The European
Serious & Organised Crime Conference 2015

22nd April 2015 / Renaissance Brussels Hotel

Conference Report
Table of contents

3  Conference Programme
5  Executive Summary
6  Keynote Address: Rob Wainwright, *Director of Europol*
7  **Session 1:** High Level Panel Discussion
   What impact is serious organised crime & terror having on Europe’s security & economy?
11  Discussion
11  Keynote Address
12  **Session 2:** High Level Panel Discussion
   How can business play its part in combating serious organised crime?
15  Discussion
16  Keynote Address
17  **Session 3:** High Level Panel Discussion
   Is Europe’s response adequate and what will success look like?
20  Discussion
20  Keynote Address
22  Thanks to all those involved
Conference Programme

Economic activity in Europe is subject to a range of pressures, not least the impact of organised crime on citizens and legitimate business. With employment and economic growth key priorities for the new Juncker Commission, set within a new institutional structure aimed at ensuring greater coordination in policymaking across the college, the conference focused on the most pressing criminal activities damaging growth prospects, how cross-sector, cross agency cooperation can deliver on the targets to tackle serious organised crime and what the new European Commission’s focus will be in the field of home affairs.

08:30 – 09:00
Welcome Coffee & Registration

09:00 – 09:05
Opening Remarks
Glenn Vaughan, Chief Executive, British Chamber of Commerce in Belgium

09:05 – 09:25
Keynote Address
Rob Wainwright, Director, Europol

09:25 – 10:55
Session 1: What impact is serious organised crime & terror having on Europe’s security & economy?
• How does serious organised crime hurt legitimate business and society?
• To what extent does organised crime control and benefit from counterfeiting and smuggling? Are EU policies making a meaningful contribution to effective prevention?
• What impact is excise and VAT fraud having on the public purse and how serious is the problem?
• What is the economic and social impact of the threat from terrorism?

Moderator:
Anabela Gago, Head of Unit, Organised crime, DG HOME, European Commission

Panelists:
Vincent Sauvalère, Head of Unit B2, Tobacco & Counterfeit Goods, OLAF
Maria Manuela Cabral, Head of Unit, Risk Management and Security, DG Taxation and Customs, European Commission
Ernesto Savona, Director, Transcrime
Peter Vergauwen, Senior Specialist, Operations Department, O4 Counter Terrorism Unit, Europol
Ana Gomes, MEP, Member of the Committee on Civil Liberties, Justice and Home Affairs, European Parliament

10:55 – 11:15
Keynote Address
Luigi Soreca, Director, Security, DG HOME, European Commission

www.soc-conference2015.eu
11:15 – 11:30  
Morning Coffee Break

11:30 – 13:00  
Session 2: How can business play its part in combating serious organised crime?

- Where has business made an important contribution in fighting counterfeit and excise/VAT fraud?
- How can business contribute in the fight against terrorism and cyber crime?
- How is technology facilitating cooperation between policy makers and law enforcers?

Moderator:  
Nicholas Ilett, Director of Investigations, OLAF

Panelists:
Ewan Duncan, Head of Anti-illicit Trade Intelligence Unit, British American Tobacco
Chris Perryman, Project Manager for Focal Point Missing Trader Intra-Community (MTIC), Europol
Michael Olmsted, Senior Counsel for the European Union and International Law Enforcement Matters, United States Mission to the European Union
Monica Macovei, MEP, Member of the Committee on Civil Liberties, Justice and Home Affairs, European Parliament

13:00 – 14:15  
Lunch

14:15 – 14:35  
Keynote Address  
Ingeborg Gräßle, MEP, Chair of the Committee for Budgetary Control, European Parliament

14:35 – 16:00  
Session 3: Is Europe’s response adequate and what will success look like?

- Can EU policymakers and law enforcement authorities ever hope to get ahead of the curve or will organized crime always be one step ahead?
- What are realistic targets for the EU’s fight against organised crime in the current policy cycle ending 2017?
- What new approaches should be considered for the new policy cycle, for instance with respect to counter-terrorism?
- What more can business do to help?
- What can we learn from other parts of the world?

Moderator:  
Ingeborg Gräßle, MEP, Chair of the Committee for Budgetary Control, European Parliament

Panelists:
Dietrich Neumann, Head of Corporate Services, Europol
Jean Bergevin, Head of Unit, Intellectual Property and Fight against Counterfeiting, DG GROW, European Commission
Steven Chatfield, Senior Advisor, Emergent BioSolutions
Joëlle Jenny, Director of Security Policy and Conflict Prevention Department, EEAS

16:00 – 16:20  
Keynote Address  
Kristalina Georgieva, Vice-President for Budget and Human Resources, European Commission

16:20 – 16:30  
Closing remarks  
Dietrich Neumann, Head of Corporate Services, Europol
Executive Summary

Serious organised crime & terrorism is having an increasingly severe impact on Europe’s economy and security. Organised crime is also becoming increasingly dynamic and complex and is causing losses of billions of euros to Member States’ treasuries. The activities of organised crime are diverse, but include trade in counterfeit products, VAT fraud, money laundering, cybercrime, organised property crime and corruption. The growth of global e-commerce and open borders have increased vulnerability to globalised organised crime. Living in a world without borders with the technological advancements of the internet has offered not only greater opportunities to law abiding citizens but also for organised criminals to exploit.

Possible answers to meet these challenges lie in the creation of policy and legal solutions that are based on current national laws and a close focus on bringing the right information to the right places at the right time. This focus must primarily lie with law enforcement.

Existing EU instruments allow the law enforcement community to collect and analyse information, but these should be used more intensively and efficiently.

While co-operation with the private sector already takes place, both at national and EU level, there is an urgent requirement for better networks and more frequent interaction. Exchange of information that helps to prevent and detect crime is mutually beneficial.

The private sector can contribute greatly to the fight against crime by providing its knowledge and capabilities to create tools that limit its effects.

The EU’s response to threats also depends on the success in overcoming challenges posed by working with 28 different countries and by using 24 languages in a space without borders against an adaptive and ever more intelligent opponent.

Europol is increasing the number of investigations it supports and continues to modernise policing. The EU Policy Cycle for Organised and Serious International Crime is a clear strategy already in place to address the changing nature of criminality. It represents the cornerstone of activities by both Europol and Member States. There is a pressing need to continue modernisation of the European law enforcement ‘tool box’ and architecture to standards agreed by all Member States which will facilitate easy access by national police forces.

Internal security has a significant external dimension which makes cooperating with third countries vital in the fight against serious and organised crime. Therefore there must be greater cooperation in place and greater efforts made to create and maintain security - and all this must be done in a transparent way that does not encroach upon civil liberties and the EU’s values.
Following the welcome of Glenn Vaughan, Chief Executive of the British Chamber of Commerce in Belgium, Rob Wainwright, Director of Europol opened the conference with a keynote address. He focused on the changing nature of serious organised crime and the effect it is having on the citizens, industry and economy of the European Union.

The findings of Europol’s Serious Organised Crime Threat Assessment (SOCTA) 2013 - confirmed by the interim SOCTA 2015 - suggests that serious and organised crime is having an increasingly dynamic effect on both the business world and law enforcement agencies.

Wainwright explained how the ever-globalising world continues to increase opportunities for criminal groups, particularly as economies integrate and deregulate, making them prone to exploitation. The economic downturn has also played its part in changing the criminal landscape; for example, reduced consumer spending power has fostered a significantly bigger market for cheaper counterfeit and contraband goods. Such activity costs the European Union millions of euros each year.

He went on to discuss the effect of different types of fraud; from MTIC fraud, credit and loan fraud, excise fraud, mass marketing fraud and investment fraud - all of which cause substantial financial losses to national and European exchequers. It is estimated that the EU lost 177 billion euros in 2014 from missing VAT payments, which would otherwise have been available for investment or debt reduction. More visible crimes such as residential burglaries, theft from jewellery stores and of electrical goods are increasingly carried out by groups that are travelling across the European Union.

These activities undermine public trust in the ability of law enforcement and governments to protect citizens against the most visible crimes.

He went on to discuss cybercrime, which is far less visible, but rapidly growing due to technological advancement. It is also becoming increasingly difficult to combat. Cybercrime is the tool of a very innovative and enterprising section of the criminal underworld that carries out attacks on European Union citizens and the wider economy. It is estimated that a million new malware products are generated every day by criminals with capabilities which would have previously only been thought to be within the domain of trained computer scientists. The internet has become one of the principal vehicles for organised criminal activity, not only in helping drive cybercrime itself but by also allowing the criminal to commit remote crimes in the safety of their homes, and with little prospect of detection.

Lastly, Wainwright touched on the impact of terrorism and the effect that globalisation and technology are having on extremists. Foreign fighters can
now be radicalised over the internet and can travel to conflict zones to train and then return to the EU to carry out attacks. With this transnational dimension of organised crime and terrorism, Europol believes that the best way to combat such threats is for wider and deeper stakeholder relationships between law enforcement communities and the business sector, combined with increased political will. This will both foster understanding of the nature of the problem and allow governments to take the best policy action to protect their citizens.

Session 1: High Level Panel Discussion
What impact is serious organised crime & terror having on Europe’s security & economy?

Moderator: Anabela Gago, Head of Unit, Organised Crime, European Commission, DG HOME.

Anabela Gago opened the panel discussion with an overview of the main areas for discussion: how serious organised crime damages legitimate business and society; the extent to which organised crime controls and benefits from counterfeiting and smuggling; whether EU policies are making a meaningful contribution to effective prevention; the impact of excise and VAT fraud on the public purse; and the extent of the economic and social threat of terrorism.

The European Anti-Fraud Office (OLAF) is responsible for investigating fraud against the EU budget, corruption and serious misconduct within the European institutions, and for developing the European Commission’s anti-fraud policy. Vincent Sauvalère, OLAF Head of Unit responsible for investigations into tobacco and counterfeit goods began his presentation by introducing ‘Operation Replica’, a joint Customs operation coordinated by OLAF - During ‘Operation Replica’, launched in April 2014, over 1.2 million counterfeit goods and 130 million cigarettes were seized. Co-ordinated by OLAF, national Customs authorities carried out targeted physical or X-ray checks on several hundred selected containers. These checks discovered a wide array of counterfeit goods, including cigarettes, perfumes, car and bicycle spare parts, toys, fashion accessories and electric devices all posing a risk to the environment and the safety and security of consumers. The seizures of cigarettes alone prevented the loss of €25 million in Customs duties and taxes. The value of genuine products
equivalent to those seized is estimated at over €65 million.

OLAF has also conducted investigations into the illicit trade of counterfeit coffee, ball-bearings, medicines, semiconductors, perfumes, shampoo and pesticides at the EU’s external borders.

Mr Sauvalère went on to profile the “Schaum” investigation which saw seizures of counterfeit shampoo containing allergenic substances in several EU countries, such as Germany, the Netherlands and France. It is believed that these shipments of shampoo are all sourced from the same economic operators located in the UAE, but that production takes place in China. During the course of the investigation, OLAF identified 51 shipments of suspected counterfeit shampoo, totalling two million bottles, imported into the EU by the same UAE companies. Thanks to close cooperation with 11 Member States, OLAF was able to obtain specific information related to the identified shipments and to make seizures of counterfeit shampoo in several Member States. Close cooperation with the Spanish Customs authorities, also resulted in the dismantling of an illegal manufacturing plant in Spain. Currently OLAF is coordinating and analysing vast amounts of commercial documents obtained during controls initiated by OLAF at the premises of economic operators in the Member States concerned. OLAF also supports the Member States in their ongoing administrative and judicial investigations.

Introducing Maria Manuela Cabral, the moderator, Anabela Gago made the following observation: “The task of Customs is to facilitate legitimate trade while ensuring security and detection of illegal trade. Globalisation, new technologies and increases of trade flows have given great opportunities for criminal activity. How are Customs coping with this?”

Cabral explained that all infringements hurt business and society, with even the least significant incidents creating distortions of competition and damaging lawfully established business. The role of Customs is to control goods entering, leaving and transiting the EU and to tackle all the associated risks. Their main objective is to facilitate lawful trade while detecting risky consignments, which is achieved by risk assessment and intervention when required. She cited the practice of ‘pre-loading’, where Customs can intervene when a container is believed to pose an immediate threat, e.g. an explosive device concealed in cargo. More commonly,

Customs will wait for the arrival of goods at the final destination before acting on financial risks. Globally, Customs operate a process of daily management of international trade flows and detect illicit cases on the basis of risk analysis fed by Customs’ experience, and the results of investigations and intelligence.
Addressing the moderator’s question, Ms Cabral concluded by stating that Customs work best when they receive feedback and intelligence from the investigation services.

Professor Savona presented the results of a study from the EU funded Transcrime project which aims to explore the economics of organised crime in Europe. The project addresses three main research questions. Where are the proceeds of organised crime generated? Where are these proceeds then invested in the legitimate economy and in which regions, assets and business sectors? To what extent are these proceeds confiscated by European authorities?

Professor Savona explained that the most pressing danger arising from organised crime in Europe is the investment of the proceeds of crime into the legitimate economy. Statistics suggest that €109 billion per year is generated from illicit trade; however, the level of knowledge about how illegitimate money enters the legitimate economy is low. The Transcrime study helps our understanding of where and by whom crime is being committed and how the proceeds are invested. It suggests that organised crime’s proceeds are typically spent in areas where there is a traditional and strong presence of criminal groups and in strategic areas for illicit trading. Criminals invest in a wide range of assets: cash and other movable goods; registered assets such as boats; real estate properties and in companies. There is consistent and strong evidence of criminals investing in business sectors such as bars and restaurants, construction and the wholesale and retail trade as well as emerging sectors such as renewable energy and waste and scrap management. Serious organised crime groups invest in specific sectors where they have specialist knowledge and connections.

Professor Savona suggested that more understanding is required about the effects of organised crime on the legitimate economy. Research is still in its infancy and more data is needed before it is possible to develop maps for all 28 Member States showing particular areas of vulnerability to crime and investment from criminal activity. With this data, policy-makers will be able to create country-specific policies to help combat illicit trading and other related criminal activities. Organised crime involves criminals operating across borders and countries. Therefore, to fully understand the issues, Member States must use crime-specific risk assessment. He concluded by explaining that collecting more data for mapping risk assessment and “following the money” is key to helping combat the impact of organised criminal groups.

Peter Vergauwen, Senior Specialist, Operations Department, O4 Counter Terrorism Unit, Europol, opened by explaining that terrorism is hard to define and difficult to understand: there is no true description of what terrorism is and the effect that terrorism has on society and business. He suggested that the notion of ‘here’ or ‘there’ is redundant; there are now no geographical barriers to terrorism, as radicalisation from propaganda is distributed over the internet and extremists move across borders. He explained that the explorations of the economic consequences of terrorism are often confined to ‘post-event’
impacts in developed countries. But, in fact, those economic consequences are often modest and short term: e.g. Wall Street bounced back to its pre 9/11 level after 40 days. Indeed, in some cases, terrorism can create money for the economy through investment in security and defence. On the other hand, where economies are smaller and more vulnerable, the consequences of terrorism can be severe, particularly in industries like tourism.

Mr Vergauwen came to the conclusion that in understanding the consequences of terrorism, it is vital to look beyond the ‘post-event’ impact. In deciding how to prioritise counter-terrorist activities, it is important to take into account the economic cost of non-action. He concluded by asking how the impact of terrorism can be detected and measured suggesting that Europol needs partnerships with stakeholders to better understand these issues.

MEP Gomes pointed out that a holistic approach is required to understand the challenges posed by trans-nationalisation of serious organised crime. Such an approach needs to combine the resources of the European Parliament’s Home Affairs and Security & Defence Committees assisted by Europol and Eurojust.

Gomes said that one of the political costs of crime and terror is that citizens are forced to choose between their security and their fundamental rights, for example data protection and privacy. The social and economic costs are felt both by the local community and the country as a whole.

To combat terrorism, she suggested that society needs to regard terrorism as a serious form of criminality and to adopt countermeasures accordingly. Society should also understand how technology supports terrorism and other forms of serious and organised crime. For example, technology is not used only as an instrument in the commission of crime but also as a propaganda tool. She, too, called for intelligence-sharing between different stakeholders which she believed was currently insufficient.

In summary, Ms Gomes reiterated the importance of adopting a comprehensive, holistic approach in order to understand the inter-linkages between serious organised crime.
Discussion

A variety of points were made in the discussion. Assessing the quality of coordination between law enforcement agencies and governmental agencies is difficult but more needs to be done in terms of coordination within Europe. Coordination is becoming increasingly effective due to the trans-national nature of policies.

Sensitivity around data protection restricts the work of Customs. It is important to clearly define what information authorities need to carry out their work.

Terrorism and serious organised crime both have significant impacts on Europe’s society and economy and it is difficult to assess which has the greater effect. Terrorism is more immediately recognised as destructive by citizens in the short term, but serious organised crime can have deeper and longer term impacts on the economy. It was suggested that serious organised crime and terrorism are becoming increasingly interlinked.

Keynote Address

Luigi Soreca opened by saying that cross-border crime is one of the European Commission’s priorities under the newly adopted European Agenda for Security. It is clear that the EU and Member States need to work together to overcome the challenges posed by cross-border crime. The EU also needs to work together on better implementation of existing legislation and instruments.

Soreca recognised the important role played by Europol in European security and that working in close cooperation on operations can only help to increase the ability to combat security threats.

Turning to external security, he considered that that the EU’s challenges and threats are global and not confined to the Schengen area. This means that the ‘traditional’ divide between internal and external security is outdated and that working at the EU level, alongside EU agencies and other local and international authorities can help strengthen the pillars of EU security.

Furthermore, public authorities and judicial authorities must be able to effectively share information. In this regard, they too face challenges in striking the proper balance between privacy and security. The EU is providing funding for support functions including research and innovation in the area of internal security to the tune...
of €1 billion over a period of 7 years (2014-2020). The private sector is a source of innovation in monitoring crime through the creation of new tools to combat today’s ‘smart criminals’. As an example, IT companies are actively discussing with stakeholders, ways in which terrorism propaganda on social media can be monitored.

In his conclusion, Mr Soreca said that the European Union cannot do everything but by using the right tools, funding, political instruments and organisational cooperation, it will be able to better combat serious organised crime and terror.

Luigi Soreca, Director, Security, DG HOME, European Commission

Session 2:
High Level Panel Discussion
How can business play its part in combating serious organised crime?

Moderator:
Nicholas Ilett, Director of Investigations, European Anti-Fraud Office, OLAF.

Mr Ilett explained that the panel debate would focus on how, in practice, business and governments, law enforcement and EU agencies can work together to pursue a common enemy.

Partnerships are not always easy due to logistical and communications issues and it is important for public authorities to bear in mind the potential reputational risk arising from a close relationship between law enforcement and businesses. Businesses and governments have to address both how to work together, but also how to do so in a transparent way that respects the rights of all involved stakeholders. He suggested that the panel should address a number of questions. Where has business made an important contribution in fighting counterfeit and excise/
VAT fraud? How can business contribute in the fight against terrorism and cybercrime? And how is technology facilitating cooperation between policy makers and law enforcers?

Ewan Duncan began by explaining that the illicit trade in tobacco products is among the most lucrative sources of revenue for criminals and one with the least risk of detection. The illicit trade in tobacco products has raised significant finances for terrorist groups such as the IRA, FARC, ETA and Palestinian Jihad, often funding many of their other illegal activities, such as other forms of smuggling and people trafficking. Duncan referred to statistics which indicate that smuggling a single container of illicit tobacco into Dublin brings the criminal a profit of around €2 million.

The EU and its Member States lose €10 billion in revenue each year to illicit tobacco which affects society by introducing unregulated product on the market and by putting legitimate retailers out of business. Criminal groups are able to operate with ease in many parts of the world. The penalties for being caught are often minimal and many times only the end-courier is caught, but not the ‘masterminds’ behind mass scale smuggling. Duncan said that British American Tobacco and other tobacco manufacturers welcome the EU’s initiative to fight fraud. If adopted, the ‘PIF’ Directive on the protection of the EU’s financial resources would put in place meaningful penalties, such as minimum prison sentences. It would also facilitate the freezing and confiscation of assets of criminals defrauding the EU’s and Member States’ budgets. These measures would act as a real deterrent for criminal activity including cigarette smuggling.

The tobacco industry welcomes the inclusion of excise fraud and counterfeiting in the EU’s priorities for the fight against serious and organised crime for the 2014 – 2017 period. These priorities provide a platform for industry to support the EU and its law enforcement agencies in fighting organised crime. Many trade bodies and associations have expressed similar support, recognizing their interest in this issue and its long-term nature. Tackling excise fraud and counterfeiting (including illicit tobacco production within the EU and its smuggling into the EU) attacks criminals’ profits and thus their reason for operating.

Duncan went on to say that cooperation between industry and law enforcement is needed to fight crime, and feedback from law enforcement to industry is important in order to ensure that companies can identify and address ‘rogues’ within their supply chains. Working closely with EU and Member States’ law enforcement on intelligence and enforcement has proven successful in many cases. A number of successful raids on illicit tobacco factories took place thanks to information provided by industry to law enforcement agencies.

Particularly at a time when public resources are under pressure, industry support can be a useful multiplier to law enforcement’s efforts. The tobacco industry better understands the details behind illicit trade, the criminals involved and their strategies, as well as how it is being exploited. Police and Customs should maximise their use of industry information to better combat the challenges they face.
He concluded by saying that law enforcement agencies should work more closely with the multinational tobacco companies in order to help control supply chains and stop genuine products falling into the hands of criminals, as the industry already has proven techniques and intelligence which could assist in addressing the problem.

Chris Perryman, Project Manager for Focal Point Missing Trader Intra-Community (MTIC), Europol, began with a description of Missing Trader Fraud (MTIC), explaining that its impact has grown. Previously, small volume, high-value goods were more popular among criminals - for example VAT fraud in mobile phones and computer chips. Deregulation has seen criminals begin to enter markets which do not necessarily involve the physical movement of goods. An example of this is fraud in the Carbon Credits process, which cost the EU €5 billion in VAT alone.

Given the amount of money lost to criminals through fraud, governments have sought to regulate the movement of money through banks by requiring finance houses to report suspicious activity. However, criminals have circumvented this by using alternative banking platforms to move money: in essence, creating their own banks and structures in order to move money amongst and between themselves in a manner invisible to the regulated sector and law enforcement agencies. The ability to ‘follow the money’ within and beyond the EU is therefore getting ever more difficult.

Europol has met with representatives of trade bodies to discuss the risks and the role that business can play in stopping fraud, and in addressing the problems that these more innovative and flexible criminals are causing. Perryman closed by urging businesses, who understand their markets far better than law enforcement agencies, to provide information to competent authorities at an early stage. Early identification of risks could prevent losing control of their business to cybercriminals.

Michael Olmsted’s remarks focused on the importance of business in proactively reporting misconduct if they find it within their business. Finding that documents have been falsified or bribes paid is unpleasant for any business but can be all the more catastrophic if it is a law enforcement agency that uncovers it: therefore it is better to cooperate with law enforcement at an early stage to avoid issues later. Business can help not only by reporting misconduct, but also by educating law enforcement agencies about how fraud is conducted in their business areas. Business will often understand this better than the authorities. Cooperation will save both business and law enforcement time and money.

In summary, he explained that companies have a lot to offer to law enforcement agencies by providing information for the creation of technological tools that can help law enforcement and Customs agencies work more efficiently and effectively. Lastly, he suggested that it is important for companies to speak to the legislators responsible for developing regulation in the areas that impact their business.

Ms Macovei opened by saying that there are strong links between organised crime,
corruption, money laundering and terrorism. As most crimes are interlinked, all stakeholders with relevant knowledge and resources must join together. Businesses and law enforcement agencies can both profit from a close relationship. Law enforcement agencies and governments can work to support ‘clean’ businesses, just as businesses can help to develop the best technology needed by the authorities to fight criminals who are becoming ever more nimble and intelligent. Resources from both businesses and law enforcement agencies can maximise the overall potential gains against criminal activity. In the end, they all have one objective; to fight the serious organised crime that is affecting them in different ways. She concluded by saying that it is the duty of business to report unfair practices to law enforcement and judicial authorities and to ensure responsible supply chain management that maintains control at all levels and avoids both infiltration of counterfeited goods and exploitation of labour.

Discussion

During the discussion a number of business representatives raised their concerns. In contrast to criminal activities involving consumer goods, there is lack of focus on combating crimes in areas such as professional services. Chris Perryman of Europol confirmed that there is indeed an emphasis on consumer products but that work being done with market surveillance teams in other sectors too, such as energy.

He went on to explain that one complicating factor is that there are 28 Member States who all deal with criminal activities in different ways. For example, the maximum sentence in the United Kingdom for VAT fraud is 7 years, whereas it can be as low as 6 months in other Member States. Due to these differing regimes for legislation and prosecution, the same crime can attract very different punishments depending on when and where it was committed. Therefore, common standards across all member states in prevention and deterrence would be desirable - but with so many different interests, it is difficult to come to an agreement in this area.

It was further mentioned during the discussion that there is inadequate dialogue between Customs and business following seizures. Some felt that the fault for this lies more on the side of business, which has greater resources in this area.

However others argued that businesses often find that the flow of information only goes one way - from business to law enforcement - and that the process of feedback to business is slow. Chris Perryman of Europol responded by saying that the only way to provide Europol with intelligence is via the established channels, i.e. through Member States’ authorities which then pass the information on to Europol.
Ms Gräßle began by saying that the fight against counterfeit products, illicit trade, customs and tax fraud is widely supported but that the EU lacks practical mechanisms for implementation. She went on to discuss the findings of a European Parliament report which suggested that fighting counterfeit and illicit trade efficiently is being adversely affected by insufficient or low level penalties and fines for criminals, inadequate resources and a lack of harmonised definitions of counterfeiting, which impede successful prosecutions.

Measures have been taken by the EU to support the fight against fraud, for example through the OLAF Regulation and the 1995 Convention on the protection of the EU’s financial interests (PIF Convention). Yet, OLAF can only perform administrative investigations and relies on the willingness of Member States’ law enforcement agencies for active implementation. Ms Gräßle said that implementation by Member States has much scope for improvement, including the way in which some have minimum and maximum sanctions for fraud, whereas others do not. The minimum sanctions for certain fraud-related offences ranged from 10 days in Greece to 1 year in Bulgaria, with the maximum sanctions ranging from 6 months in Austria to 10 years in the UK and Bulgaria. Therefore, a harmonised European system in the fight against fraud could close the loopholes criminals currently exploit.

Finally, she mentioned the draft directive to protect the EU’s financial interests through criminal law (‘PIF’ Directive), which Parliament believes will help combat the issue of fraud by achieving better coordination between Member State authorities and law enforcement agencies. She said that the ‘PIF’ Directive will give a harmonised definition of fraud and related offences, protect the EU’s financial interests across all EU revenue and expenditure streams, and provide common standards for maximum imprisonment sentences. The Directive, which is under negotiation, is subject to disagreements between the Council and Parliament, on issues such as the inclusion of VAT fraud in the scope of the directive. For Parliament, it is unacceptable to leave VAT fraud out as it has a huge impact on the European economy and its citizens and so should not be left to Member State legislation alone. She pledged to continue to fight for the inclusion of VAT fraud in the PIF Directive and believes it could become an important tool in the European anti-fraud system.
Session 3:
High Level Panel Discussion
Is Europe’s response adequate and what will success look like?

Moderator:
Ingeborg Gräßle, MEP, Chair of the Committee for Budgetary Control, European Parliament

Mr Neumann addressed the question: “Can EU policymakers and law enforcement authorities ever hope to get ahead of the curve or will organised crime always be one step ahead?”

He said that from a legal perspective, both legislator and law enforcement are always one step behind the criminals. He cited the controversial debate on the use of bulk data by law enforcement authorities. While it is clearly an instrument that could be used to provide immediate information, questions remain as to whether law enforcement agencies should have access to bulk data within the public and private spheres.

He went on to discuss how the current EU policy cycle for the fight against serious and organised crime, which ends in 2017, is a constructive response, which has created a stable operational framework that works. Additionally, through Commission funding, Europol is able to assist Member States’ operations in delivering successful results in combating serious organised crime.

Europol believes that businesses can help by investing in crime prevention mechanisms that help them to become less vulnerable targets. As mentioned by other panellists throughout the day, law enforcement authorities can benefit greatly from knowledge and understanding of practices and technology that only businesses can provide.

Lastly, Neumann said that working with international partners has shown that the EU is not the only entity that is successful in creating good ideas to combat crime. Combining the expertise of European and international law enforcement agencies can enhance investigations and offers Europe the opportunity to learn from worldwide best practices.

Jean Bergevin discussed how intellectual property crime is becoming increasingly linked to larger scale crimes like cybercrime and is helping to fund large criminal groups.
At the moment, his unit is negotiating with Council and Parliament a Directive on the misappropriation of trade secrets, but they are hampered by the heavy reliance on anecdotal information for evidence. Companies do not wish to declare openly the degree to which they are affected by this problem. Businesses can do more by being aware of the issue. Often larger businesses are more aware of the threat than small companies which must understand the importance of taking the threat seriously and investing in protection.

Business also has a role to play in gathering information and sharing it with the authorities, particularly when a company is affected by a major cyber-attack. Bergevin noted that industry was lobbying against the Directive on misappropriation of trade secrets but believed such an approach was counter-productive and that only through provision and exchange of information can effective policies be developed to address the issue.

He concluded by saying that the European Union is not lagging behind the rest of the world in combating crime, but cross-border enforcement and harmonisation of information sharing will help further.

Steven Chatfield began by pointing out that the use of chemical, biological, radiological and nuclear (CBRN) weapons as part of serious organised crime and terrorism could potentially have devastating, long term effects on society. The issue merits serious attention from policymakers and enforcement agencies. Currently the preparedness approach involves passive protection, contamination avoidance and CBRN mitigation. Emergent BioSolutions is a leading manufacturer of medical counter-measures providing specialist products to governments and heath care providers to combat threats of natural origin, like flu and Ebola, and to protect against bioterrorist attacks. Certain terrorist organisations aspire to procure biological weapons and in today’s complex environment, the threat is continually evolving. Through threat assessments, governments and law enforcement agencies are able to identify the range of risks and to prioritise threats. For example terrorism is a Tier 1 threat and the use of CBRN weapons a Tier 2 threat.

The EU has reacted by developing a more centralised response. The EU action plan for CBRN, established in 2009, is an important initiative in preparedness. The aim is to reduce the impact of accidental or intentional CBRN incidents as well as terrorist attacks using unconventional weapons, such as biological devices. The EU has also provided funding to help foster research around counter-measures and emergency preparedness and response training. Europol is
a key active partner in this, and may establish a European Counter Terrorism Unit centre to be able to deal with CBRN threats alongside cybercrime.

Chatfield mentioned the EU’s Joint Procurement Mechanism, adopted in 2013, which paves the way for EU Member States to procure medical counter measures through a centralised procedure. Allowing Member States to pool their requirements is a key, first step to ensuring effective, preparedness and response via a coordinated, integrated and systematic approach. Working with the private sector to develop preventative measures will ensure that the most innovative and appropriate measures are developed.

Joëlle Jenny looked at the external dimensions of internal security. In 2003 the European Security Strategy had already identified international organised crime as a key threat to internal EU security with an important external dimension. Cross-border trafficking of drugs, women, illegal migrants and weapons account for a large part of criminal operations, and generated €650 billion in 2009 for criminals, or 1.5% of global GDP: an amount that has most likely increased over the years.

The real challenge is that the profits of organised crime are increasing and agencies’ response tools are constrained by limited budgets, national rules and bureaucracy. Ms Jenny suggested that the only way to restore a fair, level playing field is though international cooperation, the use of modern law enforcement techniques and the allocation of appropriate budgets.

The Lisbon Treaty has given the EU additional tools and powers to cooperate on an international level, through diplomatic engagement and security dialogue with partners, to find common approaches and to learn from other countries’ experiences. Externally, the European Union works with and through the relevant EU agencies, Europol, Frontex and Member States who have agencies and experts to tackle the root problem.

To conclude, there are a number of important factors for finding solutions to the many challenges faced by the EU. These include a broad range of instruments and actions that focus on organised crime, actions to strengthen third countries’ legislative framework, the rule of law, governance and employment. Joëlle Jenny added that there is no ‘quick fix’ and that any actions taken to fight crime must be sure to respect the rule of law, human rights and not to violate core EU values.
Discussion

The moderator, Ingeborg Gräßle, MEP, ventured the view that systems are only developed in response to catastrophes or big crises. She asked the panellists to identify the three actions that we should take now to prevent crises or to be prepared for when they arise?

Steven Chatfield stated that focusing on the EU Centres of Excellence was an achievable objective to respond to CBRN threats in a more systematic way. As the EU alone will not be able to control the threats, strengthening ties and sharing knowledge with neighbouring countries, will help win battles against crime and terrorism in the future.

Improvements in the Joint-Procurement Mechanism will put all EU member states on a level playing field, with access to centralised stockpiles of medical countermeasures. Facilitating improvements in risk assessment and supply chain auditing for all companies was also put forward as a key area; for example IP crime does not feature in many companies’ risk assessments.

The EU has taken big steps forward in responding to threats, through systematic integration and the provision of training and diagnostics but more still needs to be done.

Commission Vice–President Georgieva said that in her time as Commissioner for humanitarian aid, her travels around the world to places devastated by conflicts and national disaster taught her that while the world may be prospering economically, it is becoming much more fragile with more factors creating predictable or unpredictable events that lead to disruption in society.

She mentioned the tragedy of the thousands of migrants killed crossing rough seas in the Mediterranean and how organised criminal groups are preying on the weak and desperate to make sums of up to €2 million per boat. Therefore the EU needs to be better prepared to deal with crises, to act early and effectively in situations and to anticipate dangers and respond in a co-ordinated manner.

As Vice – President in the Commission in charge of the EU budget, her role is to stop fraud, to lead the fight against illicit trade and other criminal activities and to ensure that there are legislative proposals that aim at ensuring adequate investigations into and prosecution of criminal activity affecting the EU’s financial interests.

She pointed out that the money for the EU budget
Kristalina Georgieva suggested that simplifying rules has assisted in protecting the budget against fraud, because simple rules mean people are unable to hide behind complexity. Secondly, transparency is of the utmost importance, as it shows where the money goes and what it delivers, thus clearly shows where the EU budget has helped citizens. The EU has also introduced early financial detection and exclusion systems which detect risks early and then act early by freezing funds until the supervisory body is reassured that they are being used in an appropriate way.

The Vice-President went on to discuss cigarette smuggling, which the Commission works to combat with the aid of OLAF and the Member States. Across the EU, more than 10 billion euros of revenue is lost to cigarette smuggling every year. In 2013, the Commission presented an Action Plan with a systematic approach, developed action plans with Member States and ensured co-ordination with the WHO Framework Convention on Tobacco Control. Over the last five years, OLAF, along with Member States has contributed to the seizures of 22 packets of illegal cigarettes every minute.

Finally, Vice-President Georgieva discussed future initiatives for crime prevention. She suggested that the creation of the European Public Prosecutor’s Office would help ‘close the loop’ and protect the financial interests of the European Union. OLAF, Eurojust or Europol cannot achieve it alone and therefore she believes strongly that there needs to be a successful legislative process in place to ensure a fully holistic approach.
The British Chamber of Commerce in Belgium and Europol would like to thank all those involved in the organisation of The European Serious & Organised Crime Conference 2015.

With support of DG HOME, European Commission

Commercial partner

Sponsored by

Organised by

The views expressed in this report are the personal opinions of speakers and are not necessarily the views of the organisation they represent or of Forum Europe or sponsors. Reproduction in whole or in part is permitted, providing that full attribution is made to Forum Europe and to the source(s) in question, and provided that any such reproductions, whether in whole or in part, are not sold unless they are incorporated in other works.