

## Impact case study (REF3)

<b>Institution:</b> Teesside University		
<b>Unit of Assessment:</b> 20		
<b>Title of case study:</b> Combating organised crime and its finances at a national and international level		
<b>Period when the underpinning research was undertaken:</b> 2007-2015		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Georgios Antonopoulos	Professor	Jun 2006 to present
Alexandra Hall	Senior Lecturer in Criminology	Jul 2013 to Sep 2017
<b>Period when the claimed impact occurred:</b> 01 Aug 2013 to 2020		
<b>Is this case study continued from a case study submitted in 2014?</b> N		

**1. Summary of the impact (indicative maximum 100 words)**

Research at the Centre for Social Innovation at Teesside University into organised crime and its finances has sought to address the 'dark side' of globalisation: illicit trade in people, goods and services that endangers societies and threatens economies. Our research into quantifying and mapping illicit markets has played a crucial role in helping policymakers (Ministry of Interior of Bulgaria, OECD, European Parliament) and law enforcement officials (EUROPOL) to be more flexible and agile in devising effective enforcement actions to address these threats. In the UK, from 2015 to 2020 the Cabinet Office's National Security Risk Assessment drew upon this research and expertise to the prioritisation of risks to the country's defences, including threats such as cybercrime.

**2. Underpinning research (indicative maximum 500 words)**

Over the last two decades governments and law enforcement agencies have paid increasing attention to organised crime and its finances, prioritising asset recovery. In the UK, the Home Office estimates the annual revenue derived from organised crime at more than GBP11,000,000,000, while the attendant economic and social costs are close to GBP25,000,000,000. According to the UN, profits of international organised crime are as high as USD870,000,000,000, or 1.5% of global GDP. Understanding the social organisation and financial aspects of 'crimes for gain' can contribute to smarter approaches for preventing and dealing with organised crime.

Since 2006, research has been conducted on global organised crime and illegal markets, working in partnership with UK Government bodies and agencies (such as HM Revenue and Customs, the Ministry of Justice and the Cabinet Office), as well as international organisations (such as the UN Office on Drugs and Crime, UNODC). Our research has filled a significant gap within the criminological literature through a body of work that includes in-depth investigations into tobacco smuggling, cocaine smuggling and counterfeiting in a number of different contexts.

Between 2004 and 2007, research was undertaken on active tobacco smuggling in Greece and the UK. Interviews were undertaken and placed in the context of a wider ethnographic study on tobacco smuggling [3.1]. This account provides an image that differs from that in official and media discourses; it highlights that smugglers are an extremely diverse pool of action-oriented individuals, who are not always part of a criminal structure, and who capitalise on opportunities often created by policies such as tobacco price differentials.

Further research on the extent and nature of the cocaine business in Greece was carried out between 2008 and 2009 [3.2]. It is based on an examination of: court decisions by the Court of Appeals in Athens; case summaries from various law enforcement agencies; interviews with participants from the shipping industry; and information obtained from the Greek Police, the National Intelligence Unit, and the Greek Coast Guard. Findings emphasise the involvement of professionals from the shipping industry and actors from the 'upper echelons of society' who

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play a pivotal role in the transportation and importation of cocaine to Western Europe and Greece, and indicate that the cocaine market in Greece is 'organised' according to a system of collaborative relationships between state, business and civil society actors [3.2].

Between 2008 and 2009, research was undertaken on the nature, organisation, and effects of China's cigarette counterfeiting business [3.3]. The study is based on: an analysis of open sources in Chinese and in English carefully selected in order to cover cigarette counterfeiting in all provinces of mainland China; and data from the tobacco-related authority of China, the National Tobacco Exclusive Sale Bureau. It highlights not only how this criminal business is organised, but also how tobacco counterfeiting in China (a phenomenon that affects the rest of the world due to large exportations) has been one of the unintended consequences of economic policy in China. The research showed how in China tobacco counterfeiting is an integral part of the neoliberal marketplace, both within the country and beyond its borders, and how this is the result of an uneasy symbiosis between state planning, local government competition emphasising profit, personal greed, and market dynamics that are exacerbated by the forces of globalisation [3.3].

Between 2012 and 2015, working with colleagues from the UK, Italy, Bulgaria and Russia, an empirical research-based book/report was written and published on the finances of organised crime [3.4]. Supported by funding from the European Commission (FINOCA), the book is based on 2012-2014 survey data from all 27 countries of the European Union (EU), as well as 206 interviews with active criminal entrepreneurs in the illicit tobacco and cocaine markets, other knowledgeable actors from law enforcement and judicial authorities in Belgium, Bulgaria, Czech Republic, Estonia, France, Greece, Italy, Spain, Sweden and the UK. These data were used to provide detailed accounts of the social organisation and financial management of these illicit markets, including novel information on the sources of capital to invest in an illegal scheme, costs of the illicit business, profits, profit-investment and money laundering. Very importantly, the book provides a clear set of research-informed recommendations for policy makers and law enforcement practitioners towards tackling organised crime via its finances [3.4].

### 3. References to the research (indicative maximum of six references)

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[3.1] Antonopoulos GA. 2007. Cigarette Smugglers: A Note on Four 'Unusual Suspects'. *Global Crime*. 8:4, 393-398. <https://doi.org/10.1080/17440570701739769>

[3.2] Kostakos P, Antonopoulos GA. 2010. The 'Good', the 'Bad' and the 'Charlie': The Business of Cocaine Smuggling in Greece. *Global Crime*. 11:1, 34-57. <https://doi.org/10.1080/17440570903475717>

[3.3] Shen A, Antonopoulos GA, von Lampe K. 2010. 'The Dragon Breathes Smoke': Cigarette Counterfeiting in the People's Republic of China. *British Journal of Criminology*. 50:2, 239-258. <https://doi.org/10.1093/bjc/azp069>. Submitted to REF2014 (95% 2\* and above).

[3.4] Antonopoulos GA, Bezlov T, Hall A, Levi M, Rusev A, Tereghi F. (Centre for the Study of Democracy, CSD). 2015. Financing of Organised Crime. Sofia: Centre for the Study of Democracy. ISBN: 978-954-477-231-4. Open Access. Available at: <https://csd.bg/publications/publication/financing-of-organised-crime/>

Published by the Centre for the Study of Democracy (CSD), a European public policy institute based in Sofia, Bulgaria. Its mission is to build bridges between scholars and policymakers. Publications are reviewed by an internal board of editors and excerpts from its publications are often reprinted by scholarly peer-reviewed journals such as *Trends in Organised Crime*.

This output was underpinned by funding from the European Commission, Directorate General Home Affairs. grid.270680.b. 2012. HOME/2011/1SEC/AG/ 4000002566 on 'Financing of Organised Crime' (FINOCA) (2012). EUR503,787. Principal Investigator: Rusev (CSD – Centre for the Study of Democracy). Co-Investigator: Antonopoulos (Teesside University). Partners: University of Trento (Italy), State Agency National Security in Bulgaria, the State Police in Latvia, the French National Institute for Advanced Studies in Security and Justice.

### 4. Details of the impact (indicative maximum 750 words)

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Research on organised crime undertaken at the Centre for Social Innovation at Teesside University has sought to address the 'dark side' of globalisation: illicit trade in people, goods and services that endangers societies and threatens economies. Our research has informed two major reports commissioned and published by the Organisation for Economic Cooperation and Development (OECD). Research on the Greek cocaine market was cited by the OECD Task Force on Charting Illicit Trade (TF-CIT) in 2014 in a then confidential report on methodologies for measuring illicit trade by sector [5.1]. The aims of the report are stated by Secretariat in the introduction: 'as the work of the Task Force progresses and the research deepens, this approach should suffice to expose trends, and inform policymakers where collective action and partnerships across the public and private sectors can have their greatest value added' [5.1, p.6]. The research was used to demonstrate the importance of recognising 'that each drug market contains a diversity of actors. Mapping out this diversity must include the roles each actor plays and the ways in which they collaborate (and compete). It must also consider the role of legal firms in the trade, be their involvement witting or unwitting, as well as the role of corrupt linkages between criminal markets and political actors' [5.1, p.66].

Research on the illicit tobacco trade was also used by the OECD in a report that quantifies the harms caused by illicit trade [5.2]. The Chair of the Taskforce stated that: 'pragmatic mapping tools are useful for policymakers and law enforcement to ... address gaps in surveillance and monitoring systems to develop more effective early detection and warning systems of the new harms and risks of illicit trade to the formal economy' [5.2, p.4]. The report states that the illicit trade in tobacco is 'perhaps the most widespread and most documented sector in the shadow economy. It has been estimated that 570 billion illicit cigarettes were consumed worldwide in 2011. Illicit tobacco is an important source of revenue for criminal networks, and deprives government services of excise tax revenues at the same time' [5.2, p.13]. Research on China's cigarette counterfeiting business [3.2] was referenced in the report to highlight mechanism from contraband and counterfeit and highlight the prevalence of counterfeit cigarettes [5.2, p.126].

In September 2013 the Special Committee on Organised Crime, Corruption and Money Laundering of the European Parliament published a study on the economic, financial, and social impacts of organised crime in the European Union. The committee and its report drew on the findings of our research on cigarette smuggling [3.1]. The study aimed to 'generate a best estimate for the economic, financial and social costs of organised crime in and against the EU and to inform an evidence-based understanding of the associated issues' [5.3, p.3].

Research into the finances of organised crime has also informed and influenced national policymaking processes in Bulgaria. FINOCA was the first – and then only – study to provide a detailed account of smuggling of illegal cigarettes, the drug market and VAT fraud in Bulgaria. The research went on to directly influence the policymaking process at national level. In May 2015, research outcomes from the FINOCA project were the focus of a roundtable titled Overcoming Institutional Gaps to Tackle Illicit Financing, held in Sofia, Bulgaria. Senior officials in many of Bulgaria's government agencies and departments (internal security and public order, customs, national revenue) came together to debate and suggest legislative methods to counter criminal markets and illicit financing in Bulgaria. These included better monitoring of higher-rate taxpayers, creating an integrated register of bank accounts, and setting up a reversed VAT charging system [5.4]. The Deputy Minister of Interior of Bulgaria at the time, with responsibilities for co-ordinating policies on border security, counter-terrorism, anti-corruption, organised crime, and fraud in EU funds, said: 'the findings and recommendations of the project... informed and contributed to policy initiatives aimed at establishing reliable mechanisms for addressing the financing of organised crime in Bulgaria, and contributed to law enforcement agencies' informal internal processes towards countering the financing of organised crime at an operational level' [5.5].

Findings from the FINOCA project were also used by the EU's law enforcement agency, EUROPOL, and its drugs agency, EMCDDA (European Monitoring Centre for Drugs and Drug Addiction), in a 2016 in-depth analysis of illegal drug markets in Europe [5.6]. The analysis drew on the research to demonstrate the business operations of drug markets [5.6, p.43] According to the European Commissioner for Migration, Home Affairs and Citizenship: 'a better understanding of the operations of organised crime and the changing business models used by groups active in

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drug trafficking and production can help [the authorities] better target the vulnerabilities of these groups' [5.6, p.7]. The report informed Europol's Strategy 2016-2020, which focuses on consolidating capabilities and expertise to deliver the most effective support to member states' investigations [5.7]. For the Director of Europol: 'the focus of Europol's work will therefore be placed on two fundamental themes: (a) making a significant contribution to criminal information management in the EU; (b) delivering maximum operational impact in its operational support to [member states]' [5.7, p.7].

As a result of this research and his expertise on the social organisation of illegal markets and other manifestations of organised crime, Antonopoulos was one of 25 people, and the only criminologist, to be invited in February 2015 to take part in the Cabinet Office's National Security Risk Assessment (NSRA). According to the Deputy National Security Adviser, Antonopoulos' input 'has helped [the Cabinet Office] to shape the third iteration of the NSRA, which captures our current understanding of risks to the UK and its interests abroad in the medium and long term; and has informed the government's strategic judgement through prioritisation of risks into tiers according to impact and likelihood' [5.8]. The subsequent report set out the UK's National Security Strategy 2015, and how it would be implemented over the following five years. According to the then Prime Minister, the UK would take a "full-spectrum approach" to deal with "modern and evolving threats," including those to economic security such as cybercrime. In his foreword he wrote: 'we cannot choose between conventional defences against state-based threats and the need to counter threats that do not recognise national borders. Today we face both and we must respond to both' [5.9, p.8]. The National Security Strategy 2015 is the standard reference point for other security strategies and policy documents nationally and internationally, including the UK Government's Serious and Organised Crime Strategy 2018 and Economic Crime Plan 2019-2022; the House of Commons and House of Lords report on Cybersecurity of the UK's Critical National Infrastructure; the UK Government's Anti-Corruption Strategy 2017-2022; and the European Parliament's Peace and Security in 2020 document. [5.10].

### 5. Sources to corroborate the impact (indicative maximum of 10 references)

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[5.1] State-of-play Paper (pdf). Organisation for Economic Co-operation and Development Organisation (OECD). 2014. High Level Risk Forum: State of Play in Illicit Trade. Public Governance Committee. Paris: OECD.

[5.2] Report (pdf and link). Organisation for Economic Co-operation and Development Organisation (OECD). 2015. Illicit Trade: Converging Criminal Networks. Paris: OECD. Available at: <http://www.oecd.org/corruption-integrity/reports/charting-illicit-trade-9789264251847-en.html>.

[5.3] Study (pdf and link). Directorate General for Internal Policies. 2013. The Economic, Financial, and Social Impacts of Organised Crime in the European Union. Brussels: European Parliament. Available at: [https://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/493018/IPOL-JOIN\\_ET\(2013\)493018\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/493018/IPOL-JOIN_ET(2013)493018_EN.pdf)

[5.4] Webpage (pdf and link). Centre for the Study of Democracy. 2015. Round Table: Overcoming Institutional Gaps to Tackle Illicit Financing Roundtable. Retrieved 20 March 2021. Available at: <https://csd.bg/events/event/round-table-overcoming-institutional-gaps-to-tackle-illicit-financing/>

[5.5] Signed Letter (pdf). Testimonial from Bulgarian Deputy Minister of Interior. Received on 20 October 2020.

[5.6] Report (pdf and link). EUROPOL. 2016. EU Drug Markets Report 2016. The Hague: EUROPOL. Available at: <https://www.europol.europa.eu/publications-documents/eu-drug-markets-report-2016>.

[5.7] Strategy Document (pdf and link). EUROPOL. 2016. EUROPOL Strategy 2016-2020. Luxembourg: Publications Office of the European Union. Available at: <https://www.europol.europa.eu/publications-documents/europol-strategy-2016->

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[5.8] Written Correspondence (pdf). Letter to external experts from the Deputy National Security Adviser at the UK Cabinet Office. Received on 06 August 2015.

[5.9] Review (pdf and link). HM Government. 2015. National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom. London: HM Stationery Office. Available at: <https://www.gov.uk/government/publications/national-security-strategy-and-strategic-defence-and-security-review-2015>.

[5.10] Collated strategy and policy documents that reference 2015 National Security Strategy (pdfd and links).

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HM Government. 2017. UK Anti-Corruption Strategy 2017-2022. London: HM Stationery Office. Available at: <https://www.gov.uk/government/publications/uk-anti-corruption-strategy-2017-to-2022>.

European Parliament. 2020. Peace and Security in 2020: Overview of EU action and outlook for the future. Brussels: European Parliamentary Research Service. Available at: [https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS\\_STU\(2020\)652041](https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_STU(2020)652041).