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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
EUROPEAN COUNCIL AND THE COUNCIL**

Sixth progress report towards an effective and genuine Security Union

I. INTRODUCTION

This is the 6th monthly report on the progress made towards building an effective and genuine Security Union and covers developments under two main pillars: tackling terrorism, organised crime and cybercrime and the means that support them; and strengthening our defences and building resilience against those threats.

On 7 April Stockholm became the latest victim of a terrorist attack when a truck was hijacked and driven deliberately through a busy pedestrian shopping street before crashing into a department store killing four people and injuring fifteen. This attack came less than three weeks after the 22 March attack on London and its Houses of Parliament where a vehicle and a knife were used to create carnage in a busy and symbolic location. The low-tech nature of both attacks, similar to those perpetrated in Nice and Berlin last year, once again highlights the challenge posed for Member States' authorities in countering such threats and also the importance of the ongoing work under the Security Union on soft target protection¹.

This report provides an update on progress made on key Security Union legislative and non-legislative files. It also includes a particular focus on combating serious and organised crime – one of the three core areas of the 2015 European Agenda on Security². In the context of the work being done on the new EU Policy Cycle for serious international and organised crime for the years 2018 to 2021, this report sets out what in the Commission's view should be the future EU priorities on combating serious crime and organised crime.

Organised crime is a key enabler of terrorism, helping terrorists to acquire weapons and financial means. Increasingly, the border between cybercrime and "traditional" crime is also disappearing as criminals harness the Internet both as a way of scaling up their activities and as a source of procuring means and finding new methods of committing crime. Terrorism, organised crime and cybercrime are thus interlinked areas, and supporting the fight against organised crime is a key priority for action at EU level under the Security Union.

II. IMPLEMENTATION OF PRIORITY FILES ON SECURITY

1. *Legislative initiatives*

The Directive (EU) 2017/541 on **combating terrorism** was published in the Official Journal on 31 March.³ The new rules will help prevent terrorist attacks by criminalising acts such as the financing of terrorism, undertaking training or travelling for terrorist purposes, as well as organising or facilitating such travel. They also strengthen the rights of the victims of terrorism, and include a catalogue of services to meet the specific needs of victims of terrorism. Member States must transpose the new rules into national law by 8 September 2018.

The European Parliament voted in plenary on 14 March 2017 to approve the revision of the **Firearms Directive**⁴. The proposal significantly broadens the range of prohibited weapons (Category A) taking the most dangerous weapons out of civilian hands. It also brings acoustic and deactivated weapons under the scope of the directive as well as

¹ COM (2017) 41 final.

² COM (2015) 185 final.

³ OJ L 88 of 31/3/2017, p. 6.

⁴ COM (2015) 750 final.

enhances weapons' traceability through reinforced marking rules and information exchange amongst Member States. The Council is expected to give its final agreement on 25 April. The Member States will have 15 months to transpose the new rules into national law and 30 months to put in place data-filling systems for registering all information needed in order to trace and identify firearms.

Trilogue discussions between the co-legislators were launched on 21 March 2017 on the Commission's proposal for targeted amendments to the **4th Anti Money Laundering Directive**⁵, proposed by the Commission on 5 July 2016. The proposal is designed to cover new means of terrorist financing such as virtual currencies and pre-paid cards and to increase transparency to help to combat money laundering. The Commission calls on the co-legislators to finalise negotiations as quickly as possible on this important proposal, which will help further reduce the means available to terrorists.

In terms of strengthening controls at borders, on 7 April, the amendments of the **Schengen Borders Code** related to systematic checks at external borders, including for EU citizens⁶, entered into force. This important legislation will increase security within Schengen without disrupting the flow of traffic. In some defined circumstances and based on a prior risk assessment to ensure that this does not lead to a security risk, Member States in situations where there is a disproportionate impact on the flow of traffic at specific land and sea borders can, by way of time limited derogation, decide to carry out targeted checks on EU citizens against databases at these borders. Risk assessments must be shared with the European Border and Coast Guard. With regard to initiatives related to border management, trilogue discussions between the co-legislators were launched on 23 March on the Commission's proposals to establish an **EU Entry/Exit System** to improve border management, combat irregular migration and strengthen internal security by recording the movements of third country nationals across the Schengen area external borders⁷. The Commission calls on the co-legislators to make rapid progress to allow development work on the system starting this year thereby ensuring that it will be operational by early 2020. Technical discussions by each co-legislator are advancing well on the **European Travel Information and Authorisation System (ETIAS)**⁸. The Commission will continue actively to support the co-legislators and drive this forward. The proposal for the EU Entry/Exit System and ETIAS are legislative priorities under the Joint Declaration⁹ of the European Parliament, the Council and the Commission. The Institutions therefore agreed to give priority treatment to these files in the legislative process to ensure their swift delivery.

Regarding the implementation of recently adopted legislative files, the Commission is continuing to support Member States in the swift implementation of the **EU Passenger Name Record (PNR) Directive**.¹⁰ On 8 March, the Commission held a fourth meeting on the implementation of the PNR Directive, which showed that several Member States are now in the process of adopting legislation or amending legislation in place prior to the adoption of the PNR Directive. The Commission will continue to monitor and support implementation.

2. Implementation of non-legislative actions

⁵ COM(2016) 450 final, 5.7.2016.

⁶ COM(2015) 670 final, 5.12.2015.

⁷ COM(2016) 194 final, 6.4.2016, COM(2016) 196 final, 6.4.2016.

⁸ COM(2016) 731 final, 16.11.2016.

⁹ https://ec.europa.eu/commission/publications/joint-declaration-eus-legislative-priorities-2017_en

¹⁰ OJ L 119, 4.5.2016, p. 132.

The final meeting of the **High Level Expert Group on Information Systems and Interoperability** (HLEG) is scheduled for 25 April. As part of the process of concluding the work of the group, the subgroup on existing systems met in March to examine customs systems (use of / access to law enforcement information) and law enforcement access for SIS, VIS and Eurodac.

In March, the Commission led an EU delegation including the current and future Council Presidencies, the EU Counter Terrorism Coordinator, the Head of the Europol Internet Referral Unit and the Director of the Radicalisation Awareness Network Centre of Excellence, to the United States for meetings with the major social media and internet companies to further the voluntary partnership with the EU and ensure follow-up to the initiatives agreed at the December 2016 **EU Internet Forum**. As previously reported, the EU Internet Forum set up in December 2015 forms a key part of the Commission's response to the increased abuse of the internet by terrorist organisations.

A key deliverable was the presentation of the working prototype of the joint **databases of hashes** established by the internet companies, which allows companies to mark known terrorist content, to identify similar content, assess this content against their own policies and rapidly remove it irreversibly. The companies are now focusing on testing and enhancing scalability as well as identifying new, particularly smaller, companies that can be brought into the consortium, so as to maximise the impact and reach of the tool. The EU side also highlighted the importance of the companies adopting a more proactive response through **automatic detection of abusive content**.

As part of the Commission's efforts to counter online radicalisation, a further EUR 10 million has been earmarked to support counter narrative campaigns online through the **Civil Society Empowerment Programme**, a key initiative under the EU Internet Forum. The programme was launched on 15-16 March bringing together 100 stakeholders.

The **Radicalisation Awareness Network (RAN)** and its **Centre of Excellence** foster the exchange of expertise and best practice among front line practitioners working on prevention and anti-radicalisation. The RAN Centre of Excellence provides support to Member States, e.g. in designing prevention strategies and de-radicalisation programmes in prisons. As announced in the 2016 Communication on Radicalisation¹¹, in early 2017 the Commission launched the Network of Prevent Policy Makers pursuing two main objectives: (i) strengthening and institutionalising the exchange of expertise and experience on prevent approaches and prevention policies in Member States; and (ii) involving Member States more closely in RAN activities, by ensuring broader dissemination of RAN findings in a given Member State, ensuring optimal participation of national, regional or local experts at RAN events and identifying needs in Member States for RAN training, workshops and, counselling. The first meeting took place on 2 February 2017 and future meetings (on a quarterly basis) will focus on priority themes such as returnees, de-radicalisation and polarisation.

To help improve cross-border law enforcement cooperation, the Commission organised on 27 March a workshop dedicated to the practice of "**cross-border hot pursuits**". These are pursuits (typically by car) of suspects, which start in the internal border areas by law enforcement officers of one Member State and continue into the territory of a neighbouring Member State. This first workshop allowed a constructive discussion on

¹¹ COM(2016) 379 final, 4.6.2016.

the practical implementation of hot pursuit, and on avenues to facilitate this sensitive form of cross-border police cooperation.

As regards **aviation security**, work has advanced on the risk assessment on threat and vulnerability regarding flights coming into the EU from third countries following work launched in January to develop a risk matrix combining threat assessment and detailed elements of vulnerability. This will pave the way for prioritisation and coordination of external capacity-building efforts in vulnerable third countries. While the EU has developed a robust aviation security framework, it is important to speed up the above mentioned processes to close potential security loopholes. The **ban on certain electronic devices** recently issued by the United States and the United Kingdom underlines the need to foster closer cooperation among Member States, while respecting their right to decide on the introduction of additional security measures on flights from third countries. To enhance such coordination, the Commission organised a classified expert meeting on 31 March with Member States, Australia, Canada and the United States.

III. EU PRIORITIES ON COMBATING SERIOUS AND ORGANISED CRIME – THE NEW EU POLICY CYCLE

The objective of the so-called **EU Policy Cycle** is to ensure effective cooperation between Member States' law enforcement agencies, EU Institutions and EU Agencies that should lead to coherent and robust operational action targeting the most pressing criminal threats facing the EU. It is an evidence-based process and begins with the presentation by Europol of the **Serious and Organised Crime Threat Assessment (EU SOCTA)**, which delivers a set of recommendations of the main crime threats facing the EU. The EU SOCTA report is the basis for the discussion between Member States on priorities tackling the crime threats at EU level. The priorities are then adopted by the Justice and Home Affairs Council and are then reflected in cross-border operational activities at Member State level, notably through joint actions between Member States and EU Agencies with the support of the European Multidisciplinary Platform Against Criminal Threat.¹² The Commission has provided and will continue to provide financial support for the implementation of the EU Policy Cycle and has allocated EUR 4 million for 2017 in addition to the EUR 9 million funding in 2015 and 2016.

Overall, the current EU Policy Cycle (2013-2017) has been successfully implemented. An independent evaluation¹³ contracted by the Commission concluded that it had achieved its main objective of improving cooperation between Member States in the fight against serious and organised crime.¹⁴ The EU Policy Cycle has led to an improvement in the exchange of information, sharing of good practices and the launch of many joint investigations and operations by the Member States. It has also contributed to building relations and trust, including with third countries.

The new Policy Cycle was launched by the presentation by Europol on 9 March 2017 of the EU SOCTA 2017 report.¹⁵ The report explores potential **links between serious and**

¹² <https://www.europol.europa.eu/crime-areas-and-trends/eu-policy-cycle-empact>

¹³ Evaluation Study on the EU Policy Cycle for serious international and organised crime 2013-2017, Final report, 30.1.2017.

¹⁴ The current EU Policy Cycle has 9 priorities: facilitation of illegal immigration, trafficking in human being, counterfeit goods, excise and VAT fraud, cocaine and heroin, synthetic drugs, illicit firearms trafficking, organised property crime and cybercrime.

¹⁵ <https://www.europol.europa.eu/activities-services/main-reports/european-union-serious-and-organised-crime-threat-assessment-2017>

organised crime and terrorism, namely that organised crime can feed terrorism through activity such as the trafficking of firearms and the production of false documentation or proceeds from drug smuggling. This was the approach proposed in the European Agenda on Security¹⁶ followed in the Communication delivering on the European Agenda on Security to fight against terrorism and pave the way towards an effective and genuine Security Union.¹⁷

The EU SOCTA 2017 recommends focusing on five priority crime threats: (1) **cybercrime**, (2) **drug production, trafficking and distribution**, (3) **migrant smuggling**, (4) **organised burglaries and theft** (organised property crime), and (5) **trafficking in human beings**. It also recommends addressing three cross-cutting issues that enable or enhance all types of serious and organised crime: (a) document fraud, (b) criminal finance including money laundering, and (c) online trade in illicit goods and services.

Based on the EU SOCTA 2017, the Commission and the Council Presidency are preparing their suggestions for the crime tackling priorities of the new EU Policy Cycle for the years 2018 to 2021, to be discussed in the Standing Committee on operational cooperation on internal security, to be endorsed at the June 2017 Justice and Home Affairs Council.

In view of setting the future EU priorities on combating serious crime and organised crime, the Commission supports the five priority crime threats identified by Europol (see sections 1 to 5 below). In addition to that, the Commission considers that particular attention and financial resources should also be dedicated at EU level to tackling the following three crime threats: (6) **firearms trafficking**, (7) **VAT fraud** and (8) **environmental crime**. These three areas should also be priority crime threats under the new EU Policy Cycle (see sections 6 to 8 below).

A key issue highlighted in the EU SOCTA 2017 is the **use of new technologies by criminals**. For almost all types of organised crime, criminals are deploying and adapting technology with ever-greater skill and to ever-greater effect. There is much greater use of the internet for all types of illicit trade in goods and services. This requires law enforcement authorities to be equipped with adequate tools to fight this type of online criminality and to train and learn together. The European Union Agency for Law Enforcement Training has a crucial role to play in providing appropriate training, in line with policy priorities and identified threats, to front-line law enforcement officers.

There is also an important **external dimension of serious and organised crime**. The EU SOCTA 2017 highlights that individuals from over 180 different nationalities – residing inside or outside the EU – are involved in organised crime activity inside the EU. 40% of suspects are not citizens of Member States. The key trafficking routes for organised crime threats originate from outside the EU. Action is underway to address organised crime threats externally.¹⁸ It is important to continue ensuring the linkages between EU internal security and external action when addressing serious and organised crime threats, including through Europol's cooperation with third countries.

¹⁶ COM(2015) 185 final, 28.4.2015.

¹⁷ COM(2016) 230 final, 20.4.2016.

¹⁸ This includes EU funded projects (for example in the Western Balkans and the Sahel region), Common Security and Defence Policy missions (such as EUNAVFOR Med Operation Sophia, explicitly conceived to also disrupt the business model of smugglers) and the border management missions in third countries.

1. *Cybercrime*

Cyber-attacks are increasing in terms of intensity, volume and quality.¹⁹ By its very nature, cybercrime is international: victims, criminals and evidence are often located in different countries, under several jurisdictions. Member States have shown keen interest in the cyber-crime priority as demonstrated by the number of operational action plans²⁰ set up in the areas of cyber-attacks, online child sexual exploitation and payment card fraud. At EU level, the European Cybercrime Centre at Europol (EC3) has made a significant contribution to the fight against cybercrime.²¹ Eurojust, through secondment of an expert and membership of the programme board, works closely with EC3. EC3 also hosts the Joint Cybercrime Action Taskforce. Its mission is to drive intelligence-led, coordinated action against key cybercrime threats through cross-border investigations and operations by its partners.²²

Further steps include exploring possible solutions to remove obstacles to criminal investigations against cybercrime, by identifying specific initiatives on access to evidence and information.²³ Cooperation to fight cybercrime must maintain its focus on identification and protection of victims building on the current victims' rights set out in EU law²⁴ and current best practice²⁵. Cooperation against online child sexual exploitation must continue and be further strengthened.²⁶ Concerning payment card fraud, it is necessary to widen existing law enforcement cooperation to a broader range of criminal activities which target non-cash means of payments. As announced in the Action Plan on strengthening the fight against terrorism financing the Commission is preparing to update the 2001 Framework Decision combating fraud and counterfeiting of non-cash means of payment.²⁷

2. *Drug production, trafficking and distribution*

The illicit drugs market remains the largest criminal market in the EU. EU SOCTA 2017 shows that more than one third of the criminal groups active in the EU are involved in the production, trafficking or distribution of various types of drugs. The EU retail drug market is estimated to be worth at least EUR 24 billion a year. Drug trafficking also

¹⁹ See the Internet Organised Crime Threat Assessment (IOCTA) 2016:

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

²⁰ Operational Action Plans (OAP) are designed for each of the EMPACT priorities, to coordinate actions by MS and EU organisations against the identified threats. On cybercrime, 114 operational action plans were launched in 2015 and 2016.

²¹ Since it was established, EC3 has been involved in tens of high-profile operations and over 200 on-the-spot operational-support deployments resulting in hundreds of arrests, and has analysed over 800,000 files, the vast majority of which have proven to be malicious.

²² <https://www.europol.europa.eu/activities-services/services-support/joint-cybercrime-action-taskforce>

²³ Council Conclusions of 9 June 2016 on improving criminal justice in cyberspace.

²⁴ In particular, Directive 2012/29/EU establishing minimum standards on the rights, support and protection of victims of crime, OJ L 315, 14.11.2012, p. 57–73; and Directive 2011/92/EU on combating the sexual abuse and sexual exploitation of children and child pornography, OJ L 335, 17.12.2011, p. 1–14.

²⁵ For example, the NoMoreRansom project - <https://www.nomoreransom.org/>, led by Europol and involving law enforcement agencies and private organisations to help victims of malware encrypting their data (ransomware); it provides victims with the necessary tools to decrypt their software and recuperate information.

²⁶ See the Commission's implementation report on Directive 2011/92/EU on combating the sexual abuse and sexual exploitation of children and child pornography, COM(2016) 872 final, 16.12.2016.

²⁷ OJ L 149, 2.6.2001, p. 1–4.

supports the informal economy and spills over into violence and other illegal activities and causes major social problems.

The EU acts against drug trafficking under the EU Drugs Strategy 2013-2020, covering both the reduction of the supply and demand for drugs. The Commission proposed on 15 March a draft new EU Drug Action Plan for the period 2017-2020. To enable the EU to act more swiftly and more effectively on new psychoactive substances, the Council agreed in December 2016 on a general approach for a new legislative package to address new psychoactive substances and to bring harmful substances under control at EU level²⁸. Discussions between the co-legislators were launched on 1 March.

3. *Migrant smuggling*

Migrant smuggling to the EU today is one of the fastest growing forms of organised crime.²⁹ Migrant smuggling not only fuels irregular migration to the EU – thus affecting border security and undermining migration management – but also represents a serious form of crime, which increasingly exposes migrants to violence, exploitation and loss of life. The European Agenda on Migration³⁰ and the EU Action Plan against Migrant smuggling³¹ identified the need to prioritise better prevention and fight against migrant smuggling, including reducing irregular migration and loss of life in the Mediterranean. The increased support to Europol, including the establishment of a dedicated European Migrant Smuggling Centre, is designed to help address these challenges. The one year activity report illustrates the comprehensive support it provides to European police and border control authorities in coordinating highly complex cross-border anti-smuggling operations.³² Eurojust has also designated judicial contact points at the Hotspots in Greece and Italy to channel relevant information and cases to Eurojust's National Desks for judicial follow-up and coordination at EU level. The migrant smuggling is also an important action along the Central Mediterranean route proposed in the Joint Communication on 25 January 2017.³³

4. *Organised property crime*

Organised property crime encompasses a range of different criminal activities carried out by highly specialised mobile organised crime groups operating across the EU, in particular through organised burglaries, thefts and robberies and motor vehicle crime.³⁴ However, it remains under-investigated since individual incidents are often classified as petty criminality. The increase in domestic burglaries attributable to itinerant crime groups originating mainly from South-Eastern and Eastern Europe is a major concern for law enforcement. To counter this highly mobile form of criminality, cooperation between

²⁸ COM(2016) 547 final, 29.8.2016.

²⁹ Europol estimates that at least 90% of all migrants and asylum seekers who reach the EU irregularly have used smugglers services to do so. In 2015, migrant smuggling networks offering facilitation services to reach or move within the EU generated an estimated EUR 4.7 billion to EUR 5.7 billion in profit.

³⁰ COM(2015) 240 final, 13.5.2015.

³¹ COM(2015) 285 final, 27.5.2015.

³² <https://www.europol.europa.eu/newsroom/news/europol%E2%80%99s-european-migrant-smuggling-centre-one-year>

³³ JOIN(2017) 4 final, 25.1.2017.

³⁴ The EU SOCTA 2017 reports a steady increase in the number of reported burglaries over recent years; estimates suggest one burglary is committed every 1.5 minutes in the EU, with some Member States registering 1000 burglaries every day.

law enforcement within the EU, but also with partner countries in the neighbourhood, is a priority.³⁵

5. *Trafficking in human beings*

Trafficking in human beings has been an EU priority threat for more than a decade and should remain so under the next Policy Cycle. This is one of the most serious forms of organised crime and a gross violation of human rights – but it is one of the most profitable criminal markets.³⁶ Traffickers also rely heavily on document fraud to enable their trafficking activities³⁷.

The EU has developed an effective and comprehensive legal and policy framework addressing trafficking in human beings, in particular Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims³⁸ and the EU Strategy towards the eradication of trafficking in human beings 2012-2016.³⁹ The Commission is currently examining which actions are needed for the post-2016 policy framework, building on the existing framework and based on an evaluation of its results.

6. *Firearms trafficking*

National black markets are the primary source of firearms for terrorism and criminals. This market originates from theft or diversion from legal weapons shipments and depots. Illegal firearms traded online on the Darknet and delivered by normal post and parcel services are now the most common way of trafficking firearms in the EU. The number of cases related to investigations of trafficking in firearms on the Darknet is rising (2% in 2014, around 6.5% in 2015 and 9% in 2016).

Treating firearms trafficking as a priority in the current EU Policy Cycle has shown results with increased commitment of Member States (from 12 to 22 participating countries) and a broader involvement from customs authorities.⁴⁰ There is also growing cooperation with international partners (Interpol, UNODC) and regional cooperation (notably in the Western Balkans), which has led to an average of 17 actions per year in the last three years.⁴¹

³⁵ An example of cross-border law enforcement cooperation is Operation Turnstone, carried out in May 2015, which targeted serious cross-border organised property crime in the Baltic Sea region. Nearly 80 000 entities from passenger and vehicle lists of ferries operating across the Baltic Sea were checked both in the national and Europol databases, which triggered 325 hits on high-value targets. The offenders were arrested after an intensive surveillance operation which monitored the suspects from their initial arrival in Stockholm, by ferry from Tallinn, across more than 1000 km through Sweden to the city of Bodø in Norway. See Europol review 2015.

³⁶ Based on Europol's Report on Trafficking in Human Beings Financial Business Model of 2015, the estimated profit globally on all forms of THB is 29.4 billion euro annually. A trafficker's average annual income is about 70 000 euro. The estimated annual profit globally of THB related sexual exploitation is EUR 25.8 billion and of THB-related labour exploitation EUR 3.5 billion.

³⁷ In December 2016, the Commission adopted an Action Plan to strengthen the European response to travel document fraud (COM(2016) 790 final, 8.12.2016). On 27 March, the Council adopted Conclusions endorsing the Action Plan and calling for its swift implementation.

³⁸ OJ L 101, 15.4.2011, p. 1.

³⁹ COM(2012) 286 final, 19.6.2012.

⁴⁰ 22 Member States involved (BE, BG, DK, EL ES, FI, FR, MT, NL, PT, RO, SI, SE, UK, LU, PL, HU, SK, AT, HR, DE and CY). Nine institutions, agencies and networks are involved: the Commission, EUROPOL, CEPOL, EUROJUST, EEAS, European Firearms Expert (EFE), INTERPOL, FRONTEX, EU-LISA, and third parties: Switzerland, US-ATF.

⁴¹ Ranging from approximation of national legislation, setting up of centralised coordination bodies ("National Focal Points") to ensure better exchanges of information and intelligence, training activities

To choke off the supply of weapons available to criminals and terrorists, the Commission believes that this priority should be maintained in the current cycle⁴² to compliment the agreement reached in March to tighten controls on legally held firearms including extending the scope of prohibitions on the most dangerous weapons.⁴³

7. *Cross-border VAT fraud*

Organised crime groups cause between EUR 40 and 60 billion of revenue losses per year through cross-border VAT fraud and 2% of those groups are behind 80% of Missing Trader Intra-Community fraud.⁴⁴ Fraud schemes are highly complex and difficult to detect and therefore require a coordinated approach by tax administrations and law enforcement bodies. At EU level, Eurofisc - a network of tax officials - provides a quick and multilateral exchange of targeted information to tackle serious cross-border VAT fraud. It handles crucial intelligence on fraudsters and new fraud trends. Given the financial losses caused by cross-border VAT fraud organised by criminal groups, the Commission considers that it is an issue that should be included in the new EU Policy Cycle.⁴⁵

As announced, the Commission will present a proposal in September 2017 to move to a single EU VAT area, removing the main weakness of the system in order to reduce significantly cross border fraud.⁴⁶

Once set up, the European Public Prosecutor's Office (EPPO)⁴⁷ will be the key actor in the fight against crimes affecting the financial interests of the Union. The EPPO will have the competence to investigate and prosecute such crimes across the EU, including serious cross-border VAT frauds involving a damage of at least EUR 10 million. This particularly applies to carousel fraud and Missing Trader Intra-Community fraud schemes, often involving organised crime structures.⁴⁸

8. *Environmental crime*

Environmental crime is worth USD 91 to USD 258 billion annually⁴⁹ and is growing at 2-3 times the pace of the global economy. This makes it the fourth largest crime in the world after drug trafficking, counterfeit crimes and trafficking in human beings.⁵⁰ The EU is the origin (e.g. illegal waste trafficking) or the destination market (e.g. protected

or joint transnational investigations and law enforcement operations (in the Western Balkan, focusing on gas/alarm weapons, on converted firearms, on online trade or on parcel delivery).

⁴² A majority of Member States expressed their support for this priority in the current discussions for the preparation of the new cycle.

⁴³ COM(2015) 750 final, 18.11.2015.

⁴⁴ Court of Auditors' report nr 24/2015 on intra-Community VAT fraud.

⁴⁵ A significant number of Member States also supported VAT fraud as a priority in the new cycle in the current discussions for the preparation of the new cycle.

⁴⁶ Action Plan on VAT: Towards a single EU VAT area - Time to decide (COM(2016) 148 final, 7.4.2016).

⁴⁷ On 3 April, 16 Member States notified the three EU institutions of their intention to launch an enhanced cooperation to establish the EPPO.

⁴⁸ The EPPO will lead to a greater number of prosecutions, convictions and a higher level of recovery of fraudulently lost Union funds. Its competence will be based on the proposed Directive on the fight against fraud to the Union's financial interests by means of criminal law (PIF Directive), which establishes minimum rules on definitions of criminal offences and sanctions against the EU budget (COM(2012) 363 final, 11.7.2012). The PIF Directive is expected to be adopted in June 2017.

⁴⁹ <http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=27076&ArticleID=36202&l=en>

⁵⁰ http://unep.org/documents/itw/environmental_crimes.pdf

species, illegal timber), and/or a hub for trafficking in transit to other regions (e.g. wildlife products such as ivory).^{51 52}

The significance of environmental crime has been recognised at EU level by the adoption of the Environmental Crime Directive.⁵³ Member States' criminal codes have been aligned with its requirements to sanction different categories of environmental crime, including waste and wildlife crime. The EU has also adopted an Action Plan against wildlife trafficking⁵⁴ in February 2016, which is currently being implemented. The Commission is also supporting and collaborating with EU networks of police officers, prosecutors, inspectors and judges specialised in combating environmental crime.⁵⁵ Given its economic impact, serious threat to security and its devastating effect on the natural environment, the Commission thus considers that environmental crime should also be included in the new EU Policy Cycle.

IV. CONCLUSION

The Commission considers that the 2017 **Serious and Organised Crime Threat Assessment** is a good basis to set the EU crime tackling priorities for the next four years. Building on that, the Commission calls on the Council to endorse the following eight crime threats as priorities in the EU Policy Cycle for serious international and organised crime for the years 2018 to 2021: cybercrime, drugs crime, migrant smuggling, organised property crime, trafficking in human beings, firearms trafficking, VAT fraud and environmental crime.

The next report due on 16 May will set out the Commission's findings based on the final report of the High Level Expert Group on Information Systems and Interoperability and present concrete ideas to the European Parliament and to the Council as the basis for a joint discussion on the way forward.

⁵¹ https://www.unodc.org/documents/data-and-analysis/wildlife/World_Wildlife_Crime_Report_2016_final.pdf;
http://unep.org/documents/itw/environmental_crimes.pdf

⁵² In 2015, Europol coordinated a global wildlife crime operation COBRA III: 25 EU Member States, Interpol and Eurojust participated in this operation under the umbrella of the EU Wildlife Enforcement Group. The operation targeted primarily smugglers of ivory and rhino horns who operate on the route from Africa via Europe towards the Asian (mainly Chinese and Vietnamese) markets. The operation consisted of 70 complex investigations in 25 participating states and 600 seizures, including large amounts of new age medicine containing extracts from protected plants, and several thousand kilos of protected timber. See Europol review 2015.

⁵³ Directive 2008/99/EC on the protection of the environment through criminal law, OJ L 328, 6.12.2008, p. 28.

⁵⁴ COM(2016) 87 final, 26.2.2016.

⁵⁵ EnviCrimeNet, European Network of Prosecutors for the Environment (ENPE), IMPEL and EU Forum of Judges for the Environment (EUFJE).