

Countering Narcotics and Organized Crime in the Baltic Sea Region

Report from the Silk Road
Studies Program Workshop,
Riga, Latvia, 6-7 April 2005

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Silk Road Studies Program*

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Introduction

Niklas Swanström

The problems for states and individuals with an abuse of illegal substances are age-old but never has the problem been as troubling and the financial turnover as large as now. Today some 200 million people or 5 percent of the world's population age 15-64 uses illegal narcotics according to the United Nations. This is an increase by 15 million since 2004. Diseases and human suffering are seen in the footsteps of the abuse, however the consequences are not only seen among the users themselves but HIV/AIDS threatens to spread to non-user groups and notably several states have been directly affected by the criminalization of the state and corruption of the states functions. States such as Afghanistan, Tajikistan and now Kyrgyzstan have been co-opted by money derived from the narcotics trade and the political process is to a significant extent controlled by the criminal networks. The trade in several states is dominated by the production and illegal trafficking of narcotics, making the illegal economy close to redundant. This impedes both the liberalization of the economies in the countries affected as well as threatens the democratization process.

As this problem grows the consequences are increasingly seen in Europe, the most profitable market for the narcotics. Criminal networks are positioning themselves in Europe and money is laundered in Western banks and through European

- Rapid increase in narcotics users and the criminalization of states

- Europe is a central actor in the international narcotics trade

assets such as property and stocks. This is a phenomenon noticed by the police all around Europe and beyond and media has focused on the problems of organized crime and the usage of narcotics.

The threat of the narcotics industry has, however, not been taken seriously to the extent that is needed in Europe and resources to the police, customs and related organizations are lacking. Moreover, coordination between the different states are lacking on the practical level. There are several organizations that work with combating organized crime and the narcotics trafficking, but what are needed are operational measures that are significant on the war against narcotics. The political establishment has so far failed to reach this and the operational units that are fighting organized crime and narcotics trade have their hands tied behind their back.

It should also be noted on the political level that globalization reached the criminal world well before it reached the political level and cooperation between criminal organizations are significant. To effectively combat narcotics trafficking there is a need to implement measures at the production, transit as well as the consumer level. This has not been noted at the political level and the narcotics problem is often treated as a national problem when it very much is a transnational problem that needs to be resolved with trans-national measures.

In an effort to initiate a transnational thinking the Silk Road Studies Program organized a workshop in Riga, Latvia in April, 2005 to discuss organized crime and narcotics issues in the eastern Baltic Sea region. Seen from a regional perspective the rapid increase in the accessibility of narcotics and the consequences the Baltic region will face in will face in mind, efforts

- Political under-estimation of the problem

- Criminal cooperation works better than political cooperation

to combat narcotics abuse and spreading of organized crime networks were the focus of the dialogue between operative and political representatives from all three Baltic states and Sweden. Despite good regional coordination between the Baltic states and Sweden in many issues there are lacking effective coordinated measures when combating the narcotics trade and it need to be highlighted why this is the case.

This is especially interesting since the Baltic Sea region is one of the European frontiers in combating and preventing the inflow of drugs to the EU. We invited expertise and experience in the region in order to analyze the possibilities of improving the current situation. The purpose of the Baltic workshop was to discuss the counter-narcotics efforts and to examine the region's capacity to tackle the problem. The EU's ability to affect narcotics and organized crime issues was also discussed. The workshop was limited since neither the Finish nor the Russians was able to participate in the workshop.

The report is divided in two main parts. The first part assesses the threats posed by narcotics and organized crime. The second part proposes solutions to the main issues discussed in the first part. This workshop will be followed by several other that will incorporate more actors and aims at developing strategies to effectively combat organized crime.

Niklas Swanström
Program Director
Central Asia-Caucasus Institute and Silk Road Studies Program

Uppsala, 13 July 2005

I. ESTIMATING THE THREATS

Latvia

The Leading Criminologists in Latvia Makes an Assessment

Latvia's geographical location makes a natural transit point for all kinds of goods, including opiates and cannabis from Central and Southwest Asia on their way to Western Europe and Scandinavia.¹ Narcotics are transited regularly, and Latvian law enforcement is too weak to effectively counter the ever worsening situation in the country. Since September 11, 2001, the situation has gotten worse as the insight in drug production in Afghanistan was lost. The increase of heroin on the streets is a sign that opiate production in Afghanistan has dramatically increased. The heroin market in the terms of supply and demand in Latvia was smaller during the internal hostilities in Afghanistan.² This was reflected in Latvian statistics on drug related deaths: until 2000, there was a sharp increase in drug related deaths from mainly heroin overdoses (in 1986 the official number was 14, while in 1999 it had increased to 115),³ however in the second half of 2001 these numbers started to fall.⁴

Keywords

- Latvia is a natural transit point for illicit goods
- The presence of heroin in Latvia has increased since the fall of Taliban regime in Afghanistan
- There has been a sharp increase in drug-related deaths in Latvia since 2001

¹ CIA World Factbook: <http://www.fqs.org/docs/factbook/fields/2086.html>

² International Narcotics Control Strategy Report 2005: Latvia

³ National Report on the Drugs Situation in Latvia, Phare, Phare Project on Drug Information Systems – Latvian Report 2000, p 33

⁴ Lecture. Narcotics and Latvia's security, Dr Janis Strazdins, Deputy Chairman, Riga City Council Committee for Security and Public Order, European Cities Against Drugs (ECAD), <http://www.ecad.net/rep/report2.html>

Heroin levels in Latvia today are back at the pre-conflict levels.⁵ During the first nine months of 2004, Latvian police seized 494.38 grams of heroin, compared to 503.34 grams in the previous year. Latvia's growing affluence, coupled with the diminished supply of heroin in 2002 and 2003, led to increased usage of cocaine.

- There is an increased usage of cocaine in Latvia

Cocaine from Latin America and amphetamines from Lithuania, the Netherlands, and Poland⁶ are also trafficked through Latvia to the (Commonwealth of Independent States) CIS.⁷ Synthetic drugs and cannabis have become more common on the streets of Riga. The Latvian Organized Crime Bureau reported that the standard purity of seized cocaine averages 50-60 percent,⁸ which is considered highly refined and extremely intoxicating.

The Roma community plays a considerable role relating to the distribution of drugs; mainly because of the state's social negligence and widespread prejudice. The situation is complicated by the highly developed pharmaceutical industry in Latvia. The drug business is extraordinarily profitable, which has made organized crime networks into powerful financial adversaries. In 2002, one gram of white heroin retailed for 80 euros (approximately 90USD).

⁵ International Narcotics Control Strategy Report 2005: Latvia

⁶ Ibid

⁷ CIA World Factbook:

<http://www.facts.org/docs/factbook/fields/2086.html>

⁸ See also: The European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) Statistical bulletin 2004

(<http://statistics.emcdda.eu.int>) See also International Narcotics Control Strategy Report 2005: Latvia, (<http://www.usembassy.lv/EN/current/incr%202005>)

The most current retail price is 100 euros for one gram (approximately 110USD).⁹ Internet trade in drugs has led to the importation of cannabis seeds from Holland to Latvia, where local producers try to produce cannabis, mainly for limited personal use. The drug production formulas are easy to obtain, which makes it simple for anyone to grow and produce drugs. The Latvian society was slow to adapt to this danger since old Soviet system regarded drug issues to be of a medical nature. Today, however, there is a widely accepted policy that states that drug issues are sociological in nature, and multifaceted efforts are required to diminish the problem. For instance, Swedish and Norwegian specialists have been involved in drug addicts' rehabilitation efforts in a specialized hospital located in Tukums region in northwest Latvia.

Latvian Subutex Case

Subutex (buprenorphine hydrochloride) and Suboxone tablets (buprenorphine hydrochloride and naloxone hydrochloride) are widely approved by the nearly all treatment institutes for the treatment of opiate dependence. Today part of the trade with subutex and suboxone is illicit and a highly profitable business for some Latvian medical doctors. Many heroin users have become abusers of subutex, as well. At first Estonia's medical doctors were "treating" Finnish drug addicts by prescribing subutex on a regular basis in great quantities. Although the organization of this type of activity was done by the criminal groups in Estonia, the doctors became very

- The current retail price of one gram of white heroin in Riga is 110USD

- Subutex is a medicine used for treating heroin addicts.

⁹ Ibid

wealthy, very fast. However, legislative reforms, reviewed medical regulations, and better control of doctors forced the illegal subutex “business” out of Estonia. Thereafter, in 2004 activity related to subutex treatment moved from Estonia to Latvia. The cost for subutex treatment of an individual patient in Riga was 100–150 euros higher than in Estonia. Every month 500–600 Finnish addicts travel to Riga to buy their dosages of subutex. In Latvia, strengthening legislation has not helped. Finnish addicts who visit Riga are very often so intoxicated that they are unable to take care of themselves. This creates great problems as the Finnish embassy gets flooded by complaints concerning their citizens.

Finnish addicts pay approximately 350 euros for each trip to Riga. Considering that a Finnish individual’s welfare check is approximately 350 euros per month, the Finnish government has become very concerned. It is especially troubling since many of the Finnish addicts travel to Riga twice a month. Financing their second trip to Riga often involves criminal activity, such as robberies and burglaries. Such activity has become well organized, and its expansion is ominous for the entire Baltic region.

Economic Development

The signs of instability in Latvia’s crime fighting apparatus are caused by several factors. A major problem is that the customs leadership changes frequently: four customs generals were replaced in four years. Additionally, there are clear links between organized crime networks, businesses, and political elites in this country where everybody knows

- Drug and subutex addiction creates great societal problems
- Finnish heroin addicts make frequent visits to Baltic states in order to buy subutex
- There are clear links between organized crime networks and some political actors in Baltic states

everybody. The close proximity of the Baltic states reflects the similar pattern in all three Baltic nations. One of the most outspoken criminologists in Latvia reports that the organized crime networks' activities do not disturb the development of political and democratic order in the Baltic region.

The region has developed at a very fast rate compared to other former Soviet territories. The three Baltic countries posted an average 6.6% increase in their real gross domestic product (GDP) during past several years. The GDP growth in the EU was between 2-3% during the same time. How then is organized crime slowing down the economic development of, for instance Latvia? The fact is that organized crime funds contribute to the Latvian economy in the short-term.

The Latvian population is not concerned where their finances come from. What they are concerned about is that the money is invested and that the economy is growing. Economic stability and growth increase the population's hope for the future and their trust in democratic political order. Unofficial statistics show that 6% of the Latvian GDP comes from illegal sources. Long-term effects are, on the other hand, may prove disastrous for the society, where high corruption rate and institutional failure could cause societal collapse.

- 6% of Latvia's GDP is generated by organized crime

The Organized Crime Network Structure

Organized criminal activities such as prostitution, drug smuggling, and weapons trading are all contributing to the Latvia's economic development, a Latvian criminologist says. He adds that the Latvian economy is doing rather well, although the popular trust for politicians is not very high. New scandals erupted during the recent municipal elections in Riga, where the elected mayor was closely linked to criminal formations in the city. He further states that "our [Latvian] politics is, to some extent, criminalized," which places parts of the Latvian economy into the gray zone, a mixture of legal and illegal economies. This gray area of the Latvian economy contributes to the popular distrust in the political system, which hurts the long term development of large parts of the Latvian economy, and ultimately the society.

- Organized crime groups are disturbing Latvian politics and the economic development

Appendix I illustrates the structural framework of the organized crime in Latvia. The difficulty in penetrating the main actors in the organized crime network primarily lies in the difficulty of obtaining the evidence of crimes linked to these individuals.

A Swedish operative customs officer in Riga describes the situation in Latvia as highly complex. The complicated and advanced structure of organized crime in Latvia is impressive. Money laundering is one of the major issues in Latvia. He mentions that substantial sums of Russian oil revenues are laundered in Latvian banks.

- Money laundering in the Baltic region is a prevalent problem

Furthermore, vast amounts of money are laundered in Latvian banks connected to wide range of criminal

activity. Many banks do not take fees for large deposits, which encourages individuals with large sums of cash to make deposits because there is no risk of being reported to the authorities. The opening of the borders between the EU member states is also contributing to greater criminalization of the Baltic economy in general and of the Latvian economy in particular. The great dilemma between the need for development and limiting the criminal actors is highly complicated. One Latvian criminologist and expert on the organized crime networks explained that Latvia needs new investment to develop its industrial and social infrastructure. Where the money comes from is less important to the public as long as the economic development is generated.

One of the negative effects of the opening of the economy is that the criminal influence has increased in Latvia as Russian oil revenues pour into Latvian banks. Russian organized criminal groups invest large sums of money into real estate in attractive areas of Riga. Riga has the third greatest number of building projects in the EU, which reflects the booming real estate development in Latvia. The transformation of Riga's periphery to exclusive and luxurious suburbs has been initiated by wealthy Russian citizens, many of whom are highly positioned individuals in Russian organized crime groups.

- Riga has the third highest number of building projects in the EU

Another negative effect is internal corruption and considerable tolerance of organized crime activity in Latvia, which increases the threats to the state. Latvian politics is criminalized to certain extent, and a considerable part of Latvian economy is out of the reach of the central government. Activities such as sex tourism, gambling, and even drug sales are

included in the GDP calculations. Further estimates show that 35-50% of Latvia's economy may fall under definition of "gray" economy. Much of the building industry is thought to be controlled by the organized crime networks. Construction firms are often used to launder money and generate revenue for these groups.

- 35-50% of Latvia's economy consists of the so-called "gray" economy

Lithuania

Operative Customs and Police Officers Makes an Assessment

The narcotics problem is a regional concern and not simply a national issue. The major problem in Lithuania is synthetic drugs. Local criminal groups export these drugs to Scandinavia and the rest of Western Europe. This is profitable business in Lithuania which attracts many new couriers. The police's main objective is to eliminate the leadership of the criminal network with less focus on the couriers. The local police are not capable of dealing with criminal groups, and cooperation between states is necessary to inflict serious damage and eliminate criminal networks. The network structure is described in general terms in Appendix II.

Amphetamines are one of the main drugs in Lithuania, and are the number one drug aimed for export. Kaunas is one of the major producing centers in Lithuania, which is also the organized crime capital of the country. The opiates come from Russia and ecstasy comes from the Netherlands. Ecstasy and cocaine are transported through Lithuania to Russia, and approximately 20% of those drugs stay in Lithuania. In the opposite direction, heroin is smuggled through Lithuania from Russia and Central Asia to the EU, where the retail prices for drugs are much higher. The two other Baltic states follow similar patterns in the smuggling routes and the type of drugs smuggled on the east-west smuggling route.

Keywords

- Law enforcement authorities are targeting organized crime leadership in Lithuania
- The Lithuanian city of Kaunas is the most crime-infected zone in the country
- Lithuania is a major transit point of drugs going from east to west and vice versa

The substantial precursor 15

traffic (both legal and illegal trade) from China to Russia, Central Asia, and the Netherlands indicates that the synthetic drug production in these areas is extensive. The supposition that Russia will become a major producer of drugs in the near future threatens the EU and the Baltic, since the EU is a lucrative drug market due to high narcotics retail prices. "According to estimates of police eleven groups (engaged in such crimes as smuggling, car thefts, prostitution, trafficking of illegal migrants) have relations with organized crime groups in other countries (Russia, Latvia, Poland, Ukraine, Germany, the Netherlands)."¹⁰

The situation in Lithuania is different from the two other Baltic states. Over 200,000 Lithuanians emigrated to Germany, Ireland, England, Spain, and Scandinavia in the early 1990s and 2000s. Organized crime groups took advantage of this great wave of emigration and settled in Lithuanian communities abroad. For instance, Lithuanian organized criminal groups in London are well known by the London police.

The sensitivity of the Baltic region can be explained by its geographical position; borders are shared with Kaliningrad (Russia), Poland, Belarus, and mainland Russia. The Baltic region is also highly affected by Russian-speaking transnational organized crime groups. Since organized crime is, by its nature, extremely adaptable and agile in its activities, the newly independent Baltic states are very vulnerable to criminal activity.

- The great migration of Lithuanians during the 1990s to the EU also initiated movements of criminal groups
- Close relationship between Russian-speaking criminal groups makes them effective in targeting the EU

¹⁰ Presentation of leading Lithuanian Associate Professor in criminology

Estonia

The Leading Inspector of Drug Division Makes an Assessment

The issues in Estonia are very similar to those in the two other Baltic states. However, Estonia has experienced a sharp increase in the number of drug addicts since its independence. The situation became increasingly complicated since May 1, 2004, when Estonia joined the EU. Estonia's borders with Latvia, Finland and Scandinavia are open, and control of the movement of goods across the borders is minimal. Nevertheless, major reforms of the judiciary and other operative counter-narcotics structures have made Estonian counter-narcotics policy more efficient, balancing the loss of border control.

The Estonian counter-narcotics capacity has doubled in the last several years, and now there are five central divisions in four regions. One division is responsible for gathering intelligence and establishing cooperation with other national and international counter-narcotics organs. This reorganization has resulted in numerous "drug busts". Shipping firms such as DHL and Schenker and border police have all contributed immensely to the improvement of narcotics seizures in Estonia. For example, five kilograms of cocaine were seized on the Latvian – Estonian border in October 2004. The narcotics were found in a Spanish registered truck. One month later seven kilograms of hashish were seized on the border with Russia. Furthermore, in January 2005 considerable amounts of precursors were seized. Despite these limited successes, there are still great shortages of resources for countering narcotics in Estonia.

Keywords

- There has been a sharp increase of drug addicts in Estonia since independence
- The counter-narcotics efforts have become more efficient

The organized crime networks are rapidly developing, and narcotics production and smuggling are the most profitable parts of commerce. (Pic. 1).



Pic. 1 Smuggling of illicit goods can take many forms

The local production of opiates has become a major problem, according to Estonia's leading inspectors in the Drug Division (investigation department).

The estimates show that nearly 50% of the agricultural areas in eastern Estonia are involved in the production of poppies. Many "green houses" are set up for sole purpose of producing cannabis and poppies. Because the profitability of narcotic business is so great, the corruption rate is suspected to be high. The organized crime networks are moving towards more innovative and efficient ways of conducting their illegal activities.

The inspector acknowledged that organized crime is gradually evolving in Estonia. In other words, there are no dramatic changes in the evolvement of criminal networks, but there has been a gradual transformation adjusting to the glitches in the country's legal system. The Estonian EU membership has benefited organized crime networks, allowing them to easily extend their work to the international scene. The criminal elements' freedom of movement has increased their cooperation with foreign criminal networks, which has increased their

- Nearly 50% of agriculture in eastern Estonia is involved in producing poppies

- Organized crime evolves gradually to more efficient structures

efficiency, and has made it harder for law enforcement authorities to track their activities.

The Baltic states have lost control of the movement of humans and goods. Border control was minimal as of May 1, 2004, which created new challenges for the authorities to counter organized crime activities, in particular the narcotics smuggling business. For instance, today the transport companies are inspected by the authorities by having insight in companies' transport charts and other relevant information concerning the transported cargo.

As seen above, legislation reforms have allowed the authorities to work more efficiently with innovative techniques that limit the organized crime networks' activities. The legislation process must continue to adapt to the new conditions in and around the Baltic states. Although the process may be interrupted by mistrust between different states and even between different institutions within individual states, these problems must be overcome in order to efficiently counter organized crime, which is far more flexible and adoptable to the new conditions. For instance, Estonian criminal networks are involved in smuggling hashish from Morocco to the EU. There are also Estonian criminal groups settling in the West Indies, where they are setting up bases to smuggle cocaine into the EU. Another serious problem is the heroin smuggling along the Silk Road to Russia, and later to the EU. Estonian criminal networks play a significant role in all of these illegal activities.

- The flow of narcotics through weakly guarded borders is extensive
- Estonia's criminal groups are heavily involved in smuggling hashish into the EU from Morocco

As a producer of drugs, Estonia is known for its 'pure' drugs. The smuggling of precursors is another serious issue. Precursors are mainly smuggled into Estonia from Russia and Lithuania. The short-term forecast for the Estonian drug industry is that Estonia will remain one of the biggest drug producers in the EU, especially with respect to the production of amphetamines.

- Estonia's EU membership increased the globalization of Estonia's organized crime

Finland's proximity to Estonia makes it particularly vulnerable to various organized crime activities, especially the drug trade:

According to Finnish police, there are approximately two dozen organized crime groups operating in Finland, many of which have connections with organized crime syndicates in the Baltic region and Russia. Some of these groups are facilitators and distributors of narcotics to the Finnish market. The law authorities are concerned that as Estonia and the Baltic countries enter into the EU's Schengen agreement, which allows the free movement of goods and people throughout the Schengen area without border-crossing formalities, Finland could increasingly become both a transit country for traffickers and a more attractive market.¹¹

- Finland is at high risk of becoming a transit country for drugs smuggled through and produced in Estonia

The results one year after the Baltic membership in the EU are confirming these fears.

¹¹ International Narcotics Control Strategy Report 2003, Released by the Bureau for International Narcotics and Law Enforcement Affairs March 2004. <http://www.state.gov/g/inl/rls/nrcrpt/2003/vol1/html/29838.htm#20>

Regional Threats

Money Laundering

Money laundering is not as prevalent in Lithuania as it is in Latvia. In Latvia, the introduction of new institutions to control money flows i.e. determining whether legal businesses receive finances from illegal sources has gradually improved the situation. There are some difficulties in Estonia concerning money laundering. For instance, the car rental business is largely controlled by the organized crime networks, which is a sign of classic money laundering business.

Institutional reform in the Baltic states has led to an increase of state control over money laundering activities, or at least better monitoring of the money flows. For instance, Estonian banks are obliged to report money transactions larger than 100,000 EE in cash (approximately 7,400 USD) and 200,000 EE in non-cash assets. In Lithuania, the limit is much higher - 50,000 LTL (approximately 16,500 USD). Lastly, Latvia has the most rigid legislation on reporting the money transactions in the banks and exchange offices among the Baltic states. The limit is set at 10,000 LVL (approximately 3,300 USD). The coordination of the Baltic states' legislation and regulation systems would increase law enforcement performance.

Corruption

A shared feature all newly formed states have is initial institutional weakness. The Latvian MP (center-right wing party) mentioned that low-level corruption in Latvia is extensive.

Keywords

- Money laundering is an essential part of organized crime activity

- The Baltic states are in the process of improving their legislation to counter money laundering

Transparency International's Corruption Perception Index places Latvia on the 57th position out of approximately 140 countries with the score of 3.8, on the scale where 10 is the best score.¹²

In some reported cases, border guards turned off the monitoring equipment during certain periods during the day. There are strong suspicions that illegal transactions took place during these short breaks in video monitoring. Another indicator of corruption is the high number of expensive mansions and other high value goods, such as luxury cars, in the immediate areas of Latvia's eastern border.

During the last year, monitoring has improved. The EU membership has helped to reform the managing position in the key institutions, such as customs. Further improvements are needed, especially if we keep in mind that Latvia's eastern border is also the EU's eastern border.

The Lithuanian situation is similar to Latvia. Low-level corruption has been limited by the creation of new institutional structures designed to fight corruption. However, high-level corruption is a greater issue that needs more attention.

The construction industry is highly corrupted, and it is extremely hard to limit and eradicate this corruption. As a consequence, insurance companies do not want to insure construction and other high-risk companies in order to avoid potential financial loss. An important negative consequence of high-level corruption is the erosion of citizens' trust in the political system of the state. Several years ago, the U.S. Federal Bureau of Investigation predicted that

- Transparency International scores show high level of corruption in the Baltic states

- Further improvements in counter narcotics measures are needed

- High levels of corruption within the construction industry

¹² Transparency International, Corruption Perceptions Index 2004, http://www.transparency.org/pressreleases_archive/2004/2004.10.20.cpi.en.html

Baltic states will have fewer problems in the future, and Sweden will have far more. In other words, Baltic citizens' distrust in the political system of their states can only be cured by improving the states' functions in the region. At the same time, high level of trust in Sweden is slowly deteriorating due to increased organized crime activities, thefts, robberies, narcotics smuggling, and corruption in all levels of society. The funding of political parties by organized crime groups in the region is not unheard of. Nevertheless, the true consequences of this phenomenon are hard to estimate, but it is certain that the local governments are most vulnerable to corruption.

- The citizens' trust in the democratic system deteriorates

The fall of Estonian government during the spring 2005 due to the controversial anti-corruption proposal of the Estonian Minister of Justice is an example of sturdy resistance to dramatic changes of the system.¹³ One must remember that the Baltic states were considered to be among the least corrupt of the former Soviet regional components. As these components are compared today one can find it to be true even now.

- Political processes are slow to adapt to immediate needs of society

¹³ Mayer, Robert, March 22, 2005, "Government of Estonia Collapses"
<http://www.publiuspundit.com/?p=719>

Human Trafficking

There are two kinds of human trafficking: trafficking mainly directed towards prostitution; and illegal immigration from areas generally considered economically and/or politically unsafe. In the Baltic region, the trafficking of humans is predominantly caused by economic disadvantage. The Latvian criminologist calls this process a new form of slavery. The roots of emigration from the Baltic region and the regions to the east of the Baltic are mainly socially ingrained, the region experienced loss of people who did not contribute to the society's welfare in general. Moreover, the state which is experiencing the emigration of social surplus is benefiting, in a long run, having discarded "social surplus". Moreover, there is substantial financial gain as the emigrants send money to their home countries, increasing the buying power of parts of the remaining population. Also, the destination states may benefit indirectly from the introduction of cheap immigrant labor force.

The downside to the emigration of a young and potentially productive labor force from the Baltic is that the countries' tax bases have diminished over time. For example, for a small country such as Lithuania, the loss of 200,000 individuals is a severe blow to the country's the future (see pg.16).

In conclusion, the organized criminal networks have divided the "labor" between different factions. This minimizes the risk of conflicts and increases specialization in certain criminal activities.

- Human trafficking in the Baltic region is mainly driven by economic disadvantage
- There are short-term advantages of labor migration from the Baltic
- Organized crime networks are dividing the labor in order to maximize profit and minimize conflicts

This, in turn, increases the criminals' level of professionalism and profits (see appendix II). The human trafficking business provides a pool of new candidates from which the organized criminal networks may select new potential members. The complexity of criminal activity requires actors to make great efforts in planning and coordinating their illegal operations. The criminal networks become a service provider for select groups of people. In areas of Latvia, criminal groups have been used efficiently by limited parts of the general public to return stolen goods to their legal owners. The criminal groups also became more efficient than the authorities in providing security for the select groups. In Lithuania, the situation is similar and the structured organized crime groups are almost identical to those in Latvia.

II. PROPOSING MEASURES

Regional Cooperation

The Swedish customs liaison officer in Riga pointed out that the lack of efficient cooperation between the states is the biggest obstacle to effective counter-narcotics efforts. The great misunderstanding between different institutions and law enforcement agencies leads to inefficiency. Cooperation efforts are just a beginning in efficient counter narcotics endeavors. The goal for different states and agencies is to work together with the purpose of limiting and minimizing negative effects of narcotics use, and to reduce the operative space of the organized crime groups.

The Silk Road Studies Baltic Workshop is important because problems of this sort have been recognized and discussed in an effort to find effective solutions. In order to succeed in countering organized crime, criminal activity must be mapped out and analyzed throughout the region. The exchange of information is an imperative part of the everyday work of law enforcement agencies in the Baltic and beyond. Russia's cooperation with the EU is necessary to counter organized crime in the Baltic region. Focusing on the region the northwestern area of Russia is crucial for the success of future counter-narcotics efforts. The Swedish plan of action concerning counter-narcotics measures, as described by the Office of the National Drug Policy Coordinator, is a chain of essential links.

Keywords

- Lack of coherent cooperation between states is a major problem
- The efficient exchange of information is imperative for future successes
- The Swedish plan of action can be used as a model for countering narcotics and organized crime

This plan is only efficient only if all of the links are implemented in the policy structure of the state and institutions responsible for enforcing the measures (see appendix III).¹⁴

All of the participants in the Riga workshop agree that the existing structures such as Europol and OLAF are not working well enough. They are a sort of a “paper tigers,” consisting of at least twenty-five members, making it very difficult operate efficiently. Instead, Europol’s role should be to coordinate counter narcotics efforts. The creation of five to six regional and sub-regional offices would be a much more efficient means of countering narcotics and organized crime in the Baltic Sea region.

- Europol’s structure should be revised and reconstructed

On the bright side, there is a successful counter-narcotics strategy, the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). EMCDDA is a versatile and decentralized organization which presents annual reports on the European drug situation and the realization of the EU’s Action Plan Against Drugs.¹⁵

- EMCDDA is an example of a well-structured organization working on diminishing drug addiction

These reports include multifaceted information, which highlights the focal points. EMCDDA is a successful example of interstate cooperation on the systematization of information, and not on the operational level, such as Europol. The direct contacts between the law enforcement agencies and other operational institutions are far more efficient than

¹⁴ Swedish National Drug Policy Coordinator, “Action Plan for the Coordination of the Swedish Drug Policy”, <http://www.mobilisera.nu/templates/GeneralPage.asp?id=1968>

¹⁵ See EMCDDA’s official web site and EU’s drug strategy 2005-2012 at <http://www.emcdda.eu.int/index.cfm?fuseaction=public.Content&nNodeID=6790&sLanguageISO=EN>

official channels primarily used today, according to operative officers.

The Swedish customs liaison states that since Sweden entered the EU, the customs officers have not been allowed to stop and search passengers and goods traffic between the EU member states without reasonable suspicion. These regulations are based on the Rome Convention. In order to fill the customs and border guard's gaps, the regulations were reformed. The booking systems of air and bus traffic can now be searched for information in order to profile the smugglers of illicit goods. The result was that the Swedish customs now seizes more illicit goods with fewer numbers of customs officers. The intelligence gathering and information sharing between countries are primary tools against narcotics smuggling. However, since May 1, 2004, it has become more difficult to combat smuggling. The Baltic states are now EU member states and hundreds of TIR trucks¹⁶ enter Sweden daily, leaving customs helpless in controlling all the goods entering the country.

Intelligence Gathering and Processing

The need to develop intelligence capabilities is great. The processing of the acquired information should be highly prioritized. The operative personnel receive the information, which has to be sorted and analyzed before it reaches the cooperating body, which makes tactical decisions as quickly as it can. Europol does not meet these standards, according to the workshop participants. The operative part of the struggle against organized crime is too weak.

- Improved efficiency of the Swedish border guards is due to the reformation of customs regulations
- Effective intelligence gathering is necessary for the successful combating of organized crime
- The increase of operative staff is essential as a step towards promotion of efficient counter narcotics policy

¹⁶ Transport International de Route

It is necessary to increase the operative personnel in order to improve and maintain a high level of operative efficiency. The head of law enforcement at the Swedish Drug Coordinator's office explained that political elites have misconceived that Europol by itself is sufficient in countering narcotics, and they believe there is no need to increase the manpower of the agency. The statistics and expert prognosis indicate that there it is absolutely crucial to enhance the number of operative personnel.

Legislative Improvement

The forecast for countering narcotics and organized crime seems to be improving as the legislation of the states improves, along with coordination and the communications across borders. Although the level of trust between the states is very low today, it seems very likely that the EU membership will raise the levels of trust, which will create the stable platform for the cooperation in countering narcotics and organized crime.

- There are great legislative obstacles to overcome within the EU configuration in order to make counter-narcotics efforts more efficient.

Where Do We Go From Here?

The Baltic region is limited in size and population; therefore the crime patterns are noticeably identical in all three states. The unwillingness of states to change a few years ago has evolved into compliance with a view to cooperation and development of their societies. This, in turn, has increased the incentive to create fruitful ground for joint efforts against organized crime. The cooperation on political, administrative and operative levels has improved, although a lot more remains to be done.

Targeting the most sensitive component of the organized crime should be a main priority for the law enforcement agencies. By targeting the money, the authorities would increase the criminals' transaction costs, thus reducing the profitability of criminal activity while simultaneously increasing the chances of internal breakdown of the criminal organizations.

Defining the real threat has been problematic ever since the independence of the Baltic states. A multifaceted approach is needed involving academic resources, law enforcement institutions, and decision makers. The creation of a regional expert group is necessary in order to define the existing threat and its width in the region. The regional expert group would be an informal, non-politicized source of information providing evidence and recommendations to governments. Thereafter the threat will be processed and analyzed, which will create solid ground for preventive and counter measures in the near future. The ultimate goal for Baltic governments is to be

- The signs of improvement of cooperation between the states are visible
- Targeting illegal money sources should be one major objective
- There is a need for a multifaceted expert group in order to define the essential issues

proactive and not reactive. Also, the goal is to limit the impact of narcotics and organized crime on society and that can only be done by creating a platform from which authorities can be proactive.

Since the issue of organized crime is complex, there is a need for complex solutions. Awareness on the part of political actors and the general public is necessary for the social mobilization which is necessary to combat this problem. All levels of society should be mobilized, from parents and school teachers to social workers, politicians, police and customs. The creation of far-reaching action plans against organized criminals and their activities such as drug smuggling and distribution would greatly increase the efficiency of the authorities in their attempts to limit the impact of negative effects drugs have on societies (appendix III).

The EU has a great responsibility in coordinating the individual states' efforts in combating the organized crime networks. For instance, the United States is active in Colombia and in Central America in combating the drug lords and their production of narcotics. The EU is not doing enough to prevent the production of drugs in Afghanistan, the world's biggest opium producer and Morocco, which is responsible for 80 % of global cannabis production (approximately 50, 000 tons annually).

Furthermore, Holland's ecstasy production is supplying entire Europe with vast amounts of this drug, where Poland's amphetamine production has reached irrepressible proportions. Holland's liberal

- Societal mobilization is one of the long-term goals

- The EU's failure to responsibly tackle counter-narcotics is the major obstacle to effective work by law enforcement authorities

view on drug consumption was agreed on as a great problem by all participants in the workshop.

The attempts to legalize cannabis and other light drugs in other EU states have become frequent with increasing support from the general public within the states surrounding Holland. Yet today genetically modified cannabis plant contains 20 times higher dosage of Delta-9-tetrahydrocannabinol (THC). This transforms cannabis from a light to a hard drug.

The basic changes proposed by the panel is that legislation in the EU member states has to be coordinated and expanded, which would set a base for the law enforcement agencies' routines and advance their capabilities. Since the control between the EU member states is not possible, the human resources should be diverted to intelligence and information gathering. The operative personnel have to be reinforced with greater resource capabilities, which could be partially funded by the financial seizures in criminal cases.

The increase of operational personnel in the field should be a short-term priority. Today, a large part of the law enforcement personnel is administrative staff, making human resources on the field decidedly limited. The coordination of law enforcement operations does not include enough flexibility. The operative staff often avoids formal procedures and uses personal contacts between officers to rapidly

- The operative personnel needs to be reinforced with resources and manpower

- Direct contacts between law enforcement agencies on the professional basis is the most efficient field method

react to the criminal activity, for instance in suspect cases of smuggling of illicit goods. Direct cooperation on a professional and not on a personal basis is needed. Permanent coordinating bodies for each region should be formed, so that the exchange of information will be frequent, swift, and efficient.

Europol is not flexible enough to meet the challenges created by the organized crime networks today. As mentioned above, the first step should be taken by coordinating the legislation of the EU member states, to unify legal efforts in laws' conformity, coherence and intelligence gathering.

Structural innovations are necessary to implement and realize the agenda. Common training centers and other means of developing law enforcement competence together with technical improvements are also necessary. Changes in working methods are greatly needed, as well as new ways of thinking, to efficiently combat the organized crime. The operational capacity should be expanded and coordination of resources should be one of the main priorities of legislative body of the Baltic and Scandinavian states. The above proposed expert group would define the basic issues concerning the organized crime and counter-narcotics in the Baltic Sea Region. The expert group would become a preventive tool in the regional struggle against organized crime.

- Europol does not meet the current challenges posed by the organized crime networks

- Several structural changes are needed

- An expert group - a preventive tool is needed

Appendix I

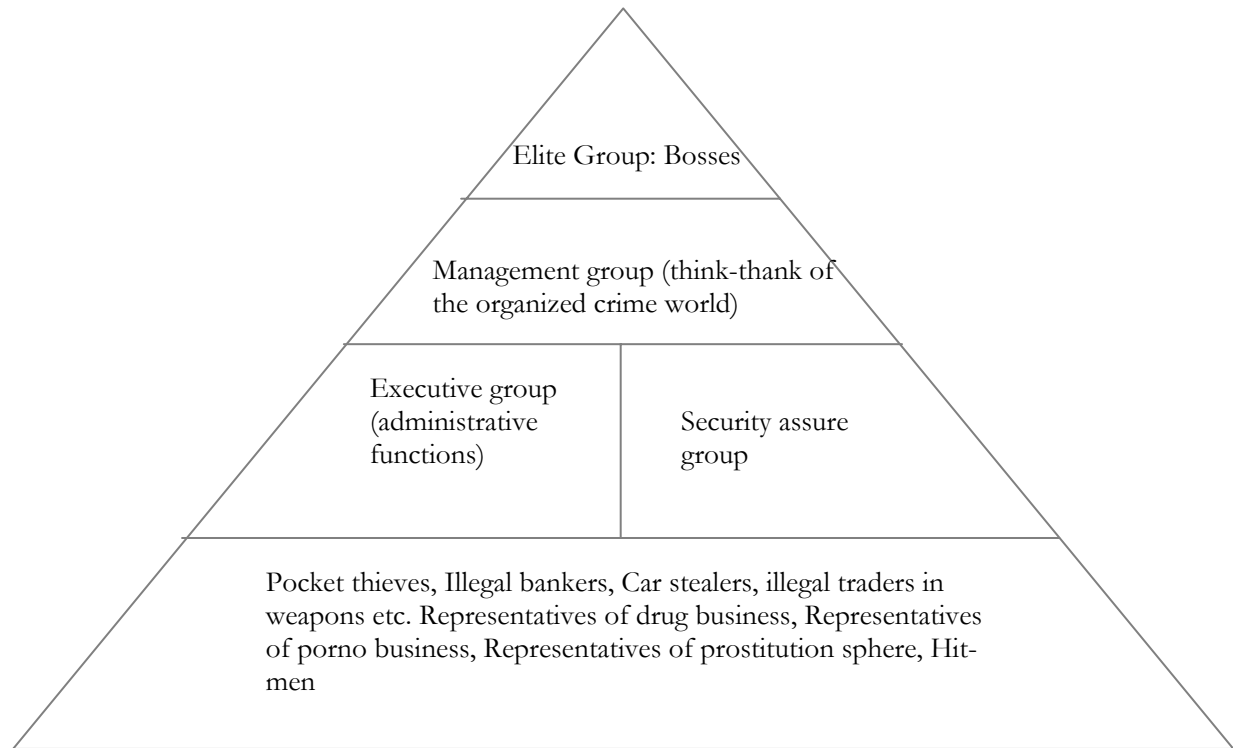
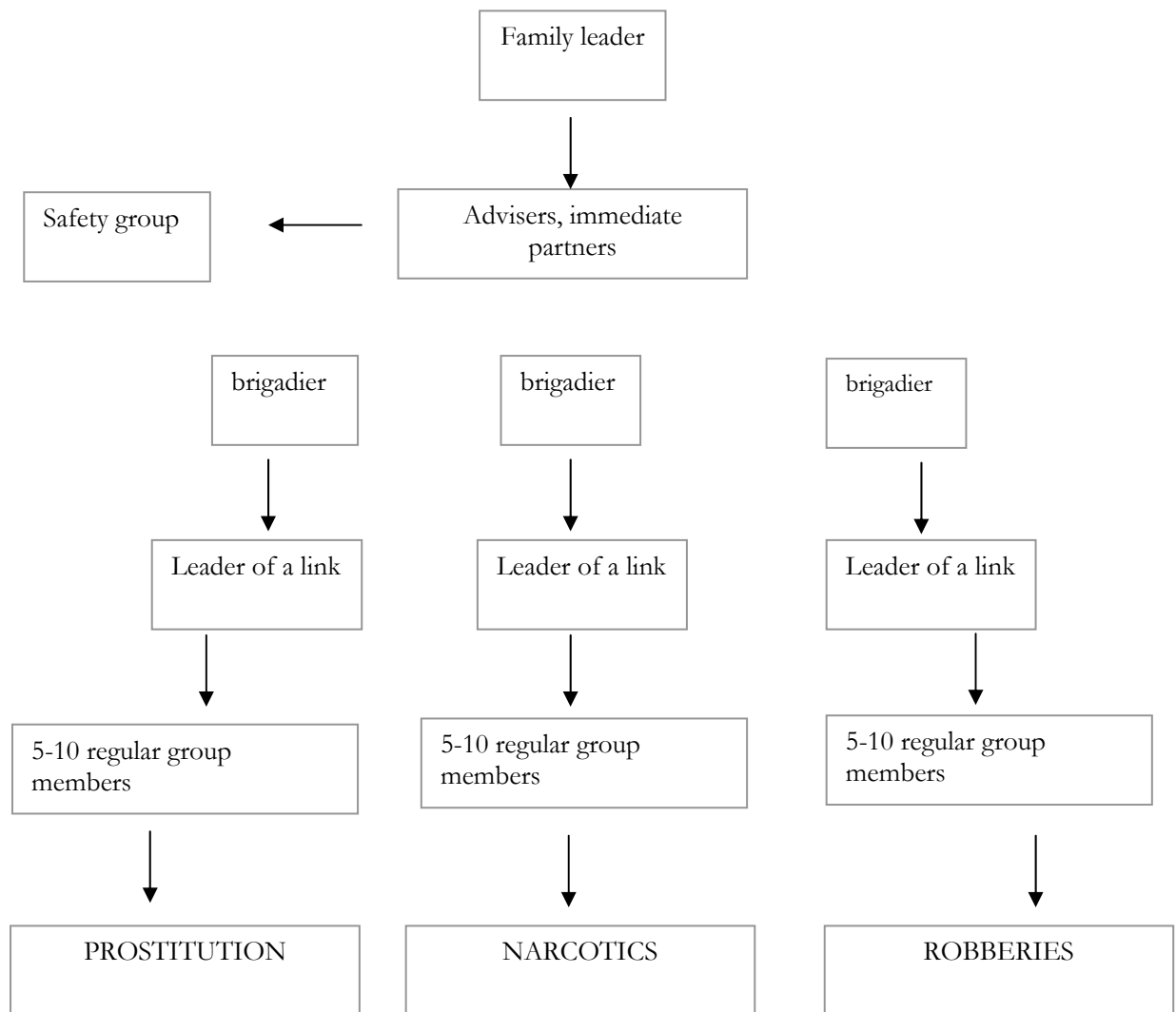


Fig. 1 The Structure of Organized Crime. The case of Latvia

Appendix II



**Fig. 2 Lithuanian
Organized crime network
structure**

Appendix III

Comprehensive plan of action (Swedish National Plan of Action for mobilization and coordination of the Swedish national drug policy)

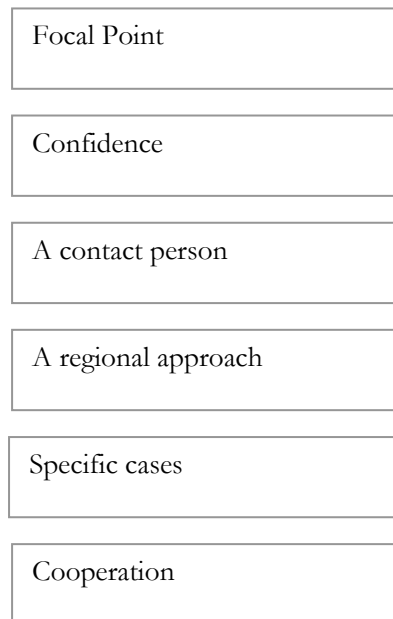


Fig. 3 Swedish *Plan of Action*

Workshop Schedule

Countering Narcotics and Organized Crime in the Baltic region Workshop; 6-7 April 2005

6th April, Wednesday (THREATS)

- 10:00 – 10:30 Introduction by Dr. Niklas Swanstöm and Walter Kegö.
- 10:30 – 11:30 Round-table discussion. Threat from Organized crime in the Baltic States.
- 11:00 – 11:45 Coffee Break
- 11:45 – 12:45 Changing trends in narcotics smuggling, drug related crimes and money laundering
- 12:45 – 14:00 Lunch
- 14:00 – 15:00 State weakness and state strength concerning Organized Crime
- 15:00 – 15:15 Break
- 16:15 – 17:15 Human Trafficking and Org- Crime
- 17:45 – 18:15 Summary of threat perceptions
- 19:00 Dinner

7th April, Thursday (MEASURES)

- 09:00 – 10:00 Roundtable discussion, EU – effect and coordination of field work and legislation development
- 10:00 – 10:15 Break
- 10:15 – 11:15 Baltic states' efforts in countering narcotics, border control etc.
- 11:15 – 11:30 Break
- 11:30 – 12:30 Legal efforts in limiting the effects of Organized crime activity
- 12:30 – 13:30 Lunch
- 13:45 – 15:15 Concluding discussion

COUNTRY FACTSHEETS, EURASIAN NARCOTICS:

LATVIA 2004

General Information

Population: 2,319,203 (2004)

UNDP 2004 Human development index ranking: 36 (out of 177)

TI 2004 Corruption indicators: 4 (0 highly corrupt, and 10 highly clean)

Local drug abuse in Latvia has increased substantially over the last decade. Amphetamines, cannabis and heroin are the most commonly used drugs. Latvia's geographical situation makes it a transit country for drugs flowing from Central Asia, via Russia and onwards to the Nordic countries, as well as for synthetic drugs produced in Europe destined for the CIS countries. Latvia has made substantial efforts to curb the drug trade and the related issues of money laundering and corruption. However, lack of funding and coordination between governmental organs and programs designed for this purpose remain a problem, and the drug trade and abuse in Latvia is currently increasing.

Smuggling of Drugs

Although the opportunities to cultivate and produce illicit drugs exist, such production is not a major problem in Latvia. Latvia is transshipment point for opiates and cannabis from Central and Southwest Asia to Western Europe and Scandinavia. This trade is primarily done via Russia. Following the U.S. intervention in Afghanistan, the availability of heroin in Latvia decreased, with seizures dropping from concentration levels of 80% in 2001 to an average of 6 to 30 % in 2002 through 2003. Since then however, both availability and concentration levels have increased substantially. Cocaine from Latin America and synthetic drugs, primarily amphetamines from Lithuania, the Netherlands and Poland, trafficked via Latvia to the CIS. Latvia is not a producer of, but has become a destination as well as a transit country for, precursor chemicals. This trade originates in Lithuania, transits via Latvia on to Estonia and thereafter into the Nordic market. The amount of confiscated precursors has increased substantially in the last few years.

Health and Economic Aspects

Corruption: Corruption is a major problem in Latvia, and there is evidence of unlawful lobbying and similar practices. However, there is no evidence of corruption within senior levels of the Latvian government. Today, the public service and the police are two areas within the Latvian state that remain highly affected by corruption. Within the police, corruption is especially widespread within the customs sector, and there have been allegations that Customs Officers and Border Guards sometimes conspire with smuggling rings. As one Latvian MP noted "the only thing that is organized and evolutionized in transition period that is organized crime".

Money laundering: In the 2005 International Narcotics Control Strategy Report; Major Money Laundering Countries, Latvia is listed as a country of primary concern. Latvia is highly sensitive to money laundering, as it is a regional financial centre, and has a large number of commercial banks. Organized crime accounts for a sizeable portion of money laundered in Latvia, both local and international. For example, two Latvian banks were closed down in the U.S. on suspicions of money laundering. Before 2004 there were no restrictions on cross-border currency movement in Latvia. Following Latvia's EU membership new directives on cross-border currency movement were adopted, affecting primarily the currency movement to Belarus and Russia.

Drug abuse and HIV epidemics: Latvia's narcotics situation has changed during the 1990s, from being a transit country to a destination and user country. As Latvia's economy began to improve in the late 90s, the black market became filled with LSD, amphetamine and heroin. This development affected the drug related health problems in Latvia. Until 2000 there was a sharp increase in drug related deaths mainly from heroin overdoses (14 in 1986 and 115 in 1999), and only in the second half of 2001 these numbers started to fall. Latvia has one of the most rapidly increasing HIV rates in Europe, due to intravenous drug abuse.

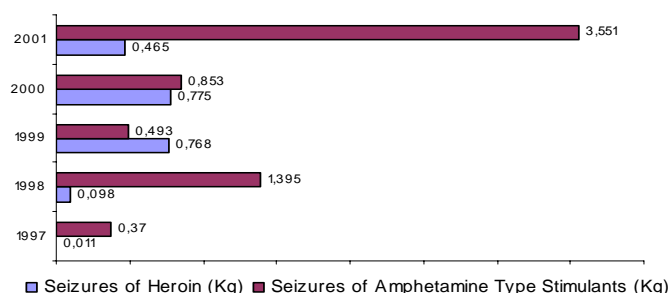
Each year the number of patients with HIV and AIDS contracted through intravenous drug use doubles. In 1995, Latvia had 21 newly reported cases of HIV, and in 2001 it skyrocketed to 807 new cases. Latvia has experienced an increase of HIV in prisons, where the situation is troublesome, as there is a shortage of well trained staff, and little HIV/Hepatitis prevention activities.

Political and Societal Aspects

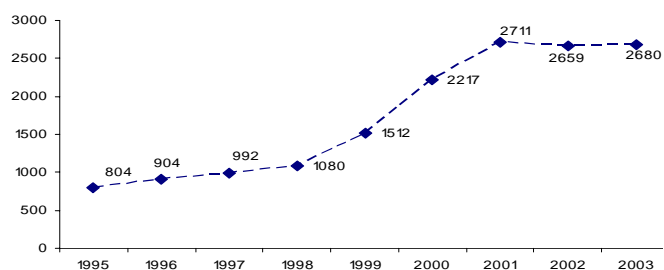
Drug abuse in Latvia is highly linked to poverty and social exclusion. In 1999, 65,4% of all registered drug abusers were unemployed or without specific occupation. The link between social exclusion, abuse and crime is evident. Drug related crimes registered in Latvia increased from 205 in 1992 to 521 in 1999. In prisons, level of substance abuse is high – in 1999 14% of all prisoners were drug addicts. Another drug related problem in Latvia today the rapid growth in the number of adolescents with the diagnosis of drug dependence. In 2000, slightly over 20 percent of patients treated for substance abuse were adolescents or children.



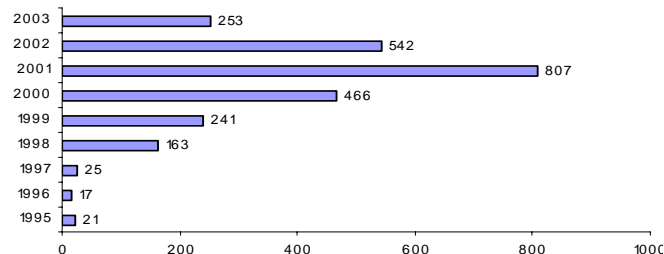
Seizures: Heroin and Amphetamine Type Stimulants



Registered Drug Users



Registered HIV Cases (Newly Reported)



Counter-Narcotics Efforts

State

Following the independence from the Soviet Union, the Latvian state structure was weak, and there was little legislation and control mechanisms related to the drug issue. In 1992 a major Latvian pharmaceutical company manufactured and attempted to distribute 3500 kg of the drug Metamphetamine, and in the aftermath of this scandal, the government created several mechanisms for combating drug manufacturing, trafficking and abuse. These included the Coordinating Commission for Narcotics Control and Combating Drug Addiction, the National Narcotics Treatment and Prevention Centre, the Narcotics Control Committee and the Narcotics Combating Bureau. In 1998 the first Latvian counter narcotics 5 year plan, the Latvian Drug Control and Drug Abuse Prevention Strategy, was created with the assistance of UN Drug Control Program (UNDCP). It contained far reaching aims and objectives, including prevention and rehabilitation, as well as control of illicit trafficking (including provisions on the prevention of money laundering) and a stricter control on licit drugs. The plan was amended in 2004, when the Narcotics Coordination Bureau, headed by the Prime minister, with the purpose of supervising Latvian law enforcement in the area, was created. In 2003 the Latvian Anti Corruption Bureau was established, and during the last years there has been a number of high profile court cases related to corruption within the police. Latvia has officially been very active in combating corruption, and has sought World Bank's assistance for the development of its anti-corruption policy. In addition to this, Latvia's EU accession process meant both pressure and financial support in relation to anti-corruption policies. Despite this, lack of funding and coordination in anti-corruption mechanisms remains a problem.

Civil Society

In Latvia, there is a liberal attitude amongst youth towards drugs, and an increasing dependence on alcohol and illicit drugs amongst the adolescence. In response to this, there are both governmental programs and several NGOs working with youth and dependency prevention. However, this work is hampered by the low political and organizational activity of the school youth in Latvia today. Some non-governmental organizations provide support to

parents, and there are several non-governmental telephone hotlines that provides assistance to drug users and their relatives. Programmes for the prevention of drug abuse are also formulated by local governments.

Regional Cooperation

The extensive regional cooperation between the Baltic republics is defined in the 1997 document Fight against Drugs. In addition to this Latvia cooperates with the police forces in the Baltic Sea region in the "Task force" project, and has several drug related bilateral agreements with countries in the area (including Sweden and Norway).

International

Latvia is a party to the 1988 UN Drug Convention, the 1971 UN convention on Psychotropic Substances, the 1961 UN Single Convention as amended by its 1972 protocol and the UN Convention against Transnational Organized crime. Latvia has participated in several projects of the UN Drug Control Program (UNDCP), as well as several EU related projects pre-accession. As a member of the European Union, Latvia participates in the Union's programs against drug use and trafficking, as well as in the information and monitoring programs. In addition to this, Latvia cooperates with the U.S. within programs concerning investigating and prosecuting drug offences, corruption and organized crime and educational programs for law enforcement personnel.

The Government of Latvia (GoL) criminalized money laundering for all serious crimes in 1998, ratifying the council of Europe's Convention on Laundering, Search, Seizure and Confiscation of Proceeds from Crime. Latvia's Financial Intelligence Unit is a member of the Egmont group since 1999 and has signed multilateral agreements with 10 accession countries for automatically exchanging information between EU financial intelligence units through the FIU.NET.



Central Asia- Caucasus Institute
Silk Road Studies Program

Joint Transatlantic Research and Policy Center

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Latest publications:

Niklas L.P. Swanström, "Multilateralism and Narcotics control in Central Asia", *CEF Quarterly*, the journal of the China-Eurasia Forum, February 2005.

Niklas L. P. Swanström and Maral Madi, "International Cooperation Against Drug Trafficking, in Central Asia," *United Nations: Multilateralism and International Security*, in C. Uday Bhaskar et. al., eds, Institute for Defense Studies and Analyses & SHIPRA Publications, 2005.

Svante E. Cornell, "Stemming the Contagion: Regional Efforts to Curb Afghan Heroin's Impact", *Georgetown Journal of International Affairs*, vol. 6 no. 1, Winter/Spring 2005.

Kairat Osmonaliev, *Developing Counter-Narcotics Policy in Central Asia: Legal and Political Dimensions*, Silk Road Paper, January 2005.

Svante E. Cornell, *Narcotics, Radicalism and Security in Central Asia: The Islamic Movement of Uzbekistan*, East European Studies Working Paper no. 84, December, 2004.

Maral Madi, "Drug Trade in Kyrgyzstan: Structure, Implications and Countermeasures", *Central Asian Survey*, Vol 23, No 3-4, December, 2004.

Database:

The current version of the database contains information on illegal drugs and related issues in Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan), Russia and the Golden Crescent (Afghanistan, Iran, Pakistan). These countries are the primary focus at Silk Road Studies. The database can be accessed at www.silkroadstudies.org/drugsdatabase.htm

The fact sheet was prepared by Maja Edfast based on the information, and database available at the Silk Road Studies Program in Uppsala University, www.silkroadstudies.org

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COUNTRY FACTSHEETS, EURASIAN NARCOTICS:

ESTONIA 2004

General Information

Population: 1,370,100 (in 2000)

UNDP Human development index ranking: 36 (out of 177)

TI Corruption indicators: 6.0 (0 highly corrupt, and 10 highly clean)

Estonian local drug abuse has increased over the last decade. National plans and implementation mechanisms have been designed to fight drug abuse and drug related crimes, including corruption and money laundering. These measures have been relatively successful, but local abuse has still had an impact on the Estonian society. Furthermore, Estonia's proximity to Russia as well as the Nordic countries makes it a transit country for illicit drugs. Opiates from Central Asia, transported on the highway from Russia aimed at the Nordic markets, constitute the main part of this trade today, but there are also alternate trade routes.



Smuggling of Drugs

Since the late 1990s, the main trafficking of illicit drugs in Estonia has consisted of opium and heroin from Central Asia via Russia, and synthetic drugs (amphetamine and ecstasy) from Western Europe, to Finland and other Nordic countries. Cocaine from Venezuela and cannabis from Spain are smuggled via Estonia to the Nordic countries and Russia. Fentanyl is smuggled from Russia through Estonia on to the Nordic markets. A relatively new trade route has opened in which raw opium from Central Asia and marijuana from Africa are smuggled via Estonia to the United Kingdom. Lately there has been an increase in the domestic production of synthetic drugs. The majority of these drugs are also targeted at the Nordic markets. Seizures of illicit drugs in Estonia have increased since the mid 1990s, most significantly the seizures of heroin, cannabis and synthetic drugs. Most of seizures in 1996-2000 involved opiates, followed by cannabis and synthetic drugs. In 2002 and 2003, the number of heroin seizures declined, while the number of seizures of synthetic substitute substances such as fentanyl increased. Estonia has the highest crime rate in the Baltic region. There are about 60 criminal groups operating in Estonia, and trade in illegal drugs constitutes their primary activity. According to Estonian parliamentarians, it threatens law and order in Estonia.

Health and Economic Aspects

Corruption: Corruption levels in Estonia, as in most post-Communist states, are higher than in most Western European countries. Corruption is a relatively limited problem among senior officials and politicians, but remains a problem at local levels, where governmental attempts to fight corruption has had little impact. Estonia has made major progress in creating of an extensive anti-corruption legislative framework. While the Estonian Anti-corruption Act is extensive, institutions and mechanisms for implementing the Act have been somewhat inefficient in their performances. The recent arrest of Vallo Jaaratsa, head of the Drug Control Service, over connections with organized crime indicates that the problem of corruption within law enforcement agencies is greater than it was previously believed to be the case.

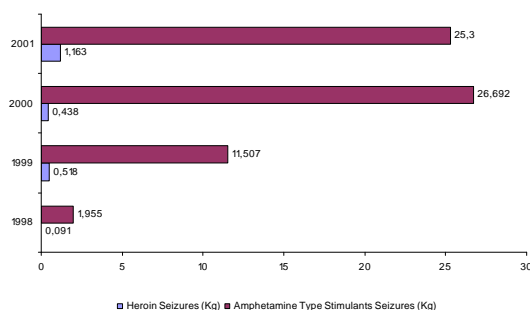
Money Laundering: In a report from 2005 the U.S. department of state concluded that although the proximity to the Russian border attracts transnational and organized crime groups to Estonia, there have been no reported large-scale money laundering operations for the purpose of narcotics-trafficking or terrorist financing in Estonia.

Drug abuse and HIV epidemics: Local narcotics consumption in Estonia before 1997 consisted mainly of homemade poppy products. In 1998 heroin appeared on the market and by 2001, it was the most commonly used substance in Estonia. The number of IDUs increased. In 2000, 390 new HIV positive cases were reported and in 2001 the figure was 1474. Estonia has one of the highest HIV infection growth rates in Europe. As of December 2004 a total of 4408 cases of HIV had been registered. In 2000, 90% of incidents of HIV infection were directly related to drug abuse. Although the virus has started to spread to the general public, the biggest share of the newly registered cases in 2004 (709) were still IDUs. The HIV situation in Estonian prisons is especially problematic due to the link between crime and drug abuse as well as to the poor conditions in prisons in which prisoners frequently share non-disinfected needles to a very high extent. In 2001 23% of tested inmates were HIV-positive.

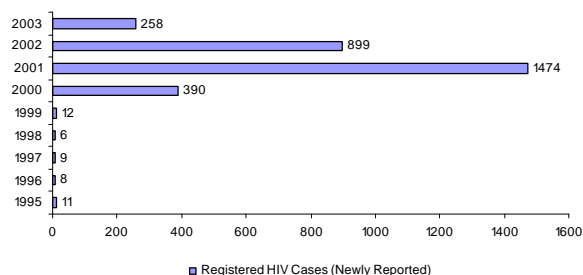
Political and Societal Aspects

The Estonian economic transition brought with it high rates of poverty and unemployment which, in combination with the opening of the Estonian borders, led to increases in the local abuse of illicit drugs, and an increase in trafficking across Estonian borders. The inability of the state to address these issues, has worsened the problem, and there is a strong link between social exclusion, abuse and criminality in Estonia today. In 2001, 5458 drug related offences were registered (compared to 765 in 1999), contributing to 23.9% of all crimes. The majority of drug-related crimes were committed by drug abusers. There are about 60 criminal groups in Estonia; only two have a settled management and concrete system with membership of 75-125 persons. The two large groups are Russian-led; the smaller tend to be Estonian. Non-Estonian groups are not just Russian but also Armenian and Azerbaijani. These groups have expanded their activities since Estonia joined the EU, and Spain is an increasingly popular place for Estonian crime groups.

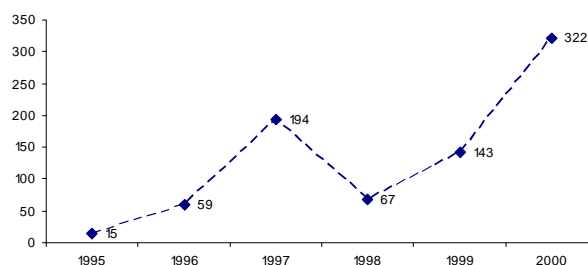
Seizures of Amphetamine Type Stimulants and Heroin



Registered HIV Cases (Newly Reported)



Drug Related Crime (Total Convicted for all Drug Offenses)



Counter-Narcotics Efforts

State

In 2004 the Government of Estonia adopted the National Strategy on the Prevention of Drug Dependency 2004-2012. The strategy includes prevention, treatment-rehabilitation, harm reduction, supply reduction, drugs in prison, and monitoring of the drug situation. Since 2000, the fight against drugs has been defined as one of the key tasks of the police; specialized drug divisions have been established; and there has been an increase in specialized training and personnel has taken place. In 2004 the Ministry of Justice announced the start of a three-year fight against the organized trade in narcotics, the Prosecutor General and the Director General of the Police board also announced that the fight against drugs would be among Estonia's two top law enforcement priorities in 2005. Special prosecutors were appointed in 2004 to bring more cases against traffickers and organized crime. Last year the Estonian prosecutors brought charges against 7 criminal groups involved in drug trafficking. The anti corruption policy An Honest State, with 21 measures is to be implemented before 2007

In 2004 the GoE adopted the Money Laundering and Terrorism Financing Prevention Act, which extends the authority of the "Rahapesu Andmebüro", Estonia's Financial Intelligence Unit (FIU). In 2004 the FIU became an independent unit within the Economic Crime Department of the Central Criminal Police.

Civil Society

Most national and local prevention programs in Estonia, whether funded and/or run by the state or other organizations, are aimed at preventing drug abuse in the younger part of the population. The main focus of prevention projects is drug education, but there are also projects concentrating on spending of free time and alternative actions. There are many youth organizations directly involved in the issue. These projects are financed by the Estonian Foundation for Prevention of Drug Addiction (EFPDA), and local governments, as well as by NGOs, and ministries. A limited number of institutions, mostly NGOs, provide treatment and reintegration programs, although some are founded by the state and/or local government. As a result of the growing HIV / AIDS problem a few NGOs have been established to carry out activities related to this field. However, the resources are still scarce as the issue has not been a

major priority of the Government. Most HIV/AIDS prevention programs are supported by international organizations.

Regional Cooperation

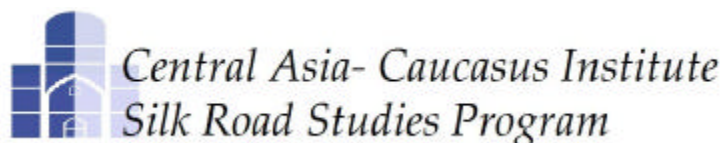
Estonia's cooperation with Latvia and Lithuania in relation to the drug issue is defined in 1997 document Fight Against Drugs. Furthermore Estonia cooperates with the police forces in the Baltic Sea region in the Task Force Project. Estonia participates in the Council of Baltic States, established in 1992. Estonia also cooperates with Commonwealth of Independent States (CIS) countries on law enforcement issues. An agreement on the exchange of relevant information has been signed with Finland.

International

Estonia is a party to the 1961 UN Single Convention as amended by its 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. A law on narcotics drugs and psychotropic substances was enacted in 1997 to comply with the requirements of the UN Drug Conventions. Estonian police and border guards received assistance, training and funding from the UNDCP, the U.S. and the E.U. and the Nordic countries.

Estonia participates in several regional and international constellation aimed at preventing money laundering, including the Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures, the Offshore Group of Banking Supervisors, and the European Union's financial intelligence units' net (FIU.NET) Estonia also cooperates with Europol.

Estonia participates in the European Commission's Anti-Money Laundering Project for Economic Reconstruction Assistance (PHARE project), and in 2001 Estonia ratified the Council of Europe's Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime. Estonia is also a party to the 1988 UN Drug Convention, the UN convention against transnational Organized Crime, and the UN convention for the Suppression of Financing Terrorism.



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Latest publications:

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COUNTRY FACTSHEETS, EURASIAN NARCOTICS:

LITHUANIA 2004

General Information

Population: 3,445,900

UNDP Human development index ranking: 41(out of 177, 2004)

TI Corruption indicators: 4.6 (0 highly corrupt, and 10 highly clean)

The Lithuanian drug market was fairly limited before the collapse of the Soviet Union. Problems with drug abuse existed, particularly in the prisons, which were supplied by soldiers including from Central Asia serving as guards. Since early 90s trafficking, sale and abuse of drugs have increased rapidly, despite the extensive measures taken by the Lithuanian government to control the narcotics problem. In 2004 Lithuanian law enforcement agencies estimated that the domestic drug trade amounted to \$200 million. Lithuania is also a producer of poppy products and synthetic drugs for domestic use and export. The most popular drugs in Lithuania today include synthetic narcotics, poppy straw extract, heroin and cannabis.

Smuggling of Drugs

Heroin is smuggled into Lithuania by the Silk Road from Central Asia via Russia, Belarus and Lithuania and also from the Balkans. The heroin is transported out of Lithuania via ferry or car to Scandinavia, as well as to Poland and Kaliningrad. Lithuania seizes more heroin stemming from the Silk Road trade route than any other country in area (with the exception of Estonia), cocaine from South America is smuggled through Western Europe (Germany, the Netherlands and Belgium) to Lithuania, and amphetamines are transported into the country from Poland and the Netherlands. Marijuana and hashish are transported into Lithuania from both east and west (Morocco). Locally produced poppy straw products are exported to the Kaliningrad district of Russia, and to Latvia. Today, opiates constitute 56% of all seized drugs.

Health and Economic Aspects

Corruption: Although there are few reliable statistical measurements of the level of corruption in Lithuania, national surveys indicate that it is a relatively serious problem. However, World Bank surveys indicate that "state capture" and political corruption on higher level is not a major problem in Lithuania. Laws against corruption are being developed in accordance with international guidelines, and the existing laws are being enforced by the Lithuanian government and law enforcement agencies. Lithuania has an independent anti-corruption agency, the Special Investigation Service, which was created in 1997. In the International Narcotics Control Strategy Report of 2005, the U.S. Department of State conclude that narcotics-related corruption is not a major factor in trafficking in Lithuania.

Money Laundering: With only 10 commercial banks, 2 foreign bank branches and 58 credit unions, Lithuania is not a regional financial centre. However its geographical position makes it vulnerable to organized crime, smuggling and tax evasion. Despite this, the 2005 Narcotics Strategy Report: Money Laundering – Lithuania, conclude that the sale of narcotics does not generate a substantial part of financial crime or money laundering in Lithuania. There were no reported cases of money laundering related to narcotics trade in 2004.

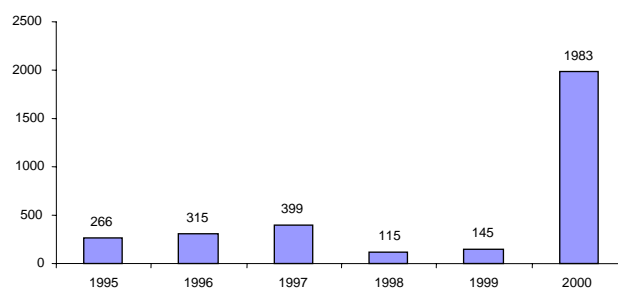
Drug abuse and HIV epidemics: No standardized data collection for treatment demand exists in Lithuania, and thus it is difficult to estimate any increases in number of drug-addicts in the country. However, available estimates indicate that number of people seeking treatment for drug addiction has increased at least 8 times since 1991. In 1997 the level of registered drug addicts were 74,4 per 100,000 of the population. The increase in abuse has had consequences on the Lithuanian health situation. Between 1998 and 2001, drug related mortality almost doubled, but stabilized again (at a fairly high level) in 2002. A problematic aspect of the narcotics situation in the country is that the majority of addicts are young; 71.3 % were below 35 years in 1997. The HIV situation in Lithuania, (although it is increasingly troublesome), is relatively moderate compared to the other Baltic states. According to UNAIDS, Lithuania had a relatively low HIV prevalence rate in 2002. The In 2002, 81% of all newly reported HIV cases were caused by intravenous drug use.

Political and Societal Aspects

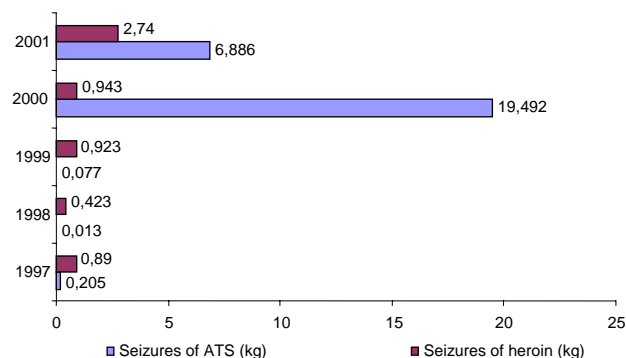
No extensive research has been conducted in Lithuania on the social and economic cost of the substance abuse. However, there are obvious links between poverty, substance abuse, unemployment and crime. The number of drug related crimes has been rapidly increasing in Lithuania. In 2004 there were 1121 registered crimes, compared to 886 in 2003. Organized crime groups are engaged in the illicit drug trafficking in Lithuania, and the criminal world is developing its international drug-trafficking links. For instance, Lithuanian organized crime groups have established themselves on the German drug market. Members of Lithuanian crime groups have been connected to Polish, Belgian and Dutch citizens involved in the trafficking and production of illicit drugs. 90% of the members of the criminal groups in Vilnius are of Russian nationality, where in other regions groups consist mostly of Lithuanians. According to the police estimates there are 11 groups engaged in smuggling, car thefts, prostitution, trafficking of illegal migrants and have strong link with organized crime groups in Russia, Latvia and other states.



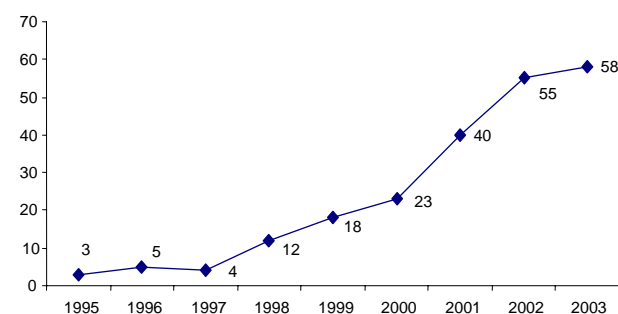
Drug related crimes



Seizures of amphetamine type stimulants and Heroin



Registered AIDS cases, newly reported



Counter-Narcotics Efforts

State

The Lithuanian Governmental Drug Commission, which includes representatives of 11 ministries, was established in 1995. In the same year, a unit for fighting illicit drug trafficking was established within the Lithuanian Police Department. Resources directed to this area have increased substantially over the last decade. The National Program on Drug Control and Prevention of Drug Addiction 2004-2008 is the current national plan for combating the drug problem. It includes directives on cooperation between national authorities and drug control organizations. The focus is on prevention and treatment of abuse. Accordingly, more funds have been allocated to these areas rather than to prevention of trafficking and sales. However, the increase in EU funds has augmented resources allocated to the latter areas, especially to strengthening Lithuanian border control. In 1996 the Lithuanian Government together with the Baltic States, the European Commission and the UNDCP signed the Riga Declaration on the Fight Against Money Laundering. Money laundering was first criminalized in 1997 with the Law on the Prevention of Money Laundering, which made the reporting of suspicious and unusual financial transactions to the Financial Crimes Investigative Service (FCIS) obligatory for financial institutions.

The government of Lithuania has initiated both methadone treatment programs and a needle exchange program, which appear to have had a substantial effect on the diminishing spread of HIV (with only 12 new detected cases in Vilnius in 2001). Compared to the other Baltic States, Lithuania has a slight increase of HIV. After the outbreak in the Alytus prison in 2002, the Lithuanian government allocated funds to prevent trafficking in prisons, educate prison staff, and prevent further spreading of the virus in corrections facilities. In addition to these measures, health education programs on the dangers of drug use have been introduced in the Lithuanian curriculum.

Civil Society

There are a number of international and local NGOs which operate in Lithuania in the fight against drugs.

Among the local ones there are several youth organizations, such as the Christian Youth Union "Žingsnis," and organizations (such as the Temperance fund), aimed at supporting recovering alcoholics and drug addicts.

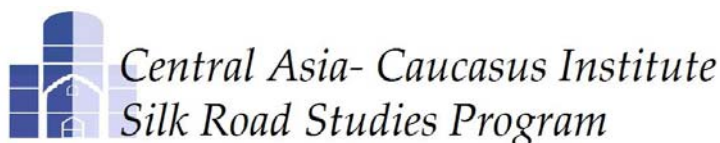
Regional Cooperation

Lithuania participates in the regional cooperation between the Baltic republics, defined in the 1997 document Fight Against Drugs. Lithuania also participates in the Task Force program, in which police forces in the Baltic sea region cooperate with each other with the aim of preventing and combating organized crime in the region. Efforts of the Task Force group have been concentrated on trafficking in drugs, illegal immigration, trafficking in human beings and stolen vehicles, illegal trade in arms and radioactive material, smuggling of highly taxed goods, forgery of money, money laundering, and violent crime. The Task Force has also established an HIV/STI network of healthcare professionals and institutions within the Baltic Sea region to fight the spread of HIV in the region. The Scandinavian countries have rendered assistance to Lithuania since the early 1990s. An example of this is the "parents help parents program" which is financed by the Norwegian government.

International

Lithuania is a party to the 1988 UN Drug Convention, the 1971 UN Convention against Psychotropic Substances, and the UN 1961 Single Convention as amended by its 1972 protocol. Furthermore, Lithuania is a party to the UN Convention against Transnational Organized Crime. The UNODC has a regional office in Riga, and Lithuania participates in the United Nations International Drug Control Program.

Lithuania participates in the EU PHARE project "Fight against Drugs in Eastern Europe", as well as other PHARE programs, and is a member of European Cities against Drugs. In addition to this, Lithuania is a participant of the World Customs Organization, and cooperates with Interpol.



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The fact sheet was prepared by Maja Edfast based on the information, and database available at the Silk Road Studies Program in Uppsala University, www.silkroadstudies.org

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