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NOTE

From:	General Secretariat of the Council
To:	Delegations
No. prev. doc.:	14056/1/15 REV 1
Subject:	Serious and Organised Crime Threat Assessment 2017
	- Revised methodology

Delegations will find enclosed the revised SOCTA Methodology as validated by COSI
on 24 November 2015.

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Serious and Organised Crime Threat Assessment 2017 (SOCTA):

Updated methodology

November 2015

EDOC#797055

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1   Introduction

1.1   SOCTA methodology: background

In 2010, the EU established a multi-annual **EU policy cycle for organised and serious international crime**[1] in order to tackle the most important criminal threats in a coherent and methodological manner through optimum cooperation between the relevant services of the Member States (MS), EU Institutions and EU Agencies as well as relevant third countries and organisations. This approach was adopted by Council in December 2010.

The starting point of this EU policy cycle is the Serious and Organised Crime Threat Assessment (SOCTA) by which Europol will deliver analytical findings that can be translated into political priorities to be turned into strategic goals and operational action plans in order to implement EU policy. The link between the SOCTA conclusions and the definition of the crime priorities by the Council is important. Taking this step in an intelligence-led way ensures that analysis directly informs political decision-making, and that the most relevant threats and risks in the EU are addressed. EU law enforcement will then be able to join efforts in tackling Serious and Organised Crime (SOC) in those areas where it is most required based on principles of intelligence-led policing.

In 2013, the first EU SOCTA was published based on the customer requirements and the methodology. The SOCTA methodology was developed by Europol in cooperation with the SOCTA Advisory Group (composed of EU Member States (MS), EU Agencies, European Commission and Council General Secretariat) and on the basis of the agreed SOCTA customer requirements and with support from Europol's third partner countries and organisations. According to the Council Conclusions, the SOCTA methodology will be updated, reviewed and improved whenever required. Between 2013 and 2015, the SOCTA methodology was under review of the SOCTA advisory Group. In 2014, a first update was introduced and endorsed by the Standing Committee on Operational Cooperation on Internal Security (COSI).

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[1]   15358/10 COSI 69 ENFOPOL 298 CRIMORG 185 ENFOCUSTOM 94.

In 2015, a new customer requirements[2] exercise was performed for the preparation of the SOCTA 2017. Based on these customer requirements, an updated methodology was prepared. The aim of this document is to present the improvements made on the methodology for the development of the SOCTA 2017[3].

Figure 1: EU POLICY CYCLE
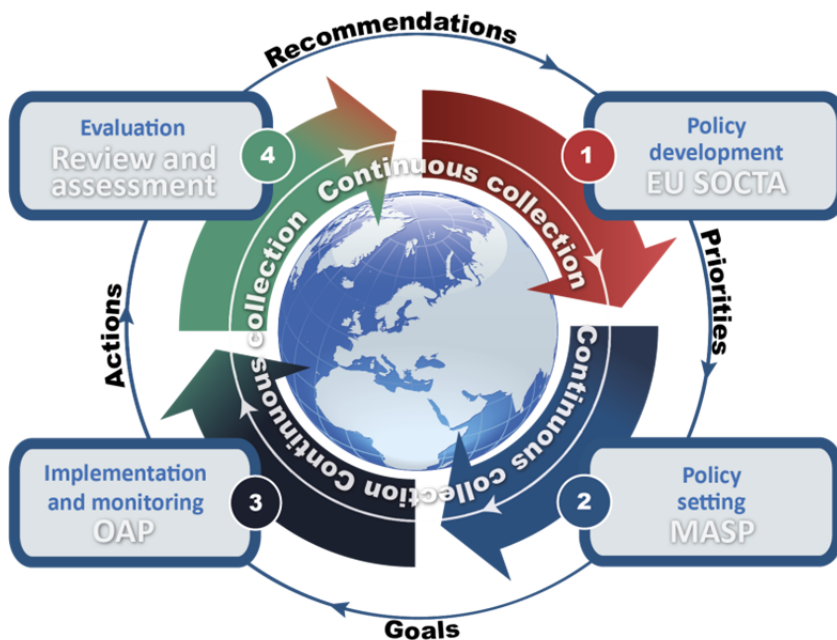
1.2   SOCTA Customer Requirements

According to the SOCTA customer requirements[4], which were agreed by COSI on 21 September 2015, the SOCTA should be a strategic report **assessing and prioritising SOC threats and risks** in the EU. The SOCTA should assess vulnerabilities and opportunities for crime, including findings specific to the geographical aspects and hotspots. The SOCTA should also contain a detailed analysis of crime areas, organised crime groups (OCGs), including their *modi operandi* and the infrastructures they use. The overall impact and effect that SOC has on society should also be analysed in the SOCTA. All of this should be done by using a transparent methodology.

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[2]   SOCTA customer requirements, 12267/15 COSI 113 ENFOPOL 259 CRIMORG 94 ENFOCUSTOM 94.

[3]   For the EU MS law enforcement agencies, a detailed restricted manual including examples is available.

[4]   12267/15 COSI 113 ENFOPOL 259 CRIMORG 94 ENFOCUSTOM 94.

CAVEAT: Analysis and discussions with contributing partners and during the SOCTA Advisory Group meetings show that a uniform data collection remains challenging. Not all partners contributing to the SOCTA are able to provide the data in a similar structure as requested by the SOCTA methodology. Therefore flexibility remains required during the SOCTA data collection. Additionally, differences in interpretations about serious and organised crime and organised crime groups may have an effect on the overall reporting on organised crime groups in the EU.

2   SOCTA methodology

2.1   Scope and conceptual model

The aim of the SOCTA methodology is to help defining the key threats and risks of SOC to the EU in a consistent way. The threat of SOC is determined by the activities of the criminal groups in different crime areas. The risk is determined by adding the probability/likelihood of change (decrease – increase) and the effect that SOC could have on the society as a whole.

Figure 2: THREAT RISK MODEL
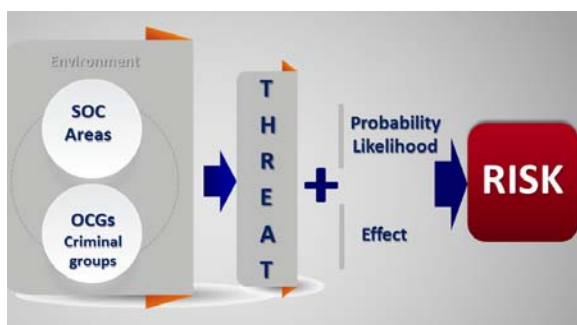
In order to fully meet the expectations of the customers of the SOCTA and to provide a detailed overview of the threat and risks of SOC in the EU, the methodology focuses on three key aspects:

Crime areas (types of crime);

OCGS and criminal groups or criminals committing serious crime and do not fall strictly under the definition of OC[5].

The environment in which serious an organised crime is committed and criminals are acting.

Within the environment three sub aspects are important: factors that are **enabling** (e.g. vulnerabilities and opportunities for criminals, infrastructures used) or stopping crime in society, the geographical scope and hotspots and the **effect** of serious and organised crime on society as a whole. Additionally also geographical aspects will be taken into consideration.

A visual presentation of the methodology can be found below in the SOCTA methodology conceptual model.

The conceptual model explains four distinct steps of the SOCTA methodology: the focus, the tools, the analysis and prioritisation, and the result. The model also explains how the threat and risk are determined.

During the analysis two key steps are important. First, the identification of all the threats related to serious and organised crime and secondly the identification of the key threats. The key threats are those threats were the effect or and the probability/ likelihood of materialisation are high.

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[5]   In the field of cybercrime e.g., the strict definition of organised crime is not always valid, therefore flexibility is implied

Figure 3: The SOCTA methodology conceptual model

2.2 Data collection

A preliminary analysis will be conducted based on **data available within Europol**: mainly the contents of Europol's Analytical Work Files (AWF)[6]. The information will be combined with Europol's Early Warning Notifications (EWN) on new and emerging trends, Intelligence Notifications, specific threat assessments and other strategic reports developed by Europol but also by EU partner organisations, member states or third partners. The preliminary analytical results will be forwarded to MS for comments and input.

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[6]   An Analysis Work File (AWF) is a database on a specific crime area which is intrinsically linked to specific forms of operational support offered by Europol. In effect, an AWF is the only existing legal tool at European level to store, process and analyse factual information ('hard' data) and in particular 'intelligence' ('soft' data), including personal data of sensitive nature. Once information is received within an AWF, Europol will make sure that all data is made available for analysis, including the processing of data processed in a structured way so it can be continuously exploited and enhanced.

The preliminary analysis will identify **intelligence gaps** which will help to develop tailor-made **EU intelligence requirements**. Questionnaires will be sent to MS in order to gather descriptive data for the SOC area and OCG indicators, fill intelligence gaps, and receive information about new or emerging trends. Specific questionnaires will also be sent out to non-EU states and organisations that have strategic[7] or operational[8] agreements with Europol.

For Crime Relevant Factors (CRF) and effect indicators, Europol will ask Member States within the aforementioned questionnaires, to provide data wherever possible, but if necessary will use other sources outside law enforcement. Open source intelligence (OSINT) is used to scan the environment for possible changes impacting on SOC (CRF) and also for the harm caused by SOC on society. For effect indicators, official statistical data will be used where available. This information will also be made available to MS on beforehand.

Open sources will be used to contextualize whenever required.

A reference list of all sources used for the purpose of the SOCTA will be added as an annex to the SOCTA report.

All data will be evaluated by using the "four by four (4x4)" system, in which both the source and the information are independently assessed, and every combination of a source and its information is assigned a value ranging from A1 to X4. The information that can be used for the SOCTA should have an evaluation of B3 or higher for all data sources.

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[7] Bosnia and Herzegovina, Russian Federation, Turkey, Ukraine, European Police College (CEPOL), European Commission (EC), European Central Bank (ECB), European Centre for Disease Prevention and Control (ECDC), European Network and Information Security Agency (ENISA), European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), European Anti-Fraud Office (OLAF), European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex), Office for Harmonization in the Internal Market (OHIM), Intelligence Centre of the European Council (IntCen), United Nations Office on Drugs and Crime (UNODC), World Customs Organisation (WCO), Civilian ESDP police missions.

[8] Albania, Australia, Canada, Colombia, Former Yugoslavia Republic of Macedonia, Iceland, Liechtenstein, Monaco, Montenegro, Moldova, Norway, Serbia, Switzerland, USA, US Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF US), US Drugs Enforcement Agency (DEA), USA Federal Bureau of Investigation (FBI), US Immigration and Customs Enforcement (ICE), US Postal Inspection Service (USPIS), US Secret Service (USSS), Eurojust, INTERPOL.

2.3 Focus

The SOCTA analysis starts from three focus points which are also the starting point for the data collection:

- **SOC areas:**

- **OCGs and criminals**, and

- the **environment** on which they have an effect and in which the criminals find opportunities and vulnerabilities.

2.3.1. SOC areas

Within the scope of the SOCTA methodology, **SOC areas**[9] are criminal activities affecting MS and their citizens, committed by criminal groups in the context of serious crime or OCGs.

MS are invited to refer to the Europol Council Decision which provides an extensive (but not exhaustive) list of serious crime activities[10].

Additionally, related criminal offences should be reported[11]. The SOCTA looks into all forms of serious and organised crime, covering both organised crime groups and criminal groups in all possible varieties and may include individually operating criminals. Therefore, MS are urged to also report on *additional* serious crime areas, even if they are not referred to in the above list.

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[9] The crime area includes the criminal markets.

[10] Europol Council Decision: unlawful drug trafficking, illegal money-laundering activities, crime connected with nuclear and radioactive substances, illegal immigrant smuggling, trafficking in human beings, motor vehicle crime, murder, grievous bodily injury, illicit trade in human organs and tissue, kidnapping, illegal restraint and hostage taking, organised robbery, illicit trafficking in cultural goods, including antiquities and works of art, swindling and fraud, racketeering and extortion, counterfeiting and product piracy, forgery of administrative documents and trafficking therein, forgery of money and means of payment, computer crime, corruption, illicit trafficking in arms, ammunition and explosives, illicit trafficking in endangered animal species, illicit trafficking in endangered plant species and varieties, environmental crime, illicit trafficking in hormonal substances and other growth promoters.

[11] The following offences shall be regarded as related criminal offences:
(a) Criminal offences committed in order to procure the means of perpetrating criminal acts,
(b) Criminal offences committed in order to facilitate or carry out criminal acts,
(c) Criminal offences committed to ensure the impunity of criminal acts.

2.3.2 OCGs, criminal groups and lone actors involved in serious crime

For the purpose of the SOCTA and to promote uniform reporting on **organised crime groups**, MS are invited to refer to the definitions provided by the Framework Decision on organised crime of 24 October 2008[12]. This Framework Decision defines a "criminal organisation" as "*a structured association, established over a period of time, of more than two persons acting in concert with a view to committing offences which are punishable by deprivation of liberty or a detention order of a maximum of at least four years or a more serious penalty, to obtain, directly or indirectly, a financial or other material benefit.*"

A structured association "*means an association that is not randomly formed for the immediate commission of an offence, nor does it need to have formally defined roles for its members, continuity of its membership, or a developed structure*"[13].

In accordance with this definition, the following list of criteria shall be applied when reporting on OCGs[14] for the SOCTA:

- collaboration of more than two persons

- for a prolonged or indefinite period of time

- suspected or convicted of committing serious criminal offences (intended as punishable by deprivation of liberty or a detention order of a maximum of at least four years or a more serious penalty - for organised crime) with the objective of pursuing profit and or other material benefit

- operating/working on an international level in and/or outside the EU MS.

Criminal groups are a group of individuals not strictly falling under the definition of OCGs but committing serious crime.

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[12] Council Framework Decision 2008/841/JHA of 24 October 2008 on the fight against organised crime, OJ L 300, 11.11.2008, p. 42.

[13] Ibidem.

[14] OCG structures vary widely and groups range from strong hierarchical groups to loose networks of criminals. For the purpose of the SOCTA, all types of OCGs are analysed provided that they correspond with the aforementioned definition.

Serious crime refers to criminal activities deemed serious while not meeting the OCG definition of the 2008 Framework Decision through criminal association. De facto, it concerns also lone actors or individual actions.

2.3.3. *The environment*

Criminal activities are embedded in a larger environment, and changes in the criminal groups and SOC areas often reflect an adaptation to facilitating factors, vulnerabilities and/or opportunities and infrastructures used in the immediate or broader environment. To have a better insight into the risk posed by a threat, consideration of the broader environment in which criminals are operating is required, including geographical environment. For the purposes of the SOCTA methodology, these are known as Crime Relevant Factors (CRF). CRF allow evaluating how threats evolve in the (near) future based on changes in society and, consequently, its likelihood and probability to materialise.

As a final element in the assessment of key priorities, the effect (e.g. harm) caused by SOC on society is taken into account.

2.4 Tool – Indicator analysis

In order to assess the threats and risks of serious and organised crime, four types of indicators are used: SOC area indicators, OCGs and criminal group indicators, CRF and effect indicators. A **balanced combination** of these four features and all indicators is crucial in order to reach conclusions and produce recommendations regarding key threats and risks.[15]

Indicators for SOC areas and for OCGs can be either descriptive indicators or threat indicators. Descriptive indicators (D) are merely used to analyse the crime areas and groups, and describe the current situation. Threat indicators (T) are used to assess the actual threat of each crime area and OCG, criminal groups and to compare them on the basis of the same threshold.

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[15]   A single indicator will never determine the overall threat.

Indicators for SOC areas include: resource availability (T)[16], demand and supply (T), the number of groups active in the crime area (T)[17], the evolution of the crime area (T), the geographical dimension (T)[18], other crime areas linked (T)[19], modus operandi used (D).

Indicators for OCGs include: the crime areas they are active in (D), poly crime activities (T), nationality (D), size of the group (T), financial resources (T) and human resources (D), the profit (T), other resources (T), structure, type (D), expertise (T), cooperation (T), modus operandi (D), geographical dimension (T), flexibility and adaptability (T), countermeasures (T), corruption and influence in the public sector (T), use of Legal Business Structures (T), money laundering – level of sophistication (T), external violence (T).

Individual criminals or lone actors will be assessed according to the indicators mentioned above if the indicator allows such an assessment.

Crime relevant factors with a focus on the PESTEL[20] areas could include: economic situation, geopolitical situation, transport and logistics infrastructure, public attitudes, innovation (excluding internet), internet and new technologies, legislation, law enforcement action[21] and the EU crime priorities set by the Council.

This list can be completed with additional CRF, resulting from environmental scanning.

Effect indicators include: financial impact, social impact, health impact, impact on the environment. The effect indicators must be assessed in terms of 'volume', 'frequency' and 'seriousness' of the crime resulting in a high, medium, low, or unknown effect.

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[16] For example: availability of resources within the production cycle, such as raw materials and machinery (T).
[17] The number of international OCGs, networks or individuals active in the crime area, the law enforcement activities and resources invested in certain criminal groups are taken into consideration in the Crime Relevant Factors.
[18] The crime area's geographic sphere of operations, based on the countries involved in this crime area, including countries of activities, countries of origin, transit countries, destination countries, routes, flows and hotspots.
[19] The extent to which the crime area is linked to other illicit crime areas.
[20] PESTEL: political, economic, social, technological, environmental, legal.
[21] Law enforcement action, including number of investigations, current EU MS national priorities.

2.5 Analysis and assessment

2.5.1. *Analysis: From threat to risk*

The aim of the analysis is to develop the most precise and valid inferences from the information, with a view to identify key threats and risks. In a first step of the methodology the threat will be defined, in a second step the risk (adding the probability/ likelihood and the effect) will be determined.

The threat indicators (SOC areas / OCGs) will be assessed for the level of threat they pose, on a qualitative (low/medium/high) basis. The threat of the SOC areas will be assessed based on the SOC area and OCG/ criminal network indicators. The threat of individual OCGs or criminal networks will be assessed based on the OCG/ criminal network indicators. This assessment results in the assessment of the threats of all SOC areas and OCGs/ criminal networks and the identification of the **key threats**.

However, in order to provide a comprehensive assessment of the risks resulting from these threats, additional elements need to be taken into account. A threat can only cause harm if there is vulnerability (e.g. a weakness in society, including law enforcement activity, that can be exploited by serious and organised crime). For each of the threats and key threats, the CRF and effect are assessed, with an evaluation of their impact (high/low).

Identification and description of CRFs improve insight into current and future opportunities or barriers for OCGs and SOC areas. Studying the vulnerabilities and opportunities means assessing weak or strong points in the environment that can be exploited by criminals or that can provide barriers for SOC. It will also allow assessing the likelihood of a threat to become reality, i.e. the assessment of the risk. Furthermore, this will allow recommended priorities to be more precise and formulated in a more precise, targeted manner. Knowledge regarding future changes in CRF via horizon scanning can also help to define new SOC threats. The method for this part of the analysis will be **horizon scanning**. Horizon scanning is the analysis of environmental developments to identify the possible impact on the criminal landscape. It is not a conclusion on its own but it is an essential part of the threat assessment.

A second element in assessing the risks resulting from identified threats is the harm or effect caused to society. Studying the harm is key in assessing the magnitude of the risk.

As a result, the risks posed by the different SOC areas are clearly explained, and the **key risks** are identified. The key risks are those SOC areas that score highest on the threat level (based on SOC area and OCG indicators), are most likely to happen (based on CRF) and cause the most significant harm (based on effect indicators).

2.6   Results

For each risk – key or not – an argument map will be provided in order to clearly represent arguments explaining the rationale for the outcome based on the different types of indicators. The details of the argument maps will also be useful in the preparation of multi-annual strategic plans (MASPs) and Operational Action Plans (OAPs) in a later phase of the policy cycle, since they will provide Key Areas to Target. In the description of the key risks, specific focus is put on the geographical dimension, i.e. identifications of hot spots and major flows.

An overview of the intelligence gaps will also be provided.

After the analysis and drafting phase, MS will be given the possibility to review the report and provide comments and propose amendments. Prior to publication, Europol will carry out a quality assessment of the SOCTA product, according to the standard review criteria: *consistency, completeness, clarity and compliance*[22].

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[22]   SOCTA customer requirements 12267/15 COSI 113 ENFOPOL 259 CRIMORG 94 ENFOCUSTOM 94

**3	Conclusion**

The SOCTA is the strategic report assessing and prioritising threats and risks in the EU, assessing vulnerabilities and opportunities for crime.

The SOCTA process includes:

- The preparation and endorsement of the methodology;

- Data collection, including the EU intelligence requirements (questionnaire);

- Analysis of the data;

- Drafting the SOCTA report, including a list of key threats and risks;

- Drafting of the recommended priorities.

Just as the criminal environment is dynamic, the methodology to assess crime cannot remain static but should be regularly reviewed and amended if only in incremental steps. Therefore the SOCTA Advisory Group and Europol will continue to look into the different aspects of the methodology and to improve it where needed. Whenever changes are required, the COSI will be informed and asked for endorsement.

4   List of abbreviations

AWF   Analysis Work File

COSI   Standing Committee on Operational Cooperation on Internal Security

CR   Customer requirements

CRF   Crime-Relevant Factors

EMPACT   European Multidisciplinary Platform against Criminal Threats

IR   Intelligence requirements

MS   Member States

OCG   Organised Crime Group

SOC   Serious and Organised Crime

SOCTA   Serious and Organised Crime Threat Assessment

5 References

Council Conclusions on the creation and implementation of an EU policy cycle for organised and serious international crime[23];

Council Conclusions on setting the EU's priorities for the fight against serious and organised international crime 2014- 2017[24];

Council Framework Decision 2008/841/JHA of 24 October 2008 on the fight against organised crime[25];

Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol)[26];

SOCTA customer requirements[27].

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[23] 15358/10 COSI 69 ENFOPOL 298 CRIMORG 185 ENFOCUSTOM 94.
[24] 12095/13 JAI 611 COSI 91 ENFOPOL 230 CRIMORG 98 ENFOCUSTOM 118 PESC 843 RELEX 630.
[25] OJ L 300, 11.11.2008, p. 42.
[26] OJ L 121, 15.05.2009, p. 37.
[27] 12267/15 COSI 113 ENFOPOL 259 CRIMORG 94 ENFOCUSTOM 94.