



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 22 October 2012**

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**COVER NOTE**

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From: Europol  
To: Law Enforcement Working Party  
Subject: List of third States and organisations with which Europol shall conclude agreements

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Delegations will find enclosed a letter from the Chairperson of the Europol Management Board on the above-mentioned subject and its annexes.

The Hague, 4 October 2012  
MBS 126.2012

Mr Rafael Fernández-Pita y González  
Deputy Director-General Justice and Home Affairs  
General Secretariat of the EU Council  
Brussels

**Inclusion of Brazil, Georgia, Mexico and the United Arab Emirates  
on the Council list of cooperation partners**

Dear Mr Fernández-Pita y González,

In accordance with Article 26(1)(a) of the Europol Council Decision, the Management Board decided during its 3-4 October 2012 meeting to recommend the Council to add Brazil, Georgia, Mexico and the United Arab Emirates to the list of third States and non-EU-related bodies with which the Director of Europol may start negotiations on cooperation agreements.

The Management Board took its decision on the basis of the enclosed documentation.

I would be grateful if this matter could be included on the agenda of the Council for consideration and possible decision.

Sincerely,



Rafał Łysakowski  
Chairperson

Enclosures:      Business case Brazil (Annex 2)  
                      Business case Georgia (Annex 3)  
                      Business case Mexico (Annex 4)  
                      Business case United Arab Emirates (Annex 5)



The Hague, 4 April 2012

File no. 2643-5

Edoc # 596032 v6

## **Europol External Strategy**

### **Business Case: Cooperation with Brazil**

#### **1. Aim**

The purpose of this Business Case is to provide additional information to the Management Board (MB) on the list of priority third parties for the conclusion of new cooperation agreements.

It specifically provides a rationale for Europol's operational interest in establishing a cooperation agreement with Brazil.

#### **2. Policy framework**

##### **2.1. Europol External Strategy**

At its meeting on 1-2 February 2012, the MB took note of the information provided by Europol on the review of the External Strategy and Council list. Several MB members asked for more information on the criteria for prioritising countries.

Europol's legal basis is in the process of being amended, including the rules to conclude cooperation agreements (art. 23 ECD). It seems difficult, therefore, to initiate a new procedure to amend the Council list pending adoption of the new legal basis of the agency.

However, Europol takes note of the political and operational interest in concluding cooperation agreements with a limited number of priority countries. Following the MB discussion on 1-2 February, Europol decided to prepare business cases, based on the most urgent operational needs to substantiate the possibility of adding a limited number of countries to the Council list at the first available legislative opportunity.

## **2.2. External Relations priorities**

Europol External Strategy is compliant with the overall objectives of the EU for the external dimension of Freedom Security and Justice as expressed in chapter 7 of the Stockholm Programme: “Priorities in external relations should inform and guide the prioritisation of the work of relevant EU agencies.”

In this regard, the EU-Brazil Joint Action Plan (JAP) (15084/11), adopted at V EU-Brazil Summit on 4 October 2011, contains a chapter (7) on “Preventing and fighting organized crime and corruption”, which calls for “promoting cooperation in criminal matters and in particular the full implementation of the UN Convention against Transnational Organized Crime and supplementary protocols on the fight against organized crime”. More specifically the JAP calls on both parties to, *inter alia*, 1) cooperate in preventing the use of their financial systems for laundering proceeds arising from criminal activities in general; 2) explore the possibilities of sharing experiences and best practices among Financial Intelligence Units (FIU) of Brazil and EU member countries; 3) express their willingness to exchange experiences, cooperation and good practices with interested countries in fighting against organised crime activities, including through Brazil and EU cooperation programmes; 4) consider involving, in their cooperation activities, inter-agency bilateral exchange of information and best practices on law enforcement; 5) express their interest in strengthening bilateral legal and police cooperation.

The EU-Brazil Joint Action Plan also contains a chapter (6) on the “Fight against terrorism”, which addresses in particular the prevention of and fight against terrorism financing and cooperation on issues of terrorism prevention and the use of the internet for terrorist purposes.

Finally, the JAP 2011 devotes chapter 6 to the “Prevention and control of the world drug problem and related crime”, which calls on EU and Brazil to explore ways to improve the “exchange of operational information to enable each Party to request and deliver juridical information, as well as other forms of collaboration”.

### **3. Operational needs**

In recent years, the profile of Brazil, with its booming economy (6<sup>th</sup> largest global economy), has increased significantly. At the same time Europeans are now migrating to Brazil to find work in numbers not seen since the 1940s and 50s. European migrants, mainly Portuguese, Spanish, British and Italian, are attracted by the buoyant jobs market, the relatively low income tax levels and the existence of large European communities that have lived in Brazil for generations. Compared to other Western countries it is also relatively easy to obtain a work and residence permit for Brazil. Furthermore, in the next four years Brazil will host the two largest global sporting events and important construction projects will require skilled migrant workers. This also opens opportunities for organised crime.

#### **3.1. Assessment of the threat to EU internal security**

OCTA 2011 warned that Brazilian organised crime groups must be carefully monitored. Brazil is among the top ten countries whose citizens are refused entry to the EU and also of migrants illegally residing in the EU. While they have managed to keep a relatively low profile until now, Brazilian criminals are increasingly detected as facilitators of illegal immigration in the EU.

As mentioned above, Brazilian nationals are the subject of significant and increasing operational activity by the MS in the combating of trafficking for the purpose of sexual exploitation. Trafficking in Human Beings is one of the eight priority crime areas and South Americans are mentioned specifically in OCTA 2011 as victims of sexual exploitation in the EU.

OCTA 2011 also noted that poly-criminal organised crime groups involved in high-level drugs trafficking in Brazil, Colombia and Mexico have established a notable role in the illegal supply of endangered species to the EU and US markets. As a result, some of the concealment methods developed for drug trafficking are now used to traffic endangered species.

In the context of the EU Policy Cycle, Brazil has particular relevance for priority E in the fight against organised crime: “Disrupt the trafficking to the EU, particularly in container form, of illicit commodities, including cocaine, heroin, cannabis, counterfeit goods and cigarettes” and priority F: “Combat against all forms of trafficking in human beings and human smuggling by targeting the organised crime groups conducting such criminal activities in particular at the southern, south-western and south-eastern criminal hubs in the EU”.

The following areas are the most significant in terms of the particular threat emanating from Brazil: Facilitated Illegal Immigration and Trafficking in Human Beings: Brazilians represent an ongoing issue with regard to illegal immigration into the EU. In recent years Brazilians have become one of the main nationalities refused entry to the EU and there have been links established to forgery factories set up to enable Brazilians to reside and work in the EU.

One of Europol’s (AWF Phoenix) current priority areas is "South-American trafficking networks" which also covers THB originating from Brazil. In this respect the workfile has data on Brazilian trafficking networks operating in the EU. This priority area was opened at the beginning of 2011 based on Europol’s proposal, following the increase in the number of contributions provided by MS in relation to trafficking networks originating from this region. Since then, on a regular basis, the work file has received cases initiated by MS against Brazilian OCGs engaged in trafficking for the purpose of sexual exploitation. In 2011 the workfile provided operational analytical support to Operation Atlas, focusing on the sexual exploitation of young Brazilian men, initiated by The Netherlands and having links with Spain and Romania. Recently substantial contributions have been received from France and Spain, all related to sexual exploitation of Brazilian victims (both males and females) with use of internet/escort web pages.

This is clearly an increasing trend in the EU and Brazilian victims have also been addressed by Frontex in their project on "profiles of victims of THB" to which AWF Phoenix has actively contributed. Information received from Brazil would be very useful to complete the picture that AWF Phoenix has in the EU on the Brazilian THB networks.

Drug related crime: Illicit synthetic drug markets in Brazil are on the increase and a consequential rise in the exchange of cocaine to ecstasy has been observed. Cocaine is brought by couriers from Brazil to the EU and traded for synthetic drugs that are then trafficked back to Brazil.

There is also evidence of couriers involved in the trafficking of cocaine from Brazil to Europe and, in some cases, High Value Targets have settled in Brazil from where cocaine shipments to Europe are organised. Brazil has featured increasingly in this area in recent years, especially as large quantities of cocaine from Bolivia are trafficked through the country towards Europe for EU consumption.

Credit card fraud: in particular concerning the theft of credit card information used in an otherwise legitimate transaction or 'skimming', Europol has identified significant numbers of cash withdrawals as Brazil doesn't follow the EU approach on RFID (Chip-Pin) technology. EU criminals have partners in Brazil (and other Latin American countries) who use the data skimmed within the EU.

Euro-counterfeiting: Europol's Central Office function for Euro counterfeiting allows for direct cooperation with states as if an agreement already exists. In the past, the organisation has exchanged strategic (technical) information on counterfeit banknotes in several cases with requests received directly or via ICPO-Interpol. In operational cases, use has been made of the services of EU bi-lateral Liaison Officers based in Brazil, but often, as they have their own priorities, this method of communication has depended very much on their will to cooperate. If the represented country has no investigation of their own, they usually have no interest in providing assistance.



Terrorism: There has been no cooperation between Europol and Brazil in the field of terrorism to date. However it is considered that cooperation would be of interest considering that a number of religiously motivated, extremist groups linked to Hezbollah and possibly al-Qaeda have reportedly been active in Brazil, specifically close to the Tri-Border Area (TBA - Argentina, Brazil, Paraguay). The topic remains very sensitive, since Brazil has been accused by the USA in the recent past of failing to cooperate in this area and denying the presence of known terrorists on its territory.

Cyber-crime: Brazil's large population, expanding economy, and outdated cyber legislation make it a frequent target of cyber attacks and illicit activity online.

#### **4. Progress to date**

Europol currently has access to strategic intelligence from Brazil, albeit in an indirect manner, via the Colombian Liaison Bureau and AMERIPOL / CLACIP. This is in fact the same for all states in the CLACIP/AMERIPOL network, whereby requests are formulated within Europol and sent throughout the network with the assistance of the Colombian National Police.

The strategy for current general cooperation options with Latin America which Europol (Scan Team) has been tasked to deliver, is based upon four strategic assessments currently under development. This opportunity will be used to explore the value / feasibility of an increased investment in centralised nodes - notably, AMERIPOL. This is based on the premise that whilst some countries represent a clear business interest for Europol and specific AWFs, entering into discussions on bilateral Europol agreements with a large number of countries in this region is not realistic.

In June 2010 Brazil recorded its interest in strengthened cooperation with Europol by means of correspondence between the Director General of the Brazilian Federal Police and the Director of Europol. This interest was reiterated at operational level on the occasion of the meeting between the Europol Liaison Office in Washington and representatives of the Brazilian Federal Police, which was held in Washington D.C. in September 2011.

In the area of Cyber Crime, Europol hosted the Brazilian National Cyber Crime Unit in December 2011. This was at the request of the Brazilian authorities as they sought Europol support in the field of Cyber Crime in setting up a Cyber Crime group for the 2014 Football World Cup and 2016 Olympic Games, their main priorities at this moment. This was part of their fact finding process to learn from other countries' experiences on how to manage these kinds of events.

Europol also participated in a European External Action Service meeting in which the views of participants were sought in determining where money should be invested outside EU. Brazil was highlighted as being one of the most important Latin American countries.

## **5. Conclusion and recommendation**

In a context of growing transfer of goods and people between Brazil and the EU it is likely that OC issues related to Brazil will become increasingly relevant for EU MS.

There is a strong operational need for Europol to cooperate with Brazil in the area of combating organised crime. Brazil is also of interest for Europol in the area of terrorism related to religiously motivated, extremist groups. Finally, operational cooperation with Brazil will also have an overall impact at regional and sub-regional level.

Europol recommends the Management Board to give high priority to concluding an operational agreement with Brazil.

## **6. References**

[EDOC-#597813-EU-Brazil Joint Action Plan 2011](#)



The Hague, 4 April 2012

File no. 2641-127

Edoc # 595554v8

## **Europol External Strategy**

### **Business Case: Cooperation with Georgia**

#### **1. Aim**

The purpose of this Business Case is to provide additional information to the Management Board (MB) on the list of priority third parties for the conclusion of new cooperation agreements. It specifically provides a rationale for Europol's operational interest in establishing a cooperation agreement with Georgia.

#### **2. Policy framework**

##### **2.1. Europol External Strategy**

At its meeting on 1-2 February 2012, the MB took note of the information provided by Europol on the review of the External Strategy and Council list. Several MB members asked for more information on the criteria for prioritising countries.

Europol's legal basis is in the process of being amended, including the rules to conclude cooperation agreements (art. 23 ECD). It seems difficult, therefore, to initiate a new procedure to amend the Council list pending adoption of the new legal basis of the agency.

However, Europol takes note of the political and operational interest in concluding cooperation agreements with a limited number of priority countries. Following the MB discussion on 1-2 February, Europol decided to prepare business cases, based on the most urgent operational needs to substantiate the possibility of adding a limited number of countries to the Council list at the first available legislative opportunity.

## **2.2. External Relations priorities**

Europol External Strategy is compliant with the overall objectives of the EU for the external dimension of Freedom Security and Justice as expressed in chapter 7 of the Stockholm Programme: “Priorities in external relations should inform and guide the prioritisation of the work of relevant EU agencies.”

The European Neighbourhood Policy (ENP) Action Plan adopted in 2006 contains a chapter on police and judicial cooperation (4.3.4), which specifically mentions Europol and identifies an objective to “Develop co-operation between Georgia law enforcement agencies and EUROPOL in accordance with the Europol Convention and the relevant Council decisions”.

Furthermore, in the framework of the Eastern Partnership established in 2009, the conclusion of a cooperation agreement with Europol has become one of the preconditions to be met by Georgia before it could start the negotiations on a visa-liberalisation agreement with the EU. For Georgia, this has substantially increased the political and strategic significance of a cooperation agreement with Europol.

## **3. Operational needs**

Georgian Organised Crime has been active in the EU for more than a decade, steadily growing in scale over that time. Currently, several EU Member States are facing serious issues with criminality caused by Georgian OC, which by its nature is very international and has interlinked clusters in many countries. There is a need for focused and centralised activities against Georgian OC in order to tackle it in an effective manner.

Concluding a strategic cooperation agreement would help Europol to get a better strategic overview of Georgian OC impacting on the EU and its Member States. However, the ultimate goal would be to conclude an operational cooperation agreement, which would allow for the exchange of intelligence and analysis. Europol would achieve a stronger position when dealing with investigations impacting various Member States, and would be able to address more effectively intelligence gaps related to Georgia.

### **3.1. Assessment of the threat to EU internal security**

OCTA 2011 reported on the threat of Georgian OC in relation to drug trafficking, organised property crime and as a logistical hub for the Black Sea area smuggling shipments. OCTA also noted that the activities of Georgian property criminals are highly organised and conducted by subgroups belonging to hierarchical structures. Georgian OCGs operate in Austria, Belgium, the Czech Republic, France, Germany, and Spain, as well as in countries outside the EU, including the Russian Federation and the United States. In at least one case, commonality of the Russian language has facilitated the activity of a group whose members hail from several states of the former Soviet Union.

In the context of the EU Policy Cycle, Georgia has particular relevance for priority E in the fight against organised crime: “Disrupt the trafficking to the EU, particularly in container form, of illicit commodities, including cocaine, heroin, cannabis, counterfeit goods and cigarettes”, and priority G: “Reduce the general capabilities of mobile (itinerant) organised crime groups to engage in criminal activities”

The following areas are the most significant in terms of the particular threat emanating from Georgia:

Organised crime structures: an immediate link to Europol activities is the fight against Georgian criminal groups and their leaders called "Thieves in Law", who have deeply infiltrated several EU countries in the past years. Countries such as France, Austria, Belgium, the Czech Republic, Spain and many others are currently conducting live investigations against "Thieves in Law". Europol AWF EEOC is supporting these investigations and has already achieved tangible results. Georgian OC members are involved in property crime, illegal immigration, identity document counterfeiting, money laundering, extortion, drugs trafficking, etc.

Crimes against property: the activities of Georgian property criminals are highly organised and conducted by subgroups of hierarchical structures. The Georgian OC groups are involved in the distribution of fake and/or cloned credit cards in EU.

Illicit drug trafficking: the country's geographical position makes it also an important transit route for Afghan heroin trafficked to the EU. Georgian groups are also involved in importing cocaine from South America. Large shipments of cocaine to Europe are either trafficked via Georgia or organised by Georgian OC.

#### **4. Progress to date**

Georgian authorities have shown considerable interest in pursuing a cooperation agreement with Europol. Several contacts have been made to inquire about legal and practical options, including in the context of numerous visits to Europol. Additionally, Georgia has contacted a number of EU Member States and the Commission, seeking political support to reach an agreement with Europol.

To date Europol has sought to fulfil existing intelligence gaps regarding Georgian OC via bilateral EU liaison officers or the EU CSDP mission. However, the existing EU CSDP mission to Georgia has a very limited mandate and cannot serve Europol's interests in obtaining intelligence and cooperating with local law enforcement authorities. Furthermore, though being an asset for Europol on ad hoc cases, bilateral officers do not remain long in their positions, which results in irregular cooperation with Georgia.

The Europol Operations Department is running an analytical project dealing with Georgian OC active in the EU. Several operations have been carried out with Europol's involvement, including Operation "*Caucase*" in southern France, during which 23 suspects were arrested, kilograms of gold and jewellery were recovered, and the latest container of stolen goods was stopped before leaving port. As a result of the intervention, two Georgian citizens bearing tattoos specific to "Thieves in law" were detained in the searched residences.

Major investigations such as this would benefit directly from Europol having the means to exchange operational information with Georgia.

## **5. Conclusions and recommendation**

Georgian OC has an increasing impact on the internal security of the EU, requiring enhanced cooperation between Europol and Georgia. Additionally, Georgia has shown great willingness in reaching a cooperation agreement with Europol.

Europol recommends the MB to give high priority to concluding an operational agreement with Georgia.



The Hague, 4 April 2012

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EDOC # 596028 v7

## **Europol External Strategy**

### **Business Case: Cooperation with Mexico**

#### **1. Aim**

The purpose of this Business Case is to provide additional information to the Management Board (MB) on the list of priority third parties for the conclusion of new cooperation agreements. It specifically provides a rationale for Europol's operational interest in establishing a cooperation agreement with Mexico.

#### **2. Policy Framework**

##### **2.1. Europol External Strategy**

At its meeting on 1-2 February 2012, the MB took note of the information provided by Europol on the review of the External Strategy and Council list. Several MB members asked for more information on the prioritisation of countries.

Europol's legal basis is in the process of being amended, including the rules to conclude cooperation agreements (art. 23 ECD). It seems difficult, therefore, to initiate a new procedure to amend the Council list pending adoption of the new legal basis of the agency.



However, Europol takes note of the political and operational interest in concluding cooperation agreements with a limited number of priority countries. Following the MB discussion on 1-2 February, Europol decided to prepare business cases, based on the most urgent operational needs, to substantiate the possibility of adding a limited number of countries to the Council list at the first available legislative opportunity.

## **2.2. External Relations priorities**

Europol External Strategy is compliant with the overall objectives of the EU for the external dimension of Freedom Security and Justice as expressed in chapter 7 of the Stockholm Programme: “Priorities in external relations should inform and guide the prioritisation of the work of relevant EU agencies.” In this regard, the Joint Executive Plan for Mexico (9820/10), implementing the Mexico-EU strategic partnership, attaches a high importance to strengthening cooperation between both parties to effectively combat transnational organised crime. The Executive Plan specifically calls on Mexico and the EU to establish contact and cooperation activities between the Mexican authorities and Europol, including participation in seminars, training and information sessions.

The Mexican Secretariat of Public Security (SSP) and other Mexican authorities have shown great interest in cooperating with Europol. However, the Mexican law enforcement landscape remains very fragmented and Mexican intentions have to be cautiously evaluated and assessed.

## **3. Operational needs**

With no cooperation agreement in place the level of interaction between Europol and Mexican authorities has been relatively low. However, it has developed within the last year especially, in light of new indications that Mexican OC groups may be targeting the EU. So far engagement has been with the Mexican Secretariat of Public Security (SSP). The Procuraduría General de la República (PGR) is the other main law enforcement agency with which Europol will need to engage and it should be pointed out that friction exists between the two organisations.

Europol's general assessment, given the overall OC threat emanating from Mexico, and its increasing relevance to the internal security of the EU, is that establishing a cooperation agreement would be beneficial to Europol and its Member States in the long term.

### **3.1. Assessment of the threat to EU internal security**

OCTA 2011 reported a notable increase in cocaine trafficking from Mexico to the [South West hub](#). This may indicate a new trend of potential significance for the EU, in light of the dominance of Mexican groups in the illicit drugs market in the Americas and the levels of violence attached to their activities. For the moment, however, the intelligence picture remains far from being clear.

OCTA 2011 also noted that poly-criminal organised crime groups involved in high-level drugs trafficking in Brazil, Colombia and Mexico have established a notable role in the illegal supply of endangered species to the EU and US markets. As a result, some of the concealment methods developed for drug trafficking are now used to traffic endangered species.

In the context of the EU Policy Cycle, Mexico may have some relevance for priority E in the fight against organized crime: "Disrupt the trafficking to the EU, particularly in container form, of illicit commodities, including cocaine, heroin, cannabis, counterfeit goods and cigarettes."

The following areas are the most significant in terms of the particular threat emanating from Mexico:

Drug related crime: Mexico remains a major methamphetamine-production country, in particular with regards to providing US markets. However, no direct links to the EU have been identified so far.

Europol (AWF Cola) has limited information on flight couriers from Mexican airports smuggling cocaine into EU airports (3 cases in 2011). In 2010, a seizure of approximately 400 kg cocaine (containerised) in Spain was documented, where the container was loaded in Mexico. Some other operations within AWF Cola have tentative links to Mexican suspects, although their involvement seems limited. As regards cocaine smuggling, Colombian sources (Colombian National Police Antinarcotics Directorate - DIRAN) consider that cocaine trafficking is split along very identifiable lines with Mexican organised crime groups (OCGs) controlling trafficking to USA, and Colombian OCGs, controlling the networks to Europe.

In discussions with Mexican authorities, they indicate that locally based cartels are increasingly active along the distribution channel, with evidence of direct contact with production sources (including the FARC), with the intention to avoid the involvement of some Colombian Cartels. It is claimed that a growing number of seizures in harbours from Southern Mexico have occurred where it has been established that the EU was the final destination. The general opinion is that Mexican cartels already control the distribution towards USA and are now turning their attention towards the EU markets.

The Mexican Secretariat of Public Security (SSP) indicates that evidence exists of a permanent deployment of representatives of Mexican cartels in several countries of the EU, with Spain and Italy specifically mentioned. A recent operation, already developed and closed in Spain, mentioned the arrest of several Aeromexico flight crews involved in the smuggling of cocaine when flying to Madrid.

Mexico was also recently identified as a source of concern by the Anti-Mafia Public Prosecutor of Reggio Calabria (Italy), who claims that the 'Ndrangheta has links with Mexican cartels for provision of narcotics from South America to Italy. SSP confirms the existence of an ongoing operation under judicial control in which direct contacts exist between Mexican cartels and Italian 'Ndrangheta, reporting that a representative of the Italian OCG has already travelled to Mexico.

Heroin is increasingly trafficked (into the US and elsewhere) by Mexican cartels and it may be possible that these cartels would use networks available in Europe to bring in heroin. Poly-drug trafficking is already a key feature seen in the Western Balkans, so it would also be possible to see such developments.

Trafficking in Human Beings: Mexico reports several current investigation focusing on THB from Central American countries (mainly El Salvador) involving the participation of a variety of LEAs (SSP, PGR, CIEDO, Immigration and local authorities). Within this umbrella project, Mexican authorities have detected a growing number of Eastern European women, mainly originating in the former Soviet Union countries, Romania and Bulgaria, being trafficked to the main cities, highlighting Mexico City and Guadalajara amongst others. They also mention an ongoing investigation linked with Germany as well as another related to Bulgaria in which high ranking officers of the Bulgarian authorities are allegedly involved.

Illegal immigration: Mexico has identified links with the Middle East and EU countries, notably UK and France, which are used as transit points for illegal immigrants en route to Mexico. The immigrants detected are often from countries such as Pakistan, Afghanistan and Iraq prompting concerns also in respect of potential links with terrorism.

Terrorism: there has been no cooperation to date between Europol and Mexico in the fight against terrorism. However, Mexico is relevant for Europol, as there have been reports of the presence of members of European-based terrorist groups (e.g. ETA). Furthermore, Mexico is also very relevant for Europol (AWF Dolphin) as numerous anarchist extremist activities have been committed there, whilst often claiming solidarity with anarchists imprisoned in the EU.

Credit card fraud: in particular concerning the theft of credit card information used in an otherwise legitimate transaction or ‘skimming’, Europol has identified significant numbers of cash withdrawals where Mexico does not follow the EU approach on RFID (Chip-Pin) technology. EU criminals have partners in Mexico (and other Latin American countries) who use the data skimmed within the EU.

Counterfeiting: Europol's Central Office function for Euro counterfeiting allows for direct cooperation with States as if an agreement already existed. In the past, the organisation exchanged strategic (technical) information with Mexico on counterfeit banknotes, in some cases requests were received directly from Mexico or via ICPO-Interpol.

Outlaw Motor Cycle Gangs: Mexico has expressed interest in interacting with Europol on problems caused by Outlaw Motor Cycle Gangs, although there is no indication of extensive connections between groups in Europe and those in Mexico. This request has been put on hold until some form of agreement is in place to enable further cooperation.

#### **4. Progress to date**

The General Commissioner of the Mexican Federal Police visited Europol on 19 May 2011. Europol LB Washington was tasked to identify areas for possible cooperation, in particular the possibility that Europol/LB Washington receive operational data from Mexico with focus on Mexican organised crime activities in and towards Europe. Mexico's interest in strengthened cooperation with Europol was also recorded in the context of a meeting held on 8 December 2011 between the Ambassador of Mexico to Belgium, Mrs Sandra Fuentes-Berain, and the Director of Europol. This was followed-up in March 2012 by a meeting between Europol Operations Department experts and representatives of the Secretariat of Public Security, which took place in Mexico City.

Europol produced a SCAN Threat Notice on Mexican OC in 2011. Strengthening of ties is also supported by a number of MS and partners, in particular the United States.

The strategy for current general cooperation options with Latin America which Europol (Scan Team) has been tasked to deliver is based upon four strategic assessments currently under development. This opportunity will be used to explore the value / feasibility of an increased investment in centralised nodes - notably, AMERIPOL. This is based on the premise that whilst some countries represent a clear business interest for Europol and specific AWFs, entering into discussions on bilateral Europol agreements with a large number of countries in this region is not realistic, at least, in the short to medium term.

## 5. Conclusion and recommendation

Information provided by the Mexican authorities indicates an increasing threat posed by Mexican OC to the internal security of the EU. Whilst there is some evidence from EU Member States to support this view, the increased threat has not been fully and independently confirmed by Europol yet.

Nonetheless, the indications are sufficiently serious to justify priority attention being given to the possibility of concluding a cooperation agreement.



The Hague, 18 June 2012

File no. 2644-40

Edoc # 615182v4

## **Europol External Strategy**

### **Business Case: Cooperation with the United Arab Emirates (UAE)**

#### **1. Introduction**

The purpose of this Business Case is to provide information to the Management Board (MB) on priority third parties for the conclusion of new cooperation agreements. It specifically provides a rationale for Europol's operational interest in establishing a cooperation agreement with the United Arab Emirates (UAE).

#### **2. Policy Framework**

##### **2.1. Europol External Strategy**

At its meeting on 6-7 June, the MB agreed to ask the Council to include three countries (Brazil, Georgia and Mexico) to the Council list of third states and organisations with which Europol shall conclude agreements. The MB also considered the possibility of requesting the Council to add the United Arab Emirates to the list. The Director agreed to submit a business case on the UAE to the MB in a written procedure.

##### **2.2. External Relations priorities**

Europol's External Strategy is aligned with the overall objectives of the European Union in the external dimension of Freedom Security and Justice, as expressed in chapter 7 of the Stockholm Programme: "Priorities in external relations should inform and guide the prioritisation of the work of relevant EU agencies."

The EU established bilateral relations with the United Arab Emirates through a Cooperation Agreement signed in 1988 with countries of the Gulf Cooperation Council (GCC). The Agreement covers mainly economic and technical matters. Security issues and, in particular, the fight against organized crime are not generally part of the regular dialogue between the EU and the GCC. However, the 21<sup>st</sup> EU-GCC Joint Council and Ministerial Meeting on 20 April 2011 reiterated its concern about the threat of piracy and highlighted the importance of reinforcing coordination between the EU and the GCC in that area.

### **3. OPERATIONAL NEEDS**

The United Arab Emirates are increasingly relevant in the fight against organized crime as that country is becoming a growing hub for economic and financial crime. Proceeds from criminal activities such as Value Added Tax (VAT) fraud, Missing Trader Intra Community (MTIC) fraud and Money Laundering have been reinvested in the UAE and key criminals involved in these frauds have sought refuge there.

VAT fraud is a highly lucrative crime with a substantial economic and social impact. According to the European Commission, the VAT 'tax gap' was estimated to be €106.7 billion in 2006, amounting to an EU average of 12% of the net theoretical liability, with many of the individual MS suffering losses in excess of 20%. In comparison, the EU Budget for 2011 was €141.9 billion.

#### **Missing Trader Intra Community Fraud (Focal Point MTIC)**

In February 2010, the United Kingdom's revenue and customs administration (HMRC) requested Europol's assistance in accepting, processing, analysing and disseminating sensitive intelligence on key MTIC organisers based in Dubai. As the focus of the crime groups' attention was upon MS other than the UK, the HMRC felt that Europol was the appropriate platform to maintain an oversight of the pan-European nature of MTIC fraud migration.



In March 2010, Europol officials visited Dubai to meet HMRC Fiscal Crime Liaison Officers and key members of the Dubai competent authorities in the Organised Crime, Anti-Money Laundering and Banking Crime departments of the Police. This led to an exchange of information between Dubai authorities and the UK, which was then shared with Europol for the purpose of providing analytical support.

In May 2011, AWF MTIC and the UK hosted a meeting at Europol, which gave MS prosecutors and investigators active in major financial investigations into 'carbon credit' fraud a briefing on the case and established a Europol-facilitated network which led, at the end of July 2011, to the arrest of a French national involved in cocaine trafficking and VAT fraud in emissions trading.

The short 2008-2009 bubble of fraud in the emissions markets alone was estimated by Europol as costing EU MS €5 billion during a period of eighteen months. EU nationals located in Dubai were, to a large extent, responsible for this affair. The same individuals are today turning their attention to other commodities, such as wholesale gas and electricity or metals markets.

### **Money laundering (FP Sustrans)**

The United Arab Emirates is considered a transit and destination country for the proceeds of crime deriving from a variety of offences including VAT fraud and drug trafficking. In one case known to AWF Sustrans, the criminal proceeds of an OCG involved in drugs trafficking operating in South America and Europe were transferred (often via front companies) to the UAE where they were invested in real estate and luxury goods. Assets valued at over €6m were frozen.

Data received by Europol relating to cash movements throughout 2011 indicate that after East and Western Europe, Western Asia is a significant cash couriering route, in particular the UAE, with some €16m moved (both inbound and outbound). Most monetary flows were outbound, with over €12m leaving the UAE for Europe, in particular to Cyprus and Germany. While it is not possible to confirm that all amounts have a criminal origin, the movement of large sums of cash across borders remains suspicious and is a common modus operandi for money laundering.

## **Cigarette smuggling and counterfeit cigarette production (FP Smoke)**

There are about 30 Free Trade Zones (FTZs) in the UAE, many of them within or adjacent to sea ports, providing easy access to the world's shipping routes. OCGs often transfer their goods through FTZs to facilitate smuggling activities, exploiting simplified or non-existent customs or other security regulations. A significant number of illicit cigarettes seized in the EU are produced in factories in the Middle East, particularly in FTZs in the UAE. According to British American Tobacco, the UAE facilities have a manufacturing capacity of over 55 billion sticks per year and produce over 60 different brands. Four of the manufacturing facilities located within the UAE FTZs are problematic in terms of impacting external markets as illicit goods.

In order to conceal the source of smuggled cigarettes, containers are transhipped or 'flipped' before the goods enter the EU, often changing the actual containers, along with the associated documentation on the source, destination and companies involved. Intelligence suggests that this criminal activity is often done by transiting goods via FTZs, especially in Dubai.

## **Intellectual Property Crime (FP COPY)**

Free Trade Zones in the United Arab Emirates are a common transit point for counterfeit goods coming from Asia en route to Europe. One particular case is the Jebel Ali Free Zone (JAFZA), in Dubai, where the real origin of goods is concealed to avoid EU Customs risk profiling. This concerns all types of goods, including those potentially dangerous for consumers' health, such as medicines.

## **Counter-terrorism (CT)**

Currently, only 0.01% of the information stored in the CT AWF is related to the UAE and so far no spontaneous contribution has been made by the UAE, nor has any MS acted as a bridge for data exchange. However, the UAE are potentially a key partner in the Gulf region in the fight against terrorism and could be a valuable source of information for EU security bodies.

At strategic level, Europol's CT unit has participated in a number of events in the framework of EU-GCC cooperation since 2006. The focus of these meetings has been mainly terrorism financing and valuable strategic information was obtained.

#### **4. Conclusions**

Although some Member States have acted as a bridge for data exchange between Europol and the United Arab Emirates, especially in relation to MTIC fraud, there are many limitations when it comes to sharing intelligence on the UAE with other MS. An operational agreement between Europol and the UAE would enable a direct information flow. This would provide MS with an invaluable connection to an area which is becoming increasingly relevant as a hub and a sanctuary for organized crime. Furthermore the value of the illicit sums involved in the forms of criminal activity attributed to the UAE is very high and have a significant adverse impact on economic conditions in the EU.

An operational agreement would also allow the UAE to more efficiently communicate information with MS. At the meeting at Europol in May 2011, the Dubai delegation made a point about the piecemeal approach of MS in seeking and providing intelligence to their authorities and expressed a preference for dealing with one single counterpart to ensure consistency. This role could be filled by Europol in support of MS.

Altogether, an operational agreement would reinforce Europol as the major player in the fight against financial fraud throughout the EU, especially vis-à-vis a region with which MS have had difficulties in establishing operational cooperation in the past. It would therefore contribute to enhancing international co-operation in the field of financial investigation and could open the way for more operational cooperation in criminal matters between the EU and the GCC.

A cooperation agreement would also provide MS with an additional gateway to exchange operational intelligence with the UAE authorities. It would facilitate more focussed international financial investigations against frauds originating from or linked to that area. Finally, it would provide a more coherent and consistent EU law enforcement approach towards the UAE.

## 5. Recommendation

Given the increasing significance of the United Arab Emirates as a hub for economic and financial crime and its impact on the internal security of the EU, Europol recommends the MB to give high priority to concluding an operational agreement with the UAE.

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