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NOTE

From: Europol
To: Standing Committee on operation cooperation on internal security (COSI)
Subject: SOCTA 2013
- Executive Summary

Delegations will find attached a letter from the Europol Director (ANNEX I) transmitting the Executive Summary of the 2013 Serious and Organised Crime Threat Assessment (SOCTA) (Annex II).



The Hague, 11 March 2013

DIRECTOR

Council of the European Union
Mr Rafael Fernandez-Pita
Director-General

Subject: SOCTA 2013, Executive Summary

Dear Sir,

I am very pleased to present the Executive Summary of the 2013 Serious and Organised Crime Threat Assessment (SOCTA), which you will find enclosed.

The SOCTA plays a pivotal role in the multi-annual policy cycle established by the EU in 2010. It identifies a number of key priorities based on an in-depth analysis of the major current and developing crime threats facing the EU, which in Europol's view require concerted action from EU Member States. To this end, it includes a set of recommendations.

I trust that the SOCTA Executive Summary provides you and the competent authorities in the Member States with useful input to their efforts to tackle serious international and organised crime from a European, intelligence-led perspective.

I would like to express my appreciation and gratitude for your services' valuable input to this report. Above all, I look forward to the joint efforts of Europol, the JHA Council and the national law enforcement agencies to tackle the identified crime threats, based on the strategic and operational plans to be developed in the coming months in line with the EU policy cycle.

Yours sincerely,

Rob Wainwright

Director

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SOCTA 2013 Executive Summary

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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**¹ 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)².

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.

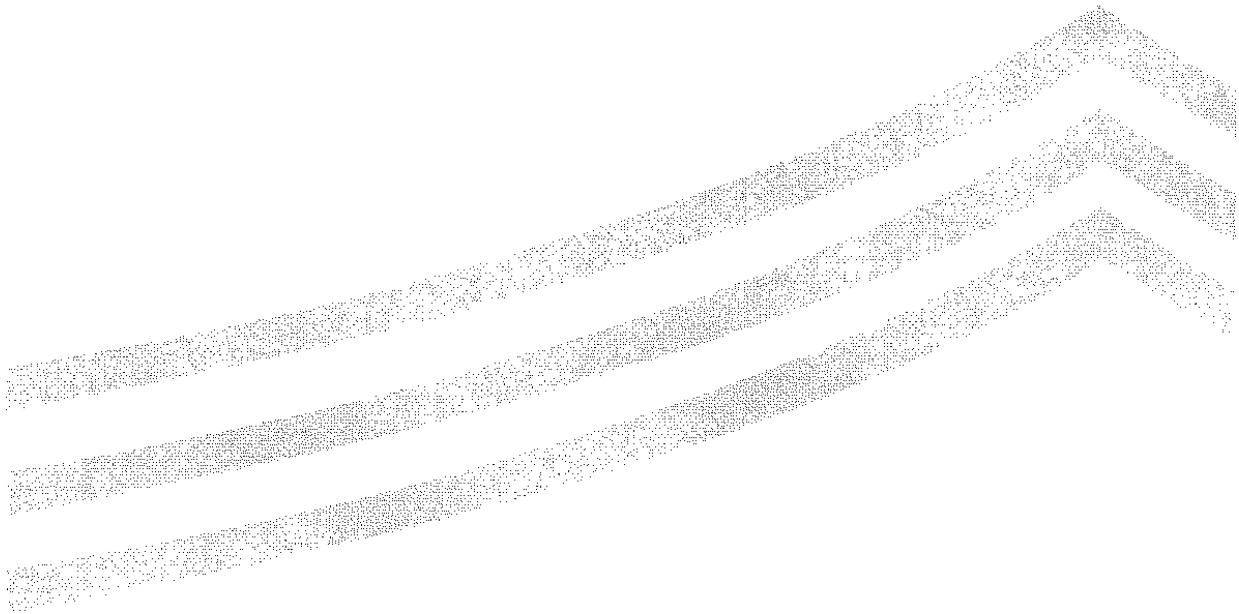
In the interim period (2010-2013), prior to the full policy cycle of 2013-2017, an initial, reduced cycle was initiated. The 2011 OCTA (Organised Crime Threat Assessment) provided the basis on which Council agreed eight priorities for 2011-2013. These were translated into

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

² 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**³ (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. For example, a group trafficking cannabis resin from Morocco to the Iberian Peninsula can easily use the same people, routes and means of transport to also traffic cocaine transiting West Africa. 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.

³ See chapter 4 Organised crime groups

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 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 **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 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.

The **economic crisis** is causing shifts in criminal markets and inspires criminals to explore new ways to meet the demand for cheap labour and illicit goods. Corruption allows OCGs to access and influence individuals in key positions. Public perception, both negative and positive, can create favourable operating environments for OCGs

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 geographical **hotspots**. Notwithstanding this important trend, some **common locations** in the EU are still important enablers for serious and organised crime.

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, facilities and transportation.

The infiltration of the public and private sectors by organised crime through **corruption** remains a serious threat. Despite comparatively low levels of perceived corruption in EU MS in international comparison, all MS 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.

OCGs exploit various **legal business structures (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.

The **attitudes and behaviour** of the general public can have considerable influence on serious and organised crime. Widespread permissiveness, risky behaviour or a lack of awareness can create a positive environment for certain crimes. Social tolerance towards certain crimes reduces risks for OCGs and increases public demand for illicit commodities. OCGs profit from a lack of awareness and low risk perception by many target groups, especially in the online environment.

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, which promise high profits and low risks. The increased **sharing and availability of resources, skills and knowhow** may make it easier to enter into the crime areas expanding their scale and penetration.

The **internet and e-commerce** offers multiple opportunities for organised crime. It facilitates the searching 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 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 psycho active 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.

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.

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

3. Crime areas

3.1 Drugs

- **The most dynamic crime area:**
 - **The drugs market is highly competitive**
 - **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. Violence, public health issues, a high number of deaths and feelings of insecurity are all linked to the trade in drugs.

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. The UK, Italy, France and Germany account for more than half of the European market in heroin. Overall heroin use appears to be on a moderate decline, while the heroin market remains relatively stable.

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. However, there is a significant gap in intelligence relating to this route.

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 the major ports of Rotterdam and Antwerp as well as the Iberian Peninsula and Black Sea ports**
- **Colombian groups no longer have a monopoly on cocaine trafficking due to the emergence of Mexican cartels**
- **Increasing numbers of OCGs use sophisticated trafficking and concealment methods and improved techniques of incorporation of cocaine into other materials**

With 4 million users consuming 124 tons of cocaine annually, 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. 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. Some British, Dutch, French, Italian and Spanish 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

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.

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.

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. 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.

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 know-how as well as suitable suppliers for most production lines can easily be found on the internet.

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**
- **Non-EU OCGs from Colombia and Peru and EU-based OCGs from Italy remain the most important producers of counterfeit Euro banknotes**
- **Digital print shops printing counterfeit euro notes are becoming more common**

In 2012, a total of 518 548 counterfeit euro banknotes and 114 676 counterfeit euro coins were seized and removed from circulation. These figures represent a decline from 2011 and 2010 and confirm a trend of decreasing quantity and value of counterfeit euro banknotes and 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.

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.

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.

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.

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.

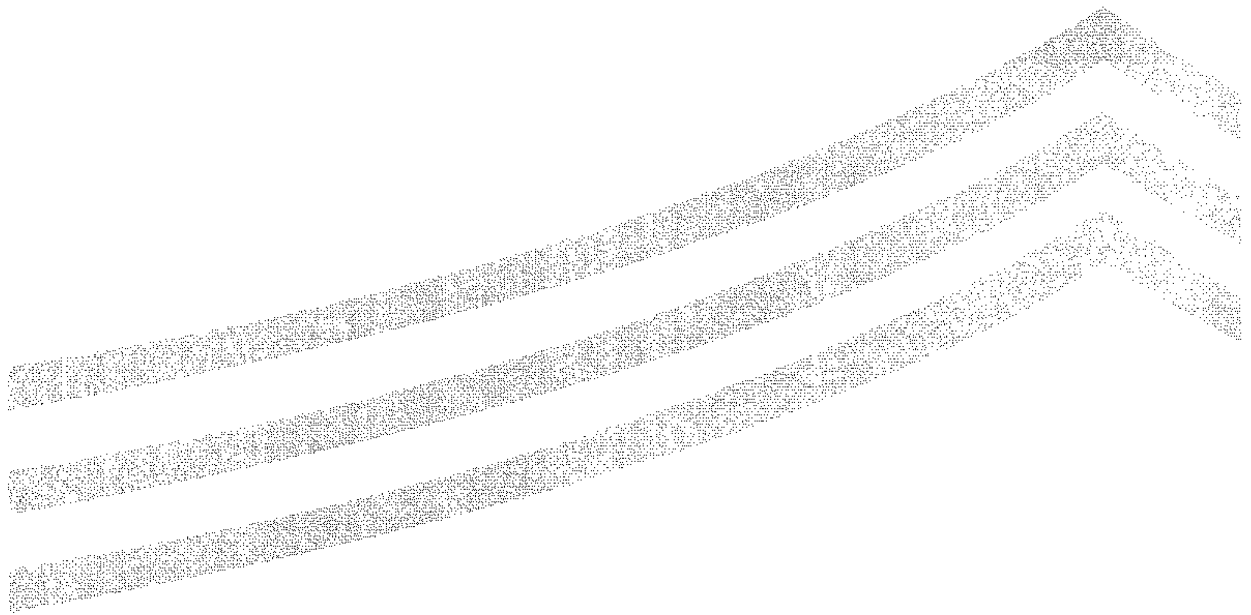
Money Laundering

- **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**

Cybercrime⁴ 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.

⁴ 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 per cent 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. 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.

Criminals of Romanian and Bulgarian nationality are particularly prominent in card-present fraud, especially skimming, and are known for the production and supply of skimming devices to other OCGs. 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.

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, while 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. The Czech Republic and Slovakia are also important sources for the supply of weapons. 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 systems⁵. 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.

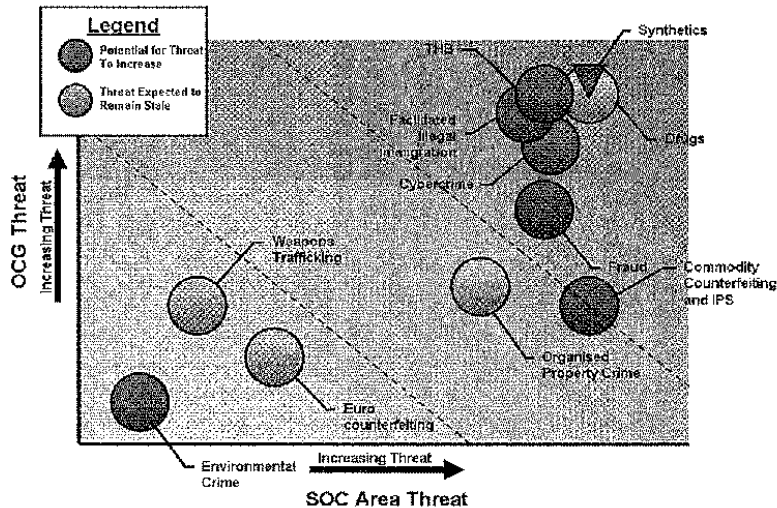
OCGs exploit a lack of awareness, are quick to identify new criminal opportunities and use weaknesses to their advantage. Social tolerance of certain types of crimes, which is generally regarded as victimless, will continue to strengthen organised crime if perceptions remain unchanged.

⁵ Internet World Stats, <http://www.internetworldstats.com>, 2012.

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.

The threat of serious and organised crime to the EU was defined on the basis of the SOCTA methodology.



The above graph illustrates the output from an assessment and comparison exercise determining which crime areas will pose the greatest threat over the next few years. Each bubble represents a different crime area and its position and colour indicate the level of threat it poses. The higher and further to the right the bubble is, the greater the threat. The three factors considered are explained in the following paragraphs.

The **SOC area threat** (horizontal axis) is based on predefined indicators judging current threat levels combined with an assessment of the severity and extent of harm resulting from the crime. The indicators considered: the international dimension (the crime area's geographic sphere of operations), the evolution (extent to which the SOC area is increasing or decreasing), its links to other SOC areas, the ability to innovate within the crime area and social acceptance of the crime area.

The **OCG threat** (vertical axis) represents the threat from the groups involved in a specific crime area. Also based on predefined indicators, the following were considered: the resources and expertise available to the groups; their use of LBS, corruption, countermeasures, external violence; their adaptability; and their international dimension and cooperation with other groups.

The **developing threat** (red/grey colour) the impact of 'crime relevant factors' identified as potentially influencing the future extent and nature of the crime area, arrived at through engagement with public, private and academic experts.

Using this comparison approach, synthetic drugs for example constitute a major threat as both the crime area itself and involved OCGs rank highly. Furthermore, the threat is expected to

increase in the future as a result of the further increase of NPS and changing user behaviour. At the other end of the scale, environmental crime is currently deemed as a low threat in terms of the crime area and involved groups. However, robust environmental policy in the EU and the challenging economic conditions for businesses means it is expected to develop; it is therefore marked as red, even though it appears at the bottom of the two scales.

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

- **To reduce OCGs abuse of legal channels for migration including the use of fraudulent documents as a means of facilitating illegal immigration. To weaken OCGs operating at the main entry points to the EU and those involved in large-scale facilitation of illegal immigration**

- | |
|---|
| <ul style="list-style-type: none"> ▪ Continuous high level threat ▪ Affects all MS ▪ Abuse of legal channels ▪ Misuse of LBS ▪ High profits ▪ Poly-crime groups/linked crimes: drugs trafficking, THB, money laundering |
|---|

Facilitated illegal immigration constitutes a substantial threat to the EU. It is expected to further increase in scale in the forthcoming years, with irregular migrants, supported and guided by OCGs abusing legal channels, arriving in ever greater numbers. The OCGs involved are able to adapt to and exploit multiple opportunities for illegal entry, residence and work in MS. The abuse of legal channels is the most common *modi operandi* employed. The considerable profits involved have given rise to a small industry, with its own infrastructure of criminal specialists and apparently legitimate professionals, such as legal advisors, who can be procured to provide documents and materials or identify legal loopholes for criminal exploitation.

The negative consequences of facilitated illegal immigration are felt by both the individuals involved and wider society within MS. The legitimate economy is undermined by the presence of a large illegitimate workforce, with the effect of lowering wages and providing undue advantages to the unscrupulous businesses that use them. There are also substantial costs involved for MS governments related to the asylum procedure, return procedures, cost of social welfare, an increase in state benefit fraud, as well as a loss of revenue due to unpaid taxes for illegal workers. The individuals involved risk physical and psychological harm if travelling into and through the EU via clandestine means. When reaching their destination, they also risk victimisation due to their illegal status. Facilitated illegal immigration has clear links with other forms of criminality, such as document fraud and THB.

Opportunities/Key Areas to Target

To impact the abuse of legal channels for illegal immigration by facilitating OCGs, the following areas should be considered for prioritised operational activity:

- OCGs operating at the main entry points to the EU and on the main routes towards and within the EU, with a special focus on those involved in volume facilitation of illegal immigration
- OCGs providing counterfeit/forged/fraudulently obtained documents, including supporting documents, to migrants, for facilitation of entry, secondary movements or legalisation of stay in the EU
- OCGs involved in any type of visa abuse for facilitation of illegal immigration

- OCGs involved in abuse of the asylum procedure for facilitation of illegal immigration
- legal businesses owned or infiltrated by OCGs, providing services related to the abuse of legal channels such as travel agencies, law firms, various companies offering professional visa
- OCGs' financial activities

Most affected EU countries

Transit countries: Austria, Belgium, Bulgaria, Czech Republic, France, Germany, Greece, Hungary, Poland, Romania, Slovakia, Slovenia

Destination countries: Austria, Belgium, Finland, France, Denmark, Germany, Italy, the Netherlands, Spain, Sweden, UK

Trafficking in human beings

- *To weaken OCGs involved in intra-EU human trafficking for the purposes of labour exploitation and sexual exploitation, including those groups using LBS to facilitate or disguise their criminal activities*

- Continuous high level threat
- Affects all MS
- High profits – Low risk market
- Poly-crime groups
- High impact on the victims
- High negative impact on the economy; labour exploitation
- Linked crimes: drugs trafficking, facilitated illegal immigration, money laundering

This crime area carries a high threat primarily because of its global dimension, involving both OCGs and victims from around the globe, and its high degree of social acceptance both within source, transit and destination countries. The crime area is assessed as relatively stable in scale and nature. Trafficking in human being is a main activity for OCGs, but is also often linked to a wide range of supporting crime areas such as facilitation of illegal immigration, document fraud, drug trafficking and extortion. Not much innovation is required within this crime area, however, OCGs frequently make use of LBS to support their activities.

OCGs involved in trafficking human beings service well established illegal labour and sex markets in all MS especially the countries of Central and Western Europe. This includes victims of EU MS, but also non-EU victims which are moved within the EU in response to law enforcement activity and criminal business opportunities. Labour exploitation is an increasing phenomenon.

THB presents a significant threat to the health, well-being and basic human rights of victims. Their exploitation and abuse for sexual, labour and criminal purposes has considerable and sustained effects. Experts, often legal advisors, enable the work of OCGs.

Opportunities/Key Areas to Target

To impact on intra-EU human trafficking, the following areas should be considered for prioritised operational activity:

- OCGs involved in the trafficking of EU and non EU victims within the EU
- In addition to labour and sexual exploitation, criminal activities that involve other types of exploitation such as organised extortion of victims' social benefits
- Legal businesses owned or infiltrated by OCGs involved in labour or sexual exploitation within the EU.
- OCGs' financial activities

Most affected EU countries

Countries of origin: Bulgaria, Hungary, Romania, Slovakia, Czech Republic

Destination countries: Belgium, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden, UK

Counterfeit goods with an impact on public health and safety

- *To weaken OCGs involved in the production of goods violating health and safety regulations and sub-standard goods*

- Increasing market, stimulated by economic crisis
- Affects all MS
- Increasing number of OCGs involved
- High profits – low risk market
- Poly-crime groups
- High negative impact on health and safety
- High negative impact on several economic sectors
- Linked crimes: labour exploitation, money laundering

The scale of serious and organised crime activity in counterfeiting is increasing, partly as a result of the economic crisis. It undermines the economy, deprives legitimate producers of income and funds other illicit activity. However, a new worrying trend for counterfeiting food, healthcare and even aeronautical machinery substantially raises the threat with multiple implications for public health.

Counterfeiters are adaptive and follow profits into new markets such as pharmaceuticals. Public perceptions are often mild on the subject as victims often appear to be major companies. However, as substandard products begin to impact on public health, this level of social acceptance may change.

A major and notable trend has been the sharp increase in the amount of counterfeited **health and safety products**. The majority of this increase is made up of pharmaceuticals and medical equipment. Sub-standard counterfeit food and drink present further threats. The majority of counterfeit products and pharmaceuticals are produced outside the EU, making ports such as Rotterdam and Hamburg important transit and storage locations. However, production within the EU is also increasing.

Social acceptance and the economic crisis are the factors with the greatest influence on the counterfeit market. E-commerce is a facilitator for the sale of counterfeit products, particularly pharmaceuticals. At a basic level it provides OCGs with access to a customer base, but also offers anonymity. Exploiting legislative differences between MS, OCGs have been able to infiltrate the legitimate supply chain with counterfeit products supplied to hospitals, retirement homes and pharmacies.

The generic harm associated with counterfeiting is economic in nature. Governments lose out on tax revenue, whilst legitimate markets, sellers and producers are undermined. The new trend in counterfeiting drugs, food, drink and electrical goods adds a major threat to public health. Counterfeited pharmaceuticals present multiple threats. Substandard food and drink is also a health issue.

Opportunities/Key Areas to Target

To combat counterfeiting with an impact on public health and safety, the following areas should be considered for prioritised operational activity:

Distribution networks operating within the EU

- OCGs operating in and around the major ports associated with the importation of counterfeit goods
- The production of counterfeit goods within the EU
- OCGs’ financial activities

Most affected EU countries

Distribution of counterfeit goods: Belgium, Germany, Italy, the Netherlands, Poland Romania, Spain, UK

Production countries: Czech Republic, Hungary, Poland

Missing Trader Intra Community (MTIC) fraud

- *To weaken the capacity of OCGs and specialists involved in MTIC fraud*

- Increasing market
- Affects almost all MS
- High level of specialisation
- High profits – low risk
- High negative impact on the economy including government revenues
- Misuse of LBS
- Linked crimes: money laundering

MTIC fraud is a deliberate and systematic attack on government revenues. It is the most prevalent form of VAT fraud and affects most, if not all, MS. The substantial losses involved to MS make it a serious threat. It is estimated that the EU loses billions of Euros per year to VAT fraud.

MTIC fraud is actively marketed as a wealth generator to investors in the Middle East and Eurasia, boasting ‘high-yield’ and ‘low-risk’ profits. In its simplest form, high value low bulk goods, such as mobile phones can be sent on a carousel around different MS, each stop providing the fraudsters with an opportunity to claim back the VAT from the state. Frauds can be directed remotely via the internet, allowing OCG leadership to remain beyond MS jurisdiction. Dubai, with its financial infrastructure and links to both western banking and Informal Value Transfer Systems has become a favoured location in which to base operations.

The sums involved in MTIC fraud are massive, and the revenue loss caused by it has an impact on state provided services and functions. This has direct implications for MS citizens. MTIC frauds can also distort markets and disrupt normal commercial activity, with the high value goods dumped onto the marketplace at lower prices.

Opportunities/Key Areas to Target

To have an impact on MTIC fraud, the following areas should be considered for prioritised operational activity:

- EU-based specialists who help OCGs set-up MTIC fraud
- OCGs and their supporting criminal infrastructure based in Dubai
- OCGs’ financial activities

MTIC fraud is a universal problem facing all MS.

Synthetic drugs production and poly drugs trafficking in the EU

- *To reduce the production of synthetic drugs in the EU and to weaken the capacity of OCGs involved in this activity and those associated with poly-drugs trafficking*

- Most emerging drugs market
- Large-scale synthetics drugs production mainly in Netherlands and Belgium
- High level of specialisation and innovation
- Continuous development and production of NPS
- 30% of drug trafficking OCGs are poly-drug trafficking
- Linked crimes: other types of drugs trafficking, THB, facilitated illegal immigration, money laundering

The EU is the predominant source of synthetic drugs, which means law enforcement agencies in the EU have a relatively good opportunity to disrupt production at source, which in turn would have considerable impact on their availability. 30% of the OCGs involved in drug trafficking are poly-drug traffickers, a proportion set to further increase due to changing demand for some types of drugs.

Synthetic drugs received some of the highest ratings for threat across the indicators in the contributions from MS. Of particular concern was the extent to which the crime area was expected to grow, the link synthetics had with other forms of criminality and the high levels of social acceptance associated with their use.

The large scale production centres are located in the Netherlands and Belgium, with smaller scale production reported in Germany, Estonia, Bulgaria, Lithuania, Poland and Nordic countries.

The synthetics drug market is characterised by an ongoing attempt to undermine prohibitive legislation. As the control of precursors takes effect, some EU based OCGs have begun importing 'pre-precursors' from which precursors can be produced and illicitly sold within the EU. In support of smaller scale production of methamphetamine, other criminals have begun extracting precursors from legally available pharmaceuticals. New psychoactive substances (NPS) present a further opportunity, with production levels growing in the EU. A regular and persistent stream of new formulas appear on the market, outpacing prohibitive legislative effort and offering OCGs a growing source of revenue. There already exists a vibrant online community discussing and promoting NPS that OCGs exploit to reach their customers. Supply is then facilitated via mail services that are difficult to control. Consumers exhibit a tendency for poly-drug use and often perceive NPS as less harmful than traditional drugs. Exploiting this, some NPS have been designed specifically to mimic the effects traditional drugs. Usually cheaper, reflecting their greater availability, demand is likely to increase.

Synthetic drugs use, in particular amphetamines, lead to multiple chronic adverse health effects. The constant stream of new and untested psychoactive substances presents a major public health risk. Chemicals used are often not designed for human consumption and the production process involved does not align to any safety standards. The public perception of 'legal highs' is inconsistent with the levels of risk involved.

Opportunities/Key Areas to Target

To reduce drugs production in the EU, the following areas should be considered for prioritised operational activity:

- Synthetic labs – predominantly based in The Netherlands and Belgium
- The flow of precursors – often sourced in China and Russia
- OCGs producing precursors
- The networks of specialists who trade their knowledge and expertise

- OCGs involved in poly-drug trafficking (cocaine, heroin, cannabis, synthetics) in the EU
- OCGs' financial activities

Most affected EU countries

Large-scale synthetic drugs production: Belgium, the Netherlands

Small-scale synthetic drugs production: Bulgaria, Denmark, Estonia, Finland, Germany, Lithuania, Poland, Sweden,

Poly-drug trafficking: all EU MS

Cybercrime

- *To combat cybercrimes committed by organised groups and generating large criminal profits (such as online fraud), cybercrimes which cause serious harm to their victims (such as online CSE), and cybercrimes which affect critical infrastructure and information systems in the EU*

Profit-driven cybercrime and hacktivism

- Majority of cyber attacks linked to malware driven financial fraud
- Growth of Crime as a Service (CaaS) broadens range of criminals with capability to conduct cyber attacks
- Data breaches against service providers major source of personal and financial data

Online Child Sexual Exploitation

- Internet technologies support the secure and instant distribution of Child Abuse Material between offenders
- Online resources provide wider range of opportunities for offenders to come into contact with children

Payment Card Fraud

- Volume of Card-Not-Present fraud increasing due to expansion of online credit card payments
- Card-Present fraud remains widespread although domestic payment card fraud in the EU is on the decline
- The growth in the use of mobile payments and Near Field Communications (NFC) offers new opportunities for data theft and fraud

Profit-driven cybercrime and hacktivism

The high level of Internet penetration in the EU has resulted in a large attack surface for cyber attacks. The vast majority of these attacks are linked to financial fraud offences, particularly those facilitated via malware.

The malware ecosystem has become dominated by botnets, networks of compromised computers upon which attackers can install other malware components. This industry, referred to as Crime as a Service (CaaS) has significantly lowered the level of technical knowledge required by those seeking to perform cyber attacks.

Breaches of service providers, for criminal gain and political reasons, represent a major source of personal information. For criminals, payment card details acquired this way facilitate the growth of card-not-present fraud.

Opportunities/Key Areas to Target

To combat profit-driven cybercrime and hacktivism, the following areas should be considered for prioritised operational activity:

- OCGs providing CaaS
- Intelligence gathering on criminal forums where malware and stolen information are traded
- OCGs deploying malware
- Linking OCGs across different operations and proposing new joint activities
- OCGs' financial activities

Online Child Sexual Exploitation

The Internet offers offenders a range of facilities through which to access and exchange Child Abusive Material (CAM). Offenders make use of closed groups in social networking sites and peer-to-peer (P2P) to distribute CAM as well as forums and websites hosted in The Onion Router (Tor) and other dark nets. Despite the popularity of more recent social media platforms, bulletin boards (BBS), newsgroups and Internet Relay Chat (IRC) still remain in use.

Offenders also make use of web streaming technology to broadcast videos of child abuse in exchange for payment. Many of the children victimized in this way are located outside of the EU.

Widespread use of encryption, remote storage and Dark Nets by offenders has made detection and the collection of evidence more difficult. Offenders exploit online environments, such as Habbo, Facebook and Twitter, to make contact with children for the purposes of sexual solicitation (grooming).

Opportunities/Key Areas to Target

To combat online child sexual exploitation, the following areas should be considered for prioritised operational activity:

- Development of tools and techniques for intelligence gathering within Dark Nets such as Tor
- Engagement with industry, academia, and financial services to disrupt the activities of offenders
- Partnership with NGOs and authorities in third states where abuse is taking place

Payment Card Fraud

Card-Not-Present (CNP) accounts for more than half of the fraud losses in the EU. The majority of card details misused come from breaches of service providers carried out by hackers. The environments used by criminals to trade in CNP data are the same as the ones used to distribute malware, creating a nexus between carding and cybercriminal groups.

Card-Present fraud, particularly that facilitated by skimming, still occurs across the EU. Chip and PIN technology has reduced the volume of domestic fraud in the EU but the abuse of EU citizens' card data still occurs in regions where this technology has not been adopted.

The growth of mobile payments and the use of NFC technology gives criminals new opportunities to gain access to payment data. OCGs will invest in technical capability to exploit these means of payment as they become more widely adopted.

Opportunities/Key Areas to Target

To combat payment card fraud, the following areas should be considered for prioritised operational activity:

- OCGs carrying out breaches to gain access to CNP data
- OCGs monetizing compromised data

- Development of reporting structures to facilitate prevention and detection strategies for CNP fraud
- Developing and maintaining relationships with law enforcement in areas without Chip and PIN to reduce the impact of card-present fraud.
- Working with payment service providers to identify and mitigate risks to NFC and mobile payment systems prior to wide scale deployment
- OCGs' financial activities

Cybercrime is a universal problem facing all MS.

Money laundering

- ***To increase the investigation of OCGs' financial activities and promote further possibilities for asset recovery***

- Major facilitator for OCG activity
- Estimates suggest as much as EUR 1.54 trillion are laundered annually, causing significant harm to the economy
- The rise of E-commerce and unregulated banking platforms reduce risks and increase opportunities for money launderers

OCGs go to considerable lengths to conceal the illicit profits of their criminal enterprises. Money laundering has become a lucrative, pernicious and global business involving multiple actors. The risks and opportunities for criminals are expected to improve as a result of developments in both the financial sector and e-commerce. Tackling money laundering should be a priority for law enforcement, because it allows criminals to hide, retain and ultimately enjoy the profits from their criminality.

The considerable sums of money involved has given rise to a massive supporting infrastructure of shell companies, apparently legitimate LBS and the legal and financial experts required to set up and operate them. Multiple exploitation routes are offered to money launderers via developments and new products from the legitimate and semi-legitimate financial sector. The UNODC estimates that in 2009, 70% of criminal proceeds were laundered in this way.

New opportunities to place money beyond jurisdictional boundaries include pre-paid cards. OCGs can load them with substantial sums of money in one country for transfer and use in another, negating the need for the more risky smuggling of bulky cash. The rise of e-commerce has been of considerable benefit to money launderers, offering the ability to rapidly transfer illicit funds across the globe, hidden amongst the millions of legitimate financial transactions conducted each day. Unsupervised online payment platforms, electronic money and digital currency bring additional benefit, offering an unregulated and hard to trace means of moving money abroad.

Obscuring the illicit origins of criminal finance is another important and effective means of money laundering. LBS with high cash turnover, such as bars, nightclubs and casinos offer opportunities to blend illegal funds with legal. While some are set specifically for money laundering, others are pre-existing businesses where owners and staff are coerced or corrupted into participating. The economic downturn has hit such businesses especially hard and unscrupulous owners may actively seek to enter into money laundering schemes to maintain pre-crisis profitability. The internet is also important for this area of money laundering, with online casinos and gambling sites providing the same facilities as their real-world counterparts, without the need for physical location, meaning they can be placed globally and criminal anonymity can be enhanced.

Complex international money laundering schemes consisting of wide-ranging investment portfolios and a network of shell companies can be set-up to obscure the criminal origins of larger sums of money. Corrupt officials and legal/financial experts are fundamental to the setting up and running of these schemes, exploiting legal loopholes, financial products and offshore jurisdictions/ countries with limited regulation. Dubai has become the centre for many of these schemes offering links to Western banking and local Informal Value Transfer Systems which facilitate money laundering.

Money laundering presents multiple harms for society. Primarily, it ensures that OCGs benefit financially from their criminality thereby reducing any incentive to stop. The ability to move money between countries also makes international crime possible, with OCG leadership able to reside in one country and direct/profit from operations occurring in another. There are also considerable negative consequences for the economy. The substantial sums of money involved skew the market in favour of those businesses that are working with OCGs and benefiting from the investment of their illicit funds.

Opportunities/Key Areas to Target

To combat money laundering, the following areas should be considered for prioritised operational activity:

- Money laundering activities associated with all major crime areas, for the purposes of tracing criminal assets

Money laundering is a universal problem facing all MS

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 Cycle⁶.

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 2008⁷. 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)

⁶ COUNCIL OF THE EUROPEAN UNION, Brussels, 4 July 2012, 12159/12, LIMITE, COSI 59, ENFOPOL 219, CRIMORG 88, ENFOCUSTOM 72.

⁷ 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 - 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

EUROPOL UNCLASSIFIED – BASIC PROTECTION LEVEL

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

