COUNCIL OF
THE EUROPEAN UNION

Brussels, 26 May 2010

10203/10

JAI 473
COSI 35

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I.   INTRODUCTION

The adoption of an Internal Security Strategy (ISS) for the EU provides the basis for concerted action in the EU to tackle the main threats and risks the EU faces.

The ISS assumes that effective action against these threats and challenges will be informed by a clear understanding of their nature and impact. This Report provides a summary of the current threats and challenges to internal security in the EU. It is based on three strategic documents – Europol's Organised Crime Threat Assessment (OCTA), Terrorism Situation and Trend Report (TE-SAT), and Frontex's Annual Risk Analysis (ARA).

It analyses the specific threats posed by the main internal criminal activities assessed by the mentioned strategic documents: terrorism, organised crime and cybercrime; as well as the challenges of border control and civil protection. It describes the current situation, trends, and impacts, taking into account citizen concerns, and offers conclusions and considerations to tackle these phenomena. Furthermore, it establishes a close link with the proactive approach in the field of disaster management, prevention and all-hazard risk analysis, as was announced in the ISS.

Nevertheless, in a Eurobarometer published on February 2010, only an 8% of EU citizens identified crime as one of the two most important issues currently facing their countries[1].

Other significant common challenges identified by the ISS such as cross-border crime, violence itself or corruption shall be further explored in future assessments, taking into consideration key elements for EU internal security. With the help of analyses of other European agencies and bodies relevant to internal security the root causes of insecurity will be thoroughly highlighted in future reports, to enable a proactive, intelligence-led approach, enhancing prevention and anticipation.

This report should facilitate a debate by the JHA Council on internal security and other internal challenges in June 2010 and allow, in the short and medium term, to be used for the identification of some priorities for the COSI and EU Agencies and improvements in concerted action by Member States based on the facts presented under point II.

The Council Conclusions based on the OCTA and ROCTA on the main threats affecting the EU regarding organised crime and definition of the EU's priorities for 2009/2010 in the fight against organised crime should be used to complement the assessment.

In the long term, in accordance with the Stockholm Programme, it is important to agree on a process for the delivery of the internal security strategy. Therefore, a robust methodology, approved by Member States is required. This methodology should take into account all the threats facing the European Union and should support the decisions of the European Council and the Council of Ministers in choosing the priorities in the area of internal security. The methodology should also facilitate the development, implementation and coordination of action plans for addressing priorities and the evaluation of the results achieved.

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[1] Source: Eurobarometer 72; February 2010.

The Commission will in its communication this year propose a comprehensive methodology to be applied to the ISS as a whole, including the areas of counter-terrorism, organised crime and natural disasters. A highly valuable contribution to this exercise which needs to be taken into account for the specific area of the fight against organised crime is **the** methodology **being developed by** Belgium, in close cooperation with the United Kingdom, the Netherlands and Europol, through the HARMONY project funded by a European Commission grant under the ISEC programme and the EU-wide risk analysis of threats and disasters that is to be carried out in 2012**.**

In accordance with the Internal Security Strategy and the Stockholm programme, the communication will include action-oriented proposals, consider the setting up of an internal security fund and enable COSI to continue to develop, monitor and implement the ISS.

II. CURRENT SITUATION BASED ON REPORTS OF EUROPOL, EUROJUST AND FRONTEX

1.-TERRORISM

While recently the number of terrorist attacks in the EU has declined, terrorism and extremist violence remains a threat to internal security. The terrorism activities world wide are a clear indication that AQ inspired terrorist organisations are still willing to execute mass casualty attacks. Furthermore other terrorist organisations inspired by various ideologies stay active in some regions of EU.

Separatist violence, especially in Spain (ETA), and dissident activities in Northern Ireland are a persistent threat to some communities. In addition, escalating clashes between right-wing and left-wing extremist groups may increase the likelihood of communities in some MS being exposed to systematic violence.

Likewise, Islamist terrorism continues to pose a severe threat to EU nationals.

Source Europol TESAT	2006	2007	2008	2009
Terrorist attacks (*)	472	583	515	294
Arrested suspects	706	1044	1009	587

(*) Failed, foiled or successful

External dimension: main regions and key countries

Al-Qaeda affiliated groups such as al-Qaeda in the Islamic Maghreb (AQIM) not only pose direct threats to the EU, but also use the EU as a platform for preparing and initiating terrorist attacks elsewhere.

Radicalised EU-based Islamists travel to conflict areas in countries such as Afghanistan, Pakistan and Somalia to participate in armed struggle or to attend training camps. Radicalised individuals from elsewhere, also use routes through Europe.

PKK has carried out sporadic attacks (arson, violent aggression) in Western Europe in recent years, but more importantly, collects financial and logistical support by both legal and illegal activities from a number of individuals of Kurdish ethnicity resident in the EU.

2.-ORGANISED CRIME

The impact on society of organised crime within the EU is significant. For example there are now approximately 4 million cocaine users and up to 1.5 million problematic opium users in the EU, and exposure to drugs-related problems has been identified as a major source of fear of street crime[2]. Furthermore organised crime groups increasingly use systematic violence and corruption to perpetrate crime and enforce their authority.

Organised crime has been able to acclimatise well to opportunities offered by modern society and the open business environment of the EU, particularly with regard to the Internet, generating enormous profits from multi-dimensional criminal activity.

The profits derived from organised crime are substantial. According to International Monetary Fund (IMF) sources, the profits worldwide generated by financial crimes alone account for up to 5% of global GDP. At EU level, sales of illicit drugs generate an estimated €100 billion per year, while a similar value is attached to the estimated value of organised VAT fraud in the EU. In the case of the latter, and other types of fraud, in particular cigarette smuggling and counterfeiting, this is revenue denied to governments which has a direct impact on the tax-payer and may create serious threats to the internal security, legal trade and economy.
In addition the ease with which organised crime groups invest criminal proceeds enables them to fund further criminal.

Mafia groups, remain very resourceful, with their annual revenue in 2009 estimated to be €135 billion.

Organised crime is also involved in illegal immigration, trafficking in human beings and vehicle thefts.

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[2] Source: Joint report by Europol, Eurojust and Frontex "the state of internal security in the EU" (doc. 9359/10 JAI 390 COSI 29)

According to World Bank estimates, a staggering $1-2 trillion are lost to corruption every year, or ten times the annual budget of all OECD countries combined. The loss of confidence in the states' and the markets' institutions can only be measured in the worst case examples of the above mentioned failed states. Although the European Union area can serve as a model for these countries in many ways, some of the same dissolving effects of corruption can be encountered – in varying and much lower intensity – within (all) states of the Union.

Especially the potential secondary damage of a loss of confidence in the Member States' as well as the Union's institutions poses a significant threat to the EU. According to the Eurobarometer Study on Corruption of November 2009[3] more than three quarters of Europeans agree that corruption is a major problem for their country (78%).

External dimension: main regions and routes

North and West Africa's strategic position between Latin America and the Caribbean and the EU is exploited by cocaine drug traffickers, taking advantage of the increased flow of legal goods between West Africa and the EU. This hub is a key distribution centre for cocaine, cannabis products and trafficking in human beings and smuggling of persons to markets including the North West criminal hub. Nigerian organised crime groups are active in the EU, particularly in terms of organised fraud and trafficking of human beings for sexual exploitation.

East Africa, specifically the Horn of Africa, is increasingly a transit region for Afghan heroin. North Africa, meanwhile, continues to be one of the most prolific supplier of cannabis resin to the EU and acts as a distribution centre for counterfeit Euros.

Piracy has a destabilizing effect on regional and global trade, in particular on maritime routes between Asia and Europe. It represents an intolerable threat against the life of crews and passengers on board ships and constitutes a major threat to the sustainability of maritime transport.
Piracy off the coast of Somalia appears to be motivated largely by criminal opportunity. Somalian organised crime groups are also engaged in the illegal arms trade: geographical proximity of these groups to terrorist cells raises the possibility of future collaboration.

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[3] Source: Special Eurobarometer 325/Wave 72.2, November 2009.

The Western Balkans, is a transit region to the EU for the smuggling of persons and trafficking in human beings for sexual exploitation, heroin, cocaine, cannabis products, synthetic drugs and precursors, cigarettes, counterfeit Euros and firearms.

Western Asia is the most important transit route for illicit heroin trafficking from Afghanistan and Pakistan to the EU. Heroin enters the EU via the Balkans and travels onward to North West Europe for distribution. Turkish, Kurdish, Pakistani and Iranian organised crime groups predominate due to their geographical proximity to source countries.

The South East criminal hub is a gateway to the EU for both licit and illicit commodities given its situation on Europe's border with Asia, and serves as a transit, stockpiling and redistribution zone, e.g. for counterfeit and smuggled cigarettes from the FSU, the Balkans and East Asia.

The North West criminal hub acting as a central distribution centre in the EU influences this particular hub especially in relation to cannabis production and transiting through South Europe as well as to a certain extent in synthetic drugs and heroin. Russian organised crime groups continue their involvement in heroin trade but their role in cocaine and synthetic drugs trafficking is the most recent development of concern.

The borders between the Russian Federation/CIS countries and the EU are an important factor creating certain dynamics essential for the functioning of the North East criminal hub. Russian organised crime groups are interested in using banks located in the Nordic and Baltic countries for laundering criminal money derived from crime perpetrated in the Russian Federation/CIS countries and probably for a less suspicious and low-profile entry into the financial systems in the EU.

3.-CYBER CRIMINALITY

The Internet has considerably facilitated communication and promoted global development and interaction. However the Internet, as a communication and identification tool, information source, marketplace, recruiting ground and as a financial service, also facilitates all types of offline organised criminality, including illicit drug extraction, synthesis and trafficking, trafficking in human beings (THB), money laundering, mass marketing fraud (MMF), MTIC (Value Added Tax) fraud, counterfeiting, including Euro counterfeiting and the trade in prohibited firearms.

In particular, the perceived anonymity afforded by communications technologies such as email, instant messaging and Internet telephony (VoIP) has led to them being used increasingly by organised crime and terrorist groups as a countermeasure to law enforcement detection and surveillance.

Terrorist groups in particular use the Internet to research potential targets and distribute propaganda relating to their activities. Material on Islamist terrorist websites is increasingly translated into or directly produced in EU languages, indicating both native speaker collusion and that these groups are directing their propaganda at audiences in Member States. In addition, the Internet plays a key role in recruitment and radicalisation in the EU, functions as a virtual training camp for terrorism, and has enabled previously localised activities by extremist groups, to spread to other parts of the EU.

Victims of child abuse are exposed to greatly increased levels of harm as a result of the global and continued circulation on the Internet of visual records of their abuse. There are now an estimated 1,500 child abuse image websites available on the Internet[4].

There is now a sophisticated and self-sufficient digital underground economy, in which data is the illicit commodity. Stolen personal and financial data – used, for example, to gain access to existing bank accounts and credit cards, or to fraudulently establish new lines of credit – have a monetary value. This drives a range of new criminal activities, such as phishing, pharming, data espionage, malware distribution and the hacking of corporate databases.

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[4] Source: Joint report by Europol, Eurojust and Frontex "the state of internal security in the EU" (doc. 9359/10 JAI 390 COSI 29)

For the various forms of cybercrime, the infrastructure frequently used by cybercriminals consists of infected end user PCs which are controlled via intermediate computer systems (Command and control-servers). These networks of infected PCs - botnets - are a major threat on our information society and can be used to attack and bring down critical information infrastructure if connected to the internet.

Whilst the value of the cybercriminal economy as a whole is not yet known, the **(…)** scale of the problem is itself a threat to law enforcement response capability – with more than 150,000 viruses and other types of malicious code in circulation, and 148,000 computers compromised per day.

4.-BORDER CONTROL

Growing uncertainty stems from a decline in the security and economic situation of third countries, in particular those in Africa, the Middle-East and in the Caucasus. There is a growing pressure at the eastern external land borders as well as a significant migration pressure experienced at the southern maritime borders and the increased use of the Balkans route. In addition, the current cooperation of key transit third countries in North and West Africa in the fight against networks organizing trafficking in human beings has closed some of the main departure points to the EU and the reaction of migration flows is unforeseeable against a scenario of economic growth and job availability in Member States; this will eventually translate into a diversification of modus operandi and routes.

Due to the convergence of routes exploited by organised crime, terrorism, trafficking in human beings and so on, a coordinated and integrated approach to border control is required.

There is growing risk of abuse of travel documents and false declarations about identity, nationality and routing with the aim of both evading border controls, and also frustrating return procedures. The lack of confirmed identity undermines police activity and border controls.

There is an increasing risk of use of legal channels to enter the EU with the objective of overstaying.

There is growing concern among public opinion and policy makers about trafficking in human beings as a form of modern slavery.

External dimension: main regions and routes

Due to the convergence of routes exploited by organised crime, terrorism, trafficking in human beings and so on, a coordinated and integrated approach to border control is required.

Key risks on these matters are originating from:

North, East and West African risk remains high, due to geographical proximity, wide economic disparities compared to the EU and sizeable communities already established in several Member States. The routes via Canary Islands and North Africa remain as a focal point, although currently in a reduced quantitative level in terms of departures.

Turkey

Following reductions in departures from North Africa and Western Africa, Turkey is now the principal transit country for crossing illegally to the external borders of the EU along the Eastern Mediterranean sea routes and Balkan land routes to Greece, Bulgaria, Cyprus, Italy and Romania. Frontex statistical data shows that Greece in 2009 counted for 75% of all detections of illegal border crossings.

5.- CIVIL PROTECTION

Regarding natural and man-made disasters in the EU, the risks depend to some extent on geography and climate. In this way, for instance, many southern MS are particularly exposed to earthquakes and forest fires, and, on the contrary, northern MS are more prone to flooding or severe snowfalls. Nevertheless, phenomena such as climate change could alter the risk assessment. In addition to these traditional disasters, new risks and threats are to be identified. Incidents such as energy shortage, major ICT-breakdowns may cause severe disruption of society. Also any MS could have to deal with CBRN emergencies, whether they be accidents or terrorist attacks.

Guidelines for all-hazard risk-analysis are being developed in 2010 by the Commission and Member States, thus facilitating the set-up of an EU-wide overview in 2012 of risks and hazards and stimulating cooperation between Member States in the field of prevention, preparedness and capability planning. In the event of major disasters and threats, close cooperation between civil protection forces and Law Enforcement bodies is needed.

There are also emergencies in third countries where a coordinated European response is needed, such as the earthquakes in Haiti or Chile.

III. KEY ISSUES FOR FUTURE CONSIDERATIONS

Taking into account the current situation the following considerations could be put forward and methodology to be built on the Harmony methodology in the incoming Commission Communication on the Internal Security Strategy to tackle the main threats.

1.   Organised crime and terrorist groups are mobile, exploiting existing transport infrastructure and establishing new routes to penetrate the internal security of the EU. Links among the routes, support or funded activities (cybercrime, forged documents, lack of identity, etc.), among the different criminal activities and criminal networks devoted to smuggling persons or trafficking of human beings, are found. An integrated approach to all these threats from organised crime in the EU is required.[5]

Within the existing legal framework, following the work already developed regarding the "integrated border model" the operational ability of the EU Agencies should be adjusted towards more flexible and integrated models of response, including enhanced models of cooperation and coordination among the EU Agencies and among Member States as well as enhanced, mobile and interoperable identification capabilities both for border control and politicing within EU territory and the Schengen area.

It is necessary to strengthen the cooperation by maximising the use of common databases and their future development (such as SIS II and VIS)

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[5]   "EU agencies" as mentioned in the subsequent conclusion should include all relevant EU Agencies, especially Europol, Eurojust, FRONTEX and OLAF.

2. In addition to the threats to internal security coming from within the EU, a large number of threats either originate outside the EU or have a clear nexus to other parts of the world. Africa, South Asia, Latin America and the Caribbean, certain regions in Eastern Europe and the Caucasus, Turkey and the Western Balkans bear particular significance. Non-EU groups have important roles in organised crime activity in the region.

The EU should identify the key regions and countries and develop concrete support, security measures and structures in each of these regions and countries in order to enhance the security of the Union.
Key regional initiatives in and around the external border to the EU should be developed or strengthened further.

3. The substantial illicit proceeds generated by organised crime deprive millions of citizens and their governments of significant revenue. They also underpin the further development and expansion of organised crime and may offer a source of funding to terrorist groups**.**

Fight against m*oney laundering and tracing, seizure, confiscation and re-use of assets must be kept as a key priority to fight against terrorism and organise crime. Common EU capabilities should be strengthened, as part of a common horizontal approach to fight organised crime and terrorism.*

4. Failed states ruined by the devastating effects of systemic corruption have been identified as one of the five core threats to the European Union within the European Security Strategy (ESS). Though, state failure is just the end of the line of a progressive dissociation of a society by the erosion of the rule of law within the public sector as well as the distortion of competition within the private sector by corruption.

Thus it will be of utmost importance to – inter alia – further raise awareness about the necessary zero-tolerance to corruption, promote transparency measures within the public as well as the private sector and to further strengthen independent and strong law enforcement bodies to tackle corruption at all levels of society.

Already existing tools provided by the EU or EU institutions in cooperation with Member States, like the EU contact-point network against corruption or the International Anti-Corruption Academy (IACA), which is currently set up by UNODC, the European Anti-Fraud Office (OLAF), the Republic of Austria and others, can serve as a good basis for further engagement by the EU.

Corruption as a cross cutting issue shall be dealt with in a comprehensive way by all partners involved, especially by taking into consideration the special needs of the fight against corruption such as independence of authorities.

5. The threat from cyber crime is multi-dimensional, targeting citizens, businesses, and governments at a rapidly growing rate. Cyber tools may pose a direct threat to security but are also increasingly important facilitators for most forms of organised crime and terrorism.

In line with the Action Plan to implement the concerted strategy to combat cybercrime, there is an urgent need for authorities in the EU to optimise measures to counter the abuse of the internet for criminal or terrorist purposes in active partnership with the private sector , for instance through the development of a European Notice and Takedown Code. EU capabilities should be strengthened, for example through the establishment of a European cybercrime alert platform.

6. Border security is also compromised by organised crime and terrorist groups by using counterfeit and fraudulently obtained documents. As regards passports/ residence permits for third country nationals issued by EU member states, they have been enhanced by biometric identifiers in order to avoid identity fraud. A systematic checking of the biometric features including the authentication of the chip would be required to ensure that the person is the rightful holder of the travel document permitting entry/stay on the EU territory Vulnerabilities like corruption act as an obstacle to effectively counter organised crime and terrorism. The crime prevention activity at the external borders requires an increasing flow of sophisticated intelligence to be fed into border control from the side of Europol**.** A number of existing tools can be used for this purpose and the EUROSUR system will allow for exchange of information and analysis obtained from the EU agencies (including Europol) and other sources.

Member States, Europol and Frontex must be supported on a real-time basis with information, and Member States must have the possibility to establish electronic means of document checks. The cooperation with third countries' authorities in the enhanced identification capabilities during border control is an essential element that must be sought.
At the same time a thorough analysis should be made on border security in 2010 / 2011. This analysis should view border security from an integrated and coherent position.

7. There is growing risk of abuse of travel and identity documents and false declarations about identity, nationality and routing with the aim of both evading border and police controls, frustrating both return procedures and criminal investigations. The lack of confirmed identity undermines law enforcement police activity and border controls. Document and identity fraud are also multi-dimensional phenomena, supporting any illegal and criminal activity and demanding for technology–based knowledge and tools for detection either at borders or within Members States and EU territory.
The phenomenon of nationality swapping, all represent a challenge for law enforcement and border control authorities. Border control also plays a key role in the fight against organised crime and terrorism.

Promoting and developing flexible agile operational models, EU Agencies, in cooperation with Member States, should introduce mechanisms to enable border control activities to also take into account the outcome of MS domestic investigations.

Member States, both for border and law enforcement applications and for stationary and mobile controls, must be supported on a real-time basis with information and must have the possibility to establish electronic and biometric means of document and identity checks, thus enhancing identification capabilities during border and police controls within EU territory (and Schengen area) as well as during joint operations.

Europol and Frontex must reinforce their cooperation within the existing legal framework in order to coordinate joint operations as well as enhance and update the relevant information for the purposes of strategic analyses and more effective Member States' investigations.

Europol, within its mandate, may assist national law enforcement agencies to improve the control of vehicles at the EU external border. These improvements should emphasize fight against all kind of organised crime at the EU external border by avoiding to create overlapping arrangements and improving cooperation between EU agencies.

Targeted joint surveillance services should be carried out at internal borders and along the main road and railway networks, in compliance with the Schengen acquis, also by making use of the instruments envisaged by the Prüm Decision and along the lines of the "High Impact Operations" already conducted systematically by some Member States (Italy, France, Spain, Greece).

8. The growing concern about trafficking in human beings requires regular monitoring and the role/participation/coordination of all main law enforcement authorities at national and EU level.

The EU must upgrade its operational, intelligence and administrative activities relating to the counteraction of THB; Concerted action and information sharing of all EU Agencies in the field of JHA within the existing legal framework is a key element in a holistic operational approach. The role of Frontex in the field of combating THB focuses on prevention. Frontex, Europol and Eurojust should therefore work closely together with Interpol and other law enforcement authorities, to improve the situational picture and to ensure that the outcomes of criminal investigations on THB issues are used for profiling of victims and their traffickers at the borders and, likewise, that the knowledge on prevention at the borders is effectively made available to investigation authorities at national and EU level.

9. Security, as a citizens right, requires a strong civil protection system. The risks we are facing, mainly the technological ones, can evolve at the same pace as technology and knowledge. Changes in climate could increase the risks posed by natural disasters. The response demanded by the citizens must be, in any case, the fastest, the most effective and the most coordinated as possible.

The Community Civil Protection Mechanism provides for the coordination through EU-MIC of the immediate operational response by Member States to disasters inside and outside the EU. Strengthening of the Mechanism, EU-MIC and related instruments is necessary, as well as the development of a strategic approach to prevention, based on all-hazard risk-analyses and joint capability planning. In this respect, (regional) cooperation between Member States in the field of Law Enforcement during major disasters, could be considered.