Belgium			17		
	Denmark	3		1		
	Estonia				1	
	Finland		1			
	France		2			5
	Hungary			16	6	
	Italy	2	3	1		
	Poland			1		
	Russian Federation	15	2	2	11	
	Slovakia					1
	Switzerland		1			
	Turkey	754	1,010	2,485	797	
United Kingdom	41	1	3	2		
Codeine; kg	Bulgaria				52	
	Georgia		25			
Codeine; pieces x 1,000	Moldova	2	1	1		
	Ukraine		12			
Dihydro-codeine; pieces x 1,000	Ireland	124	137			
	Malta	77	67			
Methadon; litre	'the F.Y.R. of Macedonia'				9	
	Ireland	16	2		6	
	Lithuania			1		
	Luxembourg	1				
	Netherlands	505	445		5	1
	Slovenia		1		3	
Methadon; kg	Belgium		9			
	Bulgaria		2			
	Italy		2			
	Netherlands		50	16	16	1
	UK	83	61			
Methadon; pieces x 1,000	Belgium		308			
	Croatia		4			
	France		1			
	Ireland		1		1	
	Netherlands	4	186	6	9	9
	Spain		1			
	Switzerland		6			
	Turkey		34			
Other opiates (including synthetic); kg	Russian Federation	168				
	Ukraine		123			

Table 20: Cocaine

Kg.	1995	1996	1997	1998	1999	2000	2001	2002
Albania				10	2	28		
Andorra								
Armenia								
Austria	55	73	87	99	63	20	108	
Azerbaijan								
Belarus			2					142
Belgium	576	838	3329	2088	1762	2814	261	
Bosnia and Herzegovina				126		164		
Bulgaria	8	22	2	686	60	6	13	9
Croatia		2	563	6	2	913	1	3
Cyprus	3				5	58		
Czech Rep.	52	27	67	50	141	16	5	
Denmark	120	32	62	44	24	36	26	
Estonia				3				2
Finland		1		2	2	39	7	1
France	874	1753	861	1076	3697	1333	2102	3650
Georgia								
Germany	1846	1378	1722	1332	1979	913	1290	2143
Greece	9	156	17	284	46	156	265	239
Hungary	19	5	7	26	121	9	7	104
Iceland					1	1	1	2
Ireland	22	648	11	334	86	18	5	32
Italy	2603	2379	1650	2151	2998	2368	1809	4040
Latvia	19	5	7		2		1	
Liechtenstein	1		1			11	1	0
Lithuania	2	1	2	10		2		1
Luxembourg	1	16	9	6		11	8	2
Malta					1		5	0
Moldova								0
Monaco					1			
Netherlands	4899	9222	11495	8998	10849	6472	8389	7968
Norway	5	33	5	93	60	12	21	36
Poland	383	31	16	21	20	6	50	422
Portugal	2537	812	3163	625	823	3079	5575	3140
Romania	16	713	70	1	10	13	3	3
Russia	372	74	248	100	28	65	83	
San Marino					1			0
Serbia and Montenegro						297	4	
Slovakia	26	15	10	16	26	2		
Slovenia	3	1	4	4	2	23	1	55
Spain	6898	13743	19294	11688	18111	6165	33681	17617
Sweden	4	29	34	234	418	52	47	
Switzerland	262	256	349	252	298	207	169	186
'the F. Y.R. of Macedonia'		14			4	5	6	
Turkey	76	13	10	605	13	8	2	8
Ukraine			627	251	26	1		
United Kingdom	970	1219	2384	2987	2977	3973	3608	
Total	22661	33511	46108	34208	44659	29296	57185	39665

Table 21: Other stimulants

Type of drug and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
Metamphetamine; kg	Czech Republic		21		17	
	Finland		7			
	Germany				8	
	Lithuania				7	1
	Norway					23
	Slovakia				1	
	Sweden				8	
	United Kingdom				36	
Fenmetrazine kg	Sweden		9			
Fenetyline (Captagon); pieces x 1,000	Turkey	477	2,449	758	2	6,713
Khat; plants x 1,000	Ireland	50				
Khat; Kg	Belgium		26			
	Denmark	2,473	1,905		3,307	
	Finland		374		665	
	France	34	35	270	124	310
	Germany	6,000	5,674	3,557	2,923	5,038
	Italy	64	1		288	
	Norway		4,700	4,309	2,296	1,674
	Sweden	3,296	3,406	1,806	4,463	

Table 22: Depressants

Type of drug and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
Barbiturates; tablets x 1,000	'the F.Y.R. of Macedonia'		3			
	Georgia				3	
	Moldova	2				
Barbiturates; kg	Bulgaria				30	
	Russian Federation		40		1	
	UK		500			
Methaqualone (Mandrax); tablets x 1,000	Romania	2	9	4		
	Switzerland	5				
Methaqualone (Mandrax); kg	Belgium	11				
Nitrazepam; tablets x 1,000	Lithuania	566				
Oxazepam;	Croatia		2			

Type of drug and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
tablets x 1,000	Lithuania	43				
	Portugal		2			1
Flunitrazepam (Rohypnol); tablets x 1,000	Austria	44	29		20	
	Czech Republic			9	1	
	France	5				
	Germany	4				
	Greece	36	175			
	Iceland			10		
	Ireland	361	339		71	
	Malta	15				
	Norway	25				
	Portugal		68			
	Slovakia	15	1		5	6
	Spain		12	2		
	Sweden	222	14	178	53	
	Bulgaria			5		
	Czech Republic		55			
Diazepam (Valium); tablets x 1,000	Austria				2	
	Croatia		3			
	Georgia		1			
	Germany		5		4	
	Finland				6	
	Ireland				1	4
	Lithuania	671				
	Malta	176	8			
	Norway	28				
	Poland				15	
	Slovakia	342				
	Slovenia		170			
	Sweden				61	
Ukraine	650					
Glutetimid; tablets x 1,000	Moldova		321			
	Slovakia	20				
Alprazolam; tablets x 1,000	Slovakia	223				
Bromazepam tablets x 1,000	Malta	5				
Temazepam; tablets x 1,000	Ireland	447	108		58	
	United Kingdom	59	1			
(Other) benzodiazepines; tablets x 1,000	Ireland	2	2		3	1
	Finland				6	
	Georgia				4	
	Norway	97	181	411		1,254
	Romania				6	
Slovenia				460		

Type of drug and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
	Sweden				183	
(Other) benzodiazepines; kg	Greece		80			
	Slovakia					2
	United Kingdom	130			10	
Tranquillizers (Other) benzodiazepines; pieces x 1,000	Greece		42			
Barbiturates and tranquillizers; kg	Russian Federation	8				

Table 23: Cannabis herb and resin

Kg	1995	1996	1997	1998	1999	2000	2001	2002
Albania				2,308	4,500	6,604	6,916	
Andorra	3	2	2	1	1	3	4	3
Armenia						223	14,081	75
Austria	697	518	915	1,336	451	1,807	421	
Azerbaijan	245	78	52	36	55	2,773	1,971	
Belarus	112	71	96	1	427	763	772	
Belgium	65,006	106,690	48,052	9,609	5,051	2,755	2	
Bosnia-Herzegovina				45	133	128	468	
Bulgaria	94	14,471	127,762	1,528	29,365	15,357	606	560
Croatia	41	44	139	20,346	208	799	743	597
Cyprus	46	36	46	130	37	39	39	11
Czech Republic	4,500	11,903	6	7	112	40	196	
Denmark	2,414	1,772	467	1,573	14,021	2,952	2,525	
Estonia		6	4	5	43	80	194	11
Finland	152	103	210	169	519	211	606	514
France	42,270	66,861	61,116	55,699	67,479	55,756	62,121	56,982
Georgia		3,854			22	0	32,397	
Germany	14,248	9,357	11,499	21,008	19,907	14,396	8,942	11,133
Greece	1,219	3,396	19,377	48,321	14,223	14,965	271	14,144
Hungary	589	819	2,161	50	71	218	140	57
Iceland	11	49	9	15	42	32	48	59
Ireland	16,677	1,940	1,283	3,218	23,764	574	12,157	3,755
Italy	15,399	11,870	60,613	54,522	68,056	47,014	53,132	45,092
Latvia	13	795	24	6	232	7	194	
Liechtenstein		26	2	3	4	1	425	
Lithuania	8	1	8	34	771	623	16	6
Luxembourg	12	31	35	7	5	9	16	19
'the F.Y.R. of Macedonia'	10	133	58	2,301	708	1,761	409	287
Malta	1	7,218	2	25	2	70	4	9
Moldova	231	907	436	228	416	6,232	358	
Monaco	1	1	2					
Netherlands	335,020	102,951	65,587	126,159	110,341	39,920	33,419	42,675

Kg	1995	1996	1997	1998	1999	2000	2001	2002
Norway	19,946	722	979	1,992	1,272	664	844	1,211
Poland	12,308	2,808	690	1,975	897	145	334	713
Portugal	7,495	5,360	9,693	5,755	10,740	30,790	6,706	7,382
Romania	41	6,589	1,352	225	48	682	35,538	14,943
Russian Federation	20,645	19,618	23,864	25,099	34,711	24,158	42,053	
San Marino								
Serbia and Montenegro							3,338	
Slovakia	11	24	866	15,371	849	170	903	154
Slovenia	32	40	49	2,775	314	3,431	179	1,100
Spain	197,040	261,013	340,218	428,236	431,761	474,858	514,714	565,269
Sweden	527	452	741	496	1,160	1,267	807	
Switzerland		4,236	7,288	15,001	13,163	19,572	11,442	23,211
Turkey	17,360	12,294	10,439	9,434	16,544	28,638	9,779	3,292
Ukraine	3,192	1,300	10	10,400	6,000	11,659	8,112	
UK	58,484	101,805	149,969	107,541	56,483	73,856	85,738	
Total	836,100	762,164	946,121	972,990	934,908	886,002	965,836	793,264

Table 24: Other cannabis

Type and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
Plants (thousands)	Albania	63	91	257	282	
	Austria			8		
	Azerbaijan			1,069	870	
	Belgium		3	13		
	Bosnia and Herzegovina	1	19	2	3	
	Bulgaria	11	3	3	1	19
	Croatia	5	3	2	3	2
	Czech Republic	3				
	Estonia			1	1	
	Finland	3	3	5	5	6
	France	34	23	24		
	'the F.Y.R. of Macedonia'	1	151	1	1	1
	Germany	81	169	25	69	29
	Greece	10	46	61	19	16
	Hungary	1	5	5	3	1
	Iceland				1	1
	Ireland	1			365	
	Italy	190	572	1306	3,219	298
	Netherlands	353	583	704	885	900
	Norway			1		
	Poland			1		33
	Portugal	17	1	2	4	4
	Russian Federation		78	6	2,931	
Slovakia				1		
Slovenia	14	8	3	2		

Type and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
	Spain	3	6		8	5,882
	Sweden		10			
	Switzerland	27	80	227	189	557
	Turkey	55,656	19,736	29,169	20,244	
	Ukraine		44	1		
	United Kingdom	85	73	48	72	
Hectares with plants	Azerbaijan				335	385
	Bulgaria	36	16	23	2	12
	Croatia	51	4			
	Poland	7	1			
	Portugal				17	
	Romania					360
	Russian Federation		33	11,474	350	
	Slovenia	5		6		
	Turkey				20	
	Ukraine			5		
Plants; kg	Armenia		322,096	220,107	173,980	154,823
	Austria				36	
	Azerbaijan	682,000	405,669	436,882		396,000
	Belarus	117			2,460	
	Belgium	6,280	2911			
	Bulgaria	16,000	29,372	14,425	21,390	6,674
	Cyprus				296	
	Denmark	950	337			
	Estonia	23	42	68	192	
	Finland	2	5	14	16	16
	Georgia	25	31,953			
	Hungary	1,520	620	2,600		
	Latvia				63	6
	Liechtenstein	1,300	4	43	420	
	Lithuania			34		68
	Luxembourg		1			
	Moldova			5,709		3400
	Netherlands	30	695	5,725	844	
	Norway	23	29	26	18	
	Poland	1,904	900	81	2,550	1500
	Portugal			2		
	Romania	216			10,800	
	Russia			346	257,687	
	Slovakia	2,831	849	168	817	574
	Slovenia			6		
	Spain	3,073	2,319	18,156	3,907	
	Sweden	7	40	3	3	
	Switzerland		80	6	3,907	
	Turkey	106		328		
	Ukraine	5,103			134	
Seeds; kg	Albania			1		
	Andorra	1	5			
	Belgium	48	16			

Type and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
	Bulgaria	7	7	2	1	
	Croatia		1			
	France				12	31
	Hungary			10		
	Poland		4			
	Portugal	2	38	2		5
Seeds; pieces x 1,000	Croatia	24	17	10		
	Finland	1	1	1		
	'the F.Y.R. of Macedonia'		1			
	Hungary					5
	Poland			1		
Cannabis oil; kg	Armenia				7	
	Austria			1		
	Belgium		5			
	Bulgaria				6	
	Cyprus		30			
	Denmark		4	1		
	France	1	2	3	4	5
	Germany	1	2	5		
	Greece			1	2	
	Italy	1	7	13	25	
	Russian Federation	103	141	291	367	
	Slovakia			64		
	Sweden				1,916	
	Switzerland	2	1	95	18	192
	Turkey	63		2		
United Kingdom	7	1,807	4			
Cannabis oil; litre	Albania		13	2		
	Belgium		5			
	Bulgaria			1		
	'the F.Y.R. of Macedonia'				2	
	Lithuania			77		
	Netherlands	150	1			
	Spain	75				

Table 25: Amphetamines and analogues

Kg	1995	1996	1997	1998	1999	2000	2001	2002
Albania				1				
Andorra								
Armenia								
Austria	18	10	14	39	11	42	64	
Azerbaijan								
Belarus					2			
Belgium	227	80	240	513	447	280	95	
Bosnia-Herzegovina								

Kg	1995	1996	1997	1998	1999	2000	2001	2002
Bulgaria			390		87	233	176	34
Croatia		3		3	5	5	4	56
Cyprus						1	6	3
Czech Republic		20	1	77	5	18	34	
Denmark	42	32	121	32	50	62	199	
Estonia		1	1	2	11	27	27	3
Finland	21	22	23	26	138	100	157	140
France	189	244	252	451	698	1,019	433	
Georgia								
Germany	248	403	464	415	728	680	1,407	1,087
Greece					46	15	78	13
Hungary	6	2	12	11	12	15	5	15
Iceland	5	3	1	3	5	16	27	0
Ireland	37	13	107	209	127	181	136	49
Italy	85	41	50	33	74	188	78	101
Latvia	1	1		1	1		4	10
Liechtenstein								
Lithuania					1	39	7	3
Luxembourg		1		3				
'the F.Y.R. of Macedonia'					1			12
Malta						1	1	
Moldova			21				1	
Monaco								
Netherlands	449	1,250	1,762	1,840	2,271	2,300	1,618	3,027
Norway	55	30	93	215	58	107	108	235
Poland	19	15	27	51	104	174	258	172
Portugal		2	19		8	8	11	57
Romania		3	1	1	3	47	17	33
Russian Federation	5	22	18	34	41	1	12	
San Marino								
Serbia and Montenegro								
Slovakia				10	1			
Slovenia	2	2	2	2	1	7		2
Spain	228	146	181	251	153	233	115	380
Sweden	281	164	191	140	247	109	231	
Switzerland	12	20	22	6	78	86	27	32
Turkey		1	255	119	1,061	8		24
Ukraine		7	40	23	6	1		
UK	1,470	4,075	3,344	2,329	2,506	3,390	967	
Total	3,400	6,613	7,652	6,840	8,987	9,393	6,304	5,487

Table 26: LSD

Trips/doses	1995	1996	1997	1998	1999	2000	2001	2002
Albania								
Andorra	148			28		198	9	2
Armenia								
Austria	2,602	4,166	5,243	2,494	2,811	865	572	
Azerbaijan								

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Trips/doses	1995	1996	1997	1998	1999	2000	2001	2002
Belgium	5,458	13,704	621	2,050	1,047	1,090		
Bosnia-Herzegovina								
Bulgaria								8
Croatia	387	172	114	86	247	231	154	192
Cyprus		1			2	11		
Czech Republic	500				19	1,001	5	
Denmark	1,282	282	381	108	83	1,109	156	
Estonia		4			6	3		20
Finland	500	41	323	301	50	2,355	1,026	
France	70,217	74,780	5,983	18,680	9,991	20,691	6,718	4,262
Georgia								
Germany	71,069	67,082	78,430	32,250	22,965	43,924	11,441	30,144
Greece	426	1,106	166	44	212	117	577	904
Hungary	266	1,079	1,450	3,351	1,928	1,242	973	68
Iceland	11				339	15	40	
Ireland	819	5,901	1,851	798	648	1,006	333	
Italy	35,499	14,194	8,140	9,752	5,509	1,980	1,139	3,064
Latvia		16	205	58	27	14	16	30
Liechtenstein								1
Lithuania			2	342	164	26	275	
Luxembourg	100	122	4		1	21		2
'the F.Y.R. of Macedonia'								
Malta	9	45	19	123	54	462		
Moldova								
Monaco				10				
Netherlands	305	32,320	137,218	37,728	30,512	9,972	28,731	355
Norway	1,375	551	6,888	2,833	483	1,430	417	169
Poland			542	14,902	14,099	3,659	672	797
Portugal	11	705	84	261	1,845	6,106	3,588	9,785
Romania	13				1	1	8,052	22,000
Russian Federation	11,525				153			
San Marino								
Serbia and Montenegro							5	
Slovakia			2	63	72	110	672	8
Slovenia	1,911	947	156	53	512	59		
Spain	15,437	13,373	25,368	9,068	3,353	7,542	26,535	893
Sweden	373	2,859	1,541	2,704	1,588	1,804	635	
Switzerland	5,098	9,010	9,424	2,995	3,130	15,525	8,707	1,552
Turkey					61		105	
Ukraine			14	500	36	4,707		
UK	381,800	216,697	164,100	40,100	67,400	25,392	43,651	
Total	607,141	459,157	448,269	181,682	169,348	152,668	136,565	74,255

Table 27: Other hallucinogens

Type of drug and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
LSD; gram	Estonia			22	2	
	Netherlands	12	79			
	Russian Federation	1,128		380	1,676	
Hallucinogenic mushrooms; kg	Belgium		13			
	Germany		43	36	617	34
	France	5	6	11	8	19
	Netherlands	15				33
	Poland	4	2			4
	Portugal					1
Psilocybin; kg	Czech Republic		2			
	Lithuania					1
	Norway			1		

Table 28: Doping substances

Type and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
Sterides and other doping substances; pieces x 1,000	Denmark					
	Iceland	220	69			
	Malta					13
	Norway	2				319
	Poland		140	76	532	
	Sweden	527		20		
Sterides and other doping substances; kg	UK	16	104	41		

Table 29: Other illegal drugs

Type of drug and unit	Country	Amount 1998	Amount 1999	Amount 2000	Amount 2001	Amount 2002
Gamma Hydroxy Butyrate (GHB); units x 1,000	Spain		7			
	Estonia			15		
	Lithuania			6		
Gamma Hydroxy Butyrate (GHB); litre	Spain	18	182			
	Norway					3
Pain killers (unspecified); units x 1,000	Norway		19	15	82	
Unspecified	Italy	20				