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From: General Secretariat of the Council

To: Delegations

Subject: EU Statement on the occasion of the 1st intersessional meeting of the 64th session of the Commission on Narcotic Drugs (Vienna, 19 – 21 October 2021)

- Agenda item 1(b): The value of confiscated proceeds of crime related to money-laundering arising from drug trafficking at the global level remains low (20 October 2021)

Delegations will find in the annex the above-mentioned statement as it was expressed on behalf of the EU at the intersessional meeting of the 64th CND (19-21 October 2021).



**European Union
EU Statement on
Agenda item 1(b)**

**1st intersessional meeting
64th session of the Commission on Narcotic Drugs
United Nations Office on Drugs and Crime**

Vienna, 19 – 21 October 2021

Agenda item 1(b): The value of confiscated proceeds of crime related to money-laundering arising from drug trafficking at the global level remains low.

Madam Chair, Distinguished Colleagues,

I have the honour to speak on behalf of the European Union and its Member States. The following countries align themselves with this statement: the Republic of North Macedonia*, Montenegro*, Serbia*, Albania*, Bosnia and Herzegovina*, Iceland*, Ukraine, the Republic of Moldova and San Marino.

We wish to thank you for organising this intersessional meeting in which we can exchange information on drug supply reduction and related measures.

The illicit trafficking of drugs remains the largest criminal market in the European Union, with an estimated minimum retail value of EUR 30 billion per year. It continues to be one of the most lucrative businesses for organised crime groups. More than one third of the groups active in the EU are estimated to be involved in the production, trafficking or distribution of drugs. These sophisticated criminal networks are using a variety of modi operandi, engaging in wholesale trafficking activities as well as mid-level and retail distribution.

* Candidate Countries the Republic of North Macedonia, Montenegro, Serbia and Albania as well as potential Candidate Country Bosnia and Herzegovina continue to be part of the Stabilisation and Association Process.

+ Iceland is a member of the EFTA and of the European Economic Area.

The scale and complexity of money-laundering activities in the EU have previously been underestimated. The confiscation and recovery of criminal assets is disproportionately small in comparison to the vast proceeds generated through the drug trafficking "value chain". One EUROPOL report estimates that only 1.1% of the criminal profits were confiscated at EU level. Serious and organised crime in the EU relies on the ability to launder vast amounts of criminal profits. For this purpose, professional money launderers have established a parallel underground financial system to process transactions and payments isolated from any oversight mechanisms governing the legal financial system. This parallel system ensures that criminal proceeds cannot be traced.

Professional money-laundering networks continue to pose a major threat in the European Union. Criminal networks appear to be increasingly "outsourcing" their money-laundering activities. The reasons for this could include the desire of criminal networks to distance themselves from the predicate offence or the need for expert help on how to launder money without being detected. Professional money-laundering networks have the expertise and necessary infrastructure to exploit legitimate financial industry and offer a wide range of money-laundering services to other criminal networks in exchange for a fee or a commission.

Overall, despite robust legislation, the global anti-money laundering (AML) framework has a poor success rate in identifying and seizing illegal funds generated by criminal organisations. In many cases, investigations into drug trafficking activities are not complemented by money laundering or criminal asset investigations. However, efforts to investigate money laundering and dismantle syndicates that specialise in these activities are being strengthened and for the majority of our Member States, AML is now a national priority. Dedicated money laundering investigations, the better implementation of AML strategies and more efficient collection of financial data are expected to enhance the ability of law enforcement authorities to identify illegal funds transfers and increase the number of investigations.

In addition, a notable development in this field is the recent European Commission proposals to harmonise AML rules across the EU and to strengthen financial intelligence coordination and EU-wide supervision through a new EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism. Moreover, to ensure that "crime does not pay", the European Commission is working on a proposal for a stronger asset recovery framework with the aim to scale up the capacities and cooperation of Asset Recovery Offices, improve confiscation rates and promote a better management of confiscated criminal assets.

Cooperation through effective multilateralism remains the best way to tackle the global challenges of today and tomorrow. The EU strongly supports the efforts to promote coordination between relevant UN entities and regional and international organisations. The EU also highlights the importance of the commitment to the effective implementation of the three international drug control conventions. We welcome the continued support of the international community to these conventions. We welcome the broad consensus on relevant international human rights instruments. These are the cornerstones of the international drug control system.

To conclude, I would like to emphasise that the EU and its Member States will continue to contribute to our collective efforts at national, regional and international levels to accelerate the implementation of our joint commitments to address the world drug situation, thus embracing an effective and sustainable drug policy towards 2030.

Thank you very much, Madam Chair.
