

**Organised Crime and Corruption in and around South-Eastern Europe:  
Trends and Counter-Efforts****Dr. Sappho Xenakis**

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**Summary**

With financial pressures weighing increasingly heavily on policy-making for national and non-state actors alike, this paper suggests that now is a good time to evaluate the lessons of interventions against organised crime and corruption in South-Eastern Europe over the past two decades. After offering a review of trends in organised crime and corruption as well as of efforts to counter them, the paper distills the incipient debate over lessons to be learned for future policy-making in these areas. In particular, these lessons pertain to the relationship between local, national and international priorities and concerns, the appropriate configuration of evidence and expertise in policy-planning, and the proper geographical scope of remedial actions.

**Introduction**

Since the fall of communist systems of government after 1989, much of the region in and around South-Eastern Europe became synonymous with organised crime and corruption. Historical traditions of lawlessness, as well as the immense socio-economic and normative upheavals involved in transition to a market economy and democratic political systems, figured prominently in many accounts of the domestic stimuli to regional trends in organised crime and corruption. At the agential level, attention commonly focused upon the rapaciousness of domestic political and business elites of transition societies and their dramatic profiteering at the very same time that living standards for the general population were plummeting, inequalities were rising steeply, and mortality rates saw an escalation unprecedented for peacetime. International stimuli also received attention; in particular, the external pressure for reforms which necessitated the retrenchment of social provision by the state and the opening of markets, whilst neglecting the establishment of effective regulatory systems. The market for illicit goods and services was, in turn, to be sustained by both local economies disfigured by the imposition of wartime sanctions, subsequently by the durable connections that had been forged within times of conflict between organised crime groups and the state, and, over the longer-term, by substantial foreign demand. The coincidence of these domestic and international stimuli –each of which were potent in their own right– was even itself alleged to have created a newly malignant symbiosis of war and crime, a novel form of war that promised to be much harder to end precisely because of the entrepreneurial interest attached to its perpetuation.

Notwithstanding the diminishing threat of large-scale violence in recent years, the close relationship between crime and politics has proved to be a

persistent challenge, not only to political stability in a number of South-East European countries and their close neighbours, but also for the EU and its member-states in managing relations with those countries from region seeking to join the Union. As of the early 2000s, however, regional illicit trade had also begun to show signs of shrinking. By 2010, political concerns that had previously been voiced by EU member-states about the criminogenic features of Central and South-Eastern Europe had dimmed. Fears that the area would slip back into violence had faded, whilst corruption and organised crime appeared to have become problems of manageable proportions. This paper offers a brief overview of trends and efforts to counter organised crime and corruption, before summarising the incipient debate over lessons to be learned for future policy-making in these areas. Although the meaning of both concepts are contested, for the purposes of this policy-oriented paper reference to 'organised crime' denotes groups of individuals significantly involved in large-scale illicit trading of goods and services, and 'corruption', the use of public office or policy for private gain.

**Regional Patterns of Organised Crime and Corruption**

Since 1989, much international attention has been paid to the wide range of organised criminal trade traversing South-Eastern Europe and its environs, from illicit traffic in small arms and light weapons, to drugs, and from contraband such as cigarettes, stolen cars, and other goods, to people smuggling (clandestine immigration) and trafficking in people (for labour or sexual exploitation). Furthermore, such markets have been closely associated with the corruption of state officials, the burgeoning of protection rackets, and the laundering of the proceeds of illicit trade domestically and internationally. Despite long-standing international concerns, however, efforts over the past twenty years to develop meaningful



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threat assessments of organised crime have been hampered by the additional problem of the misfit between state-based analyses and a relatively fluid transborder phenomenon. Influential evaluations of various aspects of organised crime activities in the region that have sought to overcome this disconnect by providing a regional perspective include those issued by Europol, the UN Office on Drugs and Crime (UNODC), the International Organisation for Migration (IOM) and non-governmental organizations (NGOs) such as Saferworld and Human Rights Watch. Some observers (for example, the UNODC) have thereby been able to identify a downward trend in the illicit exchange of commodities following the cessation of major political conflict in the region. Unlike the crime declines experienced in Western states such as Britain and the US, however, such a decline in cross-border crime across Central and South-Eastern Europe has not thus far been widely acknowledged or theorised, due –at least in part– to a cautiousness in interpreting official statistics from the region. The UNODC has nevertheless pointed to a fall over recent years in organised crimes across South-Eastern Europe, alongside the murder rate (which is taken to be indicative of levels of violence more generally), whilst recorded levels of crime perpetrated against people and property stand amongst the lowest in Europe.

One indicator of organised crime trends is the demand for illicit weapons, which has fallen in tandem with the ending or subduing of regional conflicts; from the late 1990s, the flow of weapons into the region has been estimated to be less than that flowing out of the region. By the early 2000s, illicit traffic through the Baltic route was also noticeably diminished. NGOs such as Saferworld have continued to raise concerns about the level and destination of illicit arms flows in the region, not least since such weapons seemed to be finding their way into the hands of criminal gangs in other EU countries. The UNODC, by contrast, has given a clear verdict on the declining market in firearms, attributing this development to improved border controls and shrinking demand. The reduced use of arms has also been highlighted by reference to the low rates of homicide and per capita ownership in European comparison.

The illicit trade in narcotics is another important dimension of organised criminal activity. Indeed, heroin is considered to be the most significant illicit commodity trafficked throughout Central and South-Eastern Europe, even if not all states of the region are involved in the trade. According to the 2009 Organised Crime Threat Assessment of Europol, regional demand for heroin has also stabilised. More generally, however, whilst drug use in Central and South-Eastern Europe is believed to have increased over the past twenty years, there is inadequate information concerning levels of problematic drug usage and drug-related deaths in the region. Available information from the European Monitoring Centre for Drugs and Drug Addiction nonetheless suggests that patterns of problematic drug usage and drug related deaths in Central and South-Eastern Europe stand at or below European averages. Pressure and support from international actors such as the EU to ensure

tighter controls against the illicit drug trade has been reflected in the strengthening of law enforcement and judicial responses to drug trafficking. By comparison, concern and support for the provision of treatment for problematic drug users has been weak. The past decade has witnessed some improvement in what was, and in some cases remains, the rudimentary provision of medical assistance to problematic drug users by European comparison. Aside from these small steps, there remain looming questions about the effectiveness and appropriateness of international assistance in this area.

Turning to the heated subject of smuggling and trafficking in people, such flows also appear to have evolved considerably over the past decade. In 2004 the IOM had suggested that, following pressures by law enforcement, traffickers were adapting their strategies in ways which made trafficking less visible but also increased its volume. In response, the Task Force on Trafficking in Human Beings of the Stability Pact for South Eastern Europe agreed with the assessment that trafficking routes were shifting rather than declining, but attributed the changes to new visa regulations being applied to prospective EU member states for entry to the Schengen area (rather than to policing measures per se). In 2008, by contrast, the UNODC confirmed that there had been a real and significant decline in trafficking within and from South-Eastern Europe. The UNODC highlighted a number of factors which accounted for this development, including the saturation of demand in Western Europe and reduction of demand within the Balkans (associated with the departure of international armed forces), the removal of a visa requirement for Bulgarian and Romanian nationals to travel to the EU as of 2002, and the substantial investment in efforts to counter trafficking.

The dynamics of the trade in counterfeit and smuggled cigarettes, meanwhile, have seen an equally dramatic shift over the past twenty years. Whereas cigarette smuggling was believed to constitute a central source of income for groups involved in conflicts of the 1990s as well as a key source of funding for the Montenegrin state, in recent years the trade appears to have gone into decline (notwithstanding the emphasis by Europol on its continuing significance in the region as a source for the EU market). The UNODC has suggested that one key factor propelling this decline was the buy-out of local producers by international firms. Another important step that is likely to have had significant ramifications for the trade in smuggled cigarettes was that taken by the EU in pursuing claims in the US courts against Philip Morris, R. J. Reynolds, and Japan Tobacco, for tax evasion. Philip Morris settled its case in July 2004 by agreeing to implement anti-smuggling measures and pay \$1 billion (€830 million) to the EU over 12 years to fund anti-contraband and anti-counterfeit efforts. This settlement was the highest payment collected by the EU from a single company to date. The case against R. J. Reynolds and Japan Tobacco was dismissed by a US appeals court in September 2006.

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region have been reducing or expanding. Whilst progress made at the formal level of counter-corruption policy-making in many states has been recognised by international observers, concerns have remained as to their effective implementation. Opinion surveys such as that of the NGO Transparency International (TI) show that perceived levels of corruption in Central and South-Eastern Europe largely remain far above the average for EU member-states, even though states in the region have worked to develop their legislative framework of measures against corruption. According to the TI Corruption Perception Index of 2009, for example, states of Eastern and South-Eastern Europe registered scores under 5 (out of 10), indicating serious perceived levels of domestic, public-sector corruption across the region. On the other hand, a Eurobarometer survey of public opinion carried out across EU member-states in 2009 found the level of reported victimisation from forms of bribery or corruption close to that reported in 2007, with only 9% of Europeans claiming to have had such an experience within the past 12 months. These findings thus continue to fuel the debate concerning the extent to which, in conjunction with domestic media coverage of corruption trials and allegations, EU pressure on states of the region has served to exacerbate public perceptions (and thereby also to reinforce practices) of corruption.

In sharp distinction, the EU has been acclaimed by TI for providing a key incentive to anti-corruption reform in the region; namely, the prospect of EU membership. The belief that EU membership is associated with greater progress in countering corruption is widely held in Europe, and has had some material substantiation in the examples of the Czech Republic, Hungary, and Poland, all of which joined the EU in 2004. This association has been weakened by the cases of Romania and Bulgaria, both of which joined the EU in 2007 but received criticism from the European Commission in July 2008 concerning their lack of progress in the area. Bulgaria was subject to a greater degree of criticism, saw the payment of a considerable sum of EU funds frozen, and experienced a sharp drop of public confidence in the standards of conduct of its politicians.

### Efforts to Counter Organised Crime and Corruption

Whilst not all states of Central and South-Eastern Europe are members of the EU, a complex web of international agencies, regional and bilateral programmes by EU member states and extra-regional states such as the US, Norway and Switzerland, have combined to exert significant pressure and assistance towards more effective efforts to combat organised crime and corruption in the region. Within such institutional webs, the EU enlargement process and incremental adoption of EU *acquis* has also contributed to strengthening reform processes related to justice and home affairs. Against this complex framework, a wide array of programmes and structures have emerged since the 1990s to combat crime and corruption in South-Eastern Europe. According to the 2011-2013 Strategy and Work Programme of the Regional Cooperation Council on South-East Europe (the body which in 2008 replaced

the Stability Pact), regional co-operation between police forces has been relatively advanced in comparison with that between prosecutors and judges. Co-operation initiatives are acknowledged to have been least effective in combating corruption and in managing migration, and to have been least developed in the defence of fundamental rights and as concerns private and civil law.

In accounting for the extent of fragmentation and failures of co-ordination amongst regional counter-crime efforts, mention is often made of three factors: competition between domestic law-enforcement agencies, national rivalries, and the reluctance of state officials to fully endorse threat assessments. The perceived importance of the latter issue has been illustrated by the emphasis placed by the EU on ensuring 'local ownership' of programmes to combat organised crime and corruption. Benchmarks for the success of such programmes have overwhelmingly been set externally (e.g. by the EU) and on the basis of threat assessments pertaining to crime conditions within the EU. Consequently, and as outlined by the Stability Pact Initiative Against Organised Crime, 'local ownership' has been promoted by public campaigns designed to 'educate' the publics of the region about the seriousness of the threat posed by organised crime. Public opinion surveys carried out in Albania, Kosovo, and FYROM in the late 2000s nevertheless found that economic development was the greatest concern of respondents, standing above concerns about corruption, even if these remained significant, and also clearly out-ranking the issue of organised crime, which was not reportedly viewed to be a major threat to personal security. More generally, and as suggested by the overview of trends provided above, the reliability of threat assessments has been undermined by the partiality of many of the organisations tasked with their formulation.

Given the strains of the current financial environment, now seems a good time to address the wastage generated by systems of policy-making in which threat assessments are shaped more by the self-interests of the organisations drafting them than those of the broader community. This implies, firstly, that pertinent policy-making undergo a degree of democratisation so that it is focused less on 're-educating' local communities and more on responding to their concerns and priorities. Secondly, that more rigorous efforts be made to ensure that policy is evidence-based, leaving less space for under-substantiated assessments to determine priorities. Thirdly, that the expertise underpinning 'expert' input to policy-making accurately reflects the multidimensionality of security problems in the region, rather than overly relying upon knowledge from the fields of justice and home affairs and thereby effectively ensuring the perpetual reproduction of narrow policy agendas and strategies. And fourthly, that the broader geographical conditions of this multidimensionality be adequately tackled; as demonstrated by the impact of changing visa regimes and the pursuit of international tobacco firms, the most effective solutions to regional crime problems may lie as much beyond the region as within it.

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**Conclusion** Although widely regarded as interrelated phenomena, the problems of organised crime and of corruption have often been subjected to very different forms of control by the state. To the extent that indicators of organised illicit traffic in South-Eastern Europe and its wider neighbourhood have shown a reduction over recent years, the degree to which the explanation for this development lies with crime control policies has been opened to debate. The UNODC, for example, has suggested that the answer lies as much with other factors, such as a change in visa requirements leading to a reduced necessity for irregular entry to the EU, a declining youth population and slow process of urbanisation, and a steadily increasing stabilization of political and economic life. If these factors have been even equally as important as control measures in generating a decline of organised criminal trade

then they will provoke further questions concerning the investment strategies of control policies.

As regards the impact of today's financial crisis on patterns of organised crime in the region, there are two competing theses. One possibility is that the illicit economy will continue to grow, moving to fill the spaces from which the licit market retreats. Another is that the illicit economy will shrink alongside the licit market as purchasing power decreases and demand drops. Ultimately, however, it is the problem of corruption which appears to be emerging as the most sensitive issue at the turn of this decade. The combination of high rates of dissatisfaction related to counter-corruption efforts, with a financial crisis whose impact is only just beginning to be felt, is a combustible mix that could lead to the cycle of violence and crime being resurrected.

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