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Strategic Implications of European Organized Crime for the U.S.

The European Organized Crime and corruption problem has the following strategic implications for the United States. These implications can be classified as military-strategic, political, economic, and social.

- 1) There are important links between terrorism and organized crime-- i.e. members of Al Qaeda network funded their activities in Spain through organized crime activity
- 2) Undermines U.S. peacekeeping in the Balkans and stability in the Balkan region
- 3) Undermines NATO alliances as corruption and organized crime in accession countries threaten military security and can block or undermine NATO action
- 4) The expansion of the European Union to include countries which have serious organized crime problems means that the criminals will be able to move more freely within Europe and possibly have greater access to the United States.
- 5) Threatens the integrity of U.S. security markets-- Italian prosecutors in Palermo have documented the investment of the Italian mafia in American stock markets
- 6) European drug markets also threaten the United States. The enormous increase in Colombian drug sales in Europe enhances their revenues, thereby undermining U.S. efforts to combat Colombian drug trafficking. The European market of drugs from Afghanistan is undermining efforts to stabilize the situation in Afghanistan and to develop an economic and political system not based on a drug economy.
- 7) Human trafficking and smuggling are major social, political problems for Europe that have numerous implications for the United States. Among these is the rise of neo-fascist groups as a backlash against illegal immigration. Slavery has reemerged as a contemporary problem because of the rise of human trafficking.
- 8) Organized crime contributes to the spread of HIV, AIDS, tuberculosis and drug-related infections.
- 9) Money laundering in Europe has spillover effects to the United States because the money shifts both ways. This leads to the expansion of the resources of the criminals and also to helps fund terrorism
- 10) Organized crime undermines investment in accession countries and affects Americans who invest in the region.
- 11) Foreign assistance in the countries of the Stability Pact is undermined by the very pervasive problem of organized crime.
- 12) Organized crime is a major foreign policy concern of our allies in Europe and therefore needs to be of concern to us.

The organized crime problem is a serious concern to the Europeans and outweighs their concern about terrorism. Many European countries have faced serious problems of terrorism for the past several decades. The problems of organized crime, which touch so many aspects of their lives, seem of equal if not greater significance.

European Analyses of their Organized Crime Problem

Different sectors of the European community have invested significant financial and human resources to understand the breadth and depth of their organized crime and corruption problem. At the present time, major intellectual centers in many of the larger European countries have on-going groups or research centers devoted to this topic. In addition, there are many EU funded activities that complement those at the national level. The following assessment of the crime situation in Europe is based on the reading of reports done by the European Union, the Council of Europe and Europol. Furthermore, valuable reports have been provided at the regional and national level. These include state reports in Germany, a three volume document of the National Assembly in France on human slavery addressing trafficking, Italian Parliament's Anti-Mafia Commission and the Dutch organized crime report. The European Union helps support research centers and projects in Spain and Italy, and national funding and private foundation funding is provided to leading researchers to address this problem. The author recently participated in a significant multi-national research team, hosted at the Max Planck Institute in Freiburg Germany, to provide national case studies of organized crime in over a dozen countries in Europe. Major research centers and universities in many European countries now have scholars working on organized crime.

The investment of European national and European Union funds in research and analysis in this area is in the range of several millions of dollars annually. Research is being conducted by top researchers and distinguished young people are working in the field. This contrasts sharply with the situation in the United States where there are few research and analytical centers either in academia, think tanks or government to address these issues. We are approximately five to ten years behind our European colleagues in this field today. To put this gap in perspective, at the American Society of Criminology meetings in which 2000 people attend, there is only one panel at which American researchers present on organized crime. At the three year old European Society of Criminology, established in part so that Europeans could address problems not addressed by their American colleagues, 20 percent of the panels deal with organized crime and corruption, even though the meeting is one-quarter the size of the American one. Organized crime issues are central to the European crime research agenda.

Analysis on organized crime in Europe is not done in isolation. Researchers work closely with law enforcement and intelligence. Many of them are provided access to the law enforcement data needed to conduct their analysis. They have created an analytical community in some European countries such as the Netherlands, Italy and more recently in France where there is interaction between research and practice.

The weakness of the European research on organized crime is that it is mostly domestically based. There is insufficient understanding of the problems of organized crime in the former socialist countries and the accession countries to the European Union and NATO. Insufficient bridges have been established with scholars from these countries and insufficient efforts have been made to foster research in this area. Therefore, the Europeans are aware of many of the aspects of the crime problem in Western Europe but do not understand enough and have not developed sufficient strategies to deal with this problem in an expanded Europe.

The Scope of the Organized Crime Problem in Europe

At the present time, there is organized crime within every European country. Apart from Italy, there is little that is indigenous organized crime that has developed in Europe. Most of the organized crime has accompanied immigration either within Europe or from other parts of the world. The break-up of the former Soviet Union, the collapse of the Berlin Wall and the decline of border controls has led to an enormous increase in organized crime within the last fifteen years.

Location

The organized crime and corruption problems are most severe in the European countries with large economies, those that are closest to the Balkans, Eastern Europe and the Mediterranean and those with significant ports. Some countries in Europe have the full range of organized crime activities whereas others are the focus primarily of money laundering activities, receiving the profits from crimes committed in other regions. The Netherlands, which has been at the forefront in the past decade of identifying the variety of organized crime within its borders, has found over one hundred different ethnic groups operating on Dutch territory involved in a very wide range of offences. The reasons that this country has attracted so many crime groups are its vibrant economy, excellent transport links, borders that are easy to cross and a law enforcement community that was not focused on these issues until the mid-1990s. The perpetration of organized crime is facilitated by the presence of large diaspora communities within the Netherlands. Members of the local business and professional communities help facilitate this organized crime by providing legal services and assisting in transport. The pattern of the involvement of diaspora communities and the provision of facilitating services by members of the national community is a pattern common throughout Europe but has been better documented in the Dutch case. Italy has four major organized crime groups of its own and outside of Sicily, where the mafia controls the territory completely, there are many diverse crime groups operating on Italian territory and in conjunction with the local crime groups.

The Groups and their Links

The crime groups in Europe originate from all parts of the world including Africa—in particular, North, South and West Africa—China and Southeast Asia, the Indian subcontinent, Middle East, Eastern Europe and the former Soviet Union, and Latin America (particularly in cases connected with the drug trade). These groups intersect in numerous ways. Groups from the former Yugoslavia provide women to brothel keepers in Western Europe. A triangle trade developed between the Balkans and Italy in the 1990s involving drugs, arms and people. The Colombians bring drugs through Spain into Europe and some of

these are distributed by Italian organized crime groups. Russians launder money for the Colombian cartels in France. Tamil tigers from Sri Lanka move drugs in Western Europe through diaspora communities. Nigerian drug traffickers use Russian women as drug couriers within Western Europe. There are numerous permutations and complex crime operations that involve many different crime groups in different phases of the operation.

The Crime Groups' Activities

The major problems of organized crime which have been identified in Europe include the following:

1) Drug Trade

There are several important trends contributing to a rise in drug trade. First is the rise in the synthetic drug trade which has grown because of significant production capacity and trade from Eastern Europe. Heroin sales have increased from Afghanistan and Pakistan and the increased drug flows from this region flow to Western Europe often through the Balkans. Cocaine flows into Europe through its entry point in Spain, from where it is distributed throughout Europe.

2) Illegal Immigration

The rise in illegal immigration both for labor and for sexual trafficking is a great concern in Europe. There is extensive reportage in the mass media on these problems, including on the high fatality rate for individuals who attempt to be smuggled and die in transit. The illegal immigrants come from Asia, Africa, Latin America and the former socialist countries. Their illegal entry into Europe is aided their fellow countrymen often working in cooperation with domestic crime groups and facilitators. For example, in the case of the 58 smuggled Chinese who died en route between continental Europe and England, the truck driver was Belgian.

Many legislative hearings have been held, and bilateral and multilateral initiatives started to attempt to stem the flow of illegal immigration. For example, Italian authorities have worked with the Albanian government to stop the speed boats that transported smugglers and traffickers across the Adriatic. The Italian government is working with the Nigerian government to stem trafficking of Nigerian women into Italy.

3) Rise in Human Trafficking and Child Exploitation

A major shift has occurred in the countries of origin of the women who are trafficked into Europe for sexual exploitation. Before the 1990s, many of the women originated in Asia. In the last decade, these women have been largely replaced by African, Eastern European women and women from the countries from the former Soviet Union. Into Spain, flow women particularly from the Caribbean and South America. African and Balkan crime groups are particularly active in this trade and have replaced many other crime groups in this area. Women from Moldova, Romania and Ukraine are particularly victimized and many have found themselves in brothels in the Balkans frequented by peacekeepers.

There has been much attention paid to this problem by civil society and/or the government in the Netherlands, Italy, Belgium, Germany, France and Great Britain, which are among the countries where the problem is most pronounced. There has not been enough done in most countries in Europe on victims' assistance, prosecution of crime groups or reduction of demand.

Child exploitation continues through the dissemination of child pornography and child trafficking rings. A child trafficking ring involving Chinese children transiting through Italy was broken by law enforcement and there have been major scandals in Belgium connected with rings exploiting children that have implicated government officials and law enforcement

4) Arms Trade and Trade in Weapons of Mass Destruction (WMD)

The problem of weapons trafficking was most acute at the height of the Balkan conflict but the problem is far from over. A diverse range of crime groups, including those from Italy, the Balkans and the former Soviet Union, are particularly active in this trade. The Black Sea region figures strongly in this conflict and weapons from there are shipped to conflicts in Africa. The German authorities in the mid-1990s reported some cases of trafficking in nuclear materials. Those concerns exist but are much stronger

in the Black Sea region, where law enforcement personnel have arrested shipments of trafficking in radioactive materials.

5) **Organized Crime Groups' Contribution to a Wide Range of More Conventional Crimes**

Organized crime groups from Europe and Eastern Europe are very involved in the theft of expensive automobiles and their shipment to the former socialist countries. This has been a particular problem in Germany, Italy and Poland, where many Eastern European crime groups operate. In many countries there has been a rise of burglaries, pick pocketing and lower level crimes tied to organized crime. These crime groups also engage in extortion, usury and racketeering. Those especially vulnerable to these crimes are the immigrant communities in Europe. This phenomenon has been particularly well documented by Dutch researchers but this problem exists in many other countries in Europe as well.

6) **Environmental Crime**

The trafficking in waste and hazardous waste has been a significant activity of Italian organized crime. There have been efforts to dispose of this waste in African countries and there has been dumping of this material in the Mediterranean Sea and on Italian farmland. This crime has aroused significant concern among Italian civil society. There is also a problem in trafficking in endangered species.

7) **Computer and IT Crime**

Computer and information technology (IT) related crime is a major problem for Europe with its extensive use of the internet, computer systems and all forms of technology. Several years ago a Russian criminal entered the computer system of a British bank to steal ten million dollars. Attempts by Nigerian citizens to commit economic fraud against European citizens by means of the computer also present a problem.

8) **Counterfeiting, Credit Card and Document Fraud**

The counterfeiting of documents, airplane tickets and documents for a variety of functions is an increasingly frequent activity of organized crime in Europe. Credit card numbers are stolen particularly by Middle Eastern and post-socialist crime groups. This form of organized crime has been documented as financing terrorism and helping terrorist operatives. Stolen and forged passports aid travel by criminals and terrorists. Al Qaeda operatives in Spain financed their activities by forging tickets and cheating on credit cards.

9) **Financial Crime and Money Laundering**

A broad range of organized crime activity falls under this category, from significant financial frauds, the development of front companies and a wide range of money laundering activities. The possibility of depositing large sums of money obtained through corruption, tax evasion, and organized crime activity provides for a large unregulated economy that facilitates the movement of money for terrorist activity. A wide range of instruments are used to launder money including real estate, import-export firms, banks and stock markets. Italian prosecutors tracing the assets of Italian organized crime groups have found their investment in both domestic and U.S. stock markets. The privatizations that occurred in East Germany and the accession countries of Eastern Europe have led to the transfer of state assets to organized crime groups which have become major investors in their economy.

The Impact of Organized Crime in Europe

The rise of organized crime in Europe affects many aspects of daily life, security, economic life and the overall development of Europe. Many aspects of the organized crime problem are central elements of the foreign policy agenda of Europe, pillar III of the European Union devoted to justice and legal issues and the foreign and domestic policies of countries within Europe.

Daily Life and Human Rights

There is a rise in the sense of personal insecurity because of the growth of organized crime. There are large losses to property through increased thefts of personal property, automobiles and cybercrime. The rise in drug use, particularly among unemployed youth, is a concern to European authorities. It has

enormous health costs for society, a deleterious impact on youth and its profits fuel and sustain organized crime. The presence of illegal immigrants results in significant labor violations and the presence of ateliers and sweatshops. The rise in human trafficking is contributing to the spread of venereal disease, HIV and related medical problems. Environmental crime is resulting in serious health risks to citizens particularly in the Mediterranean.

Illegal immigration is seen as a serious problem for a variety of reasons:

- 1) There are serious violations of human rights of trafficked women and those who are smuggled and are presently working in conditions of slavery.
- 2) The arrival of these immigrants is a serious threat to the social welfare systems of individual countries. In Europe, unlike in the United States, there are not strong advocates of immigration suggesting that legal and illegal immigrants contribute to the economy. Rather, this illegal immigration is largely viewed as an economic drain on Western European society.
- 3) European prisons are increasingly occupied by a very high percentage of foreigners and some of these are illegal immigrants. Therefore, they are seen as contributing to problems of crime and social order.
- 4) There are certain sectors of European society who see the rise of illegal immigration as a threat to national identity. This has fueled xenophobia in certain countries and contributed to a backlash against all immigrants.

Security Issues

There are many areas in which the rise of organized crime affects security. This includes such conventional problems as the trafficking of arms to rogue states, insurgents and terrorist groups. But it also includes many other ways in which organized crime undermines European security and the NATO alliance.

The intimidation of law enforcement in both Western and Eastern Europe undermines state capacity to move against organized crime. The corruption of different branches of the legal system by organized crime undermines the integrity of state and regional security.

Peacekeeping efforts in the Balkans are undermined by the failure to understand that organized crime is embedded in the communities where our peacekeepers are stationed. Peacekeepers who frequent brothels are placing additional resources in the hands of organized crime groups, making it more difficult to control their rise and influence in the area.

The expansion of the European Union and NATO bring the problems of organized much closer to the security agenda of these organizations. It is in this area that there needs to be more attention to the linkage between transnational crime and terrorism. In the past year, organized crime involvement in WMD and other non-proliferation issues has become of much greater concern to NATO.

Democratization

Organized crime and corruption are major impediments to democratization in Eastern Europe because they are so deeply embedded in the societies and the political systems of the country. The recent murder of the prime minister of Serbia by organized crime groups brought home the enormous impact that these groups have on the political processes in their countries and their ability to undermine the possibilities for reform. The presence of organized crime groups within the government at all levels in the Balkans, their infiltration into the legal system and their ability to influence the adoption of laws undermines democratization. The enormous resources of organized crime groups have a corrupting influence on governments in all countries in Eastern Europe and to a lesser extent in some of the western European countries.

Economic Development

Organized crime and corruption are enormous deterrents to economic investment. This was first seen in Sicily, where foreign investors withdrew because they and their investments were threatened. This problem continues in many of the accession countries and also in the other socialist countries. Those countries in need of investment capital cannot receive legitimate investment because they cannot compete in a criminalized economy. In many countries in Eastern Europe, organized criminals are major investors in banks, real estate, and stock and commodities markets. The presence of significant investment by organized crime groups from the former USSR in the accession countries, in anticipation of these countries' new role in Europe, brings these problems even closer to Western Europe.

The Italian experience of using seized mafia assets for economic development provides a model for economic development for Eastern Europe. TraCCC, the research center that I direct, has supported

delegations from Russia, Ukraine and Georgia to visit Sicily to look at this strategy and also to provide ideas for the Sicilians on how to make their practices more applicable to the accession countries.

Recommendations

1) Develop more initiatives in the Black Sea region

This region will be of critical importance in the coming decade to Europe and to the strategic interests of the United States. It deserves more research, analysis and assistance in addressing the problems of organized crime and weapons smuggling, in particular.

2) Develop more research and analysis

The United States is behind Europe in the area of organized crime research. It is unusual for our country not to be at the critical edge of research in an area of strategic importance. We must work to do the following:

- a) Develop research through grants, fellowships and through cooperation with our European colleagues who are leading in this area;
- b) Develop law enforcement programs and strategies based on this applied research;
- c) Provide support in this area through the U.S. military, Department of Justice, the intelligence community and NATO efforts in this area; and
- d) Develop Fulbright Scholars program and other research programs in the area of organized crime with European partners.

3) Work in partnership with our European colleagues to develop analysis and human capacity in addressing organized crime in accession countries