



RAND

EUROPE



Economic ramifications of organised crime in Europe

**Emma Louise Blondes, RAND
Europe**

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Serious and organised crime is an **increasing threat facing the EU and its Member States.**

Serious and organised crime is an increasing threat facing the EU and its Member States



Organised crime groups increasingly cooperate in a networked environment

Transnational and cross-border

Involved in multiple types of criminal activity

Threats are rapidly evolving

Profits are substantial

The cover of the report features a photograph of a person in a dark, hooded garment holding a white, featureless mask. Another person in a dark suit is partially visible in the background. The top left corner of the cover has the European Commission logo. The title "Mapping the risk of serious and organised crime infiltrating legitimate businesses" is printed in white on a blue background. Below the title, it says "Final report" and "Edited by Shann Hulme, Emma Disley and Emma Louise Blondes". A small purple box in the bottom right corner contains the text "Migration and Home Affairs".

European Commission

Mapping the risk of serious and organised crime infiltrating legitimate businesses

Final report

Edited by Shann Hulme, Emma Disley and Emma Louise Blondes

Migration and Home Affairs

illegal economy



legal economy

illegal economy



How much money is generated across nine priority criminal markets?

Who are the main actors?

What is the modus operandi of their actions?

What is the future?

PRIORITY CRIMINAL MARKETS:



Illicit drugs



Fraud



Illicit tobacco



Human
trafficking



Environmental
crime



Cybercrime



Smuggling of
migrants



Illicit firearms



Organised
property crime

illegal economy



How much money is generated across nine priority criminal markets?

Who are the main actors?

What is the modus operandi of their actions?

What is the future?

Where does the money go?

Where and how are criminal proceeds invested in the legal economy?

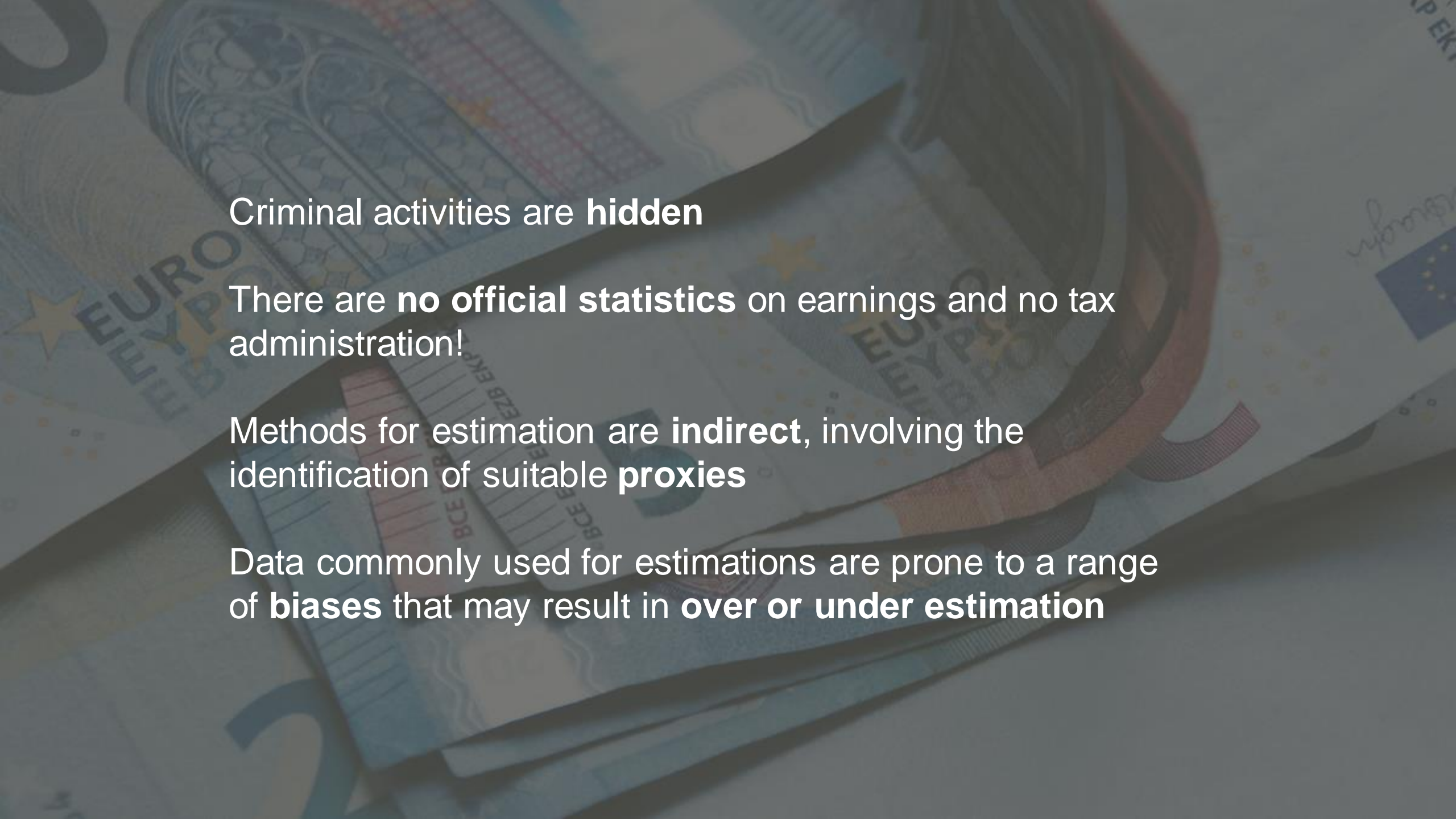
How can we identify companies/businesses and procurement contracts that have been infiltrated?



legal economy

A close-up photograph of several Euro banknotes stacked on top of each other. The top-most note is a 5 Euro note, with the number '5' clearly visible in the center. The word 'EURO' is printed in large letters on the left side of the note. The background shows other banknotes, including a 10 Euro note. The text 'What are the challenges of estimating criminal revenues?' is overlaid in white, bold, sans-serif font on the left side of the image.

**What are the
challenges of
estimating criminal
revenues?**

The background of the slide features a close-up, slightly blurred view of several Euro banknotes. The notes are in shades of blue and green, with the word 'EURO' and the European Union flag visible. The lighting is soft, creating a professional and financial atmosphere.

Criminal activities are **hidden**

There are **no official statistics** on earnings and no tax administration!

Methods for estimation are **indirect**, involving the identification of suitable **proxies**

Data commonly used for estimations are prone to a range of **biases** that may result in **over or under estimation**



How much money is
earned on criminal
markets in the EU?



Illicit drugs
€26bn–€35bn



MTIC Fraud
€50bn–€103bn



Illicit tobacco
€8bn–€10bn



Human trafficking (for sexual exploitation)
€401m–€13bn



Environmental crime (eels)
€4m–€31m
(illicit waste)
€4bn–€15bn



Cybercrime (card payment)
€1bn



Smuggling of migrants
€215m–€363m



Illicit firearms
€273m–€753m



Organised property crime (cargo theft)
€144m–€7bn

Estimates are presented in 2019 values and cover the 28 EU Member States (including the UK pre-Brexit)



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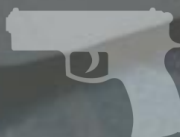
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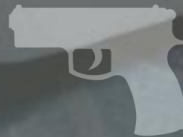
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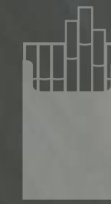
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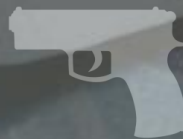
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The background of the image consists of several overlapping Euro banknotes, including 100 Euro and 50 Euro notes, which are slightly out of focus and dimmed. The text is overlaid on this background.

Annual revenues of the nine main criminal markets in the EU ranged from:

€92 to €188 billion



Where does
criminal money go?

Reasons for investments:



Maximise profit



Perpetrate fraud



Facilitate and conceal illicit activities



Exert control over territories



Laundry illicit proceeds



Influence local politics and administration

Sectors targeted:



Real estate



Transportation



Construction



How can we identify companies and businesses that are at risk of being infiltrated?

Multiple indicators must be considered at the same time:



High cash intensity



Corruption index



Share of current assets



Volatility of total assets



Volatility of reported revenues

What does this
mean for policy?

Implications for policy and research



Policy roadmap

The EU Commission's efforts to tackle organised crime includes two new official **strategies**, which are informed by our study.



Rethinking the problem

Our recommendations can influence changes in **methods** for measuring and understanding serious and organised crime, as well as **practices**.



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