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From:	EUROPOL, EUROJUST and FRONTEX
To:	Standing Committee on operational cooperation on internal security (COSI)
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Subject:	The Joint Report by EUROPOL, EUROJUST and FRONTEX on the State of Internal Security in the EU

KEY FINDINGS

Organised crime is growing in scale and sophistication, responsible for sustaining a buoyant international trade in illicit drugs and other commodities, propagating dangerous new threats across the Internet, and generating exceptionally high criminal profits;

The affluent consumer base and open business environment of the EU makes the region particularly vulnerable. The high numbers of illicit drug users and trafficked victims in the EU, and the multi-billion Euro industry in organised fraud, are among many indicators of the widespread impact on our society of organised crime;

The number of terrorist attacks in the EU is declining but both violent separatist groups and Islamist extremists remain active and pose a clear threat to internal security. The threat of a mass casualty terrorist attack remains very real;

Most threats to internal security are generated outside the EU. Africa, South Asia, the Former Soviet Union, and the Western Balkans carry particular significance;

Organised crime and terrorist groups are increasingly mobile, exploiting existing transport infrastructure and establishing new routes to penetrate the internal security of the EU. Key hubs in and around the external border of the EU have developed as the principal staging posts for the inward flow of illicit goods and people from other parts of the world;

Border security is compromised by groups exploiting vulnerabilities in the transport sector, including through corruption and the use of counterfeit, forged and fraudulently obtained documents, which are indispensable facilitators for illegal migration, trafficking in human beings, identity fraud, and terrorism;

The threat from cyber crime is multi-dimensional, targeting citizens, businesses, and governments at a rapidly growing rate. Cyber tools pose a direct threat to security but are also increasingly important facilitators for most forms of organised crime and terrorism;

European citizens and businesses are increasingly exposed to systematic violence and corruption at the hands of organised crime groups, terrorist groups, and, increasingly, street gangs;

The substantial illicit proceeds generated by organised crime deprive millions of citizens and their governments of significant revenue. They also underpin the further development and expansion of organised crime and offer a source of funding to terrorist groups.

1. Introduction

The Stockholm Programme aims to build an **open and secure Europe** to serve and protect its citizens. The adoption of an **Internal Security Strategy** for the EU¹ is a major underpinning element in efforts to realise this goal. It provides the basis for concerted action in the EU to tackle the threat from organised crime, terrorism, and illegal migration.

This Strategy assumes that effective action against these threats will be informed by a clear understanding of their nature and impact, as per the methodology set out in the European Criminal Intelligence Model. This Report satisfies that requirement by providing a current assessment of the principal threats to internal security in the EU. It has been drafted jointly by Europol, Eurojust, and FRONTEX, based primarily on three strategic documents – Europol’s Organised Crime Threat Assessment (OCTA) and Terrorism Situation and Trend Report (TE-SAT), and FRONTEX’s Annual Risk Analysis (ARA).

The Report analyses the specific threats posed by organised crime, terrorism, and illegal migration, highlighting both their distinctive characteristics and the commonality they share in terms of modus operandi and impact. The Report is a relatively short assessment. The three strategic documents on which it is based offer a more comprehensive analysis of the issues involved.

2. Background

Most threats to the internal security of the EU either originate **outside Europe** or have a clear nexus to other parts of the world. All heroin and cocaine consumed in Europe, for example, is trafficked here from a different continent. So, too, in the case of the estimated 900,000 illegal migrants entering the EU each year, while Colombian, Nigerian, Russian, Albanian, Turkish, and other non-EU groups have important roles in organised crime activity in the region. In regards to terrorism important exceptions remain, such as in the case of ETA. Islamist extremism, however, is very much a transnational problem, even if certain home-grown elements have become a significant part of the threat in recent years. Meanwhile, the rapidly growing threat from **cyber crime** represents the best example of modern criminality operating on a truly global basis.

¹ Adopted by the European Council, 25/03/10 (5842/2/10)

This fundamental aspect of the internal security threats we face holds the key to our analysis. We see the development of organised crime and terrorist groups which are **increasingly mobile**, technologically competent, and adept at operating on a global basis, across national boundaries and between business sectors. They have acclimatised well to opportunities offered by modern society, particularly in regard to the Internet, generating enormous profits from multi-dimensional criminal activity. According to IMF estimates the profits generated by financial crimes alone account for up to 5% of global GDP.

The EU offers an attractive consumer base for organised crime, with half a billion relatively affluent citizens, liberalised markets and an enterprising business culture, and freedom of movement facilitated by the **Schengen Agreement**. Prior to this, transnational criminal activities were more constrained by national borders. The creation of the borderless Schengen zone has increased the attractiveness of **key locations close to the EU which feed the EU's demand for illicit commodities**. These are situated in North and West Africa, the Middle East, the Former Soviet Union (FSU), Turkey, and the Western Balkans.

The borderless nature of cyber and certain financial crimes are key features of the modern threat from organised crime and terrorism. They are explored later in this Report. But the Report first considers those geographical factors highlighted above, namely threats generated externally in key **feeder locations** and channelled to the EU via nodal **hubs**¹.

3. External Threats

3.1 Africa and the South Western Route to the EU

West Africa's strategic position between Latin America and the EU is increasingly exploited by cocaine and synthetic drug traffickers, assisted by an increasing flow of licit commodities between West Africa and the EU. **Nigerian** organised crime groups are active in the EU, particularly in terms of organised fraud and trafficking of human beings for sexual exploitation. **East Africa**, specifically the Horn of Africa, is increasingly a transit region for Afghan heroin. **North Africa** (Morocco), meanwhile, continues to be the most prolific supplier of cannabis resin to the EU and acts as a distribution centre for **counterfeit Euros**.

1 For further explanation of the concept of the criminal hub, please see Europol's Organised Crime Threat Assessment (OCTA) 2009.

The risk of **illegal migration** by North, East and West African nationals to the EU remains high, due to geographical proximity, wide economic disparities compared to the EU and sizeable communities already established in several Member States. The **West African sea route to Spain** from Senegal and Mauritania via the Canary Islands continues to be used by West African nationals. **Libya remains a focal point** for the Central Mediterranean route to Italy and Malta, despite recent success in disrupting entry into the EU by this route. Sustained disruption of these routes may lead to a displacement of flows elsewhere, such as to the Western Mediterranean, where some evidence of this happening is already apparent.

al-Qaeda affiliated groups such as al-Qaeda in the Islamic Maghreb (AQIM) and al-Qaeda in the Arabian Peninsula (AQAP) not only pose direct threats to the EU, but also use the EU as a platform for preparing and initiating terrorist attacks elsewhere. Europol records show that 40% of individuals arrested in the EU for suspected Islamist terrorist activity were born in North Africa. Weak states with ungoverned spaces, largely Muslim populations, and socio-economic vulnerabilities are potentially fertile ground for Islamist terrorism throughout the region.

Radicalised EU-based Islamists travel to conflict areas such as Somalia to participate in armed struggle or to attend training camps. Radicalised individuals from elsewhere, such as the US, also use routes through Europe. These individuals are a risk to the security of Member States on their return, because of their acquired skills and experience and their potential readiness to engage in or provide logistical support to terrorist activities. Meanwhile, the number of Somali nationals heading to Europe is increasing. In this context the Somali terrorist organisation Al Shabab's recent statement of alignment to the ideology of al-Qaeda will be subject to continued monitoring in the EU.

Piracy off the coast of Somalia appears to be motivated largely by criminal opportunity. Somalian organised crime groups are also engaged in the **illegal arms trade**: geographical proximity of these groups to terrorist cells raises the possibility of future collaboration.

North and West Africa have emerged as significant feeder regions for the **South West criminal hub** around the Iberian Peninsula. This hub is a key distribution centre for cocaine, cannabis products, trafficking in human beings and illegal migration to markets including the North West criminal hub, located in The Netherlands and Belgium. Moreover, South West Europe is the region in the EU most preferred by terrorist groups with links to North African al-Qaeda affiliates, with active AQIM cells in Spain engaged in recruitment and the provision of logistical support to cells in North Africa.

3.2 The Balkan Route

Turkey is one of the most important transit countries for illicit heroin trafficking from Afghanistan and Pakistan to the EU. From Turkey, heroin enters the EU via the Balkans and travels onward to North West Europe for distribution. Turkish, Kurdish, Pakistani and Iranian organised crime groups predominate due to their geographical proximity to source countries. In Turkey heroin is exchanged for synthetic drugs, precursors and cocaine, which are trafficked to Middle East markets.

Following reductions in departures from Libya and Western Africa, Turkey is now the principal transit country for illegal migration to the EU. Irregular migrants transit Turkey en route to Greece, Bulgaria and Cyprus, with Greece the main entry point into the EU for onward travel to other Member States, including Italy. FRONTEX assesses that Greece now accounts for 75% of all detections of illegal border-crossings in the EU.

The proceeds from these activities are used in part to **fund terrorist activity by groups such as the PKK**, which has carried out several arson attacks in Western Europe in recent years, and which receives financial and logistical support from Turkish individuals of Kurdish ethnicity resident in the EU.

Illicit commodities from Turkey enter the EU via the Balkan Route, either overland or through the Black Sea port of Constanta. In the **Western Balkans**, Albania, Kosovo/Serbia, Montenegro and FYROM are transit countries to the EU for illegal migrants and victims of human trafficking for sexual exploitation, cannabis products, heroin, cocaine, cigarettes, synthetic drugs and precursors, counterfeit Euros and firearms. Albanian speaking organised crime groups are prominent, particularly in trafficking heroin and women for sexual

exploitation. The **establishment of Outlaw Motorcycle Gang (OMCG) chapters** and **evidence of Islamic terrorist activity** in the region pose additional threats both to local security and that of the EU.

The **South East criminal hub** (Romania, Bulgaria and Greece) is a gateway to the EU for both licit and illicit commodities thanks to its situation on Europe's border with Asia, and serves as a transit, stockpiling and redistribution zone, e.g. for counterfeit and smuggled cigarettes from the FSU, the Balkans and East Asia.

Romania and Greece are significant entry points for illegal migrants. Romanian organised crime groups, in particular, facilitate illegal migration from Afghanistan and Pakistan, while Bulgarian groups arrange illegal border-crossings and illegal stays in the EU. The likely **expansion of the Schengen area** to the Black Sea border in 2011 will make Bulgaria and Romania even more attractive to illegal migration flows from Turkey.

Bulgaria also plays a central role in the production and trafficking of synthetic drugs and counterfeit Euros, and in payment card fraud. In addition to routes via the Balkans and Turkey, illicit activity in the South East hub is fed from the North (via Ukraine and Moldova).

3.3 The North Eastern Route

The criminal environment of the Baltic States is shaped by its location between supply countries for illicit cigarettes and synthetic drug precursors, and significant destination markets for these and other illicit commodities in other parts of the EU.

In addition, Member States on the eastern border of the EU are at risk of exploitation by terrorists moving people and equipment from South West and Central Asia to Europe.

The region is defined by the border between the EU and Russia. High volumes of traffic passing through the border regions encourage both legitimate and illicit trade. At the same time, **Russian organised crime groups use banks located in the Baltic countries** to launder criminal proceeds from the FSU.

St Petersburg is an important feeder location for the North East criminal hub. From here stockpiled commodities are re-directed to Russian, Nordic, Baltic and Western European markets. **Cocaine** directly from South America or transiting South Africa or the Baltic States is forwarded from St Petersburg to the North East markets. **Large scale smuggling of highly taxed goods** such as cigarettes from Kaliningrad and St Petersburg is conducted towards the Baltic countries and other EU destination markets.

Lithuanian groups play a significant role in the **North East criminal hub**, trafficking commodities from East to West (women for sexual exploitation, illegal immigrants, cigarettes, counterfeit goods, **synthetic drug precursors** and heroin), and vice versa (cocaine and cannabis products). Furthermore, they traffic **synthetic drugs** from the North West hub to the Nordic markets, where Lithuanian produced methamphetamine is in demand, and **stolen vehicles and other property**. They also act as “bridging groups” in the North East, North West and South West criminal hubs, procuring commodities from other Baltic organised crime groups including **Outlaw Motorcycle Gangs (OMCGs)**, for distribution in destination markets.

3.4 The North West Criminal Hub

The North West criminal hub, characterised by high levels of criminal coordination and organisation, and extensive transport facilities, is the EU centre of gravity for drug trafficking and provides the necessary logistics for illegal migration and THB. Suspects of Turkish ethnicity based in this hub and those in contact with Turkish trafficking groups dominate the wholesale of **heroin** through the Netherlands. Moroccan groups in Belgium and The Netherlands move **cannabis** products from Morocco through Spain to the North West criminal hub for distribution to EU markets. The same routes are increasingly used for the transport of **cocaine** through the EU.

Synthetic drugs produced in the Netherlands and Belgium are trafficked to North America, Israel and Australia as well as to the Middle East and Asian markets, often in exchange for heroin. Precursors for their production are procured from China and the Russian Federation. Meanwhile, **indoor cultivation of cannabis** by Vietnamese and other groups is increasing, with an impact on the availability of cannabis products in the EU, which has a market of **22.5 million users**. This in turn encourages **illegal migration and trafficking in human beings (THB)**: illegal Vietnamese and Chinese immigrants and Bulgarian trafficking victims required to pay for their transportation and upkeep are often put to work tending cannabis plantations.

Despite certain attempts to procure drugs directly from their origin, the role of the North West criminal hub in the distribution of **heroin, cocaine, synthetic drugs and cannabis products** remains central.

4. Border Security

Growing uncertainty in parts of the world, stemming from a decline in the security and economic situations of third countries, particularly those in Africa, the Middle-East and the Caucasus, have increased the pressure for illegal migration to the EU. This has led to a diversification in modus operandi and transportation routes, as explained in Section 3. In particular organised crime groups are seeking to take advantage of vulnerabilities at the EU external borders along the Eastern Mediterranean route. These include difficulties in returns operations, simple administrative requests to leave the territory once detected, and over-crowded detection centres preventing effective implementation of legal detention time.

Difficulties in maintaining effective border security conditions contribute to these problems.

Organised crime exploits the transport sector, infiltrating or using their own import-export and transport companies to traffic illicit commodities. The requirement for customs control measures taken in the country of departure to be accepted by transit and destination countries, assisted in some cases by **corruption**, likewise enables illicit commodities to cross national borders unchecked. With regard specifically to crimes against persons and terrorism, the rise of **low cost airlines** has become a key enabler in recent years. Meanwhile, in contrast to the low number of detections of clandestine entry at border control points, Member States have reported a large

number of **inland detections** of illegal migrants hiding in vehicles. This may be an indication of inadequate vehicle checks at the EU external borders.

Counterfeit, forged documents and fraudulently obtained documents, are indispensable facilitators for illegal migration, trafficking in human beings (THB), stolen vehicle trafficking, identity fraud and terrorism. Counterfeit birth certificates are commonly used to obtain legitimate documentation, letters of invitation to academic or sporting events to obtain temporary visas, and forged bills of lading to conceal the transnational movement of illicit commodities. **Fraudulent claims** of those nationalities granted asylum by Member States are made in order to benefit from EU residency. Forged documents, particularly EU passports and ID cards, which are used to cross the external border illegally, are subsequently used in association with other criminal activities or types of fraud, such as the **abuse of social benefits**. With biometric security features becoming more common in travel documents, there is growing abuse of documentation by impostors. Unconfirmed identities undermine border controls and are a threat to the internal security of the EU, particularly if migrants are able to conceal a criminal or terrorist past. There is also an increasing risk of the use of regular, legal entry channels to enter the EU, with intent to **overstay**. Overstaying is probably the most common path for illegal migration to the EU. Frontex assesses that over 350,000 illegal stays in the EU were detected in 2009.

5. Internal Impact

5.1 Social and Economic Vulnerabilities

The impact on society of organised crime activity channelled to the EU from these external sources is significant. There are now approximately **4 million cocaine users** and up to **1.5 million problematic opioid users** in the EU. Exposure to drugs-related problems in particular has been identified as a major source of fear of street crime, with just under 30% of EU citizens feeling unsafe on the street after dark. Evidently organised crime activity has an impact on public perceptions of crime in the EU.

The profits derived from organised crime are substantial: EU sales of illicit drugs, for example, generate an estimated €100 billion per year, while a similar value is attached to the estimated value of organised VAT fraud in the EU. In the case of the latter, and associated other frauds, this is revenue denied to governments and has a direct impact on the tax-payer. The ease with which organised crime and terrorist groups invest criminal proceeds enables them to fund further criminal activity and to infiltrate legitimate businesses. The financing of terrorist groups is also supplemented considerably by contributions from residents in the EU and funds misappropriated from NGOs, including those active in the EU.

Ultimately, criminal infiltration harms legitimate competition and distorts the economy. Moreover, the visible wealth of organised crime groups has a detrimental impact on traditional **values in society**, with the promise of an affluent lifestyle attracting younger generations to criminality. Rising unemployment rates as a result of the current **economic crisis** threaten to increase the number of individuals alienated from mainstream society and hinder efforts to integrate immigrants and **marginal groups**. In this event, a growing number of unemployed and frustrated youth will be vulnerable to recruitment by **street gangs**, organised crime groups or terrorist groups.

There is also a risk that the economic crisis has made legitimate businesses more vulnerable to compromise – in turn resulting in higher levels of infiltration by organised crime. In addition, the desire of private individuals to maintain their lifestyles despite reduced purchasing power is likely to have increased the demand for counterfeit, illicit or smuggled products. Given the observed tendency of criminal groups to seize opportunities to provide solutions, there is now a risk of greater organised crime control over communities in the EU.

5.2 Proceeds of Crime

Money laundering is an essential activity for concealing the proceeds of crime and funding terrorist and organised crime activity. Legitimate businesses in the EU are exploited for money laundering purposes. Some non-EU groups choose to invest in the EU not only to evade detection in their own countries, but also to benefit from the region's perceived greater economic stability and more favourable terms. These investments are often high value physical assets such as real estate and commercial property.

EU-based organised crime groups also make use of **off-shore banking**, exploiting regimes which offer greater levels of anonymity, and actively launder proceeds in key financial and business centres outside the EU, such as Dubai. When transferring funds, extensive use is made not only of traditional banking but also of less traceable alternative remittance systems such as MoneyGram and Western Union, and hawalah banking. A key development in recent years has been the widespread availability of **online banking, gambling and virtual payment systems**, which enable organised crime and terrorist groups to place and transfer their funds instantly and internationally, significantly increasing the speed and mobility of their activity.

5.3 Use of Violence and Corruption

Organised crime groups increasingly use **systematic violence and corruption** to perpetrate crime and enforce their authority over territory. Intimidation and frequent conflict with rival groups aggravate the harm to communities and hinder both law enforcement and the judicial process.

Italian mafia groups, for example, often work with criminal groups from other countries, and are still active in many areas and maintain a strong presence in many communities. They also remain very resourceful, with the annual revenue of Italian mafia groups in 2009 estimated to be €135 billion, more than the combined GDP of six EU Member States. The **expansion of Outlaw Motorcycle Gangs (OMCGs) into South East Europe** and escalating clashes between right-wing and left-wing extremist groups increase the likelihood of communities in the EU being exposed to systematic violence. Albanian speaking organised crime groups meanwhile, use violence to ensure the compliance of victims of THB for sexual exploitation. Within Member States, **street gangs** engage in public clashes and use **firearms** in violent offences such as car jacking and organised robbery.

Terrorist activity by Islamist, separatist, and other groups based within and outside the EU remains a serious threat to Member States. Islamist terrorists have legitimised attacks against EU nationals by reference to Western policies towards Muslims and military deployments in Afghanistan and, formerly, Iraq. Member States with military presence in these areas therefore face a greater risk of exposure to Islamist terrorist violence. **Separatist violence, especially in Spain (ETA) and in Northern Ireland**, and activity linked to extreme Left Wing, extreme Right Wing and Animal Rights extremism, is a persistent threat in some communities. Government officials and institutions in particular continue to be targeted by terrorist and extremist groups.

6. Cyber Threats

6.1 Facilitating Organised Crime and Terrorism

As a **communication tool, information source, marketplace, recruiting ground and financial service** the Internet facilitates all types of offline organised criminality, including illicit drug extraction, synthesis and trafficking, trafficking in human beings (THB) for sexual exploitation, illegal migration, Mass Marketing Fraud (MMF), MTIC (VAT) fraud, Euro counterfeiting and the trade in prohibited firearms. In particular, the perceived anonymity afforded by communications technologies such as email, instant messaging and Internet telephony (VoIP) has led to them being used increasingly by organised crime and terrorist groups as a **countermeasure to law enforcement detection** and surveillance.

Terrorist groups in particular use the Internet to research potential targets and distribute propaganda relating to their activities. Material on Islamist terrorist websites is increasingly translated into EU languages, indicating both native speaker collusion and that these groups are directing their propaganda at audiences in Member States. In addition, the Internet plays a key role in recruitment and radicalisation in the EU, functions as a **virtual training camp** for terrorism, and has enabled previously localised activities by Right Wing and Animal Rights extremist groups to spread to other parts of the EU.

6.2 Digital Content Crimes

The widespread adoption of Internet technology in the EU has prompted an unprecedented expansion in the markets for **intellectual property theft**, especially for copyrighted audio-visual material and software, and **child abuse images**. Victims of child abuse are exposed to **greatly increased levels of harm** as a result of the global and continued circulation on the Internet of visual records of their abuse. There are now an estimated 1,500 child abuse image websites available on the Internet.

6.3 The Digital Underground Economy

There is now a sophisticated and self-sufficient digital underground economy, in which **data is the illicit commodity**. Stolen personal and financial data – used, for example, to gain access to existing bank accounts and credit cards, or to fraudulently establish new lines of credit – has a monetary value. This drives a range of new criminal activities, such as phishing, pharming, malware distribution and the hacking of corporate databases, and is supported by a fully fledged infrastructure of malicious code writers, specialist web hosts and individuals able to lease networks of many thousands of compromised computers to carry out automated attacks. Whilst the value of the cybercriminal economy as a whole is not yet known, the most recent estimate of global corporate losses alone stands at approximately **€750 billion per year**.

The scale of the problem is itself a threat to law enforcement response capability – with more than 150,000 viruses and other types of malicious code in circulation, and 148,000 computers compromised per day. Cyber crime increases in line with Internet adoption: mobile Internet access therefore introduces **new levels of vulnerability**, with potential victims online for longer periods of time; the introduction of broadband Internet technology to developing countries poses a **potential external threat to the EU**; and the increasing trend for outsourcing data management to third parties presents **imminent risks to information security and data protection**. This presents an urgent need for authorities in the EU to optimise measures to counter cyber criminality in active partnership with the private sector.

7. Conclusions

The internal security of the EU faces a substantial threat from organised crime, terrorism, and illegal migration. They each carry unique challenges, with evidence of the threat growing in scale and complexity, particularly in regard to crimes committed via the Internet. But this Report also reveals significant common features: the **transnational nature of modern crime and terrorism**, the **mobility** of criminal and terrorist groups, the use of **well established routes** connecting external feeders with internal criminal hubs, and the exploitation both of **poorly integrated communities** and of **key facilitators** such as document forgery, the transport sector and technology.

These threats demand a concerted EU response. National-only initiatives are thwarted by the ease with which criminal and terrorist groups exploit open borders and other aspects of a modern, global society. Frontiers act as valves to facilitate the illicit transfer of goods, people and money, whilst often hindering an effective law enforcement and judicial response. The scale of organised crime in the EU is considerable, its proceeds and assets enabling organised crime and terrorist groups to engage in diverse illegal activities in multiple locations. Moreover, the same key routes are used for multiple, interdependent criminal activities. This criminal coherence in turn requires a more coherent approach to security.

An effective EU response, under the terms of the new Internal Security Strategy, should address the problem in a holistic way, recognising its transnational features and its growing complexity. A common integrated architecture is required, promoting joint operations between Member States and EU agencies against the highest priority threats, including terrorism, drugs trafficking, illegal migration, and trafficking in human beings. This architecture would also reinforce regional efforts to arrest the development of key criminal hubs in and around the EU, and offer a stronger basis with which to combat the transnational phenomena of cyber crime and financial crime.