



BOSNIA AND HERZEGOVINA
COUNCIL OF MINISTERS

The Working Group on the Strategy for Combating Organized Crime in Bosnia and Herzegovina
for the period 2017-2020

***ORGANIZED CRIME THREAT ASSESSMENT
IN BOSNIA AND HERZEGOVINA***

Sarajevo, December 2016

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I. Introduction

Organized crime is a complex phenomenon which may manifest itself negatively against internal safety, social and economic order of countries. An organized criminal group is a group of three or more persons, existing for a certain period of time and acting in agreement with the aim of executing one or more criminal offences for which a punishment of imprisonment of more than three years or a more severe punishment may be imposed, in order to gain material benefit. In order to develop strategies for combating organized crime, we need a comprehensive knowledge on organized criminal groups that are considered to be the most influential in the field of specific criminal activities, as well as crime domains in which they operate, modus operandi of their activities and their goals.

One of the obligations of Bosnia and Herzegovina in the process of accession to Euro-Atlantic integration is the preparation of the Strategy and Action Plan for combating organized crime for the period 2017-2020.

At the 64th session held on 14 July 2016, the Council of Ministers of Bosnia and Herzegovina adopted a Decision on Establishing a Working Group for Developing the Strategy for Combating Organized Crime in Bosnia and Herzegovina for the period 2017-2020.

The Organized Crime Threat Assessment (OCTA) is a document that elaborates the potential dangers of organized crime and gives priority to those who are predicted to cause the most damage in the future (direct adverse impact on the budget), which also represents the basis for the development of strategic documents in this field and provides guidance to all relevant bodies in combating this type of crime.

The need for such a document, which is certainly future-oriented, stems from the findings of the European Union Serious and Organized Crime Threat Assessment (EU SOCTA), prepared by EUROPOL, which has shown that organized criminal groups, that are related to specific areas, pose a serious threat to the security of the European Union and its Member States.

The vulnerability of Bosnia and Herzegovina to organized crime is realistic and anticipated, and the forms of organized crime manifest themselves in several ways while the adverse impact of this phenomenon affects all spheres of life.

Adoption of the OCTA document is of the highest importance for all citizens of Bosnia and Herzegovina and it is an important step in the process of the EU accession, as well as a clear sign of commitment of all institutions in Bosnia and Herzegovina to contribute to the fullest extent possible to combat this global problem.

The development of the document „Organized Crime Threat Assessment in BiH“ was facilitated by the continuous support of the Embassy of Great Britain and Northern Ireland in Sarajevo, through the project „Introduction of Intelligence Led Policing Model for State and Entity Police Forces“.

II. Work methodology

Organized crime threat assessment in Bosnia and Herzegovina is a document prepared by the Working Group¹ appointed by the Council of Ministers, on the basis of statistical data of law enforcement agencies, intelligence and other information, available reports and assessments of the status and trends of organized crime at the international and regional level, researches and other reports which have been prepared by the relevant international and regional organizations.

The main source of data used for drafting the assessment were the answers to the questionnaires used for data collection – Questionnaire on Organized Crime Groups, Questionnaire on Criminal Offences and Questionnaire on Money Laundering, which were prepared in accordance with the EUROPOL standards. The questionnaires were structured in a way to provide a comprehensive analysis and assessment of the submitted data, and identify potential threats. Moreover, the data contained in the report on the security situation in BiH for the period 2013-2015 were also incorporated in the respective assessment, along with information (analyses, reports and assessments) collected by the relevant institutions, as well as written analyses prepared by members of the Working Group.

The entire process of drafting the Organized Crime Threat Assessment in Bosnia and Herzegovina is consisted of several interconnected phases:

- a) Collection of information, relevant documents and responding to the questionnaires;
- b) Drafting a situation report for the period 2013 – 2015;
- c) Identifying trends and the most common forms of organized crime;
- d) Analysis of the current situation, trends and basic characteristics of the most common forms of organized crime;
- e) Identifying the key factors and the degree of risk that favour the most common forms of organized crime.

The Methodology Guide of EUROPOL for the preparation of Serious and Organized Crime Threat Assessment (SOCTA) was used in the preparation of this document.

¹ The working group consists of representatives from the following institutions: Ministry of Security of Bosnia and Herzegovina; Ministry of Justice of Bosnia and Herzegovina; Prosecutor's Office of Bosnia and Herzegovina; State Investigation and Protection Agency (SIPA); Border Police of Bosnia and Herzegovina; Service for Foreigners' Affairs; Directorate for Coordination of Police Bodies of Bosnia and Herzegovina; Intelligence-Security Agency of Bosnia and Herzegovina; Indirect Taxation Authority of Bosnia and Herzegovina; Republic Prosecutor's Office of Republika Srpska; Ministry of Interior of Republika Srpska; Federal Prosecutor's Office of Federation of Bosnia and Herzegovina; Federal Ministry of Interior and Police of Brcko District of Bosnia and Herzegovina.

III. Organized crime trends in Bosnia and Herzegovina

Organized crime as a contemporary security threat which knows no borders represents a danger to the current level of development of civilization and its achievements and an obstacle to further progress. In the last couple of years, its expansion was facilitated by the economic crises which served as a backdrop for increased number of unemployed and the persons who seek to secure a livelihood. This, in turn, increased the number of potential new participants in various forms of organized crime.

In the period 2013-2015, police structures in BiH have continuously monitored and investigated the activities of individuals and groups that were associated with various forms of crime that have elements of organized crime, in particular the individuals and groups for whom there are indications that they might have direct connection with the execution of such criminal offences.

On the territory of Bosnia and Herzegovina, illegal activities that have characteristics of organized crime have been taking place in certain time continuity with some adjustments in terms of modus operandi in order for the offenders to avoid legal sanctions. Hence, it was observed that all thus far distinguished forms of organized crime in our country are still present, but in a greater or lesser extent compared to the previous period due to various conditioning factors. The most common factors are the extent of corruption, the success of law enforcement agencies' operations, economic trends in global and local markets affecting the price change of certain goods or services, changes in legislation, as well as international political relations that have an impact on certain forms of crimes in terms of their „cost-effectiveness“etc.

Prevalence and number of criminal groups, continuous and intensive reactivation of criminal structures, a wide range of illegal activities, mutual ties, a willingness to apply the most severe methods, an ability to use modern technical and technological innovations for criminal purposes, tremendous material and financial resources and power arising from these activities, intertwining of legal and illegal activities, sporadically being held accountable before the law – are general characteristics that on one hand represent a serious warning, and on the other initiate more appropriate response of all factors in the country.

The territory of our country is an area in which the widespread networks of organized crime groups originating in the region of the Balkans, as well as in the European area, have their own branches through which they carry out numerous criminal activities. BiH citizens are the most common perpetrators, but, in sporadic cases, they are organizers of specific phases of activities of a larger criminal chain that begins and ends outside BiH. Yet, a number of criminal groups carry out their activities only within the borders of Bosnia and Herzegovina.

The impact that organized criminal groups have on the economy of Bosnia and Herzegovina is direct and exceptionally adverse. Assessment of police agencies, on the basis of their analyses carried out in the course of regular duties and tasks, suggests that organized criminal groups are very flexible and adaptable in their criminal activities. Moreover, it has been

recognized that organized criminal groups easily adapt to changes in the political, economic and social environment.

If we look at the total number of recorded criminal offences in Bosnia and Herzegovina, we can observe that the number of recorded criminal offences in 2015 (31.090) was decreased by 10,41% in comparison to 2014, while the number of recorded criminal offences in 2014 decreased by 7,57 in comparison to 2013.

The following tables provide a comparative overview of the total number of recorded criminal offences and reported perpetrators, per institutions, in a three-year period:

Number of registered criminal offences			
Institution	2013	2014	2015
Federal Ministry of Interior	25.068	23.247	20.306
Ministry of Interior of Republic of Srpska	11.252	10.347	9.783
Brčko District Police	435	438	429
Border Police of BiH	202	184	230
SIPA	594	489	342
Total	37.551	34.705	31.090

Number of reported perpetrators			
Institution	2013	2014	2015
Federal Ministry of Interior	17.078	16.122	14.257
Ministry of Interior of Republic of Srpska	8.906	8.222	7.579
Brčko District Police	519	457	328
Border Police of BiH	415	451	295
SIPA	892	746	415
Total	27.810	25.998	22.874

The total number of perpetrators of registered criminal offences in Bosnia and Herzegovina in 2015 was 22.874, and in 2014, 25.998 perpetrators, representing a decrease by 12,01 %. At the same time in 2014 there was a decrease by 6,17 % in comparison to the previous year (2013), which represents a significant reduction in the three-year period.

Statistical data indicate that in the three-year period there was a significant drop in the number of registered most serious and socially most harmful criminal offences that are punishable under the Criminal Code of Bosnia and Herzegovina. During 2015, there was a decrease in the number of criminal offences impeached by the Criminal Code of BiH in comparison to the previous two years, indicating a positive trend in this field.

The following table provides a comparative overview for the three-year period on the total number of recorded criminal offences impeached by the Criminal Code of BiH:

Institution	2013	2014	2015
Federal Ministry of Interior	89	73	75
Ministry of Interior of Republic of Srpska	67	90	95
Brčko District Police	10	8	6
Border Police of BiH	46	82	127
Indirect Taxation Authority of BiH	12	56	69
SIPA	594	489	342
Total	818	798	645

Positive security trends that determine the overall security situation in Bosnia and Herzegovina are the direct result of police operations, progress in coordination and joint operational activities of the agencies acting independently within the framework of the Ministry of Security of BiH, entity and local law enforcement agencies, regional and global trends in combating crime, as well as some aspects of terrorism or other acts of violence and intolerance.

IV. Main forms of organized crime – biggest threats

The previous analysis suggest that organized criminal in BiH is largely determined by three factors: geopolitical position, transition processes in the country and region and poor state of its socio-economic system.

According to available data, the largest number of organized criminal groups in Bosnia and Herzegovina is engaged in illicit trafficking in narcotics and human trafficking, as these are the most lucrative criminal activities. Additionally, there are cases of smuggling of firearms and ammunition and their sale on the black market. A number of members of these groups engage in violent crimes (contract killing), blackmailing, kidnapping and extortion, and it is evident that the number of organized criminal groups is changing since the degree of recovery of prosecuted groups and chains is rather high due to increasing percentage of habitual offenders. These are criminal groups that are part of international chains whose level

of organization is extremely high and which have clearly defined organizational structure: organizers, executors and helpers.

Dependant on the type and execution phase of the criminal offence, the organized criminal groups have different tasks, because, by rule, they make associations based on their criminal acquisitive needs, which require constant recruitment of new members who are often used for single or multiple purposes.

Illegal lending of money with enormous interest rates (usury or so called „loan sharking“) remains one of the means that criminal groups are using for additional acquisition of illegal profits. The money borrowed is mainly acquired through some form of illegal activities or it's the money whose origin is not precisely determined.

Organized criminal groups and their activities have a very bad impact on the economic development of Bosnia and Herzegovina. The main method of their activity is to invest large amounts of illegally obtained money into legal businesses. Currently it is impossible to accurately calculate the material and financial damage that illegal activities of organized crime inflict on Bosnia and Herzegovina, but it is certain that is significant. For example, during the period 2013-2015, the Indirect Taxation Authority submitted to the competent Prosecutors' Offices 264 reports on committed criminal offences in the indirect taxes domain and the total damage referred to in these reports amounted to 85.374.159,48 KM.

The emerging threat of cybercrime and the impact that it has on the economy of Bosnia and Herzegovina, its infrastructure and business communities requires greater understanding. Public awareness of cyber-attacks on personal and commercial accounts is a key to deterring these offences. In most cases these attacks come from outside of the country and as such the law enforcement agencies are reliant on the support of host community law enforcement agencies to target these acts. Bosnia and Herzegovina is currently continuing its redevelopment at all levels. However, as enhancements to technology are put in place so do the threats from cyber-attack.

In the period up to 2013, an evident problem has been a criminal offence of theft and resale of stolen vehicles across BiH. In 2015 there has been a decrease by 6,09% in the number of recorded criminal offences of theft of motor vehicles in BiH in comparison to 2014, thus continuing the tendency of slight decrease in the commission of these types of crimes in comparison to 2013. If we consider the territorial distribution of crimes related to motor vehicle thefts in Bosnia and Herzegovina, the highest number of motor vehicles have been stolen in Sarajevo Canton; in 2015 there were 728 motor vehicles stolen which amounts to 66,36% of the total number of stolen vehicles across the country in the same period. Criminal groups involved in these illegal activities commit this criminal act with prior detailed observation of the vehicle, planning of the theft and collecting information about the owner (identity, address, phone number, etc.). For this purpose, they often supply themselves with the most sophisticated devices for decoding electronic protection in the vehicles. Notwithstanding the occasional successful operations of police agencies to disrupt organized criminal groups, the crime form related to theft and resale of motor vehicles remains current.

IV.1. Illicit trafficking in narcotic drugs

Narcotic drug involves any medical drug or hazardous substance with addictive and psychotropic characteristics, or any substance that can easily be converted into such substances, provided that it is subject to control under the international convention ratified by Bosnia and Herzegovina, or any substances declared as narcotic drug by a competent institution of Bosnia and Herzegovina or by a competent institution of the Entities.

Criminal offences in the illicit production and trafficking in narcotic drugs are set forth in the criminal legislation of Bosnia and Herzegovina: in Article 195 of the Criminal Code of BiH (Illicit Trafficking in Narcotic Drugs), Article 224 of the Criminal Code of Republic of Srpska (Illicit Production and Trafficking in Narcotic Drugs), Article 236 of the Criminal Code of the Federation of Bosnia and Herzegovina, Article 232 of the Criminal Code of Brčko District of Bosnia and Herzegovina (Illicit Production and Trafficking in Narcotic Drugs).

IV.1.1. Current situation, trends and main characteristics

Bearing in mind the constant expansion of drug addiction in the world, strengthening and expansion of criminal organizations engaged in this type of crime and social, economic, socio-political, psycho-physical and other consequences that trafficking and consumption of drugs have on an individual and the population, as well as a complex political and territorial organization of BiH and the law enforcement agencies, it can be concluded that trafficking in narcotics poses a threat to BiH.

The number of registered criminal offences in connection with drug abuse in 2015 decreased by 6,09% in comparison to 2014. At the same time, in 2014 there was an increase by 4,90% in the number of registered criminal offences compared to 2013.

According to data from police agencies and institutions, these criminal offences in 2015 were committed by 1.470 perpetrators, which represents a decrease by 8,29% compared to 2014 when the number of perpetrators increased by 1,96% in comparison to 2013. The most common criminal offences were possession and facilitating the use of narcotics, followed by illicit production and trafficking in narcotic drugs.

The following tables provide an overview of comparative figures for three-year period in relation to institutions, registered criminal offences and the number of perpetrators.

No	Institution	Number of registered criminal offences related to drug abuse		
		2013	2014	2015
1.	Federal MoI	1.094	1149	1054
2.	RS MoI	190	192	201
3.	Brčko District Police	13	19	18
4.	Border Police of BiH	20	21	41
5.	SIPA	28	30	11
Total		1345	1.411	1.325

No	Institution	Number of perpetrators of criminal offences in relation to drug abuse		
		2013	2014	2015
1.	Federal MoI	1.165	1162	1172
2.	RS MoI	231	263	224
3.	Brčko District Police	24	47	18
4.	Border Police of BiH	28	39	46
5.	SIPA	124	92	10
Total		1.572	1.603	1.470

Almost all types of narcotic drugs can be found on the black market in Bosnia and Herzegovina, while it is dominated by products of cannabis, heroin and synthetic drugs. Consumption of drugs is increasing but it is still relatively low compared to other European countries.

Street drug prices in Bosnia and Herzegovina in 2012 (€):

Drug prices (€) Heroin (1 g) 20–30 Marijuana (1 g) 3–7,5 Cocaine (1 g) 45–75 Ecstasy (1 tbl.) 2–3,5 Amphetamine (1 g) 10-25. In BiH, there is no systematic drug purity analysis and comparison of seized drugs. According to operational information and forensic expert examination of law enforcement agencies in BiH for the period in question, the purity of heroin to be sold on the streets was of approximately 4%. Generally, heroin is of poor quality and it is usually diluted with paracetamol and caffeine. The most prevalent diluents in amphetamines are lactose and sucrose. Lactose is also the most common diluent in ecstasy. Lidocaine is often added to cocaine. The latest available data indicate that the prices of drugs on the illegal market in BiH have not changed significantly compared to prices in 2012, except for the prices of marijuana and skunk. Thus, according to the police agencies data, the price of marijuana ranges from 2500 to 3000 KM/kg, and of skunk around 5000 KM/kg. The

price of heroin ranges from 40000 to 50000 KM/kg depending on its purity. According to the data, the price of cocaine is approximately 70000 KM/kg. The price of speed is around 6000 KM/kg, while a tablet of ecstasy is sold for 10 KM. The stated prices vary from city to city in BiH in the street sale.

Smuggling of heroin usually bypasses Bosnia and Herzegovina because of poor roads and terrain, so the heroin is smuggled in trucks and buses from Southeast Asia through Bulgaria, Serbia and Croatia. Heroin is still mostly illegally transported from Turkey to BiH, but the involvement of Serbian and Montenegrin citizens in the organization of these illegal activities is increased, since some of these persons had permanent residence in our country.

The trend that started in previous years has continued, which means that there are more citizens of BiH involved in international smuggling channels of cocaine. Mostly, it is about persons residing in the countries of South America and persons residing in "first" destinations of the shipments in Europe, usually The Netherlands, Spain, Germany, Belgium and other countries where they have seaports. Although, according to available information, citizens of BiH do not run some of these channels in whole, they are at the high level of hierarchy in terms of having a more direct access to the narcotics, and some of them have already connections at the seaports where the cocaine is supplied, and the contacts with the members of the drug cartels from South America have been intensified from where the cocaine is smuggled into Europe by sea to the European seaports, and only a small part of cocaine is transported via air from South America. The analysis of some cases showed that there are groups in BiH who smuggle cocaine which is transported to Western Europe and in that way they gain illegal profit.

Marijuana is ideal for production also on the territory of Bosnia and Herzegovina. Marijuana plantations and makeshift labs for marijuana production were found throughout BiH. The majority of marijuana comes to the Balkan countries from Albania where the conditions for production are most suitable and the prices are the lowest. In the recent years, there has been an increase in the amount of temporarily confiscated genetically modified marijuana, so called „skunk“, hence the smuggling of this drug across the borders of Bosnia and Herzegovina increased.

Based on the analysis of the organized criminal groups' MO that have been discovered, investigated and processed by the police and partially by the court before the judicial authorities of Bosnia and Herzegovina, as well as gathered intelligence, international trends, and pathways of movement of drugs, it is safe to say that Bosnia and Herzegovina is a country of production, transit or final destination of narcotics. Bosnia and Herzegovina is a transit country for cannabis which enters via the south route from Montenegro and Herzegovina, whereas one part is distributed in BiH and the rest is smuggled into Croatia and other European countries. Organized criminal groups operating in Bosnia and Herzegovina are linked to organized criminal groups in the following countries: Macedonia, Serbia, Croatia, Albania, Montenegro, The Netherlands, Austria, Turkey, Slovenia, Switzerland, Germany, Italy, Hungary and Scandinavian countries.

Synthetic narcotic drug "ecstasy" and "amphetamine speed" come mainly from The Netherlands to the countries of Eastern Europe, but a small part, depending on market needs,

ends up in BiH. There has been a significant increase of users of synthetic drugs in BiH, as well as an increase in the amount of this kind of narcotic on our market. Synthetic narcotics are often used as a mean of payment for other kinds of drugs and for that reason they are brought into the Balkan countries where they are traded for other kinds of drugs which are then sent back to the EU countries.

According to available data, the criminal groups mainly cooperate within the territory of Bosnia and Herzegovina, but also with criminal groups outside the borders of Bosnia and Herzegovina, especially with criminal groups that are active in the former Yugoslavia. The criminal groups meet face to face or communicate via modern and sophisticated equipment and communication means, but they also frequently use social networks, especially Facebook, and via apps such as skype, viber, WhatsApp, etc., making them difficult to detect.

During the period from 2013 – 2015, 13 criminal groups dealing with illegal import and distribution of narcotics were identified, and 7 organized criminal groups were processed before the judicial authorities in Bosnia and Herzegovina.

The following table shows confiscated drugs by type and amounts on the territory of Bosnia and Herzegovina in 2013, 2014 and 2015. The said drugs were confiscated as a result of police operations, of which some were international operations.

IV.1.2. Tabulation of the amount of confiscated drugs from 2013 – 2015

2015							
Institution	Heroin	Cocaine	Marijuana - skunk	Cannabis plants	Ecstasy	Amphetamine - speed	Hashish
SIPA	500 gr	-	1000 gr	-	-	906 gr	-
Border Police BiH	26,28 gr	9,973 gr	4.126,66 gr	73 pcs	2 pcs	26.64 gr	12,25 gr
FmoI	11.993,1 gr + 331 pcs	62,60 gr 2 pcs	41.636,7 gr 598 pcs	8.452 gr 584 pcs	-	6.466,7 gr 3,9 ml and 628 pcs	1.788 gr 24 pcs
RS MoI	476,46 gr 5,2 ml	469,98 gr	43.301,31 gr	1.332 pcs	1.453 gr 93 pcs	-	1.187 gr
Brčko District Police BiH	-	-	3.805 gr	4 pcs	-	-	-
Total	12.995 gr 5,2 ml and 331 pcs	10.504 gr 2 pcs	93.868 gr 598 pcs	8.452 gr 1.993 pcs	1.453 gr 95 pcs	7.400 gr 3,9 ml 628 pcs	2.987 gr 24 pcs

2014							
Institution	Heroin	Cocaine	Marijuana - skunk	Cannabis plants	Ecstasy	Amphetamine -speed	Hashish
SIPA	1.851,0 gr.	-	7.653 gr. (skunk)	-	-	2.600 gr.	-
Border Police BiH	10,4 gr.	1,6 gr.	13.517,9 gr	4 plants	2pcs.	90,6 gr.	-
FMoI	1.269,7gr.	30,5 gr. and 2 pcs.	42.714,8 gr.- 400ml and 465 pcs.	2.657 pcs and 39,7gr.	99 pcs and 2,8 gr.	15.408,1gr and 144 pcs.	3,8 gr. and 5 pcs.
RS MoI	943,8gr.	96,5 gr.	26.2882,8 gr.	3.467 pcs.	63 pcs and 1,2 gr	282,4gr. and 2 ml.	3,7 gr.
Brčko District Police BiH	274 gr.	-	310 gr.	13 pcs.	-	-	-
Total	4.349,7gr.	128,6 gr. and 2 pcs.	327.078,5gr.- 400ml.and 465 pcs.	6.141 pcs. i 39,7gr.	164 pcs and 4,0 gr.	18.381,1 gr.- 144 pcs and 2 ml	7,5 gr. and 5 pcs.
2013							
Institution	Heroin	Cocaine	Marijuana - skunk	Cannabis plants	Ecstasy	Amphetamine -speed	Hashish
SIPA	2.140 gr	1.501 gr	32.850 gr	2 pcs	-	-	-
Border Police BiH	0,5 gr	0,125 gr	28.080,78 gr	6 pcs	8 pcs	9,491 gr	6,4 gr
FMoI	2.742 gr	80 gr	49.900 gr	3.048 pcs	2,4 gr	9.003,2 gr	10.208 gr
RS MoI	1.827,16 gr	386,661 gr	183.416,446 gr	1.232 pcs	-	2.811,001 gr	4.897,45 gr
Brčko District Police BiH	1.169,915 gr	0,778 gr	402,214 gr	-	-	4,311 gr	-
Total	7.879,575 gr	1.968,564 gr	294.649,44 gr	4.288 pcs	2,4 gr and 8 pcs	11.828,003 gr	15.111,85 gr

IV.1.3. Causes that foster the occurrence and development of this type of organized crime

CAUSE	RISK		
	High	Medium	Low
Inadequate legal framework			x
Lack of strategic guidelines and action plans			x
Geopolitical situation in the region and broader		x	
Technology progression and globalization	x		
Geographical position		x	
Socioeconomic position	x		
Corruption	x		
Porosity of borders	x		
Reorganization of police and prosecutorial structures ²		x	
Possibility of achieving significant financial gains	x		

IV.2. Human trafficking

The criminal act of „International human trafficking” is regulated by the Criminal Code of Bosnia and Herzegovina in article 186., and beside this incrimination, also the following criminal acts are regulated: „Establishment of slavery and transport of slaves“ (article 185.), “Organized international human trafficking” (article 186a.) and “International procuring in prostitution” (article 187.). The Criminal Code of Republic of Srpska, article 198a. regulates the criminal act of “Human trafficking”, article 198b. regulates “Trafficking of minors” and article 198v. regulates “Organized groups or criminal associations conducting human trafficking and trafficking of minors”. The Criminal Code of Brčko District, article 207a. regulates the criminal act of “Human trafficking” and article 207b. regulates “Organized human trafficking”. The Criminal Code of Federation of Bosnia and Herzegovina, article 210a. regulates the criminal act “Human trafficking” and article 210b. regulates “Organized human trafficking”.

Human trafficking means recruiting, transporting, transferring, harbouring or receiving persons, by means of threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power or position over vulnerable persons or giving or receiving payments in order to obtain the consent of the person having control over another person. The most often reason for trafficking is sexual exploitation of both genders, forced prostitution

² Permanent reorganization of police and prosecution structures and the reassignment of personnel impede adequate and continuous fight against organized crime.

(including pornography), forced labour (begging, slavery, etc.), human organs trafficking and serving under coercion.

IV.2.1. Current situation, trends and main characteristics

Bosnia and Herzegovina is in the transition process and we have a bold economic and social factor, especially poverty and unemployment, hence the presence of human trafficking is characteristic in particular. The main appearance of human trafficking reflects in sexual exploitation of women and minor girls. The victims of human trafficking mainly come from socially vulnerable categories of society. Comparing to the previous period when BiH was also a transition country and the final destination for human trafficking victims, current trends show that Bosnia and Herzegovina is becoming more and more the starting point of human trafficking, since now the victims of human trafficking are mostly citizens of Bosnia and Herzegovina who are exploited in different ways for the purposes of begging, labour and sexual needs. At the same time, the trend of exploiting minors is noticeable, mostly children for the purposes of begging and thefts in EU countries, whereas the victims are mostly roma nationalities. Because of the economic conditions, BiH is not an area of interest for the persons organizing human trafficking because they can earn more money and faster in the more developed and wealthier European countries, but it nonetheless exists in BiH also. According to available data, besides sexual exploitation, there are reasonable doubts that there is labour exploitation as well, such as: begging, working on farms, construction works, etc.

The organized criminal groups developed a MO for recruiting and exploiting women in such way that they enter into an extramarital relationship with them, organize their departure abroad and then by blackmail, threats, intimidation, abuse and other kinds of physical and psychological abuse, would force them to commit petty theft in different countries across Europe. In some cases, the victims of human trafficking were children. It is estimated that the suspects gained over 2 million euros in property through illegal activities.

These criminal acts refer to labour and sexual exploitation of human trafficking victims. In the previous period, the aforementioned criminal act usually referred to sexual exploitation of victims. Over the past several years, “Human trafficking” refers more to labour exploitation, whereas the victims are forced and in various ways used as labour, i.e. to beg and carry out various hard manual labour. In one of our registered cases we have a situation where the victim is an older minor and he is forced to do heavy manual labour on a private farm. Furthermore, victims are forced to beg throughout the territory of Bosnia and Herzegovina. In one of our registered cases of labour exploitation, the victims were forced to collect scrap and to give all of the profit to the convicted person. Sexual exploitation has never stopped; it just changed in sense of hiring young women as business escorts. Elite prostitution in apartments and hotels is a rising trend in Bosnia and Herzegovina.

High risk groups are roma women and children. Members of this group were victims of trafficking of minors for the purposes of begging and prostitution in several EU countries

(France, Spain, Italy, Bulgaria, Romania, Croatia, Belgium, Germany) as well as Serbia and Bosnia and Herzegovina. Based on available data, the law enforcement agencies in BiH, in cooperation with partner agencies from France, undertook legal activities resulting in disruption of these illegal activities.

Looking into the previous reporting period from the aspect of the current situation and available data, we can conclude that Bosnia and Herzegovina went from the category of a country in transition and destination of human trafficking victims to the category of a starting point country whose citizens are becoming the victims of human trafficking.

The following table shows a comparative review for a three-year period for submitted reports and amendments, number of perpetrators and number of criminal acts registered by SIPA:

<i>Criminal acts of „Human trafficking“ and „Human smuggling“</i>				
Period	2013	2014	2015	Total
Number of submitted reports and amendments	11	7	10	28
Number of persons covered by the reports	61	13	26	100
Number of criminal acts	38	14	25	77

Organized groups committing crime of human trafficking are larger groups. It is impossible to determine the exact number of members, but it is estimated that they consist of 15 to 20 members with clearly specified tasks and most of them are either BiH citizens or citizens of neighbouring countries. These persons are prone to committing crime; they are engaged in catering and other hospitality businesses, whereas they combine legal with illegal businesses. Besides these criminal activities, they are also engaged in other crimes such as smuggling of narcotics and usury. They use violence regardless to the communities in which the offenders and victims reside. They mostly use the following types of violence: physical violence, limitation of movement, withholding personal documents, threatening, blackmail, etc. There is a significant connection with criminal groups from Turkey, Serbia, Slovenia, Montenegro, Russia, Azerbaijan, France, Switzerland, Germany, Austria and Croatia.

The organized criminal groups commit these crimes for financial gain that they invest in real estate, luxury vehicles and legal businesses through which they put the illegally gained money into legal flows.

IV.2.2. Causes that foster the occurrence and development of this type of organized crime

CAUSE	RISK		
	High	Medium	Low
Inadequate legal framework		x	
Lack of strategic guidelines and action plans			x
Geopolitical situation in the region and broader	x		
Technology progression and globalization	x		
Geographical position		x	
Socioeconomic position	x		
Corruption			x
Porosity of borders			x
Reorganization of police and prosecutorial structures	x		
Possibility of achieving significant financial gains	x		

IV.3. Smuggling of persons

Smuggling of persons is regulated by article 189. of the Criminal Code of Bosnia and Herzegovina. Article 189a regulates the following criminal activities separately: „Organising a group or an association for the purpose of perpetration of the criminal offences of Trafficking in Persons and Smuggling of Migrants”.

IV.3.1. Current situation, trends and main characteristics

Although, given its geographical position, Bosnia and Herzegovina is still not on the main route of movement of illegal migrants, several afro-asian persons using BiH as a transit country towards the countries of western Europe, have been registered. On the other hand, BiH was the destination for persons from neighbouring countries who mostly violated the immigration regulations. Available information shows an increase of rejected requests for endorsement of invitation letters, increase of visa-free residence cancellations, cancellations of temporary and permanent residences, i.e. rejection of requests for approval/extension of temporary residence.

According to available information, most of the persons caught in illegal crossing of the state border are BiH citizens and citizens of the neighbouring countries. In terms of persons coming from third countries during the observed period, most of them are from Turkey, Albania, Kosovo, Afghanistan, Armenia, Iraq and a number of unknown persons.

Based on statistical data, there is a mild increase in seizing false documents. Documents from the following countries were mostly misused: Turkey, Bulgaria, France, Kuwait and Bosnia and Herzegovina, which were mostly used by Turkish, BiH and Iraqi citizens, while there were no cases of seizing documents from persons from Kosovo. The greatest part and continuity of persons smuggled are BiH and Albanian citizens.

Even though in a smaller volume, we can conclude that the migration wave still exists. FRONTEX does not specify the migration pressure on Bosnia and Herzegovina; however, the changes in the migration flows in the neighbouring countries indicate that there might be a possibility of changes in the migration trends in BiH also.

In the event that the countries which are on the active migrant route continues to be restrictive in their effort to decrease the number of migrants who want to move through their territory, they might seek for temporary refuge in the countries of the region and Bosnia and Herzegovina. In case their movement is redirected, one of the direction in which the migrants might move is directly from Serbia to Bosnia and Herzegovina or from Greece via Macedonia, Kosovo, Montenegro to Bosnia and Herzegovina (Trebinje area) and further on towards Croatia and western European countries.

Registered cross-border crime related to smuggling of persons has dropped by 14,14% in 2014 over 2013, while in 2015 there was a 36,42% increase over 2014.

Criminal act	Number of CA			Number of submitted official reports			Number of reported persons		
	2015.	2014.	2013.	2015.	2014.	2013.	2015.	2014.	2013.
Article. 189 Criminal Code of BiH (Smuggling of persons)	15	9	19	13	12	16	31	26	67

The manner of committing this crime, i.e. smuggling people depends on the persons being smuggled, i.e. from which country of high migration risk they come from. Data on migration risk are timely updated.

Smuggling of persons is carried out as follows:

- ✓ Migrants legally enter BiH by plane through Sarajevo airport with valid documents. Then, with the help of smugglers, they are illegally transported to Croatia and further on to EU countries (this refers to persons coming from Turkey and other countries). A number of persons illegally goes to Serbia, taking advantage of the refugees who are already in Serbia, where they join the migration flows in order to continue their trip towards EU countries (mostly persons from Pakistan, Bangladesh, India, Sri Lanka),
- ✓ Migrants illegally enter BiH, avoiding border crossings by taking advantage of state borders which are not covered or with the help of smugglers. After they enter BiH,

where they reside as long as needed, they continue their trip towards Croatia and other EU countries (mostly persons from Albania and Kosovo).

IV.3.2. Causes that foster the occurrence and development of this type of organized crime

CAUSE	RISK		
	High	Medium	Low
Inadequate legal framework			x
Lack of strategic guidelines and action plans			x
Geopolitical situation in the region and broader	x		
Technology progression and globalization		x	
Geographical position	x		
Socioeconomic position		x	
Corruption		x	
Porosity of borders	x		
Reorganization of police and prosecutorial structures		x	
Possibility of achieving significant financial gains	x		

IV.4. Illicit trafficking in arms, military equipment and products for military use

Arms and military equipment are items and means set out in the Law on manufacturing, import and export of arms and military equipment. Illicit trafficking in arms, military equipment and products for military use is regulated by article 193. of the Criminal Code of Bosnia and Herzegovina.

IV.4.1. Current situation, trends and main characteristics

The illegal purchase and trafficking in arms has been intensified in BiH. The weapons are being used by persons linked to organized crime mainly for smuggling but also as a mean for committing other crimes in BiH. The intensified trafficking in arms is a result of the increase of demand on the black market in EU countries. We have registered the occurrence of illicit trafficking in arms and explosive devices, mostly military weapons retained from the previous war, and various military and commercial explosives. The subjects of trafficking in most cases are automatic rifles, pistols and explosives, which are illegally sold in the EU at significantly higher prices making their earnings very high. It is transported by vehicles, trucks, buses to the final destination in the EU countries such as Sweden, France and other EU countries. Criminals of BiH origin residing abroad are familiar with the situation

regarding the illegal arms market in our country, as well as with the demands of the criminal scene in the country in which they reside, so their entrance into our country, in order to purchase and sell weapons to criminal groups which commit serious robberies, armed robberies and other illegal activities in a number of European countries, have been registered.

It has been a trend that this criminal act is committed alongside with illegal trafficking in narcotics in such a way that the weapons are compensated for narcotics and often are smuggled together in organized illegal transports.

At the state level, the number of registered criminal offences related to illegal possession of weapons and explosives has increased in 2015 by 6,83% over 2014. On 2014 there was a tendency of decrease of registered criminal offences by 21,85% over 2013.

The following tables show a comparative review for a three-year period, by institutions, registered criminal offences and number of offenders.

No.	Institution	Illegal possession of weapons and explosives		
		2013	2014	2015
1.	FmoI	360	290	262
2.	RS MoI	400	319	404
3.	Brčko District Police	8	13	7
4.	BiH Border Police	28	14	15
5.	SIPA	46	22	15
Total number of criminal offences		842	658	703

No.	Institution	Illegal possession of weapons and explosives – offenders		
		2013	2014	2015
1.	FmoI	341	274	230
2.	RS MoI	346	271	349
3.	Brčko District Police	8	8	5
4.	BiH Border Police	41	7	15
5.	SIPA	51	16	22
Total number of offenders		787	576	621

IV.4.2. Causes that foster the occurrence and development of this type of organized crime

CAUSE	RISK		
	High	Medium	Low
Inadequate legal framework		x	
Lack of strategic guidelines and action plans			x
Geopolitical situation in the region and broader	x		
Technology progression and globalization	x		
Geographical position	x		
Socioeconomic position	x		
Corruption	x		
Porosity of borders	x		
Reorganization of police and prosecutorial structures		x	
Possibility of achieving significant financial gains	x		

IV.5. Corruption

Corruption represents misuse of authority, function or position in order to gain material and non-material benefit. The criminal act of corruption and criminal activities against the official duties and other responsibilities are regulated by Chapter XIX of the Criminal Code of Bosnia and Herzegovina, Chapter XXXI of the Criminal Code of Federation of Bosnia and Herzegovina, Chapter XXVII of the Criminal Code of republic of Srpska and Chapter XXXI of the Criminal Code of Brčko District.

IV.5.1. Current situation, trends and main characteristics

The connection between corruption and organized crime represents one of the most dominant factors that imperils the development and economic stability of Bosnia and Herzegovina. Data related to violation of law and corruptive activities in all segments of social businesses are continuously collected in line with the Strategy for combating corruption in BiH. Even though the perpetrators are being sanctioned, there is still corruption among employees of different institutions who should, in accordance with their respective position, enable effective law enforcement. Earlier identified connections between organized crime and various structures and levels of government, still functions, and new connections are being established.

Wide territorial distribution, numerous criminal groups, continuous and intensive reconstructing of criminal structures, wide range of illegal activities, interconnection,

readiness to use the roughest methods, capability to use modern technical-technological means for criminal purposes, substantial amount of material and financial means and the power arising from them, intertwining of legal and illegal businesses, deep corruptive involvement in the state structure, occasionally countering law – are general characteristics which on one hand seriously alert, and on the other hand initiate a significantly more appropriate response of all state factors.

The collected data stress the corruptive behaviour of these employees who by misusing their position, and for a certain material stimulation, enable individuals from the crime milieu, to acquire some rights or commit illegal activities. This is mostly about low ranking officials and employees; however, corruptive behaviour of high ranking officials has been registered as well. Even though numerous institutions deal with the corruption issue and warn about its high level in numerous social activities in BiH, there are no indications of tendencies of declining. It is to be expected that corruption will be present in the future, and the negative consequences it causes to the economic stability of BiH are very significant, especially in businesses with big amounts of money whereas a privileged position is ensured during investments; when one wants to gain profit illegally or decrease tax obligations; where a significant amount of material means are infiltrated into legal flows; etc.

The negative impact of corruption and organized crime on society is very significant: reduction of public revenues, difficult functioning of public institutions, compromising the standard of citizens, acceleration of the social stratification, diminution of political government authority, decreasing the work discipline, inciting the establishment of new criminal groups, imperilling the legal order, irrational long-term use of resources, increasing competitiveness of illegal vs legal sector.

During 2015 we had an increase of registered corruptive criminal activities by 59,25% over 2014. At the same time, we had a tendency of decrease of these criminal activities by 6,19% over 2013.

Misuse of official position or authority and authority in economy are the most common criminal activities in Bosnia and Herzegovina. 277 aforementioned criminal activities were registered in 2015 which represents 38,31% of all corruption crimes. During the review period in 2014 we had 298 of such criminal activities, and in 2013, 252 criminal activities of misuse of official position or authority and authority in economy have been registered.

<i>Period</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Total number of registered crimes of corruption	484	454	723
Misuse of official position or authority and authority in economy	252	298	277

The organized criminal groups use corruption in all authority structures on all levels in Bosnia and Herzegovina in order to secure protection from criminal prosecution and as a way to keep and infiltrate illegally gained material profit into legal flows.

IV.5.2. Causes that foster the occurrence and development of this type of organized crime

CAUSE	RISK		
	High	Medium	Low
Inadequate legal framework		x	
Lack of strategic guidelines and action plans			x
Geopolitical situation in the region and broader		x	
Technology progression and globalization			x
Geographical position			x
Socioeconomic position	x		
Corruption	x		
Porosity of borders			x
Reorganization of police and prosecutorial structures	x		
Possibility of achieving significant financial gains	x		

IV.6. Economy crime

Criminal activities against economy and market integrity and criminal activities related to customs are regulated by the Criminal Code of Bosnia and Herzegovina, Chapter XVIII. These criminal activities are regulated by the Criminal Code of Federation of Bosnia and Herzegovina and Criminal Code of Brčko District of Bosnia and Herzegovina, Chapter XXII Criminal activities against economy, business activities and payment security and Chapter XXIII – Criminal activities related to taxes. Criminal activities against economy and payments are regulated by Chapter XXIV of the Criminal Code of Republic of Srpska.

IV.6.1. Current situation, trends and main characteristics

Economy crime, as one of the aspects of organized crime, has direct impact on all social activities and all population classes by decreasing its economy power. Illegal activities of economy crime directly afflict the budget and contribute to disruptions in the BiH market. Also, these occurrences negatively affect the overall situation in BiH through an uncertain business environment and withdrawal of potential investors from investing which could be basis for prosperity. It is to be expected that the overall security situation in BiH will remain

significantly influenced by all negative effects of illegal activities by imperilling its economic stability.

The modus operandi is as before – transfer of capital carried out in multinational companies which transfer their final profit to the so-called tax oasis, i.e. offshore companies, presenting the profit gained in BiH in tax free countries, causing direct budget losses. Direct withdrawal of money from our country is also done as follows: foreign companies apply for international tenders and after being granted, hand over the businesses to domestic companies for much less money using cheap manpower and keeping the profit for themselves.

There are also cases where through linked companies by various manipulations, which are basically unrealistically high payments of purchase invoices, while the sales invoices are unrealistically low, resulting in losses to the daughter company registered in BiH while the founding company abroad gains additional profit.

One of the most noticeable models is tax evasion which arises from illegal statutory changes of the company preceding pre-bankruptcy and bankruptcy proceedings of the legal entities that are multimillion tax obligor.

There are indicators that a number of company owners in BiH are involved in fictitious business reporting in order to avoid VAT payment, which is mostly present in the construction sector whereas the annual turnover is reported as much lower than the real amount. In some state owned business associations, as a result of misuse of position, the main capital had been devaluated, i.e. they suffered multimillion losses and debts to the state and other creditors. There are cases of false reporting of positive business results in public enterprises in order to keep the existing management, privatizing parts of the company for much lower prices than the real value, selling franchises also for much lower prices than the amount invested in purchasing it from the foreign public enterprise, purchase of goods and services through tenders whereas the same are paid by unrealistically high prices, conditioning the provision of services by bribing, executing the construction works instead of the private companies who were awarded the tender and later payments of invoices to those private companies, executing the construction works on private facilities and companies owned by the managers free of charge, not initiating a court procedure for billing the services until the statute of limitation is in place, illegally hiring a large number of workers and other illegal activities.

In addition to reduced payments to the budget, illegal activities in the field of economy crime are carried out by inappropriate spending of funds that are paid from the budget. These activities are present in a lot of public enterprises and institutions in our country and cause significant money losses. We have information that there a lot of cases of misuse of incentives which are paid from the budget, whereas the companies don't conduct the business activities for which they received the incentives, but they sign fictitious contracts on land-holding, and they also do not conduct production of products for which they received the incentives, but purchase the products.

Some legal entities in BiH illegally exploit and use mineral resources – mineral raw materials (ceramic clay, quartz sand, sand, gravel). These illegal activities are reflected in the fact that

some legal entities violate the provisions of the applicable regulations by not concluding concession contracts in accordance with the legislation on entity concessions, violate the provisions of contracts or by continuing to work even after their expiration. Due to the significant number of gravel pits for the extraction of gravel from Bosna, Sava and Vrbas rivers, the natural flow of these rivers is disrupted which contributes to the flooding in the coastal areas more frequently, especially in the lower reaches of river Bosna, to the delta of river Sava. These findings indicate that illegal activities regarding forest recourses managed by state companies, start from the very beginning of timber felling, which is regulated on the principle of bidding by legal regulations. There are manipulations in terms of the quantities of supplied wood, especially through subsequent recognition of "justified" complaints, then through the issuance of fictitious dispatch containing false information about the customer, the customer's headquarters, as well as quantities of goods, or being used repeatedly, incorrect classification of quality logs, bussing from forestry companies without proper documentation, etc.

Illegal trafficking in stolen gold which is mainly stolen on the territory of Bosnia and Herzegovina and then smuggled into EU countries – mainly Croatia and Hungary, has been intensified, but there are also cases of purchasing gold on the black market by larger retailers from our country.

Economy crime is, in most cases, closely linked to corruption cases, since the mutual interaction of these two phenomena is necessary in cases when it comes to obtaining illegal material gain of high monetary value. The exceptions are business schemes in which persons with long financial business experience recognize and take advantage of the legislative vagueness for profit gain. In that sense, it is very important to identify these phenomena as well as the prompt reaction of competent institutions.

Most frequent criminal acts of economy crime are as follows: misuse of power in economy, deceit in obtaining loans or other benefits, fraud in business operations, falsification or destruction of official identification documents, tax evasion, embezzlement, illegal trade, organized crime in relation to tax evasion and customs fraud, etc. More and more of the committed economy crime is from article 250 of the Criminal Code of BiH (Organized crime) which indicates a tendency in which direction this type of crime is moving.

The cash flows of certain criminal group, whose activities were disrupted by police actions, indicate that the funds and assets illegally acquired by committing criminal acts in this field are mainly legalized by purchasing real estate, construction and other business facilities, privatization of enterprises, and in some cases transferring funds abroad.

Reported economy crimes are on the rise, in 2015 in Bosnia and Herzegovina has registered 1,238 crimes against the economy, business and security of payment transactions in the area of taxes and customs duties, which is 19.96% more than in 2014, when they registered 1,032 crimes, which was 9.4% less than in 2013 (1139).

No.	Institution	No. of reported criminal acts		
		2013	2014	2015
1.	FmoI	360	377	443
2.	RS MoI	664	550	722
3.	Brčko district police BiH	9	3	1
4.	SIPA	75	64	25
5.	Border Police BiH	31	38	47
Total in BiH		1139	1.032	1.238

Money counterfeiting in Bosnia and Herzegovina is mainly related to distribution and putting in circulation forged banknotes. In the table herein there is comparing review for a three-year period, specifying the number of submitted reports, amendments, perpetrators and committed crimes being registered by the State Investigation Protection Agency:

Criminal act "Money counterfeit"				
Period	2013.	2014.	2015.	Total
Number of submitted reports and amendments	3	9	3	15
Number of persons covered by the reports	12	26	3	41
Number of criminal acts	4	15	5	24

Criminal act "Organised crime" in regard to criminal act "Money counterfeit"				
Period	2013.	2014.	2015.	Total
Number of submitted reports and amendments	1	1	1	3
Number of persons covered by the reports	4	6	1	11
Number of criminal acts	2	2	2	6

IV. 6.2. Criminal acts against economy committed at the border

The most common related crime is smuggling of excise goods (illegal trade of cigarettes and tobacco). Illegal transport is most often conducted in private passengers' vehicles with built-in concealed compartments and buses driving on regular international routes from the country where the price of cigarettes is lower, into the country where the price is higher. Cigarettes are often smuggled into Scandinavian countries and the distribution is organised there by a

number of BIH nationals permanently residing in the said region countries. A number of illegal cigarette factories producing cigarettes which are then sold across BIH, have been identified. It is usually a well organised distribution network comprising persons involved and their associates conducting illegal businesses.

Apart from the afore-said, it is evident that due to price difference of tobacco and tobacco products and because of excise itself, certain individuals organise themselves in groups with the aim of acquiring illegal assets and placing both original and counterfeit products on the market. What is especially noticeable is that there are more cases of opened illegal factories for producing, processing and cutting off tobacco, the purpose of which enables tax evasion.

Both original and counterfeit cigarettes without excise duty labels are smuggled from Montenegro to eastern Herzegovina and distributed across BIH. Illegal trade is carried out in both directions meaning that cigarettes without excise duty label being produced in our country are also sold on illegal market in Montenegro. Certain amount of cigarettes being placed on the market come from seized shipments and persons in charge of destroying them as they themselves placed them on the market again.

There is a new trend (*modus operandi*) whereas the documentation on concrete goods (cigarettes, crude oil derivate etc.) is properly filed and processed as if the goods really entered the country, but on the contrary it has never happened. The goods are being properly registered and taxation fees paid, but the goods in question are, through different channels, sold across the country where it apparently comes from.

Crude oil derivate is also imported into BIH to a great extent and are not subject to neither excise duty nor pay toll payment. The said derivate are then, being accompanied by forged documentation, sold at several filling stations which causes significant financial damage to the budget. What is identified as well, is smuggling of large amount of latest technology mobile phones of different make and accessories and their on-line sale, which is not being documented in the business registry.

Smuggling of medicaments from Serbia to Bosnia and Herzegovina has been intensified in the previous period and the medicaments being smuggled and sold are those which have not been registered in our country and thus cannot be legally imported. Selling is conducted through the firms which, in our county, have been registered for such or similar business. As a part of their daily legal business activities, the said firms also sell such medicaments.

Malfeasances are also present during the import and re-export of textile and other goods coming from Turkey, Hungary and China. The said activities were followed by high level of corruption within BIH institutions in charge of border control and surveillance. The final goal was to avoid legal fees payment.

Having conducted operational and tactical activities, *modus operandi* in regard to illegal trafficking and smuggling of goods, was ascertained. As for cases related to intellectual property protection, the *modus operandi* referred to Chinese nationals travelling to Turkey to purchase intellectual services (manuals, samples, moulds and trademarks) on the black market and afterwards sending them to production plants in China for making basic samples (trainer shoes, bags, shirts etc.) without labels and trademarks (stamps).

Also through carrying out international operations/actions concerning counterfeit medicaments and medical products, new procurement related trends by using internet and post service delivery, have been identified. This makes it more difficult to track down the perpetrators of the said crimes.

In accordance with the World Health Organisation, misuse and illegal trade of medicaments go beyond usage of drugs. Demand for medicaments is highly increased causing the counterfeit phenomenon. Taking into account significant profit ensuing after the sale of counterfeit medicaments, organised criminal groups recognised this activity so they invested in it in order to make higher profit. Namely, counterfeit medicaments are 25 times more profitable than in comparison with the heroin trade and 5 times when compared with the cigarettes trade.

The seriousness of economy crime, its distribution and direct implications on budget, and inflicted damage, is shown in the following table.

The tabular overview shows submitted reports³ of the Directorate for Indirect Taxation in BIH and scale of damage caused to Bosnia and Herzegovina during the period 2013 – 2015, which is a direct implication of committed crimes mentioned in the reports.

<i>Period</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>Total</i>
<i>Total number of submitted reports</i>	88	82	94	264
<i>Damage value in BAM</i>	17,654,248.00	28,555,924.95	39,163,986.53	85,374,159.48

The following tables show the comparing review for a three-year period concerning recorded criminal acts, number of reports submitted by State Border Police of BIH and persons reported for unauthorised trade of various goods and evasion of customs surveillance.

³ Submitted reports encompass criminal acts impeached by Criminal Law of BIH: Article 209 (Money laundering); Article 210 (Tax evasion and fraud); Article 201.a (Illegal trade of excise duty goods); Article 210.b (Illegal storage of goods); Article 211 (Failure to pay tax); Article 214 (Smuggling); Article 216 (Tax fraud); Article 224 (Work against regulations); Article 249 (Associating for committing criminal act); Article 250 (Organised crime); Article 53 (Concurrence of criminal acts); Article 54 (Multiple criminal act).

In few cases the submitted reports encompass committing of crimes referred in to Article 267 (Illegal trade), Article 373 (Forging of personal documents) and Article 261 (Counterfeiting and destroying business and trade ledgers and documents) of Criminal Law of Federation of BIH and criminal act referred in to Article 377 (Forging of documents) of Criminal Law of Republic Srpska.

Criminal act	Number of crimes			Number of reports submitted			Number of reported persons		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Smuggling (Article 214 of Criminal Law of BIH)	28	29	18	24	26	17	38	274	140
Illegal trade (Article 212 of Criminal Law of BIH)	8	6	4	7	6	4	11	8	4
Illegal sale of excise duty goods (Article 210 of Criminal Law of BIH)	10	2	2	9	1	2	14	3	2
Organising a group of persons and association for smuggling and distributing undeclared goods (Article 215 of Criminal Law of BIH)	1	1	1	1	/	1	2	1	3
Total	47	38	25	41	33	24	65	286	149

Temporarily seized goods and assessed value of temporarily seized goods by Border Police:

Type of seized goods	Amount			Value of seized goods		
	2015	2014	2013	2015	2014	2013
Cut tobacco (kg)	20,677	8,829	22,720	96,445	63,342.00	68,882.00
Cigarettes (package)	729.01	-	-	17,152.50	-	-
Cattle (number)	11	20	305	16,700	45,604.00	68,114.00
Small livestock (number)	70	194	-	12,810	⁴	-
Textile products (number)	15,419	628	16,421	293,792	53,385.00	138,698.00
Technical products (number)	166,959	54	1,136	64,114	10,600.00	44,470.00
Alcohol (litre)	250		104.5	2,300	15.00	360.00
Miscellaneous (number)	6,679	14,897	-	83,089	113,822.00	107,723.20
(litres)	46	341	-			
(kilograms)	3,116.50	25393,91	-			
(m ³)	-	24.85	-			

Bosnia and Herzegovina doesn't have a seaport but it has recognised the importance and significance of contributing in international activities aimed at suppressing and stamping out

⁴ The value of the seized small livestock is presented within the value of seized cattle for 2013 and 2014.

of illegal smuggling of all types of goods by using transport containers and ship transport. To that end, representatives of the Ministry of Security of BIH, Border Police of BIH and Directorate for indirect taxation of BIH, actively participate in the UNODC programme “Container Control Programme – CCP” incorporating continuous activities on suppression and stamping out of illegal smuggling.

IV.6.3. Causes that foster the occurrence and development of this type of organised crime

CAUSE	RISK		
	High	Medium	Low
Inadequate legal framework			x
Lack of strategic guidelines and action plans			x
Geopolitical situation in the region and broader		x	
Technology progression and globalization	x		
Geographical position		x	
Socioeconomic position	x		
Corruption	x		
Porosity of borders		x	
Reorganization of police and prosecutorial structures	x		
Possibility of achieving significant financial gains	x		

IV.7. Money laundering

Money laundering is every way of concealment of money and assets acquired from criminal activities. In principle, money laundering is a process the criminals attempt to conceal real origin and ownership of criminally acquired assets with. Criminal act “Money laundering” is defined by all of the criminal laws of Bosnia and Herzegovina namely Article 209 of Criminal Code of BIH, Article 271 of Criminal Code of Federation of Bosnia and Herzegovina, Article 280 of Criminal Code of Republic Srpska and Article 265 of Criminal Code of Brčko District of Bosnia and Herzegovina.

IV.7.1 Current situation, trends and main characteristics

Final goal of being involved in all types of organised crimes is to acquire money which is put in legal money flows, the last phase of which is co called “money laundering”. Tracked money transactions linked with organised criminal groups’ activities uncover the financial earnings being acquired illegally, most often by legalising it through real estate purchase and participation in construction of buildings and other objects. In some cases through financial transactions abroad as well. There are also a number of criminals originally from BIH,

permanently residing abroad, who are involved in illegal activities enabling them to gain huge amount of money, a part of which is then invested in purchasing of real estate in our country. As per Law Enforcement Agencies in Bosnia and Herzegovina, the most common types of money laundering are as follows:

- Purchasing of real estate by the natural persons,
- utilizing suspicious funds for paying loans where the loan was a cover, and often paid in advance, lending money to both natural persons and legal entities,
- transferring the money onto accounts of the *off shore* companies as alleged payment of financial obligations related to businesses, whereas an off shore company account is at direct or indirect disposal of a person having acquired the money which was subject of money laundering,
- transfer of money acquired from criminal acts committed abroad, onto the accounts of natural persons of BiH, who then withdraw and hand it to persons from abroad,
- transfers of the money acquired from criminal acts abroad, onto accounts of the natural persons of BiH, who then transfer most of the money abroad,
- misuse of the capital market by purchasing and selling securities,
- taking cash across the border with the aim of purchasing other real estate abroad,
- transfers via the *off shore* companies' accounts,
- purchasing the property shares of the legal entities,
- injecting cash into legal flows through loans that natural persons (most often owners of the enterprises) give to enterprises and vice-versa,
- misuse of banking sector for the purpose of injecting suspicious originating money into the banking system, by opening the accounts in the name of natural persons (politically exposed persons), not abiding by prescribed procedure with the help of bank personnel in charge, so that such accounts can be paid cash and be used for further transfer abroad,
- allocation of high interest loans linked to legal entities for the purpose of extracting money from banking system of BiH after which it is transferred abroad onto accounts of connected natural persons and legal entities, without paying out the loans,
- use of cash,
- a number of money transfers within finance sector of BiH as well as from BiH to other countries and vice versa which is based on fictive businesses,
- establishment of dummy companies (participating in legal business e.g. purchasing and delivery of goods based on fictive invoices for the goods that had never been delivered, with the aim of legalising crime acquired money),
- using natural persons as virtual partners in establishing fictive companies, opening bank accounts (for transferring money from one account onto several other accounts, for the reason of providing different fictive services aimed at concealing real origin of the money) and purchasing property,
- investing money acquired from criminal activities into real estate, and establishing enterprises purchasing the equipment and work means for enterprises,

Most common misuse of business activities are founding fictive firms participating in fictive legal businesses through misuse of banking sector. Money is mainly invested into purchase of real estate, through banking system, and for opening firms and buying equipment (rent-a-car companies), paying goods and services, and certain amount is withdrawn in cash for purchasing real estate, for spending money on expensive clothing, trips etc. It can be concluded that insolvency of number of legal entities in BiH causes less strict approach towards negative effects of dirty money entering the economy system (cash is injected through loans, fictive business relations etc.). Apart from the afore-said, criminal groups involved in money laundering misuse a number of different norms at different authority levels of BiH (state, entity, cantonal in the Federation of BiH) and often differ and are not harmonised (laws related to direct taxation, laws related to capital market, banking, laws related to discovering and treating of assets acquired from criminal activities, law on foreign currency accounts etc.), as well as a number of BiH state organisational levels with divided competence. In addition, the problem lies in liberal banking system namely poor control of business involved parties' identity, and poor checking of authenticity of submitted documentation whilst conducting certain legal business.

New unofficial web based banking systems are not adequately regulated by law, creating enough space for criminal brotherhoods to transfer cash by e-banking using anonymous channels for investment of money acquired through illegal activities. This type of trade is enabled by lack of legal regulation and supervision and enables the user high level of anonymity.

Most often cases of suspicious money being subject to money laundering in BiH come from the *off shore zones*, and it often happens that money acquired from different crime types in BiH is transferred onto accounts *in off shore zones*. Apart from the said, money transfers being under certain origin suspicion have been identified as incoming/outgoing from the following countries: Serbia, Slovenia, Croatia, Germany, Russian Federation, Lithuania, Great Britain, British Virgin Islands Rod Town, Switzerland, USA (Delaware, Panama City), Macedonia, Austria, Luxemburg, Cyprus, United Arab Emirates, Lichtenstein, Montenegro, Turkey and Sweden. There are no criminal groups specialised for money laundering, but there are members of criminal groups committing predictive criminal activities and they are the persons setting the manner and methods for money laundering.

SIPA submitted four reports against 18 natural persons and nine legal entities, and one report amendment against three natural persons and two legal entities in 2015 suspected of having committed crimes of money laundering and other crimes. There were six reports against 26 natural persons and seven legal entities and two report amendments against 12 natural persons and three legal entities in 2014. As for the year of 2013 there were seven reports against 34 natural persons and 12 legal entities. It is shown in the following table:

Reports and report amendments on money laundering and reported persons						
	Reports and amendments			Persons		
	2015	2014	2013	2015	2014	2013
Reports	4	6	7	28	33	46
Amendments	1	2	-	5	15	-
Total	5	8	7	33	48	46

However, it is matter of concern that in the period between 2014 and September 2016 only 11 cases were processed before the courts in Bosnia and Herzegovina in connection with money laundering crimes.

IV.7.2. Causes that foster the occurrence and development of this type of organised crime

CAUSE	RISK		
	High	Medium	Low
Inadequate legal framework		X	
Lack of strategic guidelines and action plans	X		
Geopolitical situation in the region and broader		X	
Technology progression and globalization	X		
Geographical position		X	
Socioeconomic position		X	
Corruption	X		
Porosity of borders		X	
Reorganization of police and prosecutorial structures		X	
Possibility of achieving significant financial gains	X		

IV.8. Computer criminality (Cyber crime)

Computer crimes are incorporated in the Criminal Codes of Bosnia and Herzegovina as follows: in the Chapter XXI – crimes against breach of author rights referred to Criminal Code of Bosnia and Herzegovina; in the Chapter XXIVa -crimes against safety of the computer data of the Criminal Code of Republic Srpska, in the Chapter XXXII – crimes against system of electronic data processing of the Criminal Code of Federation of Bosnia and Herzegovina, and in the Chapter XXXII –crimes against system of electronic data processing of the Criminal Code of Brcko District of Bosnia and Herzegovina.

IV.8.1 Current status, trends and main characteristics

Threat assessment on internet organised crime (IOCTA/ Internet Organised Crime Threat Assessment) from 2016 reports on continuous increase when it comes to security threats and trends. Additional increase of quantity, scale and financial damage combined with asymmetric risk characterising cyber crime, have reached the level that in some countries of EU the cyber crime frequency goes beyond traditional crime. Some attacks such as ransom ware, which previous reports connected with increase of cyber crime aggressiveness, turned into norms overshadowing traditional malware threats (vicious programmes) such as viruses know as Banking Trojan viruses⁵.

Cyber crime impact in BiH is not be underestimated and therefore police observation of this crime is supposed to be accompanied with education of the public in general, as well as law enforcement agencies and strengthening of their capability for identifying and active researching of this type of crime should be in place as well. According to collected intelligence, criminals from BiH use all sources of modern technologies to set strategies for illegal trade of narcotics, illegal migrations and human trafficking, and to identify the quickest and most effective smuggling routes and methods, ways for money transactions in the process of so-called “money laundering”, disruption and following police patrol, tracking bank transactions of rivalry groups, determining security system characteristics(e.g. banks), even creating virtual criminal groups, the members of which are physically located in different territories, as well as planning other illegal activities. By using new information and technology achievements enables criminal groups to have high level of anonymity and harder detection of their illegal activities. Level of sophistication of this crime represents a great challenge to developed countries, let alone countries with limited material capacity such as Bosnia and Herzegovina.

The most common forms of cyber crime are as follows:

- unauthorised possession of passwords and using them without permission from real owners with the aim of obtaining illegal material benefit or other benefits (misuse of information aimed at discrediting owner and hiding of real author of information through other IP addresses.)
- unauthorised obstruction and disruption of access to public network,
- creating and infecting computers with viruses or other persons or computer network and telecommunication network,
- loading of incorrect data and omitting to load correct data, or in another way influencing electronic processing results and data transmission with the aim of obtaining illegal assets
- misuse of audio and visual content

⁵ <https://www.europol.europa.eu/activities-services/main-reports/internet-organised-crime-threat-assessment-iocta-2016>

Identity thefts have become more popular lately. Namely, the intelligence data indicate that original identification documents of Bosnia and Herzegovina containing names of legal bearers of particulars supplied with photographs of criminals have been procured by a number of criminals from the region. This enables free movement, committing of crimes and avoiding criminal prosecution of mentioned persons which represents a significant security threat and impairs the integrity of Bosnia and Herzegovina, Agencies for Identification Documents, records and exchange of data of BiH (IDDEEA) and relevant ministries of interior in charge of issuing documents.

IV.8.2. Causes that foster the occurrence and development of this type of organised crime

CAUSE	RISK		
	High	Medium	Low
Inadequate legal framework	X		
Lack of strategic guidelines and action plans	X		
Geopolitical situation in the region and broader	X		
Technology progression and globalization	X		
Geographical position		X	
Socioeconomic position	X		
Corruption	X		
Porosity of borders			X
Reorganization of police and prosecutorial structures		X	
Possibility of achieving significant financial gains	X		

V. Conclusion

Organised crime and organised criminal groups cause direct and negative impact on the fiscal system, social and legal security and overall security situation in Bosnia and Herzegovina by committing criminal acts. Gaining profit is the main motivation of organised crime and each of its activities is aimed at increasing profit.

Preventing, detecting and penalising organised crime are of great importance for Bosnia and Herzegovina, and thus (OCTA) has been compiled for the second time in compliance with EUROPOL methodology. This document represents a proactive approach in fighting against organised crime containing perspective change of our overall abilities within, and implies coordination and better usage of intelligence and operation data, as well as information arising from the analysis made by the law enforcement agencies, enhancement of knowledge, strengthened co-operation between institutions and agencies in Bosnia and Herzegovina, and effective law enforcement.

Although it is determined in this document that there is decrease in certain criminal activities such as illegal trafficking of narcotics, there is evident concern about the increase in economy and financial crimes which directly impacts budgetary incomes and jeopardises work and functioning of institutions at all authority levels of BiH as a state. It is impossible to have such trend without corruptive activities by organised criminal groups and their illegal ties amongst authority structures. Victims of organised criminal groups are the most vulnerable social category citizens in BiH and therefore Bosnia and Herzegovina becomes the country of source for exploitation and human trafficking. All said activities are linked with the use of modern technologies in order to create strategies for illegal trade of narcotics, illegal migrations, human trafficking and identify the quickest and most effective smuggling routes and methods, way for money transfers in the process of money laundering.