

Figure 1: Types of OC groups in relation to their strategic centre of gravity

2.1. Non-EU-based groups

Non-EU-based groups pertain to criminal organisations that have a strong international dimension so that in most cases both leaders and assets of the group are located outside the EU. These groups can be regarded as 'visitors'; in most cases only cells of the group are present and visible in the EU. Although these cells are in most cases led from outside the EU, the level of organisation of these groups inside the EU is still relatively low. Contacts with the countries of activity are kept to a minimum and the international dimension is used to its fullest extent for shielding purposes and to support the criminal activities.

This category is often represented by hierarchically organised groups. Their criminal activities are normally linked to the use of legal business structures and also the use of high-level corruption against law enforcement or the judiciary,

public administration and politics outside the EU. The use of violence, in most cases outside the EU, is also a strong general characteristic of this type of groups whilst the use of specialists is on a much more basic level.

Non-EU-based groups differ from EU-based groups in one specific aspect: their strategic centre of gravity and interests are mainly outside the EU, and many groups only exploit the crime markets in the EU for profit. These groups are often so-called supplying groups; they either provide people, goods or drugs for the EU markets after which they repatriate the profits to the origin. In some cases they also take care of the final distribution, but may also leave these functions to other groups. This approach often leaves EU law enforcement in the dark of the origin and the organisers of the crime while also making it extremely difficult to identify, re-trace and confiscate the criminal proceeds.

2.2. Intermediary situations

The intermediary situations are among the most interesting types of and developments in OC groups. In general they are relatively independent structures and not only cells of larger OC groups controlled from abroad. The location of the centre of gravity of these groups is to a large extent dependent on their second generation or assimilation process so that in the end the level of presence in the EU grows while the possibility to shield behind the international dimension decreases. In general these groups are developing along the lines and direction of EU-based groups.

The intermediary situations include two main types of groups, *second generation groups* and *groups combining aspects of both non-EU-based and EU-based groups*.

2.2.1. Second generation groups

The second generation groups are in many functional ways flanked by the non EU-based and EU-based OC groups but progressing towards the latter. The defining factor in this development is the assimilation process through which the groups become more ingrained in the societies of their countries of activity.

These groups do not form a homogenous amalgamation. Some of them are still in active contact with the mother group located in the origin country and in some cases procure goods or services from it. In a more progressed stage the group has gradually cut its ties with its mother group and rather hinges on ethnic communities present in the EU for cover, markets and recruitment. In the most advanced intermediary situation the group relies partly

on the exploitation of the ethnic community, but has also become more prepared to use corruption or influence, in some cases also violence, and all in all gain an enhanced access to legal structures in the EU. The group enhances its presence in the EU but simultaneously shields some of its functions behind its international dimension (for instance in the form of language, family ties or values), which guarantees it a sound insulation against law enforcement and other OC groups.

There are indications that certain groups traditionally considered insulated outside the EU and only involved in procuring various commodities to EU-based groups are established in the EU.

2.2.2. Groups combining aspects of both non-EU-based and EU-based groups

The groups combining aspects of both non-EU-based and EU-based groups are comprised of groupings that in their criminal activities combine the insulating features of groups based outside the EU and the level of presence in the EU of indigenous groups. The centre of gravity of these groups can be described to be in every country of activity. They are as such not evolving along the lines of the second generation development.

In most cases these groups are not independent OC groups but more accurately geographically spread networks often involved in trafficking or smuggling activities. These are often made up of several relatively independent and equal groups or cores which activate when a certain type of goods or certain nationality of people or certain country of the trajectory becomes relevant.

2.3. EU-based groups

EU-based groups refer to OC groups that have both their leaders and at least a substantial part of their assets inside the EU. They are in general defined by the use of legal business structures, actively employ specialists in their criminal activities and, in most cases, use corruption inside the EU against low-level representatives of law enforcement or the judiciary. However, the type and level of corruption applied by the groups varies somewhat. Although decidedly fewer groups try to use corruption on a higher level and also against public administration and the political context, these contacts do occur.

The use of violence is in many cases not a defining characteristic of this type since the need for its use is in many cases made obsolete by the ability of EU-based groups to use other, more sophisticated and less conspicuous means to facilitate their criminal business. However, there are important exceptions to this rule.

On an organisational level EU-based groups are efficiently organised and support task diversification and specialisation. These structures are resilient in relation to the outside world. On the other hand, they are not always able to use the international dimension for effective shielding purposes, which can make them relatively vulnerable to law enforcement action.

EU-based groups can comprise several structural types but current data suggests that hierarchically based groups, and certain oriented clusters are typical of this category. The concept of 'oriented cluster' is described in the 2007 OCTA.

Even though modern criminal organisations often invest their assets and launder their criminal proceeds in various locations around the world and are active in numerous countries and even continents, the strategic centre of gravity of EU-based groups is still located in their origin in the EU.

2.4. Functionality as a defining factor of Organised Crime

On the whole the majority of the groups reported by the Member States are located between pure EU-based and non-EU-based groups. This development can be explained by various factors: it is possible that many supplying groups, or non-EU-based groups, want to better safeguard their business interests in the EU and maybe also get more involved in the final phases of the supply chain, namely distribution and money laundering. They may even wish to expand their business into other criminal markets located in the EU. Originally non-indigenous OC may also regard the borderless EU as a good location to invest some of the

immediate criminal proceeds and to get involved in profitable legal business structures, especially if the risk of involvement is dispersed and some parts of the overall interests of the criminal organisation are maintained outside the EU in the origin. Additional information is in any case required in order to confirm these factors.

These factors may also explain why certain non-indigenous and originally non-EU-based groups of one and the same dominant ethnicity can be located in different developmental phases. Based on this it can be suggested that the functionalities and strategic interests of a group and the relevant criminal markets in many cases override ethnicity as a defining factor of OC.

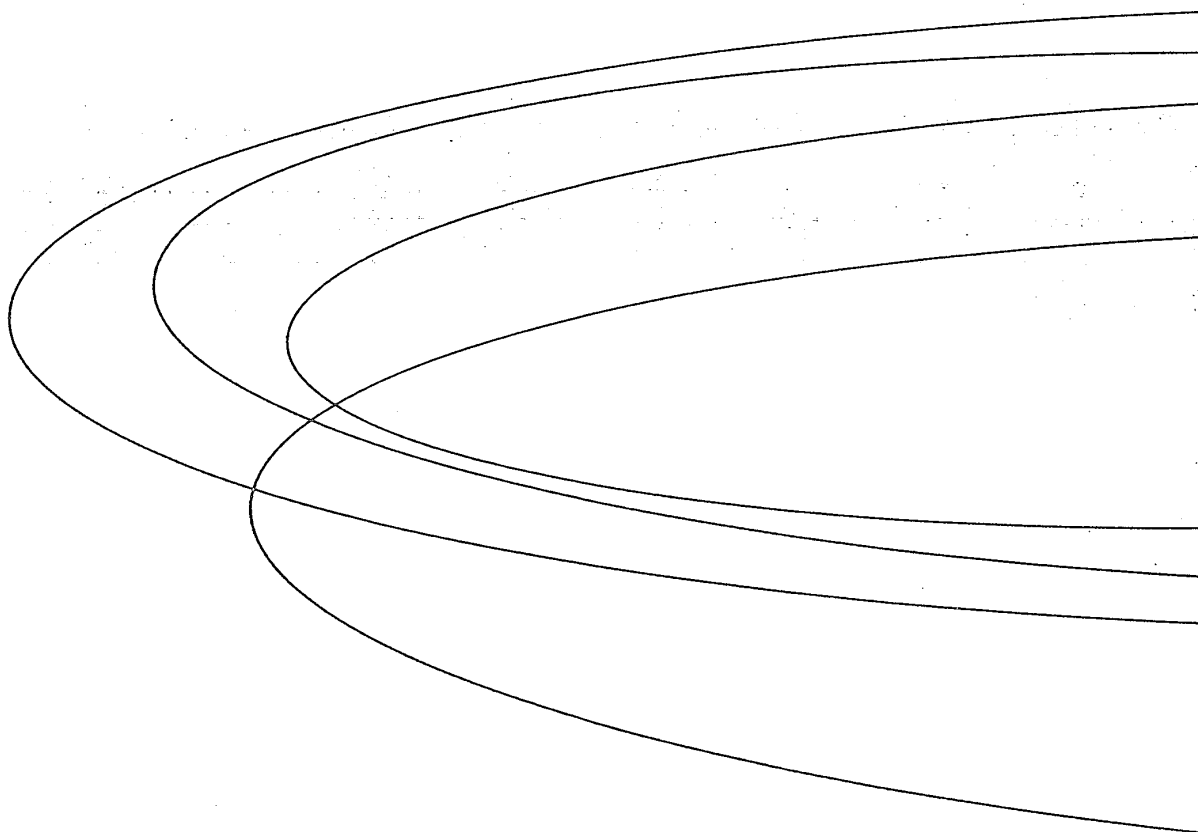
2.5. Trends and developments

According to the data contributed to the 2008 OCTA certain trends and developments in relation to OC groups can be emphasised:

- The OC environment in the EU is evolving and dynamic. Some non-EU-based groups seem to be displaying characteristics of intermediary situations while others remain relatively purely non-EU-based.
- Some groups in intermediary situations are increasingly featuring members from a mixed background so that several ethnicities and nationalities, including that of the countries of activity, are represented. Their leaders, probably wanting to safeguard their overall strategic interests, often reside both in the countries of activity and origin.
- The second generation development is an important aspect to be taken into consideration by law enforcement. Some OC groups are already showcasing a significant use of legal business structures both to facilitate criminal activities but also to launder criminal proceeds and to get established in legal business. They are also prepared to use influence and corruption in the EU both in the public and private contexts. This indicates an increasing awareness of the functions of the EU societies of these groups but also reflects their specific zeal and readiness to control any aspect possibly affecting the criminal business.

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3. CRIMINAL MARKETS



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The first two editions of the OCTA addressed criminal markets through the study of a number of facilitating factors which in various ways have a horizontal effect on different types of crimes, namely:

1. Document forgery and identity fraud;
2. Technology as a facilitating factor;
3. The misuse of the transport sector;
4. The exploitation of the financial sector;
5. Globalisation and borders.

In the 2008 OCTA, the detailed assessment of the facilitating factors themselves is built upon by a thorough analysis of crimes through the same analytical perspective.

The crime types addressed are:

- Drugs trafficking;
- Crimes against persons with a focus on the exploitation of illegal immigration and trafficking in human beings (THB);
- Fraud;
- Counterfeiting, including euro counterfeiting.

Money laundering will be addressed in the ensuing assessment of the horizontal dimension of the criminal markets.

3.1. Drugs trafficking

Large scale importation of **cocaine** into the EU is dominated by Colombian OC groups. They profit from the historic and linguistic links with Spain but also Portugal, as well as from the long coastline of the Iberian Peninsula and well established Colombian communities there. Colombians and Spanish nationals are used to co-operate within this drug market and recently also cooperation with Nigerian groups is frequently reported.

Instead of direct transport towards the EU, OC groups may prefer to go via the Caribbean or recently via West Africa. West Africa is increasingly gaining in importance as a trans-shipment zone. Recently, Colombian OC groups have developed relationships with their Moroccan counterparts in order to make use of the traditional cannabis smuggling routes, thereby enabling the onward transport of cocaine to the EU.

Most **heroin** is originating from Afghanistan. Heroin trafficking towards and within the EU continues to be dominated by Turkish OC groups. Turkey has ties with Afghanistan and with countries such as The Netherlands, Belgium, France, Germany and the UK. The

majority of heroin is still transported via different branches of the Balkan routes, but a considerable amount is trafficked via the Northern Black Sea route which is gaining in importance.

Dutch and to a lesser extent Belgian OC groups still dominate the major production of **synthetic drugs** in the EU, profiting from their knowledge and experience and with trafficking facilitated by major ports such as Antwerp and Rotterdam which also act as important trans-shipment points, for instance for cocaine trafficking. However, large scale MDMA (ecstasy) production continues to spread, in particular in Indonesia, Canada and Australia. In some cases the use or support of criminal expertise from the EU has been observed.

Within the EU, an increase of large scale production sites outside the Dutch-Belgian region can also be noticed.

It is expected that the accession of Bulgaria and Romania will influence the EU market in synthetic drugs. Bulgarian OC groups are producing amphetamine tablets currently trafficked to the Middle East. In this context, there are indications that laboratories are moving towards destination countries in the Middle East. The large transport possibilities (Black Sea harbours and important Pan-European

corridors) can further facilitate the production and trafficking of synthetic drugs and possibly also the trafficking of precursors, from principal source countries such as China and Russia, towards Western Europe.

All these developments might indicate that regions of the world will become self-sufficient in synthetic drug production and distribution. With this in mind, the global dominance of Dutch and Belgian OC groups in relation to MDMA may diminish over time.

The **cannabis market** is the largest illicit drug market so far. Cannabis originating from Morocco enters the European continent via Spain and is often transported to The Netherlands for further distribution. Spanish and Moroccan nationalities are predominant within this activity and cooperation with other nationalities allow successful results. The Netherlands is an important producer of cannabis herb when focussing on the European market. Indoor cultivation of cannabis is also increasing in the Czech Republic by making use of technological skills and equipment originating in The Netherlands. The actual growing of cannabis is sometimes outsourced either to other people who have financial problems and set up a nursery in their own home or to labourers from Eastern Europe who are forced to employ their skills to grow Nederweed.

3.2. Crimes against persons

Facilitation of illegal immigration and trafficking in human beings (THB) are two distinct crime fields requiring specific responses and responsibilities. Nevertheless, there are some overlapping areas concerning facilitating factors and conditions feeding into these crimes and influencing their developments. Moreover, it cannot be ruled out that, in real cases, incomplete information might lead to the classification of victims of THB as facilitated illegal immigrants, or the other way round. The possibility that illegal immigrants find themselves exploited at a later stage by OC groups not involved in their smuggling must be taken into account as well. This last consideration opens up for a wider reflection on how OC can profit from illegal immigrants.

ID fraud and borders will continue to be important factors in THB and facilitation of illegal immigration. Land and sea borders can be crossed clandestinely without resorting to ID fraud. When overstaying the validity period of a legal visa or residence permit, ID fraud is not needed either. Otherwise, stolen or forged travel documents are necessary and this is the main method used when entering the EU by plane illegally. Documents that allow entrance or residence in the EU can also be genuine but obtained on false grounds.

There are some variables that can be regarded as crucial for the future dynamics of THB and facilitation of illegal immigration in the EU.

One of these factors is the pool of potential victims or illegal immigrants in Ukraine, Belarus, Moldova and Russia. Romanian and Lithuanian OC groups will be prevalent in profiting from this situation. In addition, other important actors appear to be the Polish OC groups, which are dominating THB in and via Poland.

Another important variable is the impact of the recent EU accession of Romania and Bulgaria.

Certain OC groups, such as the Romanian, Polish, Lithuanian ones, will continue to profit from their being EU-based and being able to recruit human beings not only from the Member State where they are centred but also from outside the EU. Other OC groups, such as indigenous and ethnic Albanian ones, will continue to try to keep their market position also by exploiting human beings trafficked by the aforementioned OC groups.

The other crucial set of variables includes the dynamics linked to the African continent.

Every year, tens of thousands of Africans attempt to enter the EU illegally. Africa is also being used by larger and more structured OC groups involved in smuggling immigrants from other continents, particularly East, South and Southwest Asia.

The role of Africa in THB for sexual exploitation into the EU seems to be mainly played by Nigerian OC groups. Nigerian criminals usually take care of all phases of the trafficking and exploitation process.

Another crucial variable is illegal immigration from China. Chinese OC networks facilitate the illegal immigration of Chinese people into the EU. There are factors that may generate an increase in the exploitation of forced labour, and lead to an expansion to new forms of exploitation such as for sexual purposes that are more likely to lead to contacts and visibility beyond the limits of the Chinese community.

Concerning Southeast Asia, intelligence suggests that other nationalities, such as Vietnamese, are emerging in the criminal fields of

facilitation of illegal immigration and THB. This points to the possible growth of a new significant front in the fight against these crimes.

It is also important to monitor the evolving situation in the Black Sea region. Criminal groups active in this area are involved in the facilitation of illegal immigration of nationals from their own regions, but they are also used

as service providers by facilitators from outside the regions. The most serious and immediate risk is posed by the major ports of Odessa, Istanbul, Constanta and Varna. They are used as transport and transit hubs for international shipments.

The security situation in Iraq has a significant impact on illegal immigration from that country to several Member States.

3.3. Fraud

Fraud comprises various differing criminal phenomena ranging from VAT, investment and social security fraud into fraud on EU funds and public tenders. Also intellectual property rights (IPR) issues and cigarettes, alcohol and gasoline smuggling are regarded as fraud due to their direct and indirect financial and tax implications (theft or evasion of revenue). Fraud features more sophisticated and complicated schemes crossing the globe and involving various bogus and real companies, such as trade fraud, but also more straightforward scams orchestrated simply to lure gullible individuals into parting with their monies, such as some forms of advance-fee fraud.

Fraud can be typified and discussed according to its main objective: fraud with direct financial benefits, and fraud with further interests to influence the society and economy (penetration into society, acquiring a legal appearance, strengthening the control over territory through the control of local administrations, establishment of new criminal business, laundering criminal proceeds, etc.). It can be argued that in the end all fraud purports to financially benefit its perpetrator but this is not the sole purpose and *raison d'être* of fraud; OC can use it in a more functional way to attach itself into various legal structures and either exploit or penetrate them. In some cases the blatant money-making aspect of fraud actually misleads both law enforcement and society in general into overlooking it as nothing but.

However, fraud supports financially many threatening forms of OC. It is in many cases the latch that OC can use to penetrate society and

economy almost unnoticed. This penetration can have far-reaching implications especially when it is combined with the use of corruption to influence important political and economic decision-making locally, regionally and nationally. The most threatening aspect of fraud is that it can be used by OC to gain a strong foothold in various sectors from construction to transport aided by cumulative fraudulent practices and subsequent lower prices offered by OC-related businesses.

Thus, fraud has a far-reaching impact on society as a whole that surpasses its direct financial implications. This applies specifically to venture and trade fraud, where fraud on EU funds (public tenders and procurement) is an example of the former, and trade fraud is a main heading for different types of crimes and fraudulent practises that exploit, in various ways, the borders between the buyer, the seller, and the possible intermediaries. These expose certain key vulnerabilities in society and the economy that can be exploited by OC with grave destabilising consequences.

Concerning payment card fraud, OC can exploit the readily available technological expertise and equipment (skimming devices, hackers, phishing kits, etc.) on offer, the fact that payment card fraud is a global problem but that the relevant tools against it are mainly national, and the growing use of the Internet providing new vulnerabilities to be exploited for stealing and abusing data. The main threat in relation to payment card fraud is that OC supported by external experts increasingly gets involved in payment card fraud and, aided by its resources, develops more and more efficient means of stealing high volumes of data.

3.4. Counterfeiting

Counterfeiting is an illegal activity encompassing a wide range of criminal fields. It can be a crime in itself, a specialisation and a facilitating factor for other crimes.

Counterfeiting can be divided in three main categories:

- Currency counterfeiting (banknotes and coins);
- Documents counterfeiting (ID, freight, vehicle, excise, etc.);
- Commodity counterfeiting (intellectual property rights infringements).

Currency counterfeiting, and in particular that of the euro, is reported throughout the EU. The countries most affected during the first ten months of 2007 were France, Italy and Spain, followed by Germany, Austria, The Netherlands and Belgium. The smallest number of euro counterfeits was seized in Denmark, Latvia and Estonia.

Overall, currency counterfeiting is characterised by a strict distribution of tasks between producers, middle-men and distributors, in some cases controlled or, more often than not, tolerated by Mafia-type Italian OC and OC groups from Lithuania, Bulgaria and Poland. Criminals from the itinerant community are among the main distributors in France and Spain. Most of the involved OC groups have a multi-crime profile, and exploit their international dimension and all available trafficking routes to provide to other criminals and to the public a wide range of illegal products and services.

Currency counterfeiting in the EU is a present threat that, for the time being, is under control,

Documents counterfeiting is a major crime facilitator. Counterfeit documents facilitate crimes such as drug trafficking, THB, facilitating illegal immigration, stolen vehicles trafficking, commodity smuggling (including cigarettes and spirits), identity theft and many types of fraud. The transnational nature of modern OC is reflected in the utmost care spent by OC groups in carefully counterfeiting all documents to be used to cross several borders in apparent legitimacy. Forged accompanying documents also facilitate the infiltration of illegal products into the legitimate retail sector, releasing distribution from the clandestine enclosure of black markets, thus increasing the profits of OC groups.

The limitless variety of official or semi-official documents existing throughout the world, combined with the ever-increasing movement of people and goods across real and virtual borders, hampers efficient controls and facilitates illegal operations. The threat deriving from document counterfeiting is therefore to be considered as very serious.

Commodity counterfeiting is a crime which requires special attention. All Member States are affected by it, and an emerging threat is the infiltration of counterfeit goods into the legitimate retail sector.

Thorough exploitation of the transport sector and of state-of-the-art technology, globalisation and borders are the main facilitating factors for commodity counterfeiting, making it a crime in perfect line with the modern nature and structure of international OC.

The threat posed by commodity counterfeiting and IPR fraud is multiple and potentially devastating. The sectors most threatened by it are

health and safety, economy, innovation (scientific and technological) and employment.

A side-effect of commodity counterfeiting is its impact on innovation and research, the core product and added value of intellectual property. Decreasing profits due to unfair competition

by counterfeiters negatively affect innovation and research, slowing progress down.

Moreover, falling profits and shrinking markets unavoidably lead to a necessary reduction of working personnel, with consequent loss of jobs.

3.5. The horizontal dimension of the criminal markets

International OC groups are widening their operational scope and the range of criminal activities they are involved in. In a smaller, globalised world with a growing demand of all goods, smuggling is the quintessential criminal activity, and is passing from a situation of strict specialisation, in which each OC group only trafficked one type of product, to one of multi-offer and, consequently, of multi-crime. One of the most used strategies is to amass funds through a low-risk, high-profit crime such as cigarette smuggling or fraud, later investing them in a highly lucrative criminal activity, for instance drug smuggling.

Modern and sophisticated OC groups seem to realize that instead of robbing citizens, it is better to offer them what is forbidden, rare, too expensive or craved. The control on international smuggling routes, the establishment of strategic alliances with powerful OC groups in source and transit countries, the exploitation of borders and of all related unsolved issues, the misuse of the transport sector, the control over black market and illicit labour, the use of technology and virtual markets, the tolerant attitude of the 'targets': these are all converging facilitators of a criminal trend.

Violent and aggressive crime can be left to more primitive and less structured groups, while the leading syndicates can glide smoothly in the parallel economy with the aim of satisfying their clientele, thus realizing the ultimate goal of the top-level criminals: that of being considered successful entrepreneurs.

In general, the main OC groups are transnational, multi-ethnic and poly-crime oriented, and they can offer an ample variety of products

and services. This wider dimension may give them the possibility to run the whole production and distribution processes of entire criminal markets, optimising their profits and cutting out local and minor OC groups, which will be forced to resort to other or limited criminal activities. That could lead to a harsher impact on the territory by local OC groups, while major international OC groups may increase their revenues and infiltrate more and more the commercial, economic and social sectors, thus posing a greater, more powerful threat.

There are several factors which have led to the present situation and which will continue to be important in the future. However, two emerge above the others.

The first is the exploitation of globalisation and borders. Without borders there would be no smuggling, and modern OC is nothing more than smuggling brought to its highest level.

The second is less definite but more disturbing: it is the human factor. Social tolerance is one of the facilitators taken into consideration by the OCTA. Organised criminals are particularly able in sensing these and other weaknesses, and to transform them into money.

On the illegal market, OC groups remain unchallenged by any credible competition, and in line with their new commercial approach they can venture in previously unexplored criminal fields. A notable example is provided by child pornography.

OC groups perform other criminal activities using the whole world as a stage, the most international of them all being the ultimate organised crime: money laundering. And money laundering, being very often perpetrated by OC groups in combination with other