



# **SOCTA 2013 Public Version**

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## Acknowledgements

The EU Serious and Organised Crime Threat Assessment (SOCTA) is the product of systematic analysis of law enforcement information on criminal activities and groups affecting the EU. The SOCTA is designed to assist strategic decision-makers in the prioritisation of organised crime threats.

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## I. Foreword by the Director

I am pleased to present the 2013 Serious and Organised Crime Threat Assessment (SOCTA). This strategic report is Europol's flagship product providing information to Europe's law enforcement community and decision-makers about the threat of serious and organised crime to the EU. The SOCTA is the cornerstone of the multi-annual policy cycle established by the EU in 2010. This cycle ensures effective cooperation between national law enforcement agencies, EU Institutions, EU Agencies and other relevant partners in the fight against serious and organised crime. Building on the work of successive EU Organised Crime Threat Assessments (OCTA), produced between 2006 and 2011, and in line with a new methodology developed in 2011 and 2012 this is the inaugural edition of the SOCTA.

The SOCTA 2013 delivers a set of recommendations based on an in-depth analysis of the major crime threats facing the EU. The Council of Justice and Home Affairs Ministers will use these recommendations to define priorities for the coming four years.

Serious and organised crime is an increasingly dynamic and complex phenomenon, and remains a significant threat to the safety and prosperity of the EU. The key findings of this report show that traditional crime areas such as international drug trafficking remain a principal cause of concern. But they also highlight that the effects of globalisation in society and business have facilitated the emergence of significant new variations in criminal activity, in which criminal networks exploit legislative loopholes, the internet, and conditions associated with the economic crisis to generate illicit profits at low risk.

Informed by its analysis of the prevailing threat, the SOCTA 2013 identifies a number of key priorities, which, in Europol's view, require the greatest concerted action by EU Member States and other actors to ensure the most effective impact on the general threat. Facilitated illegal immigration, trafficking in human beings, synthetic drugs and poly-drug trafficking, Missing Trader Intra-Community (MTIC) fraud, the production and distribution of counterfeit goods, cybercrime and money laundering are the particular crime areas listed in this category.

In each of these areas, and more generally in the field of serious and organised crime activity, the need to focus operational effort on identifying and disrupting the most significant criminal groups, rather than on conducting more generalised law enforcement activity, remains a critical factor in the EU's response. In this context the 2013 SOCTA makes notable findings about the continuing evolution of a new breed of 'network-style' organised crime groups, defined much less by their ethnicity or nationality than has been the case hitherto, and much more by their capacity to operate on an international basis, with multiple partners and in multiple crime areas and countries. This calls for a shift in our strategic response in the EU, away from one centred on individual ethnic types, or even individual crime areas, towards a more flexible, heterogeneous model of targeting these dynamic organised crime networks, through a more effective use of cross-border mechanisms to exchange information and coordinate operational activity.

I am confident that the SOCTA, and Europol's work in supporting the implementation of the agreed priorities and action plans, will contribute to an effective approach in fighting organised crime. I look forward to Europol's continued engagement and cooperation with law enforcement agencies and other partners in the EU.

Rob Wainwright  
Director of Europol

## II. Introduction

Serious and organised crime is a dynamic and ever evolving phenomenon. Although it is difficult to measure the exact size of illicit markets, evidence drawn from law enforcement activity in Europe suggests they are very large in both scale and impact. As the European Union's (EU) law enforcement agency, Europol's mission is to support its Member States (MS) in preventing and combating all forms of serious international crime and terrorism. Its role is to help achieve a safer Europe for the benefit of all EU citizens by supporting EU law enforcement authorities through the exchange and analysis of criminal intelligence.

A coherent and robust policy that promotes effective operational action is required to target the most significant criminal threats at a European level. In 2010, the EU established a **multi-annual policy cycle**<sup>1</sup> to ensure effective cooperation between Member States' law enforcement agencies, EU Institutions, EU Agencies and relevant third parties in the fight against serious international and organised crime.

From the formulation of strategic priorities through to operational action, the multi-annual policy cycle ensures that **an intelligence-led approach** guides the efforts aimed at tackling the major criminal threats facing the EU. The SOCTA is the starting point of this EU policy cycle. In this document Europol delivers analytical findings that will be used to establish political priorities, strategic goals and operational action plans. The Serious and Organised Crime Threat Assessment (SOCTA) is a **strategic report**. It identifies and assesses threats to the EU and analyses vulnerabilities and opportunities for crime.

A customer requirements document and a new methodology were developed to support the production of the SOCTA 2013. Both documents were developed in cooperation with EU MS and Europol's third partners and agreed upon by COSI (Standing Committee on Operational Cooperation on Internal Security)<sup>2</sup>.

The policy cycle will last for four years and consists of four key steps:

- **Step 1: SOCTA** – the Serious and Organised Crime Threat Assessment, developed by Europol delivers a set of recommendations based on an in-depth analysis of the major crime threats facing the EU.
- **Step 2: Policy-setting and decision making**- The Council of Justice and Home Affairs Ministers uses the recommendations of the SOCTA to define its priorities for the next four years. **MASP** - Multi-Annual Strategic Action Plans will be developed from the priorities in order to define the strategic goals for combating each priority threat (2013). These projects will set out yearly operational action plans (**OAPs**) to combat the priority threats. The first plans will be developed during 2013 to become operational in 2014.
- **Step 3: Implementation and monitoring** of annual OAP's on the basis of the MASPs using the framework of **EMPACT** (European Multidisciplinary Platform against Criminal Threats). COSI invites the relevant MS and EU agencies to integrate the actions developed in the OAPs into their planning and strategy.
- **Step 4: Review and assessment** – the effectiveness of the OAPs and their impact on the priority threat will be reviewed. In the meantime, Europol continuously engages in horizon scanning to identify new threats and trends. In 2015, an interim threat assessment (SOCTA) will be prepared by Europol to evaluate, monitor and adjust (if required) the effort in tackling the priority threats.

In the interim period (2010-2013), prior to the full policy cycle of 2013-2017, an initial, reduced cycle was initiated. The 2011 OCTA (Organised Crime Threat Assessment) provided the basis on which Council agreed eight priorities for 2011-2013. These were translated into

<sup>1</sup> Council of the European Union, Council conclusions on the creation and implementation of a EU policy cycle for organised and serious international crime, 3043<sup>rd</sup> JUSTICE and HOME AFFAIRS Council meeting, Brussels, 8 and 9 November 2010.

<sup>2</sup> COSI, the Standing Committee on Operational Cooperation on Internal Security, is an EU Council body with a mandate to facilitate, promote and strengthen the coordination of EU States' operational actions in the field of internal security.

strategic goals, and eight EMPACT projects were launched to coordinate ongoing action by Member States and EU organisations against the identified threats. The eight EMPACT projects decided upon in 2011 were: West Africa, Western Balkans, Facilitated illegal immigration, Synthetic drugs, Smuggling in shipping containers, Trafficking in human beings, Mobile (Itinerant) Organised Crime Groups and Cybercrime.

This SOCTA provides a list of recommended priorities focusing on effectively combating serious and organised crime in the EU for the period 2013-2017.

## 1. Key judgments

There are an estimated **3600 organised crime groups**<sup>3</sup> (OCGs) active in the EU. These groups are becoming increasingly networked in their organisation and behaviour characterised by a group leadership approach and flexible hierarchies. International trade, an ever-expanding global transport infrastructure and the rise of the internet and mobile communication have engendered a more international and networked form of serious and organised crime. There is an increased tendency for groups to cooperate with or incorporate into their membership a greater variety of nationalities. This has resulted in an increased number of **heterogeneous** groups that are no longer defined by nationality or ethnicity. Serious and organised crime is fundamentally affected by the process of **globalisation** with none of the crime areas or criminal groups insulated from the changes involved. Criminals act undeterred by geographic boundaries and can no longer be easily associated with specific regions or centres of gravity. Despite this, ethnic kinship, linguistic and historical ties still remain important factors for building bonds and trust and often determine the composition of the core groups controlling larger and increasingly diverse criminal networks.

The **economic crisis** and resulting changes in consumer demand have led to shifts in criminal markets. Many OCGs are flexible and adaptive and have identified and exploited new opportunities during the economic crisis. Reduced consumer spending power has inspired counterfeiters to expand into new product lines.

**Commodity counterfeiting, illicit trade in sub-standard goods and goods violating health and safety regulations** are major emerging criminal markets in the EU. In addition to the traditional counterfeiting of luxury products, OCGs are now also counterfeiting daily consumer goods. The distribution and production as well as the increasing demand and consumption of these goods pose a serious threat to EU citizens.

OCGs are increasingly flexible, engaging in **multiple forms of criminality**. Criminals capitalise on new opportunities in order to generate profit, especially when they are able to use existing infrastructures, personnel and contacts. This is particularly true for groups involved in the transportation and distribution of illicit commodities. OCGs will also expand their enterprises into other supporting or associated activities.

**International trade routes** and the freedom of movement within the EU enable OCGs to avoid law enforcement activity or circumvent competing OCGs controlling a particular route. There has been a shift in trafficking routes across a number of commodities. Heroin traffickers trying to avoid Turkish groups now also traffic via East and South Africa or ship their product directly to the EU via Pakistan or the UAE (United Arab Emirates). Victims of trafficking in human beings (THB) are increasingly trafficked within the EU by OCGs exploiting the free movement of people within the Schengen zone.

The **market for illicit drugs remains the most dynamic** among the criminal markets. This crime area features the highest number of OCGs involved and has seen the increasing proliferation of new psycho active substances (NPS) as well as increased competition between OCGs. 30% of all identified OCGs are involved in drug trafficking. The illicit drugs market is by far the most poly-criminal market and has also seen increased collaboration, but also competition, between OCGs across national, linguistic and ethnic divisions. A further diversification of the routes has led to the reallocation of criminal resources and to more widespread organised crime all over the EU. Meanwhile, OCGs originating from the EU are now producing synthetic drugs in Africa and Asia.

**Economic crimes and fraud** in particular have emerged as more significant organised crime activities. OCGs are involved in a wide range of **frauds** generating very high levels of profit. Although fraud is often perceived as a victimless crime, it causes significant harm to society and losses of billions of Euros per year for all EU MS. Fraud is largely facilitated by the

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<sup>3</sup> See chapter 4 Organised crime groups



availability of enhanced communication and technological tools in which individuals and companies are increasingly targeted online.

The **internet** enables OCGs to access a large pool of victims, obscure their activities and carry out a diverse range of criminal acts in a shorter period of time and on a much larger scale than ever before. The spread of the internet and technological advances have caused significant shifts in crime areas and the pattern of criminal activity. The proliferation of internet access in Africa and Asia is creating additional opportunities and spaces for OCGs targeting public and private parties in the EU. **Cybercrime** in the form of large scale data breaches, online frauds and child sexual exploitation poses an ever increasing threat to the EU, while profit-driven cybercrime is becoming an enabler for other criminal activity.

A large population of mobile young people in Africa, the Middle East and East Asia lacking employment opportunities in their countries of origin helps to sustain the current migration flows to the EU. OCGs will continue to exploit this development by offering **facilitation of illegal immigration** and engaging in **trafficking in human beings (THB)**.

Serious and organised crime (SOC) has a significant impact on the **growth of the legal economy** and society as a whole. The investment of criminal proceeds and trade in illicit commodities reduces MS budgets through tax avoidance and strengthens criminal enterprises run by or associated with OCGs.

## 2. Crime enablers

Crime enablers are a collection of 'Crime-Relevant Factors' (CRF) that shape the nature, conduct and impact of serious and organised crime activities. CRF affect crime areas and the behaviour of both criminal actors and their victims. They include facilitating factors and vulnerabilities in society creating opportunities for crime or crime-fighting. They are the instruments by which serious and organised crime operates and are common to most areas and most groups.

Certain enablers are particularly relevant for multiple crime areas and provide opportunities for different OCGs in their various activities. These horizontal crime enablers include the economic crisis, transportation and logistical hotspots, diaspora communities, corruption, legal business structures (LBS) and professional expertise, public attitudes and behaviour, risks and barriers of entry to criminal markets, the internet and e-commerce, legislation and cross-border opportunities, identity theft and document fraud and violence.

### 2.1 The economic crisis

Criminal enterprises aim to generate profits. Organised crime does not occur in isolation and the state of the wider economy plays a key role in directing the activities of OCGs. The economic crisis has not led to an increase in organised crime activity but there have been notable shifts in criminal markets.

Many OCGs are flexible in their illicit business activities and capable of quickly identifying new opportunities that have arisen during the current economic crisis. For example, in response to reduced consumer spending power, counterfeiters have expanded their product ranges. In addition to the traditional counterfeit luxury products, OCGs now also counterfeit daily consumer goods such as detergents, food stuffs, cosmetic products and pharmaceuticals.

The market for facilitation of illegal immigration into the EU has not diminished as a result of the crisis. Global inequalities continue to push migrants towards the EU and provide OCGs with a large customer base. Disparities between unemployment rates or access to social benefits in MS affect migrants' choices and lead to intra-EU displacements towards states with good economic conditions.

Growing demand for cheap products and services stimulates the expansion of a shadow economy in which migrant labour is exploited. Irregular migrants arriving in destination countries often have no choice but to accept exploitative conditions and working practices in order to pay off debts incurred through their journey. Exploited workers are paid less and work harder making them attractive to unscrupulous employers who are seeking to decrease production costs.

The economic crisis may also have resulted in increased susceptibility to corruption by individuals occupying key positions in the public sector, especially in countries where large salary cuts have taken place. Reduced incomes and fewer employment opportunities in combination with low interest rates may also make spurious investment opportunities more attractive. This has the potential to enlarge the pool of potential victims for investment, advance fee, and other types of fraud.

Austerity measures in the public sector, including spending on law enforcement, may reduce prevention measures aimed at increasing safety and security due to their high costs. This will allow OCGs to operate more easily and for their activities to remain undetected for longer.

## 2.2 Transportation and logistical hotspots

The global spread of the internet and other technological advances have made geographic considerations less relevant. Criminals are no longer restrained in the same way by geographic boundaries. This has stimulated a higher degree of international criminal activity, to the extent that OCGs can no longer be easily associated with specific regions or centres of gravity. Notwithstanding this important trend, some common locations in the EU are still important enablers for serious and organised crime.

OCGs use all available means of transport, with well-established transport routes and infrastructure in- and outside of the EU acting as key enablers for SOC. Illicit commodities can be transported anywhere in the world. OCGs require effective international transport links and infrastructure to connect to major markets in the EU. Extensive global trade and well-developed infrastructure for transportation by land, sea and air provide OCGs a myriad of possibilities for transporting illicit goods. Combined with OCGs' responsiveness to changes, the availability of multiple transport opportunities presents significant challenges to law enforcement authorities' efforts to stem the flow of illicit commodities.

Criminal groups exploit the EU's extensive port infrastructure for the importation of illicit goods and their redistribution to key markets. Multi-ton loads of illicit goods are smuggled via container ships and lorries. Smaller shipments are moved using private boats or aircraft.

Current infrastructure developments in non-EU transit countries further facilitate illicit trafficking. Ongoing investment in Africa's transport and communication infrastructure may be exploited by OCGs. An increase in the number of airports with greater capacities across East, West and South Africa is likely to facilitate the movement of larger shipments of illicit commodities. The expansion of commercial air routes from countries, which are nexus points for illegal immigration, offers new possibilities for OCGs involved in the facilitation of irregular migrants.

OCGs are flexible in responding to changes and quickly adopt new transportation routes and methods. Facilitators of illegal immigration find new routes when law enforcement controls are enhanced at certain border crossing points causing the local and temporary displacement of migration flows. Different means of transportation are used to conceal illicit commodities, cash or human beings. For example, irregular migrants are concealed in cars, vans, trains and on ferries. Couriers on commercial flights smuggle small quantities of illicit drugs, cash or gold.

Routes through Western Balkan countries remain important for the movement of many illicit commodities into the EU. Heroin and cocaine pass through the Western Balkans after transiting through Turkey and Africa. Key illegal immigration/trafficking routes run through the Western Balkans region and many illegal migrants/victims pass through the area. The Western Balkans are not only a transit region, but also a major source of firearms traded on the international weapons market, precursors (ephedrine) and synthetic drugs. Money laundering also takes place in this region through investment in real estate and in commercial companies.

OCGs adapt their routes in response to effective law enforcement activity or geographical opportunities. Local re-directions occur within existing routes and new routes may emerge to transport illicit commodities with more ease and lower risk.

Turkey is the main staging point for illicit goods and irregular migrants travelling to the EU from parts of Asia. Turkey's borders with the EU remain vulnerable despite intense law enforcement focus. The country connects supplier countries to consumer markets in the MS. The vast majority of heroin in the EU continues to transit through Turkey and is trafficked by Turkish OCGs from its origin to destination markets.

The United Arab Emirates (UAE), and Dubai in particular, is a nexus point for multiple criminal activities. Dubai is an important location for VAT (Value Added Tax) fraudsters and money

launderers handling criminal proceeds. The UAE is also a source, transit and storage area for cigarettes and counterfeit goods destined for the EU.

Africa is an important transit region for cocaine, which enters the EU via the Iberian Peninsula. Traditionally West Africa was the most prominent transit area, however, East and southern African nations, are becoming increasingly important.

## 2.3 Diaspora communities

OCGs in source or transit countries exploit ethnic and national ties to diaspora communities across the EU. Diaspora communities offer OCGs an established presence in market countries, including legal business structures (LBS), facilities and transportation. OCGs involved in organised property crime utilise existing diaspora communities for logistic support.

Facilitated irregular migrants often choose particular MS as destination countries where they will find existing communities with which they share national, linguistic and cultural ties. The presence of diaspora communities offers established support networks and opportunities for irregular migrants to conceal themselves and find employment on the black labour market.

## 2.4 Corruption and the rule of law

The infiltration of the public and private sectors by organised crime through corruption remains a serious threat. Corruption appears in many forms, as bribery, conflicts of interest, trading in influence, collusion or nepotism. It leads to the distortion of legitimate competition and the erosion of trust in authorities and the legal system. Despite comparatively low levels of perceived corruption in EU MS by international comparison, all countries are affected by this phenomenon. Serious cases of corruption can undermine essential functions of both state institutions and private business. The ongoing financial crisis affects all EU MS and is a potential catalyst for corruption in the public sector.

For some OCGs, corruption is an integral part of their activities; however, not all OCGs use it. Corruption is often associated with certain criminal activities such as illicit waste disposal, trafficking in endangered species, illegal investment in real estate projects, the facilitation of illegal immigration, weapons trafficking, document counterfeiting and other crimes which can be facilitated with the authorisation of local or national administrations.

Corruption enables OCGs to obtain information, to clear the way for illegal activities or to manage risk and counter threats to their criminal interests. Corrupt officials allow OCGs to obtain documents on false grounds, to cross borders, to influence procurement and public tender procedures, to launder money or to gain access to otherwise unavailable goods.

The corruption of officials in law enforcement and the judiciary has the potential to be particularly harmful. Corrupt officials provide or manipulate information, abstain from checks and inspections, influence investigations, prosecutions and judicial procedures.

## 2.5 Legal business structures (LBS) and professional expertise

OCGs exploit various LBS and professional experts to maintain a façade of legitimacy, obscure criminal activities and profits, and to perpetrate lucrative and complex crimes. LBS allow OCGs to operate in the legal economy and enable them to merge legal and illegal profits. There is a marked criminal sophistication, resourcefulness and innovation displayed by OCGs in the use of LBS and the possible convergence of interests and links among criminal and business actors is of growing concern. OCGs are likely to increasingly use LBS in pursuit of their criminal objectives in the future.

Criminal groups own or establish LBS, infiltrate existing LBS unknowingly or persuade executives to co-operate with them using bribes or threats.

The abuse of LBS is often linked to financial crimes such as tax evasion, VAT fraud, commercial fraud, counterfeiting, smuggling, and money-laundering. However, the use of LBS also features in *modi operandi* related to facilitation of illegal immigration and THB for sexual or labour exploitation. OCGs are active in numerous sectors and use any type of LBS including companies mainly operating with cash, manufacturing companies, import-export, transport and distribution businesses as well as service providers like travel agencies, taxi companies, hotels, motels or bars.

Some OCG owned businesses operate as shell companies with no obvious commercial activity. In other cases, criminals seek out successful businesses, which are well placed in the market. OCGs strive for market domination through their control of LBS and create conditions of unlawful competition, which makes it difficult for legitimate companies to enter certain markets. Legally operating companies may also actively seek cooperation with OCGs to generate additional profit. In some cases, the complexity and sophistication of operations involving LBS makes it very difficult to distinguish between criminal and non-criminal activities.

Members of criminal groups associate themselves with LBS and appear in a variety of professional roles such as owners, executives, managers, representatives or workers. Ownership of legal entities allows criminal groups control over company workers and assets. Company workers are not necessarily aware that their company is being controlled by OCGs. Criminal actors can be directly involved in the running of businesses or choose to remain in the background. In the latter case, OCGs use intermediaries as fictitious owners or directors to control LBS.

The availability of legal, financial and other expertise allows OCGs to engage in more complex and lucrative enterprises. OCGs make use of different experts both on a permanent basis and *ad hoc* for specific tasks predominantly for financial crimes. Many of the skills and services sought by OCGs are offered by otherwise legitimate professionals such as business people/financial experts, specialised lawyers and accountants. Experts are crucial to the setting up of vast networks of existing and specifically created businesses through which money can be laundered.

## 2.6 Public attitudes and behaviour

The attitudes and behaviour of the general public have considerable influence on serious and organised crime. Widespread permissiveness, risky behaviour or a lack of awareness can create an enabling environment for certain crimes.

Social tolerance towards certain crimes reduces risks for OCGs and increases public demand for illicit commodities. The consumption of new psychoactive substances (NPS) and the purchase of counterfeit luxury goods enjoy the highest levels of social tolerance. Despite media campaigns, such activities are rarely considered problematic or hazardous by the public due to their perception as victimless crimes with little risk to the consumer.

Risk-prone behaviour and experimentation also stimulate the growth of certain crime areas. This is especially true for the emergence of NPS.

OCGs profit from a lack of awareness and low risk perception by many target groups, especially in the online environment. Members of the public and organisations expose themselves as targets for criminal activity, for instance, by making their data freely available via social network sites. System security is a concern and challenge for many private sector companies, partly due to the outsourcing of administrative, maintenance and development tasks and partly due to the high costs associated with effective prevention measures.

## 2.7 Profits vs. risks and ease of entry into markets

OCGs do not enter criminal markets solely based on rational calculations of risk, profits and feasibility. However, these factors all have an influence in the formulation of preferences and decision-making.

OCGs seek out criminal markets within their capacities and knowledge, especially those offering high profits and low risks. A number of crime areas such as product counterfeiting, the production and distribution of NPS and fraud present OCGs with high yield low risk profits.

## 2.8 The internet and e-commerce

The internet offers multiple opportunities for organised crime. It facilitates the search for and accessing of information, the targeting of victims, the concealing of criminal activities, the arrangement of logistics, recruitment, distribution, the laundering of criminal proceeds and creates previously unknown criminal markets. The ongoing global development of internet infrastructures and their widespread use for legitimate activities has become a major factor in the proliferation of serious and organised crime.

The internet will be an even more important market place for illicit commodities and criminal services in the future. Illicit drugs, protected intellectual property, counterfeited goods, firearms, fraudulent identity documents, endangered fauna and flora, counterfeit euros are all traded over the internet. New psychoactive substances (NPS) are also widely available online. The internet has facilitated the interaction between customers and suppliers of NPS and also enabled the creation of a virtual subculture around NPS, in which users communicate anonymously to share experiences. Criminals advertise facilitation services to potential migrants online, recruit victims of THB and connect to customers of their illicit services in destination countries.

The continued expansion of the internet, combined with a lack of security awareness, puts citizens and their personal data increasingly at risk of exploitation by cybercriminals. OCGs can already access a large pool of potential victims via social networking, spamming and phishing websites, and shopping or auction facilities. Social media, dating sites and online forums are gaining a particular prominence in online child sexual exploitation, THB and fraud respectively. Personal data obtained or stolen online can be used to produce counterfeit or forged documents. Stolen personal data facilitate a diverse range of organised frauds both online and offline, allowing OCGs to obtain finances and social benefits, open or hijack bank accounts, collect payments from financial institutions or assume the identities of genuine companies.

The internet gives OCGs perceived anonymity and an ability to commit crimes remotely, making detection and prosecution more complex. Criminals are able to exploit a variety of different tools and techniques to conceal their identity and obscure their offences. In addition, the increasing adoption of cloud computing technologies will continue to have a profound impact on law enforcement investigation. It will see users and criminals storing less data on their devices, which will present a significant challenge to existing criminal investigation and digital forensic practice.

Global e-commerce offers criminals multiple opportunities to generate proceeds and retain the profits of their criminal activities. OCGs use the internet to target the financial sector and exploit various online financial products and services in order to conceal the criminal origins of their proceeds. Virtual currencies, electronic banking, online gambling and online auctions now feature heavily in money laundering techniques.

The internet is a facilitator of frauds involving local, regional and national authorities (vertical frauds) and individual private parties (horizontal frauds). It allows OCGs to gain access to a large pool of potential victims through social networking, spam or phishing emails, or websites offering fraudulent online ticketing, shopping or auction facilities. Fraudsters are able to target

victims remotely, anonymously, from overseas locations and with false or hijacked identities. These factors make it increasingly difficult to detect and prosecute cases of fraud.

OCGs also use the internet to directly target the financial sector and secure products and services to facilitate their criminal activities.

## 2.9 Legislation and cross-border opportunities

OCGs exploit legislative loopholes and are able to quickly identify, react to and even anticipate changes in legislation.

Policies enabling the free trade and movement across the EU are exploited by organised crime in trafficking and fraud. The free movement of people and goods across the EU's internal borders reduces the chance of detection. Changes in the Schengen Area and EU membership will open up potential new opportunities for OCG traffickers. MTIC fraudsters continue to abuse new rules and regulations. Obstacles to effective cooperation between law enforcement authorities include a lack of information about legal provisions across MS, differences in court proceedings and the requirements associated with coercive measures.

Legal channels are abused for the facilitation of illegal immigration in order to gain entry into the EU and to legalise the stay of irregular migrants within the EU. Using tourist agencies, corrupted visa officers, and even shell companies, OCGs aid large numbers of irregular migrants in obtaining visa to overstay the validity period. They arrange marriages of convenience with MS citizens on a large scale and provide assistance in abusing the asylum system to gain temporary legal stay.

OCGs are able to quickly replace banned new psychoactive substances with new formulas that are exempt from existing legislation. The legislative process is often too slow to effectively control NPS. The lines between banned and non-banned NPS are blurry and constitute a significant problem for authorities attempting to control the spread of NPS.

## 2.10 ID theft and document fraud

Document fraud is an important facilitator and enables OCGs to freely move people and trade goods within the EU.

False documents allow individuals to enter and reside in MS, to gain access to social benefits and to work illegally within the EU. OCGs involved in the facilitation of illegal immigration and THB often use counterfeit documents as part of their *modi operandi*. Counterfeit documents constitute a direct threat to the security of the EU, especially when they are used to conceal the identity of terrorists and dangerous criminals.

False documents support the trafficking and handling of illicit goods by concealing their criminal origins/destinations. This includes stolen goods and vehicles, weapons, illegal drugs and their precursors as well as counterfeit medicines.

There is a close link between document fraud and cybercrime. Personal data obtained or stolen online can be used to produce counterfeit or forged documents and to commit other types of crime. Forged identities facilitate a diverse range of organised frauds both online and offline.

Although fraudulent documents are increasingly detected, a significant proportion is likely to remain undetected. The detection of counterfeit documents is difficult and resource-intensive due to the variety of criminal methods used. Identity documents can be forged (altered real documents), counterfeited (false documents) or fraudulently obtained (real documents obtained on the basis of fraudulent supporting documents or corruption). Document fraudsters also use real documents as impostors, stolen or borrowed from the real owner (lookalike). Document fraud covers a diverse range of document types: passports and national identity documents to facilitate border crossings; EU residence permits, supporting documents such as

birth certificates, invitation letters, marriage certificates to legalise illegal stay; or asylum cards to obtain work permits. Professional document forgers may offer their clients different documents combined in a “package”. Any kind of identity document and any other type of document can be purchased on the internet.

The nature of document forgery is changing in light of increasingly sophisticated security techniques protecting documents. Identity and immigration documents are becoming more difficult to forge, for example, due to the use of biometric information. This has resulted in an increased demand for specialist forgers and stolen documents.





## 3. Crime areas

### 3.1 Drugs

- **The most dynamic crime area:**
  - **The drugs market is highly competitive**
  - **Trafficking routes are continuously diversifying**
  - **Poly-drug trafficking is now a common *modi operandi***
  - **OCGs in this crime area are highly innovative**

About one third of all organised crime groups in the EU are involved in the production and distribution of illicit drugs. The EU's multi-billion drug markets continue to be highly competitive and very profitable for organised crime. Poly-drug trafficking is no longer just a trend, but already a common approach chosen by OCGs active in the EU.

### Harm

Drugs production and trafficking are among the most profitable types of organised crime. Violence, public health issues, a high number of deaths and feelings of insecurity are all linked to the trade in drugs. Prevention and harm reduction campaigns cost millions of Euros to MS.

OCGs continue to strive to minimise costs during the drug production process, which entails serious risks for drug users. Synthetics and new psychoactive substances (NPS) are produced in complex processes lacking control mechanisms; low quality products are used as precursors for synthetics or cutting agents for heroin; pesticides and insecticides are intensively used to maximise cannabis harvest yields.

### Heroin

- **Despite a moderate decline in consumption levels, heroin trafficking remains a threat**
- **A further diversification of heroin trafficking routes is underway**
- **Acetic anhydride, a key component in the heroin production process, is largely manufactured in the EU**
- **OCGs of Albanian, Pakistani and Turkish origin dominate the trafficking in heroin**
- **There is increased collaboration between OCGs across linguistic and ethnic divisions**

The value of the European opiates market has been estimated at approximately EUR 12 billion.<sup>4</sup> The UK, Italy, France and Germany account for more than half of the European market

<sup>4</sup> UNODC World Drug Report 2011

in heroin.<sup>5</sup> Overall heroin use appears to be on a moderate decline, while the heroin market remains relatively stable.<sup>6</sup>

Significant seizures over the last decade have confirmed Europe as an important source for precursors (acetic anhydride). Available information suggests the involvement of only a limited number of OCGs, but these groups appear to be very well organised and efficient.

## Future considerations

An increase in heroin consumption regions in some regions in Africa may lead to a further diversification of the routes as well as an increased and changing role for African groups in the trafficking of heroin to the EU.

The Russian and Ukrainian heroin markets are already larger than the EU market and their significance determines some supply routes to the EU. Some heroin is already smuggled via the Central Asian republics and the Russian Federation, mostly to Latvia and Lithuania, but also to other European countries.

While demand for heroin in the EU is showing a moderate decline, resurgence in Afghani heroin production, a further diversification of routes and the potential flow of heroin precursors from the EU to Afghanistan indicates that heroin trafficking will remain a threat.

## Cocaine

- **Cocaine remains one of the most popular mass consumption drugs of choice**
- **The main entry and distribution points for cocaine trafficked from Central and South America are major ports in North West Europe, the Iberian Peninsula and on the Black Sea**
- **Colombian groups no longer have a monopoly on cocaine trafficking, Mexican cartels are emerging as traffickers to European markets**
- **Increasing numbers of OCGs use sophisticated trafficking and concealment methods and improved techniques of incorporation of cocaine into other materials**

With 4 million users<sup>7</sup> consuming 124 tons of cocaine annually,<sup>8</sup> cocaine is the second most commonly used drug in the EU after cannabis and Europe remains one of the largest cocaine markets in the world.<sup>9</sup> Recent data show signs of an overall stabilisation in the level of consumption of cocaine with a moderate decline in some MS.

European OCGs play an increasingly important role in the import of cocaine on a large scale and some of these OCGs now act as important brokers, working directly with suppliers.

Concerns have been raised that cocaine shipments remain undetected due to their incorporation into other materials. Secondary extraction labs have been identified in Spain, the Netherlands, Poland, Greece and Moldova.

<sup>5</sup> UNODC Transnational Organized Crime Threat Assessment (TOCTA) 2009

<sup>6</sup> EMCDDA Annual Report 2012

<sup>7</sup> EMCDDA & Europol EU Drug Markets Report 2013

<sup>8</sup> UNODC World Drug Report (WDR) 2011

<sup>9</sup> EMCDDA & Europol EU Drug Markets Report 2013

## Future considerations

The variety of routes and transport methods and the emergence of concealment methods used present significant challenges to law enforcement agencies.

Colombian groups no longer have a monopoly on the cocaine market, providing opportunities for OCGs from other countries to directly target the EU market and for EU groups to trade further upstream than they had previously been able to. The emergence of groups originating from Mexico and Nigeria may result in some volatility in the drugs market as competing groups vie for dominance.

## Cannabis

- **High demand sustains a diversity of suppliers and routes**
- **Cannabis resin is increasingly imported from Afghanistan via the Balkan route**
- **The violence between OCGs involved in trafficking cannabis is increasing**

Cannabis is the most widely used drug in Europe. It is estimated that around 1300 tons of cannabis resin and 1200 tons of herbal cannabis are consumed annually in Europe by an estimated 23 million cannabis users.<sup>10</sup>

The market share of herbal cannabis is further increasing across the EU as domestically grown cannabis partially replaces imported resin. Indoor cultivation accounts for most of the herbal cannabis produced in the EU.

Morocco remains the most important producer and exporter of cannabis resin to the EU and as a result Spain is still an important entry and distribution centre for the EU. However, Morocco's significance for the European cannabis market is declining as the supply from Afghanistan is increasing.

Organised crime is increasingly involved in the production and distribution of cannabis. More criminal distribution networks are shifting markets and change from cocaine and heroin trafficking to cannabis due to the low risks and high profits involved.

## Future considerations

The Netherlands is likely to remain the most important source country for seeds and cuttings as well as growing technologies and knowledge. Increased demand and production in other regions in and outside the EU may lead to increased competition between OCGs, changes in trafficking routes and more poly-commodity trafficking. The cannabis market will remain large and complex with no anticipated decrease in demand. OCGs will continue to play a key role in the cultivation and illegal trafficking of various cannabis products.

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<sup>10</sup> EMCDDA & Europol EU Drug Markets Report 2013

## Synthetic drugs and new psychoactive substances (NPS)

- **70 new psychoactive substances have emerged in the last year, increasingly for sale online**
- **OCGs now use conversion laboratories to convert legitimate chemical substances into usable precursors**
- **OCGs in the Netherlands and Belgium remain the key producers and distributors of synthetic drugs**
- **European OCGs produce synthetics cheaply in Africa and Asia and distribute their products to markets in Europe**
- **The EU is a transit and destination region for methamphetamine produced in Africa, Asia and Latin America**

OCGs in the Netherlands and Belgium remain the key producers and distributors of synthetic drugs. Other countries such as Germany, Estonia, Bulgaria, Lithuania, Poland and Nordic countries (Denmark, Finland, Iceland, Norway, Sweden) are home to the small- to mid-scale production of synthetics. The vast majority of the drugs produced in the EU are destined for EU markets. Drugs for the EU market are also produced in West Africa and the Russian Federation. Dutch, Belgian, British, Lithuanian and Polish OCGs work together to dominate the flow of synthetic drugs in the EU, from sourcing the precursors to distribution of the final product. OCGs based outside of the EU, including Russian- and Albanian-speaking groups, are increasingly trying to enter the synthetic drugs market in different MS.

A shift to the use of non-controlled pre-precursors, a start substance for the synthesis of precursors, to overcome the reduction in supply of traditional precursors since 2011 appears to have increased the availability of both amphetamine and MDMA (3,4-methylenedioxy-methamphetamine).

China remains the main source of precursors and pre-precursors. However, India and Thailand are also sources for the substances used in the conversion process, albeit to a lesser extent.

In 2012, the EU's early warning system reported the appearance of more than 70 NPS. NPS currently constitute a relatively small share of the illicit drugs market, but lower prices, increased availability and quality are likely to attract more users to NPS.

### Future considerations

Differences in legislation and law enforcement focus have diverted the supply routes for pre-precursors and NPS. Increased control and strict legislation in MS could prompt the diversion of distribution routes and the relocation of production sites of synthetic drugs. Western, northern and eastern Africa are likely to become increasingly attractive locations to producers of synthetics due to improved transport links with profitable markets in Europe, new local market opportunities and inexpensive labour.

Increased competition from Russian-speaking criminals and between different suppliers of synthetic drugs may result in violent conflict between OCGs. The involvement of organised crime in NPS production is still limited; however, low risks and high profits will attract organised crime to this developing and rapidly expanding market.

## 3.2 Counterfeiting

### Commodity counterfeiting, illicit trade in sub-standard goods and goods violating health and safety regulations

- **Low risks and high profitability increasingly attract OCGs to the illicit trade in sub-standard goods and goods infringing intellectual property rights**
- **The number of seized counterfeit health and safety products is continuously increasing**
- **Counterfeit health products are predominantly distributed via illicit online pharmacies, but in some cases counterfeit products also infiltrated the legitimate supply chain**
- **Counterfeit goods are increasingly produced in EU MS**

In 2011, the domestic retail value of articles infringing intellectual property rights (IPR) seized at EU borders was over EUR 1.2 billion compared to EUR 1.1 billion in 2010.<sup>11</sup> There has been a sharp increase in the amount of seized counterfeit health and safety products. This product category, which includes foods and beverages, body care articles, medicines, electrical household items and toys, accounts for 28,6% of all goods seized in 2011, compared to only 14,5% in 2010.<sup>12</sup>

There is high social tolerance towards the purchase of counterfeit goods. The OCGs involved in recent counterfeiting cases were also known for their previous activity in other crime areas and are likely to have shifted their focus to take advantage of the low-risk high-profitability nature of counterfeiting.

Often resources and machinery required for the production of counterfeit clothes and accessories are easily accessible. The necessary technology and knowledge as well as suitable suppliers for most production lines can easily be found on the internet.

### Harm

The economic impact of counterfeiting is high. Counterfeit goods not only cause losses of billions of Euros in unpaid duties and taxes, but also reduce the sales volume, profits and investments of legitimate businesses. This removes incentives for investment in research, development and innovation. Private companies are also legitimately concerned about reputational damage to their brands.

Counterfeit products cause significant harm to the health and safety of consumers and even cause fatalities. Counterfeit medicines can prevent effective treatment, exacerbate existing conditions and diseases. Luxury goods can contain toxic substances. Harmful levels of formaldehyde were found in counterfeit clothes and analysis of counterfeit running shoes revealed illegal amounts of phthalates and mercury. Counterfeit toys and electronic goods have also been withdrawn from the EU market.

<sup>11</sup> European Commission – Taxation and Customs Union – Report on EU Customs enforcement of intellectual Property rights – Results at the EU border 2011

<sup>12</sup> European Commission – Taxation and Customs Union – Report on EU Customs enforcement of intellectual Property rights – Results at the EU border 2011

Counterfeit goods also have a significant environmental impact. For instance, counterfeit pesticides contain many untested active substances which may contaminate soil and surface water. Counterfeit pesticides, mainly from China, have the potential to cause serious damage to the environment and significant harm to the end consumer.

## Future considerations

Trading in counterfeit products is a relatively low risk activity, involving minimal penalties whilst providing high profits, and will increasingly attract OCGs previously involved in other crime areas. Counterfeiters take advantage of the economic crisis to expand their business and diversify their product range. Counterfeited products will increasingly include daily consumer goods and counterfeit pharmaceuticals.

The production of counterfeit goods within the EU will further increase as OCGs seek to avoid the initial barrier of EU customs and border controls.

There is high social tolerance towards the purchase of counterfeit goods including luxury items such as hand bags and sun glasses. Despite a low social tolerance for counterfeit pharmaceutical goods, the demand for counterfeited goods in general will remain buoyant.

## Euro counterfeiting

- **The majority of counterfeit euro banknotes are produced by only a small number of illegal print shops**
- **Digital print shops printing counterfeit euro notes are becoming more common**

In 2012, a total of 575 510 counterfeit euro banknotes and 188 323 counterfeit euro coins were seized.<sup>13</sup> Compared with 2011, this represents a **decrease** in terms of quantity and value of counterfeit euro banknotes and an increase of about 15% in the total number of counterfeit coins. Euro counterfeiting however has also seen an evolution towards 'easily' available hologram emulations and more deceptive counterfeits.

## Future considerations

The global acceptance of the Euro as a stable currency with low exposure to inflation is prompting the emergence of an increasing number of print shops counterfeiting euro banknotes outside of the Eurozone, specifically with a concentration in South America. The enlargement of the Eurozone will create new opportunities for OCGs.

Differing legislation relating to money counterfeiting across MS will continue to have an impact on the capabilities of OCGs. In addition to international cooperation between law enforcement bodies, cooperation between law enforcement authorities and the private sector, including banks, can successfully hamper the distribution of counterfeit euros.

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<sup>13</sup> Europol Forgery of Money Annual Report 2012

## 3.3 Crimes against persons

### Facilitation of illegal immigration

- **Persistent socio-economic inequalities between the developed and developing world as well as continued demand for cheap labour will result in increased pressure from migratory flows and related OCG involvement**
- **The volume of migration flows along the different routes used to enter the EU fluctuates, but traditional routes remain largely the same**
- **Intra-EU movements of irregular migrants generally do not follow established routes**
- **The abuse of legal channels is increasing**
- **The involvement of legal professionals is an important enabler**
- **Irregular migrants arriving in destination countries are exposed to labour and sexual exploitation**

OCGs increasingly offer facilitation services involving the abuse of legal channels, which enables irregular migrants to enter the EU or to legalise their residence status within the EU after their arrival. OCGs are adept at exploiting weaknesses and loopholes in asylum legislation and facilitators instruct irregular migrants to follow an established *modus operandi*.

There is a strong link between the origins of facilitation networks and the nationality of the migrants they facilitate. This also explains the variety of OCGs involved in this crime area.

In response to the increased difficulty in forging visa documentation, OCGs have moved to forging or falsely obtaining supporting documents such as birth certificates, education certificates and other documents in order to enable their "customers" to apply for and gain genuine visa.

### Harm

Facilitated migrants can suffer severe physical, psychological and social harm. Over the past few years, there have been an increasing number of reports of migrants losing their lives during journeys. Attempts to cross the sea or "blue" borders are particularly dangerous and have claimed the lives of many migrants. Emerging facilitation techniques are very risky and include the clandestine entry in refrigerated vehicles and tankers or concealment in plastic bags sealed with tape.

Some facilitators use violence to intimidate migrants. Upon arrival in their destination countries, migrants suffer further due to their illegal status and lack of access to public services such as education, housing and health care.

### Future considerations

Facilitated illegal immigration is driven, to a large degree, by factors external to the EU and is not expected to decrease in the near future.

The EU will remain an attractive destination for irregular migrants providing OCGs with a large pool of potential clients. Consequently, involvement in this crime area will remain a profitable

business for OCGs. The abuse of legal channels will continue to increase and facilitators will attempt to identify additional loopholes and circumvent legislation in order to provide the most efficient and most profitable service. The forgery of identity and visa documents is an important tool used by OCGs in this crime area.

## Trafficking in human beings (THB)

- **Levels of intra-EU trafficking are escalating**
- **OCGs involved in THB are very flexible and adapt quickly to changes in legislation and law enforcement tactics**
- **There has been an increase in THB linked to benefit fraud**
- **The economic crisis has increased demand on the illegal labour market, which is exploited by OCGs**
- **The number of cross-border investigations against OCGs involved in THB in the EU remains low**
- **THB involves low risk and high profitability**

OCGs involved in trafficking in human beings service well established illegal labour and sex markets in all MS and especially in destination countries in Central and Western Europe. These markets generate huge profits for the OCGs involved, which are laundered, transferred and invested in source, transit and destination countries. The constant demand for services associated with sexual and labour exploitation and persistent socio-economic inequalities between the developed and developing world drive human trafficking.

The increased observation of intra-EU trafficking confirms that all EU MS are markets for sexual exploitation. EU nationals are easily trafficked in the EU due to the freedom of movement realised by the Schengen Acquis and the combined low risk of identification and detection.

### Harm

Trafficking in human beings affects all MS as source, transit or destination countries. Victims of THB suffer severe mental and physical harm as a result of labour and sexual exploitation. Labour exploitation results in a loss of income to MS and the reduction of jobs in the legitimate economy.

### Future considerations

The Schengen area provides a comfortable operating area for traffickers in human beings and will continue to be exploited.

The availability of young labourers and lack of employment opportunities in African, Middle Eastern and East Asian countries is likely to increase migration flows towards the EU. The removal of barriers to employment for all EU citizens across MS may create new markets for THB. Some sectors of the economy now rely on THB to provide workers, which find themselves in circumstances of sexual and labour exploitation. OCGs involved in THB will seek to exploit the strong demand and ready supply of migrants to recruit victims and service labour exploitation markets in prosperous MS.



## 3.4 Organised Property Crime

- **Organised property crime is a significant crime area affecting all EU MS**
- **The mobility of the OCGs involved is a defining characteristic of the threat they represent and ensures their widespread impact in the EU**
- **Elderly people are increasingly targeted**

Organised crime groups continue to commit property crime across nearly all EU MS including organised vehicle theft, burglaries, armed robberies, metal theft and cargo theft. Relatively low punishments for most property crimes, their diversity and the fact that these crimes are often investigated at local level make them attractive to OCGs. Metal theft and the theft of copper in particular have become an important issue across EU MS in recent years. There has been an increase in the number of cargo thefts since 2011. OCGs involved in property crime tend to be highly mobile with relatively few individual members.

OCGs select items to steal based on their resale value. Price fluctuations on the global market for materials such as copper and other metals determine the targets of organised property theft. OCGs target a variety of goods, some very specific, such as catalytic converters, optical instruments, boat engines, works of art, according to market demand.

Leaders of OCGs involved in organised burglaries and armed robberies often direct several teams conducting burglaries or robberies on private properties, businesses and shops in different areas to reduce the risk of law enforcement attention. Violence is used in few reported cases.

MS have noted a rise in OCGs targeting vulnerable elderly persons. OCGs are highly resourceful in applying various forms of scams or deception thefts. With a growing population of elderly people in many MS, this is a particularly worrying development, which has the potential to expose an increasing number of people to victimisation.

Metal theft and the theft of copper in particular have become an important issue across EU MS in recent years. This highly lucrative activity is facilitated by differences in legislation between various EU MS related to selling and processing scrap metal. Metal is often stolen in one MS and then sold in another.

There is a stable or even declining trend in motor vehicle theft. However, there has been a recent increase in the thefts of heavy vehicles such as agricultural and building machines, buses and trailers, which are all in high demand in the Baltic states and the Russian Federation.

### Harm

Whilst single offences against property are low level crimes, organised property crime carried out by dedicated OCGs tends to have a high visibility for the public. The economic impact of organised property crime includes increasing costs associated with enhancing the security of private and commercial properties as well as an increase in insurance premiums. The use of violence and weapons add to a general feeling of insecurity caused by property crimes.

Metal theft is of particular concern, because it often results in the disruption of key services, such as telecommunications, rail networks or power, and has a serious impact on business, communities and individuals. In most cases the economic damage caused by metal theft by far exceeds the value of stolen metals.

## Future considerations

While the focus and geographical concentration of organised property crime are likely to change, this type of highly-mobile criminal activity, targeting relatively insecure victims and economic sectors on a widespread basis, will remain an important feature of the serious criminal landscape in Europe.

## 3.5 Economic crimes

### Fraud

- **Missing trader intra community (MTIC) fraud generates multi-billion Euro losses to EU MS**
- **Dubai is a major centre for international fraud schemes. Local OCGs exploit the city's globally connected import/export industry and financial infrastructure with its well established links to both western style banking systems and regional Informal Value Transfer Systems (IVTS)**
- **Excise tax fraud causes major financial losses to EU MS amounting to billions of Euros in uncollected excise duties**
- **The lack of awareness on the part of individuals and institutional investors targeted by fraud has provided a comfortable operating environment for fraudsters**
- **Modern information and communications technology (ICT) enables fraudsters to easily access a large pool of potential victims**
- **The emergence of cloud computing and cloud-based fraud facilitating payment platforms offers fraudsters a new tool to exploit**

There is a growing awareness that what has previously been considered as poor business practice within the financial sector may have been criminal. Widespread reckless investment, misrepresentation of financial statements and conspiring to manipulate inter-bank interest rates fall within the definition of serious and organised crime. The huge losses associated with high-level financial fraud undermine social security systems and destabilise economic systems clearly indicating a failure of self-regulation.

MTIC fraud is a widespread criminal offence affecting many, if not all, EU MS. The perpetrators of MTIC fraud are present both inside and outside the EU. Activities related to MTIC fraud can be directed remotely using the internet. MTIC fraud deprives states of tax revenue required to make investments, maintain public sector services and service sovereign debt. The EU is yearly losing an estimated 100 billion Euros of MTIC income.

Advance Fee Fraud is a mass marketing fraud in which criminal fraudsters convince victims that they will receive some form of benefit in the future in return for provisional payment. According to research by the European Commission, 38% of EU internet users have received a scam email, with 10% reporting that they receive them regularly.

The low-risk and very high profitability nature of fraud makes it a highly attractive activity for OCGs. The chances of detection and prosecution of fraud are low due to the complexity of fraud investigations (including the need for international cooperation, especially when it comes to localise the place where the offence is committed, while using internet, which is one reason for police to be hesitant to accept a complaint). OCGs operating at an international level benefit from differences in national legislation. Individual and organisational vulnerabilities such as lack of victim awareness and low risk perception by many target groups are enabling factors for most types of fraud. System security is often lacking in private sector companies, partly due to outsourcing of administrative, maintenance and development tasks and partly due to the high costs of effective prevention measures.

Information from both law enforcement sources and energy regulators in the EU warn of an emerging threat of MTIC fraud exploiting the electricity and gas markets following a scheme targeting carbon credit trading uncovered in recent years. Businesses trading on energy exchanges and transmission system operators are noticing increasing interest from companies with little experience in these markets, but eager to enter them as wholesale traders. This mirrors developments observed during the emergence of MTIC frauds with carbon credits, in which fraudsters managed to defraud large amounts of VAT and to almost monopolise carbon trading with 90% of the trading in CO2 credits driven by fraud.

OCGs such as the Cosa Nostra and the 'Ndrangheta are already involved in alternative energy (wind and solar) and waste management businesses, which they use to launder profits.

## Future considerations

Fraud is expected to expand. Multiple targets, for instance on the energy market, remain vulnerable and unprotected. New opportunities appear on a regular basis. Due to the high yield – low risk character of frauds it is to be expected that more OCGs and criminals will be attracted to it. This is enforced by legislative complications when multiple jurisdictions are involved and technical developments exploited to help obscure the locations where frauds are committed and where the illegally obtained money and assets are transferred to.

MTIC fraud does not disappear or diminish, but shows a clear tendency to reallocate geographically or shift from one sector to another.

## Money laundering

- **Money laundering involves billions of Euros**
- **OCGs continue to use traditional methods of money laundering such as the use of shell companies and accounts in offshore jurisdictions**
- **Money launderers also increasingly make use of the internet and other technological innovations such as pre-paid cards and electronic money**
- **OCGs are adept at exploiting weaknesses such as Money Service Businesses (MSB), Informal Value Transfer Systems (IVTS) and countries with relatively weak border controls and anti-money laundering (AML) regimes**
- **Illicit financial services providers are emerging in the form of unsupervised payment platforms and banks**

Money laundering is a global business and involves practitioners in every country dealing with vast sums of money. It is both a stand-alone offence, independent of predicate offences in legal and practical terms, and closely related to other forms of serious and organised crime. In addition to OCGs, there are also professional money launderers that perform money laundering services on behalf of others as their core business. The scale of money laundering is difficult to assess, but is considered to be substantial. The United Nations Office on Drugs and Crime (UNODC) estimates that the sum of money laundered globally amounts to between 2 and 5% of global GDP or between EUR 615 billion and EUR 1.54 trillion each year.

## Future considerations

Money laundering allows criminals to retain benefit from the criminal activities and remains an important issue. The increasing availability of financial products on the internet and illicit financial service structures, both inside and outside of the EU, provide additional opportunities for OCGs to launder money.

## 3.6 Cybercrime

### Profit-driven cybercrime and hacktivism

- **Cyber attacks are primarily linked to financial fraud offences**
- **The *modus operandi* of Crime as a Service (CaaS) is further emerging**
- **Russian-speaking criminals are prominent in this crime area**

Cybercrime<sup>14</sup> affects all MS and is linked primarily to financial fraud offences. According to research by the European Commission, 8% of internet users in the EU have experienced identity theft and 12% have suffered from some form of online fraud. In addition, malware affects millions of households and the general volume of banking fraud related to cybercrime is increasing year on year. Crucially, a number of MS have noted under-reporting of cybercriminal activity and some MS deem that only around 30% of certain cybercrimes, such as identity theft, is actually reported to law enforcement.

Cybercrime has the potential to diminish the overall confidence of citizens in the online retail and banking sector. Loss of confidence in the security of e-commerce has a direct impact on the functioning of commercial entities.

The process of infecting the devices of potential victims with malicious software or “malware” is a key component of the digital underground economy. Research by a Europe-based security company suggests that the global average for infection is around 38% of all machines in any given country. While extortion via malware is near universal in the EU, a number of MS also report cases of extortion via Distributed Denial of Service (DDoS). Phishing is also prevalent, particularly in relation to online banking fraud. Used both to elicit information directly from victims or as a means of infecting their devices, phishing appears to be a growing trend in the EU, with some MS reporting a marked increase in offences over the past two years.

Cybercriminals are no longer focused solely on attacks against users to gain access to personal information but increasing attention is applied to the service providers. By hacking service providers criminals gain access to large volumes of data very quickly, which they can then retail in the digital underground economy. Payment card details gathered in this way directly facilitate the growth of card-not-present fraud.

Although not commonly reported to law enforcement, breaches of systems which have connection to Critical National Infrastructure (CNI) are known to have occurred in the last years. The fact that these breaches have not resulted in physical injury probably reflects more a lack of intent than a lack of technical ability.

### Future considerations

The volume of cybercrime offences looks set to increase in the future. This increase will closely mirror the growth of the attack surface, as the internet becomes even more essential to everyday life. In particular, the growth of mobile devices as the primary means of accessing internet resources will lead to a greater targeting of these devices by criminals. Malware affecting these devices has already been seen, although mobile botnets have not yet been fully realised.

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<sup>14</sup> For the purposes of the SOCTA, cybercrime comprises of both “specific” cybercrime offences such as hacking, phishing and malware, as well as internet enabled fraud. It does not include the distribution of copyright infringing material, although the internet remains the main method of accessing such material.

The growing movement towards Bring Your Own Device (BYOD) in the corporate environment has major implications. The blurring of the boundary between company and private devices will potentially offer new opportunities for hackers to breach corporate environments and misuse - or hold hostage - the information within them.

The mainstream adoption of processing in the Cloud is likely to present further challenges, in as much as consumers and corporate users will routinely access online resources using virtual computing environments with varying levels of personal data protection. More can be done to raise awareness amongst internet users of the potential impact of the ongoing expansion of Cloud computing on the security of personal and corporate data.

## Online Child Sexual Exploitation (CSE)

- **The threat of online child sexual exploitation is increasing in response to high levels of demand for new child abusive material, continued development of technical means and offender security measures, and greater internet adoption rates**
- **Desirable images and video are traded in non-commercial environments as a currency**
- **Offenders continue to seek out online environments popular with children and young people**
- **The use of services encrypting and anonymising online activity is increasing**

It is estimated that only between 6% and 18% of child abusive material is currently traded for money due to the wide availability of free material, especially via peer-to-peer (P2P) technology. New, and therefore more desirable, material is most likely to be exchanged in non-commercial environments, where new images and videos are traded as a currency in themselves. However, commercial distribution has not been completely eradicated. Some previously non-commercial distributors are switching to the commercial distribution of child abusive material, charging fees for privileged access to new material.

The amount of video material depicting child sexual abuse available online has grown exponentially, due to innovations in video sharing technology and increased bandwidth, with serious resource implications for the analysis of video material and identification of previously unknown victims. The sexual exploitation of children causes serious physical and emotional trauma to its victims often resulting in lasting mental health issues and even suicide.

### Future considerations

The threat of online child sexual exploitation is expected to increase in the coming years corresponding with higher levels of demand for new child abusive material, continued technological developments and more sophisticated offender security measures, and even greater internet adoption on a global scale.

Offenders already use online storage in foreign jurisdictions, especially those in which possession of child abusive material (CAM) is not currently a criminal offence. However, the proliferation of video streaming will further enable offenders to access CAM without the need to actually download material.

The widespread adoption of cloud computing and associated services is likely to present further challenges in the fight against online child sexual exploitation as previously employed investigative methods such as digital forensic analysis will prove ineffective.

The use of services encrypting and anonymising online activity is expected to increase in the next few years.

## Payment card fraud

- **The continued expansion of online credit card payments is increasing the number of card-not-present frauds**
- **The growing popularity of mobile payments and emerging use of contactless NFC (Near Field Communication) payments offer new opportunities for data theft and fraud**
- **Criminal groups are likely to invest in technical and social engineering methods to compromise mobile and contactless payments**

Payment card fraud is a low-risk high-profit criminal activity which generates an annual income of around EUR 1.5 billion for OCGs in the EU.<sup>15</sup> MS have reported annual profits of millions of Euros for individual groups engaged in payment card fraud. Payment card fraud has a negative impact on the security and convenience of non-cash payments in Europe and has caused substantial losses to the EU economy. Many individuals are directly affected and incur significant financial losses due to payment card fraud.

In 2011, around 60% of payment card fraud losses were caused by card-not-present (CNP) fraud and totalled EUR 900 million. In some MS, losses to CNP already outstrip those of skimming.

## Future considerations

Anti-skimming measures and anti-tampering devices are likely to reduce skimming. However, the continuous increase of internet mediated payments is likely to be accompanied by more card-not-present frauds.

OCGs will continue to find new ways of compromising non-cash payments. The rapid expansion in mobile payments and the emerging use of contactless (Near Field Communication) payments are providing OCGs with new opportunities for data theft and fraud. OCGs will invest in technical capacities and further develop social engineering methods to compromise both mobile and contactless means of payment.

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<sup>15</sup> Europol Situation Report, *Payment card fraud in the European Union*, 2012



## 3.7 Environmental crime

### Illicit waste trafficking

- **Increasing amounts of waste and the high price of waste disposal attracts the involvement of OCG in this sector**
- **Illicit waste is smuggled to West Africa and China and illicit waste dumping is increasingly reported by EU MS**

Waste is trafficked internally within the EU on land routes and the well-developed port infrastructure in Europe facilitates the illegal trafficking in hazardous waste to third countries, especially in Africa and Asia.

The trafficking in illicit waste can have a serious short- and long-term impact on the environment and societies as a whole. The environmental impact manifests itself in increasing levels of pollution, a degradation of wildlife, a reduction in biodiversity and the disturbance of ecological balance. Illicit waste disposal puts public health at risk. The damage caused by environmental crime can also result in costly restoration efforts.

#### Future considerations

The current economic crisis is driving companies to cut costs associated with the production process and may encourage the use of OCGs offering illicit waste trafficking and disposal services.

### Trafficking in endangered species (TES)

- **The trafficking in endangered species is a niche market attracting highly specialised OCGs**

The EU remains one of the most important markets for the trafficking in endangered species. Trafficking activity often involves rhino horn, elephant ivory and birds of prey and is substantial. OCGs increasingly target wildlife covered by the CITES Convention due to increasing demand for the rarest and most valuable specimen in flora and fauna.

The groups involved in TES are innovative in obtaining their products. For instance, OCGs steal rhino horn in exhibition halls, museums, during sight-seeing tours in castles or during auction sales.

#### Future considerations

A perception of low risk and high profitability associated with this crime area is likely to continue to attract interest from OCGs.

## 3.8 Weapons trafficking

- **The illicit trade in firearms in the EU remains limited in size**

OCGs often rely on the availability of weapons to carry out their activities. However, the market for firearms in the EU remains modest in size. Trafficking occurs on a small scale and the weapons trafficked are intended for either personal use or to meet specific orders. The data collected for the SOCTA 2013 do not indicate an increase in the trafficking of heavy firearms.

Weapons trafficking is almost exclusively a supplementary rather than primary source of income for the small number of OCGs involved in this crime area. Most groups enter the weapons trafficking business through other criminal activity, which may offer contacts, knowledge of existing routes and infrastructure related to the smuggling of weapons. The weapons and OCGs involved in weapons trafficking primarily originate from the Western Balkans and the former Soviet Union. Outlaw Motorcycle Gangs are also involved in the trafficking of weapons and have opened chapters in the Western Balkans. OCGs use existing criminal routes to traffic weapons.

The main sources of illegal weapons are the reactivation of neutralised weapons; burglaries and thefts; embezzlement of legal arms, legal arms sold in the illegal market; firearms retired from service by army or police; the conversion of gas pistols.

### Future considerations

The relatively high risks associated with weapons trafficking acts as a disincentive for OCGs. However, where demand exists criminals will exploit vulnerabilities in legitimate supply chains to obtain weapons and ammunition.

## 4. Organised crime groups

- **There are an estimated 3600 OCGs active in the EU**
- **Criminal groups are increasingly operating on a network-style basis**
- **70% of the groups are composed of members of multiple nationalities**
- **More than 30% of OCGs are poly-crime groups**
- **OCGs are increasingly entrepreneurial in approach and business management**

There are an estimated 3600 international OCGs active in the EU involved in a broad range of criminal offences. Drug trafficking is by far the most widespread criminal activity followed by fraud. These two crime areas represent more than half of all OCG activity.

Cocaine and cannabis trafficking are the most important types of drug trafficking in terms of the volume and the number of OCGs involved. Excise fraud and VAT (MTIC) fraud are the most important types of fraud.

Money laundering is a cross-cutting crime and an essential supporting activity for criminal groups. All criminal groups seek to launder their illicit proceeds, regardless of their involvement in specific crime areas. The profits of crime generated by individual OCGs can range from thousands to millions of Euros.

More than 30% of the groups active in the EU are **poly-crime groups**, involved in more than one crime area. Almost half of these poly-crime groups are linked to drugs trafficking, and 20% of these groups engage in poly-drug trafficking. THB, Facilitated Illegal Immigration and weapons trafficking are crimes which are also often linked to drugs trafficking. Generally, illicit trafficking and smuggling crimes are interlinked.

Criminal groups are structured in various forms between two models. OCGs with a vertical structure rely on classic hierarchies and operate with different levels of 'officers'. Horizontally structured groups function as networks with a cellular structure and less rigid or permanent hierarchies. Between these two models there are other varying forms of organisation and their typical features are not necessarily mutually exclusive. Groups can adapt to the characteristics of either or even both models.

More than 40% of criminal groups have a '**network**' type of structure which suggests that criminal groups are becoming more networked in their organisation and behaviour than has previously been, or was perceived to be, the case. These findings carry significant implications for the formulation of crime-fighting policies, strategies and responses.

Network forms of organisation exemplify a level of criminal intent, expertise, experience and sophistication that is aligned with the challenges and opportunities present in modern environments, which are characterised by dynamic change, greater mobility and connectivity. It appears that criminal groups **increasingly employ network forms** of organisation and behaviour.

The size of groups varies widely depending on the types of crime the group is involved in and its structures. Small groups tend to be more involved in financial and economic crimes, property crimes and counterfeiting, whereas larger groups are often active in THB, facilitation of illegal immigration and drugs trafficking.

The concept of **criminal hierarchy** is distinct from that of traditional organisational hierarchy even where criminal hierarchical structures feature a strict division of tasks and specialisation. In avoiding formal organisational structures and adopting a more flexible hierarchical

organisation, criminal groups enhance their ability to obscure their activities and pursue their criminal objectives.

Criminal groups **often adopt a shared (or 'group') leadership approach and/or a flexible hierarchy**. The fact that many criminal groups currently employ a group leadership approach is an important qualitative change, which emphasises, among others, group effort, complementarity of skills and enhanced collaboration among leaders. The simplest form of the shared leadership approach sees two leaders in charge, but there have also been reports about bigger leading teams, which are occasionally referred to as core groups. Core groups direct wider criminal networks and have a relatively stable and cohesive membership. They are often comprised of individuals with a shared national, ethnic or language background and are in certain cases related through familial or kinship ties.

Numerous factors affect **changes** in the structure and behaviour of criminal groups such as demographic factors (country and nationality); crime areas; group size and membership; operating environments; *modi operandi*; and the international dimension of their criminal activities. The **evolution** of organised crime groups has resulted in changes to their *modi operandi* and structure such as increased criminal mobility; better criminal organisation and functioning; the setting up of criminal cells and parallel operations in several MS; focus on less targeted countries; and the exploitation of differences in legislation across national jurisdictions.

Among the most notable changes in the past years has been the increasing **use of the internet and technological advances**, such as web- and mobile-based communication technologies, e-commerce, and **the use of LBS** by criminal groups. Alongside these developments, **criminal networking** has emerged as another key aspect closely associated with the international dimension of criminal activities. For example, frequent contact and cooperation between recruiters and traffickers based in source and destination countries are instrumental in expanding human trafficking for the purpose of sexual exploitation. Typically, these contacts help to constantly negotiate demand and supply resulting in the continuous exchange of victims for prostitution. The frequent movement of victims across jurisdictions makes it more difficult to identify trafficking activities and further complicates the work of law enforcement authorities. Criminal networking (connectivity) is a highly effective method, which enables criminal groups to stay ahead of law enforcement efforts.

70% of identified OCGs are **multi-national in their membership**. These organised crime groups can be sub-divided into homogeneous groups with one dominant nationality (25%); groups of dual composition with two main nationalities (20%); and purely heterogeneous groups with more than two nationalities (25%).

Non-EU groups consist of individuals from Latin America, the former Soviet Union countries, Afghanistan, Pakistan, East-Asian countries and the Maghreb. The most frequent combinations of groups consisting of EU and non-EU nationals are Latin American-Portuguese, Latvian-Russian and Maghreb-Portuguese or Spanish nationals.

Analysis of the nationality of criminals and the countries of main activities has demonstrated that **criminal groups are becoming increasingly international**. For example, both Belgium and Portugal reported criminal groups consisting of more than 60 nationalities of criminals. These two countries also reported criminal groups whose main criminal activities extend to more than 35 countries. This clearly indicates a significant level of international criminal **cooperation, mobility and reach**.

The financial data on OCGs available suggests that most OCGs have access merely to sufficient rather than abundant resources.

The OCGs with access to the most substantial resources are more likely to be composed of EU nationals, and are more often involved in financial crimes like fraud and money laundering.

The cash turnover of these groups is substantial and they are able to launder their proceeds within their own criminal infrastructure. Investments are mostly made in real estate that may

be used to facilitate criminal activities, but are also used to enable criminals to live a lavish, even luxurious, lifestyle.

Characteristically they own LBS, often on an international level. In some cases, their legitimate activities are an important source of resources that can be further invested in criminal activities. Importantly, OCGs with abundant financial resources are more inclined to engage in corruption to facilitate their criminal activities. 75% of the OCGs that systematically use corruption have access to abundant to sufficient resources.

13% of the reported OCGs only have limited access to or suffer a lack of resources. However, this does not necessarily preclude OCGs from committing criminal activities for a sustained period of time.

OCGs have limited or short resources because they rely on their criminal income for subsistence and have to reinvest a part of this criminal profits in new criminal activities. Insufficient resources are also linked to the role of the OCG: a low-level OCG that has a role in and depends on a larger network may not make significant profits. They may even have to rely on government allowances, investors, or loans.

Serious and organised crime groups differ in the level of **expertise** they are able to employ in support of their criminal and related activities.

OCG cooperation occurs both nationally and internationally and exploits opportunities to **achieve common goals** for mutual financial gain. It is primarily driven by the need to operate beyond territorial boundaries or to secure specific services or products. As such, it is particularly prominent in drugs trafficking. Cooperation can take the form of joint action or be based on a division of tasks.

More organised and dominant groups also use cooperation to develop relations with subordinate groups. Such groups can **subcontract** and fund specific activities, or **offer unique capabilities**, such as access to corrupted officials. Once links are established, dominant groups may actively control their linked subordinates. Dominant groups use subordinate groups to extend their influence and become established in multiple criminal markets.

Cooperation also offers **collective protection**. Cooperating groups present a stronger front to protect their shared interest and conceal each others' members from the police. Those groups with access to corrupted officials or legal experts can share information on weaknesses in legislation that can be exploited.

Interaction via cooperation presents an additional threat due to its implications for **innovation and information sharing across OCGs**. OCGs can **benchmark** themselves against each other groups and learn how to increase the efficiency and effectiveness of their enterprises.

OCGs are often associated with **the use of violence**, which has long been regarded as one of organised crime's defining characteristics. Organised crime groups use violence against their own members in the absence of alternative control systems, against rival OCGs and others in conflict with them as well as against the victims of their criminal activities.

The use of violence is often counterproductive and almost always attracts unwanted law enforcement attention and retaliatory actions. The negative implications of using violence encourage most OCGs to use very little violence in the pursuit of their activities. Violence is used by most OCGs only in a measured, deliberate and premeditated manner and when deemed strictly necessary.

However, some OCGs use violence as an integral part of their strategy. In these cases, violence is used to intimidate witnesses, to extort money and collect debts, to coerce people to take part in or facilitate criminal activities, to forcefully take over businesses, to consolidate a group's position in a certain crime area and as part of robberies and other property crimes.

## Convergence with terrorism

Some terrorist groups are known to resort to common crime to generate funds used to cover the costs associated with the planning and execution of attacks such as recruitment, procurement and travel. The merging of or sustained contact between OCGs and terrorist groups is currently only a very marginal phenomenon in the EU.

## 5. Conclusions and future considerations

Most of the phenomena described in this report have been highlighted before, including in previous threat assessments by Europol. The persistent nature and ongoing evolution of the criminal activities involved is a serious concern. Each of the 3600 OCGs that are believed to be active in the EU represents a threat to the interests of individuals or organisations they are targeting. OCGs are increasingly flexible, adaptable and innovative engaging in multiple forms of criminality. Criminals capitalise on new opportunities to generate profit, especially when they are able to rely on existing infrastructures, personnel and contacts. This is particularly true for the groups involved in the transportation and distribution of illicit commodities. The ease of international travel and transport, the global emergence of the internet and other technological advances have made geographic considerations less relevant. Criminals act undeterred by geographic boundaries and the most significant groups are now global in terms of their range of activities, operating areas, levels of cooperation, and nationality of membership. New and emerging communication channels are not only facilitating legal businesses and interpersonal contacts, but also offer additional opportunities to OCGs. Cybercrime, as a relatively new crime area that is firmly established nonetheless, is causing considerable and, for instance in cases of identity theft, long lasting damage to affected parties. There is every reason to believe that, given the widespread use of computers and mobile electronic devices in all segments of everyday life, cybercrime will continue to expand both in volume and impact and thus will further develop as a serious threat to society as a whole.

In addition to relatively well-known crime areas, there are crime areas which have only recently emerged or were largely ignored previously.

Economic crimes and fraud in particular are increasingly emerging as significant threats. OCGs are involved in a wide range of frauds generating substantial profits. Fuelled by several incidents in high-level financing that have recently come into the open, there is increased awareness that various practices that have previously been looked at as poor business routines, because considered reckless or unethical if not plainly unlawful, clearly indicate a failure of self-regulation and may in fact be criminal and fall within the definition of serious and organised crime. The huge losses associated with high-level financial fraud are thought to be partly responsible for the current economic crisis and threatening to destabilise economic systems.

The prolonged financial crisis serves as a catalyst for new types of frauds and other crimes with a financial aspect.

In 2012 and 2013, an extensive network of match-fixers involving football match officials, club officials, players and career criminals from more than 15 countries was identified. The scale and professionalism of the operation recently uncovered suggests that match-fixing is potentially more wide-spread, not necessarily limited to football matches and indicating that top-level professional sport events are vulnerable to criminal manipulation.

Previously regarded a non-traditional crime area with low priority, the counterfeiting of health and safety products has emerged as a major new area of serious and organised crime activity.

The process of globalisation means that developments elsewhere in the world also affect the EU and may result in changes to serious and organised crime activity. Demographic developments in African, Middle Eastern and East Asian countries are resulting in large

populations of young labourers with a lack of employment opportunities and will continue to feed migration flows towards the EU and offer opportunities to OCGs involved in the facilitation of illegal immigration and THB.

The EU is a highly attractive target for cybercrime in all its forms, because of its high level of internet penetration (73%) and advanced internet mediated services. Internet penetration is now greatly increasing in previously underconnected regions of the world, including Africa and Asia. These are rapidly becoming hubs for emerging technologies such as mobile payment systems. Further global growth in the use of internet mediated services is likely to bring new victims, new offenders and new criminal methods to light in the EU.

There is increased awareness that law enforcement cannot fight serious and organised crime alone. Combating crime is a responsibility shared with both the public and private sectors in reducing a lack of general awareness on the part of the general public and, in some cases, even law enforcement and the judiciary with regard to specific types of crime.

OCGs exploit a lack of awareness, are quick to identify new criminal opportunities and use weaknesses to their advantage. Social tolerance of certain types of crimes, which is generally regarded as victimless, will continue to strengthen organised crime if perceptions remain unchanged.

## 6. Recommended priorities

The SOCTA 2013 identifies several serious and organised crime threats that require concerted action by EU MS. These threats include crime areas that have recently gained significance or were not regarded as priority areas earlier, but now stand out against other crime threats because of their impact on society.

Based on the findings of this assessment Europol recommends that the operational response to serious and organised crime in the EU should focus on the following high priority threats:

- Facilitation of illegal immigration
- Trafficking in human beings
- Counterfeit goods with an impact on public health and safety
- Missing Trader Intra Community (MTIC) fraud
- Synthetic drugs production and poly-drug trafficking in the EU
- Cybercrime
- Money laundering

## Emerging threats

**Emerging and new threats** stand out also in terms of their rapid evolution and need for close follow up of the situation. They are the following:

- Environmental crime: Illicit waste trafficking
- Energy fraud



## ANNEX I - The SOCTA Methodology

The SOCTA methodology was developed by Europol in cooperation with the SOCTA expert group composed of representatives from EU Member States, Europol's third partner countries and organisations, the European Commission and Council General Secretariat. The SOCTA customer requirements were agreed on previously and formed the basis of the SOCTA methodology. The Methodology was confirmed by COSI at its meeting on 25 June 2012 in accordance with action 17 of the EU Policy Cycle<sup>16</sup>.

### Aim and scope of the SOCTA

The SOCTA is a strategic report. It identifies and assesses threats, analyses vulnerabilities and opportunities for crime and includes finding specific to regions and MS.

The aim of the SOCTA is to:

- analyse the character or threatening features of organised crime groups (OCGs)
- analyse the threatening features of serious and organised crime areas of activity (SOC areas)
- analyse threatening aspects of OCG and SOC areas by region
- define the most threatening OCGs, criminal areas and their regional dimension

The SOCTA is a present- and future-oriented threat assessment. It goes beyond a situation report, which is retrospective and mainly statistical, to take into account possible future developments.

The SOCTA differs from the OCTAs produced from 2004 onward in the following respects:

- The scope and use of indicators for organised crime groups (OCGs) has increased and indicators have been developed to analyse SOC areas.
- Horizon scanning has been added to better define future threats
- The effects of SOC and crime relevant factors are analysed in detail to allow for better and more focused prioritisation.

The SOCTA analysis departs from three focus points: OCGs, SOC areas, and the environment which they affect and which facilitates their activities. Data contributed to the SOCTA is collected based on these three aspects.

### Definition of organised crime

The SOCTA uses the definition of international organised crime provided by the Framework Decision on organised crime of 24 October 2008<sup>17</sup>. This Framework Decision defines a "criminal organisation" as "a structured association, established over a period of time, of more than two persons acting in concert 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, to obtain, directly or indirectly, a financial or other material benefit."

In accordance with the definition provided by the Framework Decision, the following list of qualifying criteria was applied in the data collection process on organised crime groups for the SOCTA:

- collaboration of more than two persons;
- active for a prolonged or indefinite period of time;
- suspected or convicted of committing serious criminal offences (intended as punishable by deprivation of liberty or a detention order of a maximum of at least four years or a more serious penalty - for organised crime)

<sup>16</sup> COUNCIL OF THE EUROPEAN UNION, Brussels, 4 July 2012, 12159/12, LIMITE, COSI 59, ENFOPOL 219, CRIMORG 88, ENFOCUSTOM 72.

<sup>17</sup> Council Framework Decision 2008/841/JHA of 24 October 2008 on the fight against organised crime, OJ L 300, 11.11.2008, p.42.

- with the objective of pursuing profit and or other material benefit
- Operating/working on an international level in and/or outside the EU MS.

Serious crime refers to criminal activity deemed worth reporting on, which does not meet the OCG definition set out in the 2008 Framework Decision. De facto it also concerns lone actors or individual actions.

In the context of the SOCTA methodology, SOC areas are specific clusters of criminal activity, which feature OCG involvement and affect MS. SOC areas also include criminal markets as well as clusters of criminal activity which are serious due to their international dimension or effect on the EU.

**Data sources**

The SOCTA is based on data from law enforcement agencies and open sources. Law enforcement data includes data available within Europol, data obtained from MS via questionnaires, and data obtained from third organisations and countries. The open sources material used has been carefully evaluated for the reliability of the source and the validity of the information.

**Threat indicators and crime relevant factors**

Tailored indicators describe and assess the intrinsic characteristics of OCGs and SOC areas and are used to assign their respective level of threat. Effect indicators measure the effect that OCGs and crime areas have on EU society. These indicators are key in identifying priority threats and arriving at substantiated recommendations.

In addition to these three types of indicators (OCG, SOC, Effect), crime relevant factors (CRF) are also analysed. CRF are facilitating factors and vulnerabilities in the environment that have an influence on current and future opportunities or barriers for OCGs and SOC areas. CRF are analysed via horizon scanning, which aims to identify future trends in society and future crime threats.

Indicators for organised crime groups have the following values assigned:

Low: cooperation with other groups, expertise, external violence, countermeasures against law enforcement;

Medium: adaptable and flexible, level of resources, the use of LBS, active in multiple crime areas;

High: an international dimension to their activities, the use of corruption.

The threat level of an OCG can be simultaneously assessed as high on one indicator, and medium or low on others, or in any other combination depending on the information collected from Member States.

The effects of OCG activities can be assessed as high, medium or low on any or all of the dimensions including physical and psychological, political, financial and economic, social, technological, and environmental. This assessment is again based on the information collected from Member States. The same applies to assessing the threat levels of SOC areas where the following indicator values apply:

Low: resource availability, social tolerance, linked crime areas

Medium: innovation, number of groups active and evolution of the crime area

High: international dimension and high profits.

**Results**

The analysis of the data on organised crime groups and serious and organised crime results in a list of recommended priorities on organised crime groups and serious and organised crime areas, in a format that enables informed decision-making on priorities and the preparation of multi-annual strategic plans in a later phase of the policy cycle.

## ANNEX II – Comment by academic advisors

We are pleased to have been invited to comment on, and engage with, the Europol SOCTA review. We recognise the innovative significance of involving academics in this exercise, and in a spirit of partnership offer our comments as a contribution to the development of a European perspective on crime and security. The SOCTA review provides European law enforcement agencies, policy makers and legislators with important comparative data. Processes of globalisation, technical innovation and the developing nature of organised criminal activity makes such overviews of particular significance, for national initiatives alone will not address the trans-border character of much serious crime. As a step towards producing that more global perspective, we congratulate Europol, and the SOCTA team, on the production of a thorough and competent analysis.

We believe that our contribution to the SOCTA review lies in highlighting potential future trends and issues, and we would like to draw attention to the following as meriting further attention and analysis. All of these have their origins in the current SOCTA analysis, and the SOCTA process and methodology we believe to be robust enough to track and inform the problems these might imply for the future.

1. Maintenance of the balance between security and freedom represents a fundamental challenge in the face of the current adaptive and fluid crime landscape. We believe that balance can be best maintained when good law enforcement practice is informed by sophisticated analysis to inform policy decisions.
2. A fundamental quality of the security situation in Europe is a change in the nature of terrorism and political violence. Through effective policing and intelligence analysis, the potential threat of political terrorism in Europe as a whole (excepting certain specific areas) has reduced. The processes that give rise to terrorism however have not necessarily changed, but there is some evidence that they are being expressed in different ways. In particular the boundaries between political and economically driven violence seems to be changing, with probably profound consequences for law enforcement responses.
3. Similarly, there is growing evidence of hybridisation in criminal activity, and of shifts in criminal markets; the implications for future crime trends are unclear, but will again result in challenges for law enforcement. Fraud, in areas such as illicit and counterfeit medicines, is one obvious area where technical capacity facilitates rapid adjustment of criminal activity to market conditions. The internet as a vehicle for commercial activity and through its communication capacity is a central quality in this process, and cybercrime and exploitation using the internet requires constant vigilance to identify change and develop remedial capacity.
4. Technological changes occur very rapidly, and when adopted tend to have global spread. It is reasonable to anticipate a growth in the unintended consequences of technology in terms of enabling or facilitating unforeseen criminal consequences. This suggests a need for a holistic approach to crime analysis and crime prevention engaging where appropriate with civil society and commercial entities in the technical development and marketing process.
5. The significance of age related changes in illegal drug use have implications for the future direction of the drug trade, and its interaction with other criminal activity, as formerly lucrative markets decline and others emerge. These shifting patterns of activity will require careful monitoring so that operational practice can be effectively targeted.
6. The SOCTA analysis brings to the foreground the dilemma and problems of prediction (that is often necessarily actuarial in character and therefore backward looking), contrasted with the need to be forward looking going beyond historical data to extrapolate to identify future change, and to facilitate effective proactive operational responses. A way of mitigating the difficulty of this may be the development at the

Europol level of continuous crime trend scanning, extending the SOCTA process to support a more proactive approach.

7. There is a need to ensure that areas of criminal activity are looked at as a whole, and that analysis is not limited by artificial geographical or administrative boundaries. Globalisation, and the increased role of 'flat' distributed networks of criminal activity suggest a growing pragmatic approach by criminal organisations 'to what works', and the need in turn for law enforcement to understand the adaptive dynamics of this changing environment.
8. Globalisation and effective networking also results in rapid dissemination of new criminal practice, as opportunities and markets change. In this context, over-bureaucratised slow analysis and responses, and inflexible administrative frameworks offer opportunities for criminal networks to exploit. Law Enforcement and the administrative environment in which law enforcement organisations work will need to be dynamic, flexible and responsive to address to these future challenges.

Dr Xavier Raufer  
Professor Dr Arndt Sinn  
Professor Max Taylor

**ANNEX III - List of Abbreviations**

AML	Anti-Money Laundering
CaaS	Crime as a Service
CAM	Child Abusive Material
CNI	Critical National Infrastructure
CNP	Card-not-present
COSI	Standing Committee on Operational Cooperation on Internal Security
CRF	Crime-relevant factors
CSE	Child Sexual Exploitation
DDoS	Distributed Denial of Service
EMPACT	European Multidisciplinary Platform against Criminal Threats
EU	European Union
ICT	Information and Communications Technology
IPR	Intellectual property rights
IVTS	Informal Value Transfer System
LBS	Legal business structure
MASP	Multi-Annual Strategic Action Plans
MDMA	3,4-methylenedioxy-methamphetamine
MS	Member State/Member States
MSB	Money Service Business
MTIC	Missing trader intra community
NPS	New psychoactive substances
OAP	Operational Action Plan
OCG	Organised crime groups
OCTA	Organised Crime Threat Assessment
P2P	Peer-to-peer
SOC	Serious and organised crime
SOCTA	Serious and Organised Crime Threat Assessment

TES	Trafficking in endangered species
THB	Trafficking in human beings
UAE	United Arab Emirates
UNODC	United Nations Office on Drugs and Crime
VAT	Value Added Tax