

The threat from serious and organised crime



2002

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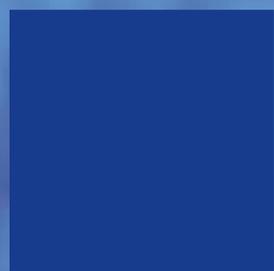
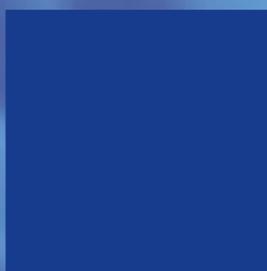
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FOREWORD



I am pleased to introduce this third public edition of the *United Kingdom Threat Assessment of Serious and Organised Crime* (UKTA).

The UKTA is produced by the National Criminal Intelligence Service (NCIS) using contributions from across UK law enforcement, particularly the police service and HM Customs and Excise, from government departments and agencies, and from other relevant bodies both in the UK and overseas. I am grateful to all those who have supported and contributed towards its production through the course of the year, including my own staff.

The UKTA represents the best collective understanding of the threats posed by serious and organised criminals. Our understanding of the threats is continually improving, and this edition takes us forward in a number of areas. The UKTA plays a key role in informing the strategic thinking of the law enforcement community and policy-makers involved with tackling these threats. It is equally important that public awareness of the threats is as high as it can possibly be. The impact of serious and organised crime is felt by everyone throughout the UK, sometimes very directly and personally, but also in more subtle and insidious ways. The trades in drugs, people and illicit goods, the related crime and violence, the corruption of people from all walks of life, cause damage to families, communities and society in general. By raising public awareness the aim is to make it harder for serious and organised criminals to find new victims and to go about their criminal business.

While our understanding of the threats is improving, it is clear that we cannot afford to relax. Much still remains to be done. Serious and organised criminals are determined and ruthless in pursuit of what they want, and they adapt quickly to threats and opportunities. We must be just as determined to defeat them. One important element will be better intelligence about all aspects of serious and organised crime. We need to know not just who is involved, what they are planning, where, when and how – all of which are extremely important – but also why they operate in a particular way or pursue a particular criminal trade. We need to get inside the minds of the criminals. By knowing what they know, understanding how they think, we will be better able to anticipate their actions and frustrate them. NCIS is working hard with others to ensure that we succeed.

I welcome any comments or views you may have on the UKTA, and any thoughts on how it might be further improved.

John Abbott
Director General, NCIS

1 INTRODUCTION



The basis of the assessment

1.1 The United Kingdom Threat Assessment describes and assesses the threats to the UK from serious and organised crime, and looks at how they are likely to develop. It is produced by the National Criminal Intelligence Service using intelligence and other information provided by UK law enforcement agencies, principally the police service and HM Customs and Excise, government departments and agencies, and other relevant bodies in the UK and overseas, plus open source information.

1.2 While it seeks to test received wisdom, the UKTA does not set out to surprise, and much of its contents will already be known. This third public version of the UKTA builds on the two previous reports. Most of the points made in the 2001 UKTA remain valid, but in order to move understanding of the threats forward not all are restated in detail. Some threats have changed in nature and degree, and there are several areas where better intelligence has led to better understanding.

What is serious and organised crime?

1.3 Not all serious crimes (crimes for which a person aged 21 or over on first conviction could expect to be imprisoned for three or more years) are the work of serious and organised criminals. Serious crimes – such as murder, for example – fall outside the scope of the UKTA except where serious and organised criminals (those involved, normally working with others, in continuing serious criminal activities for substantial profit or gain, whether based in the UK or elsewhere) are known to be involved. Similarly, evidence of organisation is not in itself sufficient. Football hooliganism has significant impact nationally and in terms of the UK's reputation and sporting and other interests overseas. It is highly organised, in terms of prior planning, and it attracts other criminal activity, for example low-level drugs dealing. It falls to NCIS to monitor football hooliganism and to

support law enforcement efforts to control it. However, as it is related only tangentially to the other threats from serious and organised crime, it is not covered in the UKTA.

1.4 Just as not all serious or organised crimes are relevant, not all relevant serious and organised criminal activity carried out by cadre members of organised crime groups. For organised crime groups to thrive, their activities require not only organisation in the sense of planning but also to be supported by some form of criminal or quasi-legitimate infrastructure. For example, throughout the UK there are drugs distributors and dealers who are critical to the criminal businesses of organised trafficking groups, but who do not belong to any particular group. Though these individuals may associate with, buy from and even pay a percentage of their profits to an organised crime group, they operate essentially for and by themselves. Perhaps less obviously, serious and organised criminals rely not only on other criminals but also on professionals, such as solicitors, accountants and businessmen, whom they draw into their criminal enterprises to facilitate and protect them, and launder their criminal profits.

Purpose

1.5 The purpose of the UKTA is to inform UK law enforcement priorities for tackling serious and organised crime, and to inform other initiatives, such as changes in legislation. Given the sensitive nature of some of the intelligence, NCIS produces a confidential version of the UKTA for officials and practitioners. In terms of the assessment of the threats, this public version does not differ materially from the confidential version. Its specific purpose is to broaden public awareness of the threats, with the intention of raising the guard to serious and organised criminals and denying them opportunities in the form of new victims and criminal markets.

“ In terms of scale, drugs trafficking is the greatest threat from serious and organised crime, although the high priority attached to it may have diverted attention from other areas.”



The main threats

1.6 Serious and organised criminals engage in a wide range of criminal activities. They are quick to adapt to opportunities and challenges, and take steps to extend their criminal businesses and to protect their interests. The overall threat is high.

1.7 In producing the UKTA, NCIS looks across the range of serious and organised criminal activity. The actual or potential significance of each activity differs in terms of scale and impact, as well as in the degree of identified organised crime involvement, and the means and resources available for tackling it. There may also be some regional or local differences that make a specific threat more or less of a priority for action for a particular police force or other local agency. Taking account of these differences, the Home Office-chaired Strategic Customer Group (a sub-group of the Organised Crime Strategy Group) consisting of senior representatives from those government departments and agencies most closely concerned with tackling serious and organised crime, considers the most significant threats facing the UK to be:

- ▣ Class A drugs trafficking (heroin, cocaine powder, crack cocaine and ecstasy)
- ▣ organised immigration crime
- ▣ fraud (particularly revenue fraud)
- ▣ money laundering
- ▣ *possession and use of firearms**
- ▣ hi-tech crime*
- ▣ paedophile crime, including online child abuse*

The list is not in priority order. The only addition to the 2001 list is italicised. The only deletion, cross-sector criminal activity, remains a priority, and is dealt with separately as an aspect of serious and organised criminal *modus operandi*. The asterisks denote new or emerging threats requiring closer examination and evaluation.

Key findings

1.8 Most serious and organised criminals are motivated by money. While true, it offers limited insight into the range of threats they pose, which include the exploitation and subversion of individuals, communities, businesses and institutions, through corruption, coercion and other criminal means. For this reason, the list of main threats is a conscious mixture of directly money-making criminal activities, key supporting criminal activities, and criminal activities such as paedophile crime where money-making may play a relatively minor part, but where the nature of the offences, their impact and the necessary response justify their inclusion.

Class A drugs trafficking

1.9 By any yardstick, drugs trafficking poses a major threat to the UK. The ready availability of all types of drugs, at prices that are generally falling in real terms, is damaging communities and lives across the UK. The obvious consequences are in respect of public health, drug-related violence and acquisitive crime, and there are many other indirect financial and social costs. Notwithstanding the difficulties of arriving at a reliable estimate, especially for

cocaine powder consumption, the annual supply of Class A drugs to the UK has to be measured in tens of tonnes. Demand reduction must remain a key long-term goal, but for the present demand remains strong, and in the case of crack cocaine the market appears to be both growing and spreading to new areas. West Indian organised criminals, specifically Jamaicans and British criminals of Jamaican descent, are targeting established heroin markets with crack cocaine, exploiting heroin users as intermediaries – often using their homes as crack houses – and as their main customers.

1.10 In terms of scale, therefore, drugs trafficking represents the greatest threat from serious and organised criminals, although the high priority attached to it by law enforcement over a number of years may unconsciously have diverted attention from other areas, whose relative importance is currently less well understood as a result. The profitability of different criminal ventures is difficult to gauge, and will fluctuate, but it is clear that drugs trafficking, whatever the commodity, offers sufficient profit at each stage of the trade, from cultivation or manufacture through to street-level dealing, to encourage the involvement of criminals of all levels. And, since the larger rewards are more likely to be found by dealing in larger amounts that have passed through fewer hands, it is unsurprising that there is evidence of ambitious UK-based serious and organised criminals looking to improve their direct links to overseas suppliers, many of them in the Netherlands and Spain.

1.11 In 2000, the Concerted Inter-Agency Drugs Action (CIDA) group was formed under the chairmanship of HM Customs and Excise, bringing together the agencies and departments most concerned with tackling Class A drugs availability in the UK. CIDA has devised end to end multi-agency strategies for tackling the trades in heroin, cocaine and synthetic drugs, and this added focus has led to greater effectiveness, together with better intelligence, greater consensus on key issues and priorities, and a more coordinated and efficient use of resources. The CIDA agencies have successfully increased the number of trafficking groups disrupted or dismantled, and increased the value of assets seized. CIDA recognises that much more remains to be done. Meanwhile, various global events and initiatives have also had an impact. It is too early to predict with confidence what the long-term effects of events since 11 September will be. War and upheaval in Afghanistan, the removal of the Taliban, a ban on opium poppy cultivation by the Interim Administration and a general tightening of security at ports and airports around the world will inevitably have an effect on the heroin trade, and some shortages in Europe and the UK have been reported.

Organised immigration crime

1.12 Reflex, initiated in 2000 under the chairmanship of the National Crime Squad, is the equivalent of CIDA for organised immigration crime. Reflex develops intelligence and coordinates operations against organised criminals responsible for human trafficking and people smuggling. Like CIDA, Reflex has an end to end multi-agency strategy, a key strand of which has been the improvement of the intelligence picture of the nature and scale of organised immigration crime, including the methods and routes used to move illegal migrants, key nexus points where they are recruited or gathered for onward transportation, and the exploitation of illegal immigrants in the UK in the vice trade, as cheap labour and as kidnap victims used to extort money from families back home.

1.13 The scale of worldwide migration is immense, as people escape or are displaced by natural and man-made disasters and conflicts, or simply go in search of a better life. The push and pull factors influencing migration to the West are unlikely to diminish in the foreseeable future, and the UK is a particularly attractive destination for many. Many migrants are unable to make all or part of their journey unaided, especially as countries tighten measures to prevent illegal immigration, and organised criminals exploit this and profit by arranging transport, providing documentation and, in some cases, jobs.

KEY POINTS

The most significant threats:

- ▣ Class A drugs trafficking (heroin, cocaine powder, crack cocaine and ecstasy)
- ▣ organised immigration crime
- ▣ fraud (particularly revenue fraud)
- ▣ money laundering
- ▣ possession and use of firearms
- ▣ hi-tech crime
- ▣ paedophile crime, including online child abuse

Fraud

1.14 Fraud covers a broad range of criminal activities. Because a large amount of fraud goes unreported it is difficult to estimate the overall scale, but the Fraud Advisory Panel has suggested that fraud costs the UK between £5 billion and £12 billion a year. Some frauds may demand financial or legal expertise, while others are very simple to execute. Technical complexity is not a reliable guide to the money to be made from a particular fraud, nor to the involvement of serious and organised criminals, and many significant frauds are the work of individuals operating alone or in small groups and who do not fit the generally accepted profile of serious and organised criminals. However, serious and organised criminals are heavily involved in various excise frauds, smuggling tobacco, alcohol and fuels into the UK, as well as VAT frauds, that together run into billions of pounds of lost government revenue (and fraudulent payments) a year. The scale of other types of fraud against public funds, for example benefit fraud, is also significant, although the balance between small-time fraudsters and frauds by serious and organised criminals is unclear. Meanwhile, in the case of Inland Revenue fraud the fraudsters are mostly companies and individuals, although it is likely that a large proportion of serious and organised criminals commit tax offences by failing to declare their true income.

1.15 Various types of fraud occur within the private sector, and again the sums in question can be considerable. Frauds include high-level manipulation of share prices and high yield investment confidence tricks, such as pyramid schemes, faked instruments of payment, timeshare scams and long firm frauds. Advance fee frauds target individuals or organisations with unsolicited communications offering significant money-making opportunities in return for advances. The best known is West African 419 fraud (so called after the relevant section of the Nigerian penal code). Fraudsters take advantage of the latest technology. The internet provides a degree of anonymity and the facility to send blanket emails to multiple potential victims, and the number of reported email approaches has risen considerably. Public awareness remains the key to countering this type of fraud, ensuring that potential victims understand the risks. Some of the largest frauds are carried out by company owners or senior officers rather than by serious and organised criminals, and the victims are shareholders, customers and members of the public. There have been cases where the fraudsters have misused company funds and where the declared profits of companies have been inflated in order to keep a company afloat, or to maintain or increase share prices. These types of frauds are more easily perpetrated if senior staff, non-executive directors and auditors are weak, incompetent or, in the worst cases, complicit.

Money laundering

1.16 Since the aim of most serious and organised criminal activity, directly or indirectly, is to make money, there has been a growing emphasis on targeting the proceeds of crime. New legislation in the second half of 2002 will assist with the seizure of criminal assets and other measures, for example, the widening of powers in relation to the seizure of cash, the flow of which is central to much criminal business. The aim is to ensure that criminals do not benefit materially from their crimes, and do not have the means to invest in further criminal activity. An Assets Recovery Agency will be created whose functions are likely to include civil recovery, complex criminal confiscation, a national assets seizure strategy, and a centre for excellence for financial investigators. The new legislation will also reinforce the disclosure regime for suspicious financial transactions, making explicit the requirement to disclose, including transactions that may be used to finance criminal activity as well as those involving the proceeds of crime, and toughening the failure to disclose offence. The number of disclosures is already rising year on year, and exceeded 31,000 in 2001 (a 70 per cent increase on the previous year, some of which can be traced to the aftermath of 11 September and the focus on terrorist finances). A further sharp rise is expected in response to the new legislation.

Firearms

1.17 While possession and the use of firearms by criminals at all levels appears to be on the increase, and has been particularly noted in London and some other urban areas, crimes involving firearms in 2001-2002 comprised only 0.3 per cent of all recorded crime. Evidence suggests they are most likely to be used against other criminals and associates in a show of strength or in response to some perceived failing, challenge or slight. Nonetheless, criminal possession and use of firearms causes wide public concern, and their actual or threatened use poses a real threat to law enforcement officers, as well as making the criminal world more volatile. It appears that anyone who wishes to obtain a firearm will have little difficulty doing so, whether a genuine weapon or one that has been reactivated or modified. Criminals also use replicas, especially where the threat of a firearm is sufficient, for example in street robberies. Meanwhile, some serious and organised criminals routinely carry a firearm, and certain groups are quick to resort to the actual use of firearms, rather than using them merely to threaten, to enforce drugs debts.

Hi-tech crime

1.18 Hi-tech crime involves networked computers and internet technology. Hi-tech tools and techniques can be misused criminally, or used legitimately in support of criminal activity. In the first instance, criminals may commit frauds by hacking into or otherwise interfering

with a computer network. In the second, there is growing evidence that they are using hi-tech tools, such as email and the internet, to communicate and arrange deals with other criminals. Most identified hi-tech attacks to date have not been committed by serious and organised criminals, but by individuals motivated principally by the desire to cause harm or mischief rather than to make money. However, the money-making potential of hi-tech attacks will not be lost on serious and organised criminals, and their use of them will only increase. Prevention is the key, and relies on individuals and companies exercising sensible precautions based on a sound understanding of the risks. Meanwhile, the law enforcement response was bolstered in 2001 by the creation of the National Hi-tech Crime Unit, which aims to disrupt and bring to justice hi-tech criminals, and to promote partnership working between law enforcement and the wider business community and public.

Paedophile crime

1.19 Most identified paedophiles operate alone. Organised paedophile groups are relatively rare. However, networking by paedophiles is significant, and involves the exchange of paedophile material and pornography, together with the positive reinforcement of paedophile views. Information technology, particularly the internet, has changed the nature and extent of paedophile networking. Online guides to all aspects of paedophilia are available, and bulletin boards and chat rooms, plus more secretive password-controlled areas, provide paedophiles with much wider networking opportunities than before. Non-paedophile chat rooms are also used to establish contact with potential victims. While most of this activity involves paedophiles distributing material for pleasure rather than profit, although these are not mutually exclusive, some paedophile internet sites have been created by non-paedophile serious and organised criminals solely as money-making ventures.

Other threats

Armed robbery

1.20 Armed robbery remains a serious threat, especially with the increase in possession and use of firearms by criminals at all levels. For a third consecutive year the British Security Industry Association reported a rise in cash-in-transit robberies, although improved security features, such as smoke and dye boxes and vehicle tracking systems, have reduced the number of significant losses, and may have acted as a deterrent to the more significant and established serious and organised criminals. Most cash-in-transit robberies are planned and executed as hijacks or attacks at a point of transfer, by groups of criminals, armed with firearms or other weapons, which they are prepared to use, sometimes

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gratuitously. Linked with cash-in-transit robberies, attacks on automated telling machines have also risen, including when they are being refilled. In contrast, large value cash robberies of commercial premises, including banks, have declined, while robberies at convenience stores, garages, supermarkets and restaurants have increased. The latter are often the work of individual criminals, and where serious and organised criminals are involved they are likely to be less well-established groups.

Kidnap

1.21 Reported figures for other violent crimes, such as kidnap, have risen. Although they form only a small proportion of recorded kidnap offences, law enforcement is particularly concerned with crime in action kidnaps: that is, those live incidents where the priority is to prevent loss of life. Crime in action kidnaps fall into a number of categories: criminal vendetta (often described as bad-on-bad, and revolving around disputes over drugs or money, some involving extremely small sums); stranger (a sudden, usually well-planned abduction, followed by a ransom demand); domestic (involving members of the same family, and aimed at extracting some form of concession from the victim, or resolving a long-running family dispute); 'tiger' (the holding of a hostage, usually a close family member, to force the victim to carry out a robbery); people trafficking (often associated with Chinese Snakehead gangs, where facilitators turn captors in order to extract further monies from family or friends); and political (more common overseas, since extremist groups in the UK appear to favour other forms of direct action, such as violent demonstrations). Criminal vendetta kidnaps are by far the most common, reflecting an apparent increased willingness on the part of criminals at all levels to resort to violence to reinforce their rule.

Organised vehicle theft

1.22 Organised vehicle theft occurs throughout the UK. It involves the theft of cars, motorcycles, commercial vehicles and plant. The 2001 British Crime Survey recorded 377,000 stolen vehicles. Based on insurance claims, the direct annual cost of vehicle thefts from individuals is over £600 million. Thefts of commercial vehicles and plant adds a further £300 million. Once uninsured losses, and indirect costs, such as losses incurred by businesses, are taken into account the overall figure may be as high as £3 billion to £4 billion. While there has been considerable success in reducing thefts in line with Government targets, much of it due to improved anti-theft technology, the number of unrecovered stolen vehicles has remained relatively constant. Non-recovery is a possible indicator of organised criminal involvement. Although criminals steal vehicles to use in other crimes, in the main, serious and organised criminals are involved in vehicle theft to profit from reselling vehicles and parts both in the UK and to

overseas markets. Some of the profits may be recycled into other forms of crime, such as drugs trafficking. One consequence of improved anti-theft technology in new cars has been a rise in offences aimed at stealing keys, primarily house burglary, but including fraud (hiring cars with the intention of stealing them) and robbery by carjacking. Though recent well-publicised instances of carjacking have sparked concern that this tactic is becoming more common, with an increased threat of attendant violence, robbery accounts for only one to two per cent of all vehicle thefts.

Lorry load and other thefts

1.23 Serious and organised criminals, as well as some lower level criminals, are involved in thefts of lorries (both the tractor and trailer unit) and from lorries (including 'jump up' thefts, where the load is identified by slashing curtain sided vehicles and distributed to waiting vans, and hijacks where the driver is threatened, which make up less than two per cent of all lorry thefts). Thefts also take place of loads at warehouses. The overall value of such thefts is difficult to estimate, but is believed to exceed £100 million a year and is rising. Some thefts appear to have been carefully targeted, suggesting that loads may be stolen to order. In general, the criminals look for easily disposable goods, such as clothing, fresh foodstuffs, electrical and computer equipment and alcohol (spirits). There are seasonal peaks, for example thefts of alcohol and of toys increase considerably prior to Christmas. Violence is sometimes used against drivers, and there are indications that levels of violence have increased. The corruption of individuals with inside knowledge of loads and routes is also a tactic used.

Counterfeit currency

1.24 The total value of UK counterfeit banknotes appears to have remained more or less constant for the past three years, and is extremely small in relation to genuine notes in circulation. However, the number of different sources has increased. Serious and organised criminals involved in counterfeiting currency use a range of methods. Previously, criminals used the same offset lithographic printing method used in most legitimate manufacture of banknotes. This method requires the technical skills of a trained printer and expensive machinery, effectively limiting the number of groups with the competence to be involved in such counterfeiting. Computer and reprographic technology, which is used in over half of all recovered counterfeits, has changed this, and a much wider field of criminals is involved, including small-scale opportunists as well as serious and organised criminals. Some British criminals are known to counterfeit foreign currency, but the introduction of the euro has not to date triggered large-scale counterfeiting across Europe as feared. The quantities of counterfeit euros recovered have been small and of low quality, suggesting that the

advanced security features of the euro are having the desired deterrent effect. Counterfeiting is not restricted to notes, and counterfeit coins can produce a good return for a relatively low risk, especially as they are less likely to be reported by members of the public who have been duped.

Payment card crime

1.25 Payment card crime includes the theft of all types of cards from cardholders and from the post, fraudulent applications, and fraudulent 'card not present' purchases by telephone and via the internet using card details often obtained from discarded receipts. More complex payment card crimes, requiring more organisation, include counterfeiting or cloning cards (equipment can be purchased from internet sites and high street electronic stores), the use of ATM attachments to read card details, wholesale stealing of card details from databases (data stream attacks), and the as yet comparatively rare use of false internet sites to obtain card details. The losses incurred by banks and other issuers have risen year on year at a far faster rate than the growth in the numbers of cards. Nonetheless, the level of fraud as a percentage of turnover is tiny, with losses borne, at least in the first instance, by retailers and banks, although costs may subsequently be passed on to customers in the form of higher prices for goods and services. More than one in 10 identified organised crime groups in the UK are known to be involved, although the true figure is likely to be higher, with payment card crime acting as a lucrative sideline for groups whose primary interest is in drugs trafficking and organised illegal immigration, and for whom payment cards may be one of a range of false identity documents used to facilitate their criminal business or sold as part of the package. Meanwhile, lower level criminals are often employed by serious and organised criminals to carry out the riskier tasks associated with payment card crime, such as skimming (copying) card details or making purchases.

Environmental crime (wildlife crime, illegal waste disposal, and trading in ozone depleting substances)

1.26 In an attempt to protect endangered species and to prevent risks to public health and safety from pollution, the UK has tightened its regulations and signed up to a number of international agreements in respect of environmental issues. Though beneficial overall, these steps have created the market conditions for criminals to trade in rare and protected animals, fish and birds and their by-products. Criminals are also able to take payment for the disposal of and then dump industrial and domestic waste products that are expensive to dispose of legally, for example tyres and refrigerators; and to trade in ozone depleting substances, where the market is principally overseas, and where the indications are that the UK is a transit country. The level of serious and organised criminal involvement in these crimes is difficult

to determine, but the profits to be made are significant and likely to attract growing serious and organised crime interest, and the global nature of the trades provides an opportunity for those groups with established international links and a smuggling capability to profit. While some stiffer sentences have recently been handed out in respect of wildlife crime, the penalties and the relatively low priority attached to it by law enforcement are unlikely to be a serious deterrent.

Intellectual property crime (counterfeiting)

1.27 Intellectual property crime is taking place on a vast scale globally. Advances in technology have facilitated its growth, by enabling the speedy reproduction of high quality counterfeit goods, the best of which are difficult to differentiate from the genuine articles. The counterfeiting of CDs, DVDs and other digital media, much of it done in the Far East, is well-publicised, but the counterfeiting of all types of goods from designer clothes to pharmaceuticals is also rife. Many serious and organised criminals are involved, either in the manufacture of counterfeit products, or in their distribution, attracted by the high profits and the low risk of detection, and no doubt conscious of the fact that the penalties for intellectual property crime offences are rarely more than minimal. Meanwhile, there remains a public perception of intellectual property crime as a victimless crime. However, where serious and organised criminals are involved, it is reasonable to assume that a proportion of the profits is used to fund other serious crimes.

2 HOW SERIOUS AND ORGANISED CRIMINALS OPERATE



Profit, risk, opportunity and capability

Essential ingredients

2.1 The essential ingredients of serious and organised crime are profit, risk, opportunity and capability. The vast majority of serious and organised criminal activity is directly or indirectly concerned with making money. The criminals look to do so without getting caught, and therefore they manage risk. The crime or combinations of crimes they commit, how, where, when, and with whom they go about them, involve a balancing of anticipated profit and risk, but also rely on identifying an opportunity and having the capability to exploit it.

2.2 Different criminals will, of course, take different approaches to these considerations, influenced by a variety of factors, including environment, culture, experience, and individual temperament. Since criminals, like everyone else, range from the idle to the energetic, the stupid to the clever, the content to the restless, it should not be surprising that some stick to what they have always done and feel secure in doing, and possibly enjoy, while others are constantly looking to branch out, or simply cannot resist every opportunity to make a dishonest penny. And while some progress from one type of crime to another, for example from armed robbery to drugs trafficking, others diversify. There are armed robbers who have become successful drugs traffickers, but continue to carry out armed robberies. As might be expected, the flow between the artists and the artisans is generally one-way. White collar criminals involved in sophisticated frauds rarely progress to more hands-on crimes, such as drugs trafficking, excise evasion, armed robbery or illegal immigration. On the other hand those involved in the latter may well go on to become involved in financial fraud, particularly if they come into contact with somebody with the relevant expertise, perhaps through their search for better and more sophisticated ways to launder their criminal profits.

Profit

2.3 While there is often good intelligence, much of it derived directly from law enforcement operations, about the price of drugs at various stages of the supply chain, and of cigarettes and other commodities, overall criminal profits and those from individual deals are more difficult to establish. Serious and organised criminal activities are often complex. For those involved in drugs trafficking, for example, the finance must be found, perhaps through other criminal activities, to procure the drugs. Facilities, such as safe houses, may be needed for storage, along with materials and equipment, for example false passports or vehicles with built-in concealments to move people and drugs. Individuals may need to be bribed for their help or to look the other way. And where commodities pass from hand to hand, or parts of the process, such as transportation, are sub-contracted, profit margins will vary as prices and cuts are negotiated. The high proportion of organised criminals reported to be involved in Class A drugs trafficking might be taken to imply that this is where the greatest profits are to be made. Reporting indicates that some other money-making criminal activities, including armed robberies, are sometimes conducted specifically to fund Class A trafficking. However, certain other criminal activities, for example commercial or revenue frauds, are hugely profitable, and therefore profitability alone cannot explain the choices that criminals make.

Risk

2.4 Criminal activities are inherently risky. Notwithstanding the need to overcome controls, such as ports entry checks, and to frustrate the efforts of law enforcement to prevent and detect their activities, serious and organised criminals will be concerned about the reliability and loyalty of fellow criminals and associates with whom they have to deal, and about competition from rival criminals, some of it involving extreme violence. They will also be at pains to protect their investments and assets. In some cases they are able to avoid or offload risk. It is common, for example, for the more established,

“ At anything other than the lowest level, serious crimes are not possible without some degree of criminal collaboration and infrastructure.”



senior criminals to use subordinates, dispensable low-level criminals or dupes to take the greater hands-on risks. Others may seek to minimise risk by dealing only with trusted contacts, thereby attempting to prevent law enforcement from using covert investigative means such as informants, undercover officers and other forms of technical or human surveillance against them. This creates problems for criminals, particularly those looking to diversify and expand, since they need a ready supply of illicit services or goods and guaranteed outlets both for the products and the proceeds, and will not want to become too dependent on single sources or outlets.

Meanwhile, some criminals are ready to take apparently unnecessary risks, and there are various examples of successful criminals getting caught for relatively petty crimes, suggesting either an acceptance or even an appetite for risk-taking.

Opportunity

2.5 The speed with which they are able to switch their business, whether it is the commodity, the routing or the methods used, in order to respond defensively to improvements in controls and the latest law enforcement measures, or proactively to exploit perceived weaknesses in controls or loopholes, or changes in demand, demonstrates that the most successful serious and organised criminals have an excellent and dynamic understanding of criminal markets. Like any businessmen, they will regularly identify new opportunities for making money. Their ability to exploit these opportunities will be limited only by their calculations, conscious or otherwise, of profit and risk, and their criminal capabilities.

Capability – organised crime groups v criminal networks

2.6 At anything other than the lowest level, serious crimes such as drugs trafficking, the facilitation of illegal immigration and the smuggling of cigarettes are not possible without some degree of criminal collaboration and infrastructure. Criminal capability is therefore not so much a matter of the skills and knowledge of an individual, although some individuals have particular skills and knowledge that are vital to a particular criminal enterprise, but more a matter of the coming together of criminal contacts and associates either jointly to commit specific money-making crimes, or to provide essential logistical support, to buy or dispose of smuggled or stolen goods, or to launder the proceeds.

2.7 This need for collaboration lies behind the formation of organised crime groups, although the term fails to express the wide range of structures that exist. While some organised crime groups resemble the traditional, tightly-controlled British 'firm' or Italian mafia, with permanent members, each with a distinct role, and a hierarchy in which there are clear chains of command and communication, other groups are, in practice, loose networks, members of which coalesce around one or more prominent criminals for particular criminal ventures of greater and lesser complexity, structure and length. In the latter instance, the criminals may well not think of themselves as being members of any group, and individuals may be involved with a number of sub-groups within the network, and therefore be involved in a number of criminal ventures at any one time, for example, VAT carousel fraud, money laundering, drugs trafficking, car ringing, and tobacco smuggling, as well as apparently legal activities.

Cross-sector criminal activity

The concept of crime sectors

2.8 While helpful in understanding the scale and nature of the various activities and considering the best response, the division of serious and organised crime into different sectors is as much a reflection of the law and organisational responsibilities for its enforcement as it is of criminal behaviours. As part of their risk assessment, criminals may take account of the fact that different crimes are tackled in different ways and by different organisations, are afforded greater or lesser priority, and attract more or less severe penalties. They are unlikely to think in terms of discrete crime sectors. Instead, they will see opportunities for making money, which they are likely to take if they have the criminal capability. Thus, while a criminal may smuggle cannabis and cigarettes, and will know that these are covered by different laws, his consideration will be, first, whether he can sell both at a profit, and second, whether he is capable of arranging the delivery of a bulky illicit cargo securely. Therefore, viewed as a logistical problem for whoever has responsibility for smuggling them into the UK, because they are both bulky, cannabis and cigarettes may have more in common than, for example, cannabis and LSD.

The scale and nature of cross-sector criminal activity

2.9 More than half of all identified organised crime groups, especially those that are larger and have been active for longer, are reported to be involved in two or more profit-making criminal activities. This excludes money laundering which is common to nearly all groups of any consequence or durability, and trafficking in more than one type of drug. The most frequently reported cross-sector activities involve drugs trafficking plus one or more other activities. Combinations that do not include drugs are also seen – for example, organised vehicle theft and excise evasion. Because of the law enforcement emphasis on drugs trafficking, combinations of crimes not involving drugs are less likely to be spotted and are almost certainly occurring more frequently than reported.

2.10 In their search for profitable ventures, many serious and organised criminals diversify, for example combining drugs importation and distribution, cigarette smuggling, the diversion of alcohol from bonded premises, the receipt of counterfeit currency, fraudulent land and property deals, and prostitution. In some instances, there is a synergy between two criminal activities. Jamaican drugs traffickers, for example, have made use of West Indian would-be illegal immigrants to the UK as drugs couriers. The traffickers therefore have an interest in facilitating immigration crime, and do so mostly by supporting deceptive methods of entry, providing couriers with forged, fraudulently obtained or stolen documentation, with crib sheets containing the answers

most likely to get them through immigration checks, and bogus credentials to explain their reasons for coming, such as letters of acceptance for courses at colleges that do not exist other than as front addresses.

The role of criminal specialists

2.11 Some criminal capabilities are specific to a particular type of crime, but many, either separately or in combination, provide criminals with the ability to carry out a range of crimes, thereby encouraging cross-sector criminal activity. At its most basic level, access to a lorry and a driver furnishes a group with the capability to smuggle goods. For instance, van drivers involved in smuggling cigarettes and alcohol can also be used to smuggle illegal immigrants into the UK. There is also growing evidence of the use of specialists who provide a service, such as transportation, to a range of groups and are therefore significant as facilitators and instigators of cross-sector criminal activity. Thus, a transporter of illicit goods, owning his own vehicles and yards, and with access to warehouses abroad, could smuggle drugs, contraband cigarettes, and firearms. Similarly, access to someone providing financial services opens the door to a range of crimes such as fraud and money laundering.

The relevance of criminal networks to cross-sector criminal activity

2.12 While the concept of loose criminal networks, made up of semi-independent criminals, may offer a partial explanation for the extent of observed cross-sector criminal activity, it also increases the importance of identifying and tackling those individuals who act as the links between the key criminals. In a number of cases, what appear to be randomly chosen and unconnected criminal activities have points in common, such as a financier or an overall director who keeps a distance. It is also fairly common for individuals to feature peripherally in a number of law enforcement investigations, often in a specialist or facilitating role, such as brokers for drugs deals, transport specialists, money launderers, or corrupt professionals, without themselves becoming a principal target.

Trusted contacts, ethnicity, and prison as a spur to cross-sector criminal activity

2.13 Trusted contacts are essential to the workings of serious and organised criminality. Even the most tightly-knit and self-reliant of drugs trafficking groups need to buy from and sell to other criminals, and few aspire to have a hand in their chosen trade right through from growth or manufacture to end user. A trusted contact can also provide a group with access to the additional expertise needed to branch into a new area of crime, an example being a drug trafficking group becoming involved in revenue fraud, initially in order to launder money and subsequently as a profitable activity in its own right.

2.14 Shared backgrounds are clearly important to establishing trust. Some criminals will deal only with people they know well or have had referred to them by others they know well. This can make common ethnicity important, particularly where there is a relatively small community in the UK where everyone is known to someone else or can be checked out. However, while criminals from particular ethnic backgrounds may enjoy certain advantages, perhaps because of how criminal trades flow and are controlled further upstream, greater social and geographic mobility in the UK and elsewhere in the EU has been eroding the relevance of ethnicity both in terms of who is involved in which markets, and of the interaction between criminal groups. For example, a number of Merseyside organised criminals are known to have initiated contact and forged links with, among others, Colombian, Turkish, Dutch and Spanish criminals outside the UK allowing them to obtain Class A drugs directly from overseas suppliers rather than UK-based importers.

2.15 As has frequently been observed, prison provides the ideal environment for criminals to network and make trusted contacts. There have been a number of cases where contacts made in prison have increased criminals' ability to carry out their existing activities, or have enabled them to branch out into other areas. For instance, imprisoned members of organised crime groups have met other prisoners who provided them with access to new drugs networks or to the expertise to manufacture synthetic drugs.

Criminal risk management as a driver for cross-sector criminal activity

2.16 Criminals may be prompted to move from one crime area to another because they perceive the risks to have become too great, perhaps as a result of specific law enforcement actions such as arrests or seizures. Without a better understanding of criminal decision-making it is difficult to know where they place the balance between profit and risk. It has been suggested that some criminals are switching from drugs smuggling to cigarette smuggling because the penalties are lower. It is also true that the profits from cigarette smuggling appear to be high, supplies plentiful, and there is a ready market, so it could be a straightforward business decision. For example, where a criminal group switched from drug and cigarette smuggling to other types of revenue evasion following some drug seizures, the decision may have been due to a heightened perception of risk or may have been based upon a judgement about the relative profitability of the crimes.

Supporting criminal activities

The reasons for supporting criminal activity

2.17 All serious and organised criminals engage to a greater or lesser degree in criminal activities aimed at facilitating their main money-making activities or protecting themselves, their assets and their activities. Supporting criminal activities can take many forms, but given these two broad aims it is unsurprising that they often revolve around money laundering or the use of coercion, corruption or deception. Well over half of the reported organised crime groups are engaged in supporting criminal activity other than money laundering. As with cross-sector criminal activity, the true figure is likely to be much higher, given that law enforcement is usually focused on a group's primary money-making criminal activity, in most cases Class A drugs trafficking. Specific supporting criminal activity may take place before, during or after the profit-making criminal activity it is intended to facilitate or protect. For example, a group of armed robbers may engage in corruption (for inside information), vehicle theft (for getaway cars), possession and use of firearms (to threaten and intimidate), kidnap (to force the driver of a hijacked vehicle to take it to another spot), arson (to burn out vehicles and destroy evidence), and forgery (of identity documents to set up false bank accounts through which to launder the stolen money). For many established groups, involvement in supporting criminal activities is, in practice, continual.

2.18 The supporting criminal activities required to conduct particular money-making crimes successfully may change in response to crime prevention measures, regulatory controls or law enforcement methods. For example, improved anti-theft technology built into newer models of cars has meant that some criminals now set out to burgle homes in order to steal car keys, or carjack while the car is in use, where previously they were able to steal cars by breaking into them and bypassing the ignition. Supporting criminal activities may also change in line with perceptions of risk or opportunity. To reduce risk some serious and organised criminals may choose to subcontract certain activities, for example debt enforcement or contract killing. Others may see offering such services as a profitable niche.

2.19 Other than where they are offered as a specialist service, certain criminal activities are more likely to be supporting activities than primary money-making ones. This is true, for example, of money laundering, firearms trafficking and kidnapping. As well as being profitable in their own right, payment card crime, organised vehicle crime and organised illegal immigration can also be supporting activities, providing the funds or means to carry out the main money-making activity, such as drugs trafficking. An activity that supports a group's main

criminal business may also be carried out for others in return for payment. Meanwhile, some criminal activities, for example VAT carousel fraud, may sometimes serve a dual purpose, both money-making and money laundering. It follows that certain criminal activities may be more significant than they seem on the surface because they support other high priority areas of crime.

The use of violence and intimidation

2.20 After money laundering, coercion is perhaps the most widely identified supporting criminal activity. It takes many forms, from unspoken intimidation, where criminals trade on a reputation for violence and ruthlessness, to the ready use of extreme violence or murder. While coercion is used in support of different money-making criminal activities, it is particularly prominent in the heroin and cocaine trades, and especially so in the crack trade. Consequently, it is frequently associated with Turkish and West Indian groups. While only around 40 per cent of identified groups are reported to use coercion, as many as three-quarters of the victims are themselves criminals and are unlikely to report incidents for fear of reprisals or to avoid drawing attention to their own criminal activities. More than one in five groups are reported to use firearms, although again the true figure may well be higher. Some criminals routinely carry a firearm, and those who want one are unlikely to find it difficult to acquire one.

2.21 Intelligence suggests that violence and intimidation are used primarily to maintain the discipline and compliance of group members and criminal associates, and to enforce criminal business deals and recover debts. Punishments may be meted out for double-crossing the group, making mistakes, not following orders, or being suspected of informing to the police. Violence sometimes erupts because of a dispute between criminal groups, although only a small proportion become involved in turf wars. Low-level criminals, such as drug addicts, may be pressed into service selling drugs or providing safe houses. There is also intelligence about the use of threats and actual violence to silence potential witnesses, or to force individuals to act against their will, for example women trafficked to the UK to work as prostitutes. In some cases, violence and intimidation result from machismo or a predisposition on the part of particular individuals, and is reactive and spur of the moment rather than planned and considered. However, it may be calculated, as when a security van crew are abducted to delay their raising the alarm, witnesses and victims are pressed to keep silent or retract statements, or vulnerable individuals (such as drug addicts) are forced to allow their homes to be used as crack houses.

KEY POINTS

- ▣ Social and geographic mobility has eroded the relevance of ethnicity in terms of markets and interaction between criminals
- ▣ Prison provides the ideal environment for criminals to network
- ▣ After money laundering, coercion is the most widely identified supporting criminal activity
- ▣ Violence and intimidation maintain discipline and compliance
- ▣ More established groups appear much more likely to use coercion

2.22 The more established groups appear much more likely to use coercion. There are a number of possible explanations. The data may simply reflect the fact that law enforcement is better informed about such groups. However, because they are established, these groups may be more willing to extend credit and, as a result, face more problems with debt repayment, a major reason for the use of violence. It appears that the calculated use of coercion helps groups to survive. Extreme or spontaneous violence is more likely to be counter-productive, since it attracts law enforcement attention, distracts the group from its main business, and may result in group members being arrested or killed and assets lost or seized.

The use of corruption

2.23 Serious and organised criminals use corruption, for example by making payments in cash or kind, to secure help from people with information, influence, or access to something they want or need. Corruption may be seen as preferable to coercion where relationships are intended to be long-term, or where threats might not work. There are no consolidated figures for the scale or spread of corruption, and it is therefore difficult to estimate how

many organised criminals use it routinely and systematically, but over a quarter of organised crime groups identified in 2000 and 2001 were reported to have used it. As with coercion, the true figure is probably higher. Some incidents go undetected, organisations that are subverted are understandably reluctant to disclose cases of corruption, and UK law enforcement is probably less well-informed on corruption occurring overseas.

2.24 There have been a number of instances where law enforcement officers have been corrupted, some of which have received extensive publicity. The advantages to an organised crime group of having a corrupt police officer or HM Customs and Excise officer on its payroll are obvious. However, there is evidence that the use of corruption is much more widespread. For example, groups have maintained corrupt relationships with staff in the prison and immigration services, passport and vehicle registration offices, trading standards offices, postal services, private security, the haulage industry, banks and *bureaux de change*, telecommunications, airlines and docks. They have also used corrupt solicitors, accountants, freight agents, registered firearms dealers, airport baggage handlers, chemists, motor mechanics, wholesalers and retailers.

2.25 Corruption is used to overcome controls and to gain access to inside information relating to threats to the group or opportunities for criminal exploitation. It helps groups to evade capture and, where this has failed, to undermine and frustrate the criminal justice system. From law enforcement, criminals want to know whether they are being investigated, what is known about them, what methods and tools are being used against them, and who has been giving evidence against them. Corrupt relationships are formed in a variety of ways, each unique in its precise details. In the case of law enforcement officers, solicitors and accountants, initial contact is likely to have been established in a professional context. What might begin as misplaced and small acts of omission or commission may lead to the corrupted party being hooked by the criminals and exploited to provide regular and bigger favours.

2.26 As with coercion, the more established groups appear more likely to be involved in corruption. This may be because they have had more time to build up contacts and work out where best to use corruption. There is a marked correlation between longevity and the use of corruption. Those groups that have been in existence for six years or more are four times more likely to use corruption than those that have been in existence two years or less. As with coercion, some caution over the figures is necessary, since this may reflect law enforcement's greater knowledge of the more established groups.

2.27 Infiltration – the placing of a group member or associate into a job or location of importance – is a potential alternative strategy to corruption. However, while there are known instances of organised crime groups planting people or exploiting family or other loyalties of people already in place, infiltration seems to be relatively rarely used. Nevertheless, casual employment, notably at postal sorting offices, has provided opportunities for placement.

Identity fraud and other misrepresentations

2.28 The overall scale of identity frauds and other misrepresentations is not known. Lower-level criminals are conspicuous users of false identities, notably in relation to benefit fraud, but significant numbers of organised criminals use them too, in some cases multiple false identities. Identity frauds and other misrepresentations underpin a range of criminal activities. They allow criminals to gain access to goods and services, travel and trade without hindrance, pass regulatory scrutiny, infiltrate organisations, act anonymously, and generally frustrate law enforcement investigations by leaving false or blank trails. Intelligence shows false identities assisting organised crime groups to acquire vehicles, rent premises for storage of drugs and other illicit commodities, open bank accounts, apply for loans, move across borders freely, and disguise travel by using one passport for outward travel and another to return. Identity frauds and other forms of misrepresentation revolve largely around the presentation of documents that give false information on identity (of persons, companies or vehicles), consignments, or business accounts and transactions. False documents and statements are used in numerous frauds, money-laundering, illegal immigration, employment of illegal labour, payment card crime, smuggling (from drugs to cigarettes to wildlife), laundering stolen property, and organised vehicle crime. They are central to certain supporting crimes, such as obtaining property or services by deception.

Theft and obtaining by deception

2.29 Organised criminals resort to theft (robbery, burglary or obtaining by deception) to acquire what they need to carry out their main money-making criminal activities. They do so where they are either unwilling or unable to pay for the goods, perhaps because a legal purchase could be traceable. In some cases, goods may simply be easy to steal. Theft is commonly used to obtain motor vehicles, official documents and monetary instruments. Criminals may also dishonestly obtain firearms, keys (notably for vehicle theft), visa stamps (for counterfeiting), and even police communications equipment (for anti-surveillance). In some cases, the theft relates to a particular need, for example a tablet press for synthetic drugs production. The theft of a car, on the other hand, might have multiple uses, either directly

money-making through resale, or to support armed robbery, ramraid robbery, lorry load theft, kidnapping, drug-related shooting, or smuggling. In the case of lorry load thefts and cash-in-transit robberies, taking the vehicle gives the criminals more time and enables unloading to take place at a safer location.

2.30 Obtaining by deception has certain advantages over robbery or burglary. It may be less readily detected and reported. It may also be more practical where large volumes, difficult-to-handle goods or tight security are involved. It avoids the need for violence. Organised criminals have used deception, through identity fraud, to acquire vehicles and passports.

Illicit manufacture and modification

2.31 In some cases, organised criminals manufacture or modify items for criminal use, thereby acquiring something that may not be obtainable by other means, or can be obtained only at great cost or risk. Some items have to be modified before they are of any use; for example, a stolen passport needs a new photograph to be inserted. Deactivated firearms are reactivated, air pistols converted to fire live ammunition, vehicle ID numbers changed, false number plates put on vehicles, mobile phones cloned, false payment cards created, stolen benefit books manipulated, and numerous documents counterfeited or forged. Manufactured or modified documents, such as passports, driving licences, vehicle registration papers, standard acknowledgement letters, company letterheads, sales invoices, import certificates, shipping documents and proofs of provenance support a wide range of criminal activity. Examples include organised illegal immigration, illegal labour, numerous frauds, organised vehicle crime, and cultural property crime. In the latter instance, false documents may also be used to reintroduce stolen property into a legal market.

2.32 Various factors influence levels of counterfeiting and forgery. It is less likely where security features in genuine documentation are sophisticated, where scrutiny at point of presentation is rigorous, or where expertise, equipment and materials are scarce, and alternatives (notably obtaining by deception) are available and cost-effective. Developments in computer technology and printing have made it relatively easy to counterfeit certain documents, such as utility bills, sales invoices and bank statements.

Illicit markets

2.33 Organised criminals also buy the goods or services they need from criminal associates or contacts. Various illicit markets exist; for example, for firearms and identity documents. Criminals can also find backers prepared to finance their activities, dishonest solicitors and

accountants who will defend, conceal or legitimise criminal activities and profits, and former law enforcement officers willing to sell their knowledge. Trust is an important component of these various trades, since the parties have to expose their true intentions to some degree. Trust comes in part from shared criminal histories, criminals having previously worked together or served time together in prison, or from references given by someone who is already known and trusted.

Supporting criminals

2.34 There is a considerable body of evidence and intelligence to show that organised criminals unable or unwilling to carry out supporting crimes themselves are prepared to get third parties to do the job for them. The size and structure of an organised crime group, the complexity of its criminal activity, its expertise and knowledge, cost and effort, risk and access to trusted criminal associates and contacts all appear to play a part

KEY POINTS

- Corruption is used to overcome controls and gain access to information on threats and opportunities for the group
- Groups in existence for more than six years are four times more likely to use corruption than those two years old or less
- Organised criminals resort to theft where they are unwilling or unable to pay for goods, perhaps because a legal purchase could be traceable
- Obtaining by deception has advantages over robbery. It may be less easily detected and reported. It may be practical where large volumes or tight security are involved
- Illicit markets exist for firearms and identity documents. Finance, legal services and accountancy are also dishonestly available

“ Organised criminals cannot operate exclusively within a criminal underworld. Many, probably the majority, make use of legitimate or quasi-legitimate businesses to further their criminality.”



in whether it looks to be self-sufficient or is prepared to contract out. In the drugs trade, especially in the case of groups that use the 'small but often' method of trafficking, low-level criminals, often drug addicts or illegal migrants, are recruited specifically for the highest risk tasks. These individuals are expendable and their involvement may be one-off or short-term. There are also examples of third parties being used to launder money, steal vehicles, procure firearms, provide protection, collect debts, supply false identities or stolen documentation, and carry out contract killings. While some of these may also be low-level, expendable individuals whose involvement is one-off or sporadic, many are professional criminals who are involved in supporting criminality on a persistent basis.

Other supporting activities

Intelligence gathering

2.35 Setting aside criminal intent, some of the activities serious and organised criminals engage in may not in themselves be criminal. For example, some attend court hearings to improve their understanding of how law enforcement operates in order to be better able to avoid arrest and prosecution. Some take an interest in the reporting of law enforcement successes and techniques. Criminal intelligence gathering can take a number of forms, from researching information about potential targets from open sources, to dummy runs to test capabilities and responses, and thus identify vulnerabilities in controls and security.

The use of legitimate or quasi-legitimate businesses

2.36 Organised criminals cannot operate exclusively within a criminal underworld. Many, probably the majority, make use of legitimate or quasi-legitimate businesses to further their criminality. In some cases, criminals own the businesses themselves. In others, they collude with or coerce businessmen and employees. They also use deception. Their most obvious use is to launder the proceeds of crimes, but legitimate or quasi-legitimate businesses are also used to facilitate illicit trades, and in some instances to fulfil a desire for social acceptability and status. Front companies are essential for certain frauds. Businesses provide cover for purchases of regulated items, such as precursor chemicals, and for shipments of illicit commodities. Haulage companies are used to move goods, sometimes unknowingly as illicit cargoes are hidden in or amongst freight. Company premises may be used for storage or to slaughter (break up) loads, while clubs and pubs are used for distribution. Control over a sales outlet, such as a mobile phone retailer or car dealership, provides covert access to key resources. Meanwhile, employment agencies may be used to support those involved in organised illegal immigration.

Communication

2.37 Any enterprise relies on effective communication. In the case of serious and organised criminals, in order to be effective communication needs to be either wholly secret or sufficiently difficult to penetrate to avoid giving law enforcement foreknowledge of what is planned or the ability to piece together evidence that a crime has been committed. Serious and organised criminals use a wide variety of means of communication. As might be expected, the preferred method appears to be, where possible, face-to-face contact. However, criminal businesses often involve complex logistics, with goods and people moving around internationally and within the UK, with deals and transfers to be done with other criminals, and with timings and locations to be managed against a background of unreliable partners and active opposition in the form of law enforcement. In practice, this means extensive criminal use of telecommunications.

2.38 In choosing telecommunications products and services, criminals are guided by the need for security, anonymity and convenience. They remain keenly aware of new products and services and take advantage of any that enhance these three features. Mobile phones, in particular prepays, are particularly popular, since there are no legal requirements for registering them and so no need to reveal any personal details. They are also inexpensive enough to be bought in bulk and regularly changed. Organised criminals also make use of telephone kiosks, foreign roaming mobiles (also available as prepay) and satellite phones. As the general population becomes more technologically aware, and a new generation of computer literate criminals evolves, use of the internet and email is growing, including use through internet cafes as a further attempt to avoid detection. Accommodation addresses, mail drops, postal redirects, email remailers and software encryption are also all used.

3 CLASS A DRUGS TRAFFICKING



Size of Class A drugs markets in the UK

3.1 It is difficult to reach a reliable estimate of the quantities of Class A drugs being smuggled into the UK each year, given the clandestine nature of the trade and of drug usage. Quantities and trends can be inferred from seizures and other law enforcement interventions, drug treatment figures, drug-related deaths, household and user surveys, and various other sources. Inevitably these indicators reveal only glimpses of the overall picture.

3.2 While more research is needed, there are strong indications that many drug users acquire a significant proportion of the income used to pay for their drugs through low level crime, including property crime, benefit fraud, drug dealing and prostitution. In one major UK city a recent report concluded that 70 per cent of all recorded crime was committed by problematic drug users. One explanation offered for this was that 97 per cent of heroin users in the city are now also using crack cocaine, which creates an additional need for funds. Such figures can be misleading in terms of the overall picture of usage. If, as is suspected, the majority of cocaine powder users are in regular employment and can afford to fund their use through their legitimate income they are much less likely to come to the attention of the police than users of heroin or crack. They are therefore less likely to be included in samples of offenders used by researchers.

3.3 Treatment statistics also tend to emphasise the use of opiates, since treatment is mostly directed towards problematic heroin use. Two-thirds of drug users reporting for treatment in the year to March 2001 identified heroin as their main drug (up from 46 per cent in September 1993). While cocaine, amphetamine, benzodiazepine tranquilisers (such as diazepam and temazepam) and cannabis were not often identified as the main drug, they were frequently reported as subsidiary drugs, reinforcing the picture of increasing poly-drug use. There are a number of reasons for this. Some combinations either extend or enhance the effects of the main drug (as with diazepam and ecstasy) or reduce its after effects (as with crack cocaine use by

heroin users). In some instances, alternatives are used to replicate the effects of the drug of choice if the latter is not available (as with various benzodiazepine tranquilisers and heroin).

3.4 Deaths involving Class A drugs have been increasing for a number of years. Since 1996 the number of deaths resulting annually from drug misuse in England and Wales has risen from 1,247 to 1,662, and in Scotland from 244 to 292. Most deaths have been linked to heroin (926 in England and Wales in 2000, and 196 in Scotland, double the number of heroin-related deaths in 1996). Most heroin-related deaths have involved only heroin, while the majority of those related to other drugs have involved the combined use of two or more drugs. By comparison with England and Wales, a much higher proportion of deaths in Scotland has involved the tranquilisers temazepam and diazepam.

3.5 With these caveats surrounding the indicators, current estimates for the amounts of Class A drugs smuggled annually into the UK are not significantly different from 2001 estimates. The estimate for heroin remains in the region of 30 tonnes, while that for cocaine is up to 40 tonnes. There are grounds for thinking that the cocaine estimate may be on the low side. Estimates for ecstasy are more difficult still. Using 1998 statistics, the NERA study, commissioned by the Home Office, produced an annual ecstasy consumption estimate of 26 million tablets, though other assessments have suggested much higher levels of consumption.

Multi-drug trafficking

3.6 The value of the UK drugs markets is also difficult to estimate. The NERA study indicated a total UK expenditure in 1998 on six principal drugs (heroin, cocaine powder, crack cocaine, ecstasy, amphetamines, and cannabis) of over £6,600 million. The caveats that apply to estimates of size also apply to value. While law

enforcement operations and other sources provide snapshots of drugs prices at various points in the trades, criminal profitability, as distinct from turnover, is further complicated by other factors, such as the costs of shipment and the extent to which short-term or localised fluctuations in availability can affect pricing. Whatever the precise size and value of the Class A markets, it is clear that Class A drugs trafficking remains highly profitable at all stages of the trade from production through to street-level dealing, and as such continues to attract significant numbers of serious and organised criminals and lower-level criminals, whether as traffickers, facilitators, or dealers. It is also clear that the profit made from drugs is a critical factor in the success and spread of serious and organised crime, not just because it is used to buy more drugs, but because it funds other forms of crime, and supports criminal lifestyles that corrupt and undermine individuals, communities and the legitimate economy.

3.7 Drugs traffickers are largely unconcerned about the different types of drugs they handle and, by inference, the different penalties they face should they be caught. The pattern of poly-drug use provides an obvious incentive for traffickers to engage in multi-drug trafficking, rather than limiting themselves to one commodity. The key concerns are opportunity, capability, and profit. Some organised criminals involved in smuggling Class A drugs will therefore readily smuggle cannabis (which remains the most widely used drug in the UK), amphetamine (the market for which appears to be in decline) or pharmaceuticals (such as Viagra and its various copies, the market for which is strong) if they have access to them, can handle the logistics of importation, and can buy and sell at a profit, often importing them in cocktail loads.

3.8 Although the exact relationship between supply and demand remains unclear at the macro level, the continuing evidence of widespread poly-drug consumption in the UK suggests that those traffickers importing more than one drug, whether in cocktail loads or consecutively, are unlikely to find difficulty in securing buyers at the UK end. Cocktail loads are often found where specialist transporters are moving drugs for a number of customers. However, a key factor in multi-drug trafficking is the convergence of the various drugs trades, for a number of logistical reasons, in the Netherlands and Spain. Both countries play reluctant host to major foreign trafficking groups or their representatives and criminal associates, and also to British criminals, some long-established residents as in Southern Spain, who broker deals for UK-based groups. Some of these facilitators have been placed overseas deliberately by a group, while others may be on the run. Meanwhile, the Netherlands in particular is within easy reach for UK-based criminals, who are able to travel to and from largely unobserved,

sometimes varying the means of travel in and out or changing passports in order to avoid detection.

Financing the trades

3.9 As well as lining the pockets of UK-based traffickers, substantial amounts of drugs money are sent out of the UK either in cash with couriers, or disguised and paid in through banks and other financial institutions, or transmitted by underground (hawala) bankers, or electronically by various money transmission agents. Clearly, some of this money goes directly or indirectly towards financing further drugs shipments. Law enforcement awareness of the various methods is good, and a number of measures are in force or are about to be introduced to combat them (see 'Money laundering'). For example, there has been intelligence to suggest that during 2001 heroin traffickers from a range of ethnic backgrounds have used shop-front travel agents in the UK to send drugs money out of the UK.

The trade in precursor chemicals

3.10 Heroin and cocaine cannot be produced in a usable form without the addition of certain chemicals, principally acetic anhydride in the case of heroin and potassium permanganate in the case of cocaine. The production of synthetic drugs, such as ecstasy, is wholly dependent on acquiring the necessary chemical ingredients. Suppliers and manufacturers of Class A drugs are therefore prepared to go to considerable lengths to acquire the chemicals they need, and the smuggling of tonnes of chemicals across international borders to the areas of illicit drug production is a key aspect of the trades. More elaborate methods are also used. In some instances, suppliers have formed front companies and carried out some legitimate business in order to provide cover for chemical diversion. Mail services have also been used to smuggle smaller quantities of precursors, especially those used in the illicit manufacture of amphetamine-type stimulants. In the case of MDMA, precursors have been advertised and ordered online.

3.11 While the international chemical market is dominated by a restricted number of large manufacturers, these products are distributed by a multitude of smaller companies and brokers. Diversion for illicit use tends to occur at this distribution level, and there is evidence of the extensive involvement of UK nationals in facilitating such diversion. One of the difficulties of monitoring the chemicals and substances used in illicit drug manufacture is that many of the chemicals in question are used in the manufacture of a wide range of legitimate goods, for example perfumes, dyes, pigment, plastics and

pharmaceutical products. The UK has introduced a combination of regulation and mandatory licensing of the chemicals most likely to be misused. Internationally, 23 chemicals are subject to monitoring under the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

3.12 Operation Topaz, an international operation to monitor movements of acetic anhydride, began in March 2001. By March 2002 it had tracked 2,607 shipments of acetic anhydride, totalling 235,000 tonnes, and had stopped 10 shipments (1,170 tonnes) and seized 20 shipments (123.5 tonnes). Though still in its early stages, Topaz has uncovered key diversion routes and organisations involved in heroin production. Turkey makes by far the largest number of acetic anhydride seizures, with 13 seizures (41 tonnes) in 2001. These indicate that acetic anhydride is smuggled into Turkey mainly from Eastern Europe. With increased disruption of acetic anhydride trafficking to Turkey, some countries may be gaining ground as alternative sources of heroin production. The countries of Central Asia, in particular, have seen a significant rise in acetic anhydride trafficking cases, and there are persistent suggestions that heroin production there is on the increase. Meanwhile, in 2001, the Colombian authorities made significant seizures of acetic anhydride (nearly nine tonnes). South American traffickers were apparently stealing shipments in transit from the point of entry into Colombia on route to legitimate end-users.

3.13 Operation Purple, an international initiative targeting world-wide shipments of potassium permanganate, was launched in March 1999. Between January and September 2001, 923 shipments (28,567 tonnes) had been tracked and 32 shipments (225 tonnes) stopped or seized. Purple has also revealed a number of trends. Cross-border diversion is increasingly common. Large seizures have been made in countries neighbouring Colombia, Bolivia and Peru, and there is evidence of potassium permanganate being smuggled overland through Central America from Mexico. Front companies are being used. Three of the four shipments seized in Venezuela had been legally imported by companies that later investigation revealed had been set up to facilitate diversion. In Colombia, the use of deception to purchase potassium permanganate and diversion of domestic distribution is also common. Of the potassium permanganate seized in Colombia, over 60 per cent of the consignments had either been relabelled on the chemical containers, or were falsely described on the customs declaration in order to avoid detection. The Colombian authorities have responded with a plan, involving the private sector, to identify legitimate demand and strengthen controls. They have also withdrawn licences from several chemical companies in relation to potassium permanganate.

Heroin

Worldwide production

3.14 With Afghanistan accounting for around 70 to 75 per cent of the world's production of opium, the largely effective Taleban ban on poppy cultivation in Afghanistan imposed in July 2000 meant that the amount of opium produced globally reduced significantly between 2000 and 2001. Poppy planting recommenced in Afghanistan in October 2001 and a new crop was harvested between March and June 2002. The initial assessment by the United Nations Office for Drug Control and Crime Prevention of the anticipated harvest concluded that it would yield a crop of between 1,900 and 2,700 tonnes of opium. Although this is substantially less than the bumper 1999 crop of 4,600 tonnes, it is significant and would bring the yield in Afghanistan back to mid-1990s levels. The actual size of the opium crop will depend upon factors including adverse weather conditions, the Interim Administration eradication campaign, which has to date destroyed approximately 30 per cent of the crop, and continuing efforts by the administration to enforce the ban introduced in January 2002.

Availability

3.15 The bulk of the heroin imported into the UK and the rest of the EU originates from Afghanistan-grown opium. During 2001, the average wholesale price per kilogram of heroin in the UK fell to an all time low. Intelligence indicated that in the South East of England it was as little as £11,000 per kilogram. Assessments linked this low price to the bumper 1999 crop, which had led to an over-supply. Recent intelligence has indicated that the wholesale price per kilogram has risen to £20,000 in some regions. There were indications of a fall in heroin purity during 2001 and 2002. There have also been recent reports of shortages in Europe. It is possible that the increase in price, change to purity levels and shortages are signs that the Taleban's ban on opium cultivation is now affecting the European market. The rapid and steep rise in prices in the UK, together with reported localised shortages, may in reality represent a normalisation of the trade, to the position prior to the bumper harvest of 1999. The true effect of the events in Afghanistan since 11 September are difficult to gauge. They will have caused significant disruption to traffickers in Afghanistan and beyond, but they may be being exploited as a plausible excuse by traffickers seeking a higher price for opium and heroin, the profitability of which must have been reduced after the 1999 bumper crop. Recent events also need to be set against the size and location of any stockpiles of opium and heroin throughout the distribution chain predating 11 September or despatched as the war in Afghanistan progressed.

Routing

3.16 Knowledge of the routing of heroin to the EU is improving. The broad options from Afghanistan are clear: overland westwards into Iran and on to Turkey, and then into the EU through the Balkans; by sea or air southwards across the Gulf to the Gulf States or Africa, from where there is the option of routing directly into the EU, if already processed, or via Turkey; or northwards through the Central Asian Republics, then through Russia, the Ukraine and Poland. During 2001, there was a substantial rise in the number of seizures of heroin in the Central Asian Republics. Some of those appear to have been destined for the EU. Intelligence suggests that there has been some reduction in heroin processing in Turkey due to Turkish law enforcement activity. Some processing may have been displaced to Bulgaria and Romania.

UK supply

3.17 Notwithstanding indications of shifts in routing and processing, the long-established routing of much of Afghanistan's heroin through Turkey has served to place Turkish traffickers at the heart of the European heroin

trade. In recent years it has been assessed that UK-based Turkish or ethnic Turkish criminal groups, most of them based in London, have been behind up to 70 per cent of the heroin imported into the UK. Many of these groups work in collaboration with Turkish criminal groups based on the near Continent, north Cyprus and in Turkey itself. However, the significance of other groups appears to be growing. These include British criminals who deal directly with overseas-based suppliers; Pakistanis who also receive opium from Afghanistan, but have to date been assessed as mainly involved with UK distribution, buying from UK-based Turkish groups; ethnic Albanians who have rapidly and violently established themselves as heroin traffickers in parts of Scandinavia and mainland Europe; and West Africans who were previously understood to source heroin principally from Thailand, but who are now sourcing significant quantities from Afghanistan and Pakistan. While UK-based Turkish or ethnic Turkish traffickers therefore remain the principal concern and are still believed to be behind the bulk of imported heroin, their share of the market may be less than previously assessed and may be further challenged over time as other groups become more established.

3.18. There is evidence of the increasing involvement of British Caucasian groups in heroin importation and distribution, including serious and organised criminals from Merseyside, who appear to be operating on a large scale. These Merseyside groups are not only sourcing their heroin supplies from within the UK but are increasingly involved in the bulk trafficking of large amounts of heroin from abroad. To facilitate the purchasing of drugs further up the supply chain and the smuggling of the drugs to the UK, several Merseyside groups maintain close links with associates based in the Netherlands and Spain. These overseas-based facilitators are believed to liaise with well-placed criminals who can broker deals from the source countries.

3.19 While yet to have a visible impact on the UK heroin market, ethnic Albanian heroin traffickers enjoy a number of advantages that could see their impact grow. To date, importations have involved ethnic Albanians in the UK working with ethnic Albanian groups in Italy to organise relatively small shipments and to transport them by road to the UK. However, in Albania and the surrounding region, ethnic Albanian organised crime groups straddle some of the key routes for heroin directed at the EU. War and continuing upheaval in the region may have increased the significance of Albania as an outlet, and with it the influence of these groups, who have developed strong links with Turkish wholesalers, and with Bulgarian and Romanian traffickers. In the context of multi-drug trafficking, there are some indications that Colombian groups may be collaborating to import cocaine into the EU via Albania, and that ethnic Albanian

groups are diversifying into synthetics, although whether as producers or distributors is unclear. There is also widespread cultivation of cannabis in Albania, and ethnic Albanian organised criminals have been successfully smuggling cannabis to the UK for several years, in some instances in multi-tonne shipments, recognising that cannabis was regarded as a lower priority by UK law enforcement and that the risks were lower. Based on experiences elsewhere, the potential threat from ethnic Albanian organised criminals in relation to heroin must therefore remain high, and the suspicion is that ethnic Albanian criminals are currently learning the UK heroin market and making contacts by acting in support roles, such as minders or enforcers, for Turkish traffickers, until such time as they achieve sufficient numbers and know-how to push the latter aside.

3.20 West African organised criminals make extensive use of 'little and often' couriers to move drugs to the UK and other destinations. The UK is also used as a transit country for Nigerian-controlled heroin destined for the USA. Individual consignments tend to be small, but the couriers make multiple trips. West African criminals exploit established émigré populations in target countries, and sizeable Nigerian populations in countries such as South Africa, the Netherlands, Spain, Germany and the UK have enabled these criminals to find buyers. Intelligence, supported by a number of recent large seizures, suggests that West Africa may be becoming something of a warehouse for heroin (and for cocaine). It has a number of advantages as a secondary distribution centre. For example, it currently attracts less attention than traditional secondary distribution countries, and widespread corruption and poverty mean that storage can be safeguarded and there is a ready supply of couriers.

Importation routes and methods

3.21 More heroin is imported successfully than is seized or about which there is some intelligence. It is therefore possible that significant means of importation are being exploited that have not been identified. However, based on seizures and intelligence, it appears that most heroin enters the UK through ports in the South East, particularly Dover, Felixstowe and Harwich. The bulk arrives in freight vehicles, although an increasing proportion is carried by couriers in cars, passenger vehicles, and as baggage, perhaps reflecting a change of tactic in response to law enforcement targeting of freight vehicles. The Channel Tunnel continues to be used as a means of moving heroin into the UK. Seizures from containers meanwhile continue to be rare, although the volume of container traffic means that routine screening of containers is impractical and law enforcement successes have generally been intelligence-led or the result of good profiling work. Some heroin also enters through major UK airports, particularly those with connections to Turkey and

Pakistan, such as Heathrow and Manchester, although the increased focus on airline security post 11 September may have raised the traffickers' perception of risk surrounding this method.

Distribution within the UK

3.22 Most significant heroin importations are of tens of kilograms rather than larger amounts, in order to spread the risk. Once heroin has been imported into the UK, it is distributed to bulk (multi-kilogram) buyers around the country. Distribution continues to be organised mostly from London, but Merseyside, Birmingham and Manchester are all significant distribution points. A number of seizures made during 2001, some consisting of multi-drug consignments, were destined for the Merseyside area. Intelligence indicates that the North London Turkish heroin traffickers' dominance of large-scale heroin importation into the UK has diminished slightly, due in part to the increasing involvement of Merseyside groups in this aspect of the trade. Intelligence places some Merseysiders amongst the most prominent heroin traffickers in the UK.

3.23 More remote or smaller markets are supplied from various hubs around the UK. Merseyside supplies most Class A drugs in Scotland. Sometimes a tiered distribution system operates, with Merseyside groups supplying groups in the North East of England, who in turn supply groups in Scotland. Newcastle, Bradford and the Midlands are secondary sources of supply to Scotland. Meanwhile, dealers from Northern Ireland, for example, send couriers to the mainland by ferry in order to obtain small quantities of heroin from crime groups based in Liverpool, Manchester and Scotland.

Cocaine – cocaine powder and crack cocaine

Worldwide production

3.24 American estimates put the total cocaine production for the Andean region at 930 tonnes in 2001. Colombia still accounts for the vast majority, although open source reporting indicates that production in Peru is increasing, having been reducing from the mid-1990s because of crop eradication programmes. If these indications are correct, it may point to some displacement of coca production from Colombia as a result of Colombian government efforts, including through military action against the paramilitary terrorist group, FARC.

Availability – growing UK markets?

3.25 Should any overall reduction in production in South America be achieved it will not necessarily result in a reduction in cocaine availability in the UK or mainland Europe. Given that cocaine prices are higher than in the

KEY POINTS

- Knowledge of the routing of heroin to the EU is improving
- The North London Turkish heroin traffickers' dominance of large-scale importation into the UK has diminished
- There is evidence of increasing involvement of British Caucasian groups in heroin importation
- Merseyside groups maintain close links with the Netherlands and Spain
- Ethnic Albanian heroin traffickers could increase their impact
- West African organised criminals use 'little and often' couriers extensively

USA, where the market is understood to be saturated, one possibility is that an increased proportion of the cocaine produced is targeted at Europe (currently, around three-quarters is directed at the USA and a quarter at Europe). For the present, despite continuing law enforcement successes against cocaine traffickers, including several large seizures off Spain and in the Caribbean, there is no indication of a shortage of cocaine in the UK. It is possible that the cocaine that has been seized was destined principally for markets outside the UK. Equally, it suggests that the trade is extremely resilient and capable of withstanding multi-tonne seizures without lasting damage.

3.26 The vast bulk of the cocaine imported into the UK arrives in powder form, where a proportion is converted to crack cocaine. The sizes of the UK cocaine powder and separate crack cocaine markets are not known. The cocaine powder market has been assumed to be the larger of the two. The NERA report estimated that the crack market accounted for 18 tonnes of the cocaine imported, but there is little intelligence or other research to substantiate this figure. What is clear is that cocaine powder is readily available throughout the UK, and crack cocaine is also increasingly widely available, particularly in England and the major conurbations in Wales and Scotland. Both markets are assessed to be growing in size. Research indicates that the cocaine powder is increasingly popular with younger people through the club scene. Meanwhile, despite the absence of a reliable baseline figure, there is evidence that the crack market is increasing in terms of volume and of geographical spread. Crack is more likely to lead to chaotic use and dependence, and it appears to be comparatively uncommon for cocaine powder users to move to crack use on a regular basis. Much of the growth in the crack market has, in fact, been attributed to the concurrent use of crack by heroin users. If this is the reason, and if crack dealers continue to target heroin users as they are known to have done, there could yet be a further significant increase in the UK crack market.

Upstream distribution

3.27 It has been assessed that the bulk of the cocaine targeted on Europe crosses the Atlantic by sea, much of it being met and transferred to smaller boats off the Iberian Peninsula. It is also possible that cocaine is being shipped to West Africa for warehousing before onward shipment to Europe. The significance of seizures in the region is not yet clear, and whether cocaine is being warehoused or simply being routed via West Africa to avoid the typical profile of bulk shipments to Spain remains to be established. It is certainly the case that Spanish law enforcement agencies (assisted in some operations by UK agencies) have recorded some large-scale successes. During 2001, the Spanish seized 31,742kg of cocaine in

numerous operations, five times more than the 2000 total. These successes are likely to have encouraged traffickers to seek other methods and points of entry to the EU, requiring Colombian organisations to establish new contacts. In one recently concluded operation a Colombian organisation worked with an Italian group to import cocaine into Italy via Albania. The Italian group received a proportion of the cocaine in payment.

3.28 In addition to a possible impact on the routing of bulk shipments, Spanish successes, the largest being offshore, may have had effects within Spain itself. During 2001, a laboratory was detected in Spain that had been established to manufacture synthetic cocaine, obviating the need to import cocaine powder or base. It is not clear whether any cocaine was successfully produced. From the UK perspective, although synthetic cocaine production represents a potential threat it is unlikely to become a reality in the foreseeable future due to the costs and difficulties associated with its manufacture, and the relative ease with which cocaine powder is smuggled.

“ If crack dealers continue to target heroin users, there could be a further significant increase in the UK crack market.”



Secondary distribution from mainland Europe to the UK

3.29 Secondary distribution from mainland Europe to the UK is organised primarily from Spain and the Netherlands. The Netherlands plays a significant role both as a point of entry into the EU for South American cocaine, arriving by sea and air, and as a distribution point for cocaine first landed in Spain. Intelligence indicates that the bulk of secondary distribution from the Netherlands is organised by British criminals rather than by Colombians (as implied in UKTA 2001). Most of these British criminals also procure a wide range of other drugs from the Netherlands, with Netherlands-based brokers playing an important part in this process. The relationship between South Americans, Spanish, Dutch, British and other criminals is increasingly complex, especially around the ownership of cocaine as it transits Europe on route to the UK, and British and other European criminals are becoming increasingly significant traffickers in their own right. Cross channel importers use sea and air routes, plus the Eurostar. Concealments in commercial vehicles, some of them elaborately constructed, are most likely to be used for the larger multi-kilogram importations, but a range of vehicles including hire cars has been used. Other more unusual methods have been used, for example rigid hull inflatable boats and jetskis.

Cocaine importation into the UK from outside Europe

3.30 Although a proportion of cocaine destined for the UK enters Europe, particularly the Netherlands, in containerised freight, containers have also been used to import cocaine directly into the UK from South America. The seizure of 597kg of cocaine in a container at Seaforth Docks, Liverpool in December 2001 indicated the potential scale of the threat from this method of importation.

3.31 A proportion of South American cocaine targeted on the USA is moved through the Caribbean. Caribbean-based criminals, specifically Jamaicans, are also involved in trafficking cocaine from South America, and from Central America, particularly Panama, to Europe. Estimates for the amount of cocaine involved have recently been revised upwards. A large proportion of this is likely to be targeted on the UK.

3.32 Most of the cocaine trafficked from Jamaica to the UK is carried by couriers who have ingested it or concealed it in their body cavities, prior to boarding flights either direct to the UK, or via the USA or Europe. These 'swallowers' and 'stuffers' can carry up to 1kg each. Recent law enforcement operations have suggested that there may be as many as 25 couriers on some direct flights to Heathrow and Gatwick. Increased security at airports and on aircraft following 11 September may have

caused some immediate difficulties for traffickers using this method of importation, but this no longer appears to be the case. Meanwhile, the introduction in mid-2002 of direct flights from Jamaica to Manchester will offer Jamaican traffickers targeting the UK opportunities to increase the numbers of drugs couriers.

Cocaine powder distribution within the UK

3.33 Within the UK there are a number of hubs for cocaine distribution. London is important as a market for cocaine and as a base for some major cocaine traffickers, but it may not be as pivotal as previously thought. Cocaine imported from mainland Europe and bound for organised criminals based elsewhere in the UK will more likely than not bypass London. Merseyside criminals, for example, will normally take receipt of consignments in Merseyside before selling to buyers in the North of England and Scotland. Meanwhile, Birmingham and Bristol are important hubs supplying the Midlands and the South West and South Wales respectively.

West Indian organised crime/crack cocaine threat

3.34 West Indian organised criminals, specifically Jamaicans, and British criminals of Jamaican descent, are playing a highly significant part in the spread of crack cocaine in England and Wales, underlining the relevance of the increased estimate for cocaine trafficked from the West Indies to the UK. These criminals are actively seeking out new markets, targeting established heroin markets, and exploiting heroin users as intermediaries, often using their homes as crack houses, and as their main customer-base. Crack cocaine is cooked from cocaine powder in the UK rather than imported as crack, and therefore dealing in crack is open to anyone who has access to cocaine powder. In areas West Indian organised criminals have not reached, middle market suppliers and local dealers, again often those associated with the established heroin market, are supplying crack. Whether West Indian organised criminals will challenge these suppliers will depend on factors including their perceptions of the size of the market and the potential profits, whether they have contacts who can offer a way in, and whether they will be able to buy or coerce the support needed to operate the market effectively. The likely law enforcement response may also be a factor. In Scotland, an attempt by West Indian organised criminals to establish themselves was frustrated by rapid law enforcement action. As a result, crack cocaine continues to be supplied by local dealers or cooked by the users themselves, but arguably on a lesser scale than might have been expected had the West Indians established themselves and with fewer collateral problems.

3.35 Perhaps unsurprisingly given the crossovers with heroin users who generally find it difficult to fund their drugs purchases from legitimate income, new and

growing crack cocaine markets have been linked to rises in acquisitive crime in various areas. Of greater concern to many, they have also been linked to increased incidences of violent crime, many involving the use of firearms. Extreme violence and murder are relatively common features of Jamaican organised criminal behaviour in Jamaica itself, and are increasingly the norm for Jamaicans or those of Jamaican descent who are criminally active in the UK. Some of this violence is orchestrated from the West Indies. These factors make West Indian organised criminals and their role in the crack cocaine trade a particularly acute threat. Following the example of the Metropolitan Police Service (Operation Trident), a number of police forces have formed dedicated operations to tackle the problems of violence and street level crime associated with West Indian organised criminals and crack cocaine. While it is of no comfort to those forces where the problems have already become established, the lesson from Scotland is to act swiftly before they can find a foothold.

Ecstasy and other synthetic drugs

What is ecstasy?

3.36 A diverse range of drugs are made into tablets and sold as ecstasy. Ecstasy is therefore best understood as a type of drug rather than a specific chemical compound. The most common component is MDMA, with the majority of tablets containing 60 to 90mg of the drug. Ecstasy tablets may contain other substances, either singly or in combination. Tablets are seized containing such substances as amphetamine, ketamine, 2-CB, ephedrine or methylamphetamine. Tablets containing MDEA and MDA continue to be seized but they are comparatively rare. While 34 more of the drugs known as PIHKAL, plus one other (4MTA), have been classified as Class A drugs, these are not expected to make a significant impact on the ecstasy market, and MDMA is expected to continue to account for most of the ecstasy produced.

Ecstasy drug production

3.37 The Netherlands and Belgium remain the primary sources of ecstasy found in the UK. Over 100 tonnes of PMK are smuggled into Europe from China each year – enough to produce 100 million tablets. PMK, an MDMA precursor, has practically no legitimate uses, other than in very small quantities. PMK and other MDMA precursors are being offered by Chinese companies over the internet and ordered by Dutch criminals. Information indicates that in 2000 the quantity of chemicals seized in the Netherlands could have produced over 300 million ecstasy tablets. The extent to which ecstasy produced in Poland, Germany, in Eastern Europe, or in South East Asia, is also trafficked to the UK has yet to be determined. Intelligence suggests that some ecstasy is being produced

in the UK. The extent to which the ecstasy drug MDMA is being synthesised in the UK is unknown but it is believed to be low. In 2001 production seemed limited to tableting operations.

3.38 As well as chemicals, equipment such as pill-making machines is needed to produce tablets. There are no controls on such machines, which can work effectively for decades. Even antiquated machines manufactured in the 1960s have a capacity of 15,000 tablets per hour. Organised criminals obtain the equipment they need by a variety of means. Pilling equipment is available from the second-hand market, and the first generation of high capacity pilling machines are just coming onto this market, which could significantly increase the production capability of crime groups. There is intelligence that certain individuals act as facilitators for organised criminals, securing access to equipment or organising its manufacture by engineering companies. Meanwhile a quantity of home-made production equipment has been found in the UK and the near Continent. This equipment may have been manufactured by a small number of people providing a specialist service to a wide network of drug producers. Equipment is also stolen to order in targeted thefts for onward supply to criminal producers.

Trafficking of ecstasy

3.39 Trafficking of ecstasy for the UK market remains in the hands of British, Dutch and Belgian criminal networks. Ecstasy is smuggled through the Channel ports, especially Dover, and East Coast ports. The Channel Tunnel is also used. Drugs are concealed in freight, private vehicles or on passengers.

3.40 Israeli organised crime groups, some composed of Russian emigrants, have entered the ecstasy trade in Europe. They have forged links with the Dutch, and are smuggling ecstasy to the USA. Whether they have any involvement with trafficking affecting the UK remains unclear. The US Customs Service has seized ecstasy from Spanish, German and French couriers who have flown into the USA from various parts of Europe. Some USA-bound ecstasy also transits through the UK.

The UK ecstasy market

3.41 As with heroin and cocaine, annual UK consumption for ecstasy is difficult to estimate, but it is believed that the UK is one of the largest consumers of ecstasy sourced in the Netherlands. Over the last 10 years there has been a steady decrease in the average street price per tablet of ecstasy, from £17.50 in late 1993 to £9 by May 2000 and to £7 by mid-2002. Buyers are more likely to pay around £5 per tablet if they buy a number at a time, or if they are a regular customer. Based on these figures, the value of the UK market for ecstasy imported from the near continent could exceed £500 million.

The UK market for other synthetic drugs

3.42 Although seizures are down, the UK remains one of the largest consumers of amphetamines in the EU. Amphetamine seizures rose sharply during the early 1990s and stabilised in 1997 and have fallen significantly since then. In 2000, seizures fell to 7,000, almost half the figure for the previous year. Of the eight illicit laboratories discovered in the UK in 2001, six were producing amphetamine, the same number as in 2000. The level of production for these laboratories has not been established and therefore their impact on the UK market is unclear. Amphetamine purity levels (seven to 11 per cent) have increased slightly, but street-level purity is often as low as one per cent as criminals seek to maximise potential profits by cutting the drug. Due to its relative ease of synthesis it is expected that amphetamine will remain the drug most frequently produced in UK illicit laboratories.

3.43 Availability of methylamphetamine in powder or pills in Europe is limited. Meanwhile, in the UK the size and number of seizures significantly increased last year. It is not clear if drug users are aware of the difference between methylamphetamine and amphetamine.

3.44 Ketamine, a dissociative anaesthetic, is controlled under the Medicines Act. In the past, ketamine has been mainly seen in ecstasy tablets, either combined with amphetamine or with stimulants such as ephedrine or caffeine. The number of such tablets declined in 2001. Ketamine is now mainly found in 0.5g white powder wraps for snorting. Coloured forms of ketamine powder have also been seized, which are believed to be to help users differentiate ketamine from cocaine. Intelligence suggests that ketamine is being imported in liquid form and then evaporated in pans to produce the powder. Ketamine seizures remain comparatively low. The media that focuses on the club scene suggests that during 2001 clubbers were experimenting with ketamine and with GHB, and predicts that 2002 will determine whether they remain significant club drugs.

3.45 With regard to pharmaceutical drugs, illegal importation of benzodiazepines, particularly diazepam and ephedrine tablets, has increased. Frequently these pharmaceuticals are illicitly produced, which may pose an additional health risk. Medicinal opioids such as oxycodone have been subject to increased abuse in the US. While this trend has not been mirrored in the UK, a small importation from the USA was seized in 2001 at Stansted airport.

3.46 Criminal activity involving medicinal products containing sildenafil citrate, such as the proprietary brand Viagra, has also increased. Previously Viagra had been the primary target of illegal importation and supply. Now

similar products legitimately manufactured in India, such as Kamagra, and various counterfeit products are being illegally trafficked. These lifestyle drugs are linked to the taking of controlled drugs including ecstasy. The trafficking and counterfeiting of pharmaceutical products generates significant profits running to million of pounds, while the likelihood of discovery and penalties should the criminals be caught are comparatively small. It is therefore likely that criminals will show an increasing interest in pharmaceuticals.