

# 1. CORRUPTION AND TRANSBORDER CRIME IN BULGARIA

## 1.1. THE DYAD OF CORRUPTION AND TRAFFICKING: DEFINITION AND GENERAL PRESENTATION

Attention is paid below to those instances of trafficking/smuggling which take place due to the awareness and assistance of civil servants called upon to combat this phenomenon. In other words, the issue discussed is indeed the combination of trafficking and corrupt practices and the interweaving of the interests of smugglers with those of corrupted public officials. This selective approach takes account of the immense threats generated by such a criminal alliance and of the fact that the “smuggling channels” in Bulgaria operate unambiguously on the basis of this combination.

In the dyad corruption and trafficking the first concept is much more difficult to define. In the course of time and especially recently, the term “corruption” has been increasingly used as a synonym to bribery though it has an inherent general meaning as well, in contrast to the strict legal concept of bribe, as defined in the Criminal Code [1]. In our case bribery is not necessarily an international phenomenon but forms part of transborder crime to the extent to which it is connected to the smuggling that takes place. It should be mentioned that other crimes and lesser offences, which either facilitate or conceal the smuggling, usually accompany the corrupt practices that involve officials.

The concept of trafficking is used in this publication as a synonym to “smuggling” and “contraband” (although it is generally more inclusive) [2]. It is used to denote any import of goods into, or their export from, a country in contravention of the applicable domestic legislation. Consequently, trafficking is resorted to in order to evade the payment of customs duties, taxes and fees due, to derive financial and commercial benefit, to avoid the existing customs, tax, police or any other control and the procedures relating to certain registration or licensing requirements, to circumvent the import and export restrictions, etc.

From a strictly legal perspective, smuggling qualifies both as a crime which entails criminal liability under the Bulgarian Criminal Code and as an administrative offence, for which administrative liability lies under the Law on Customs (State Gazette, issue 15, 1998). The elements of the crime “smuggling” are prescribed in s. 242 of the Criminal Code. On the objective side, the crime consists of transferring goods across the border of the country without the knowledge and authorization of the customs authorities. The goods could be quite different and the criminal liability actually depends on their type and quantity [3].

Trafficking is international by nature as it implies violation of the customs regulations by carrying or transporting goods from one country to another, while crossing the border between them. Depending on the type of the goods carried and on the buyer or point of departure and arrival, nationals of different states may intervene as perpetrators. In a number of cases the nationality of the actual smuggler is crucial since various visa restrictions might impede the movement of persons and goods in some regions of the world, e.g. the Schengen Agreement. In order to

smuggle goods to a destination in the territory of the countries, which are parties to the Schengen Agreement, nationals of these states are normally used.

The objects smuggled are usually goods coming under high rate headings (cigarettes, spirits, motor cars), goods subject to national prohibitions or restrictions (arms, narcotic drugs and precursors, pornographic materials), subsidised goods, endangered animal or plant species, goods and technologies with possible dual use, objects of cultural, artistic or historic value, strategic raw materials and products, counterfeit goods or ones linked to intellectual property offences, goods subject to international control, nuclear and radioactive materials, hazardous or toxic substances and waste, hi-tech products, etc.

Albeit trafficking could take place at any time and at any point of a border, there are actually two groups of places where it is concentrated: points where customs control is exercised (ports, airports, land border check points, free trade zones, etc.) and places falling outside the scope of customs control (remote areas along the shore, unpopular ports or airports) [4].

The smuggling of goods and the corresponding crimes of corruption exist all over the world. Their scale and the trends in transborder crime depend on the specific circumstances, in which smuggling is practiced.

The main factor influencing the level of smuggling is the adequacy of the customs control aimed at detecting, seizing and confiscating illegal imports or exports. If the smugglers know that the control is weak, that corruption roams at large among the customs officers and most probably they would not be detected and punished, the situation in that particular state is assessed as beneficial to smuggling.

There is a clear link between democratic organization, good governance, lacking or limited corruption in the state administration, on the one hand, and low levels of illicit transactions, on the other hand. The reverse is also true: the more corrupted and/or inefficient the law enforcement agencies or other authorities are, the greater the threat of corruption. In other words, corruption among civil servants is an essential prerequisite for the vast majority of illicit operations.

In addition, in states with well-rooted democracy and market economy no domestic (economic, social, political and legal) factors exist that could encourage the smuggling of goods and capital. Trafficking there is restricted and controlled at a macroeconomic level, and generally boils down to the importation of prohibited goods like narcotic drugs and precursors or dual use goods which, because of their nature or possible use, are liable to affect the moral foundation of the society, to infringe the public order or threaten the security of the country concerned.

As to the totalitarian states, trafficking there is also limited but this is achieved through the methods of the police-based party-state, rather than through mechanisms grounded on the rule of law. If total control exists, the chance to carry out uncontrolled activities, such as trafficking, is close to zero. Under these conditions, illicit transactions could almost invariably be carried out as a state policy by using specific "channels" organized by the secret services or by other state structures. Hence, this is a non-classical form of smuggling where the state is not the victim but organizes the illicit transfer of goods across the national border.

Nowadays trafficking threatens to become an unprecedented problem, especially for the societies of developing countries and of states in transition. The conditions boosting the number of illicit operations flourish especially in the context of post-Communist reforms. There are different reasons for such interdependence: domestic and international, political and economic, institutional and cultural alike.

The disintegration of the former Soviet block and of its economic organization (COMECON) disrupted the exchange mechanisms in Eastern Europe. The coun-

tries in Eastern Europe and their domestic production capacities lost their traditional partners and markets. At the same time, however, the states in Western Europe to a great extent remained closed to most post-Communist countries. Due to the drastic shrinkage of international markets, significant portions of the production of the best developed sectors in Eastern Europe became the object of illicit import. The subsequent economic crisis coupled with industrial and agricultural decline further exacerbated the supply and demand imbalances on domestic markets, which, in turn, also fuelled the practice of illicit trafficking and smuggling. On the other hand, the breakdown of the law enforcement and controlling mechanisms inherited from the Communist past and the resulting legal and institutional chaos, combined with the liberalization of trade and the opening of the former Communist states towards the world, substantially facilitated the ever growing illicit transactions from and to these countries. Broadly speaking, the landsliding corruption among civil servants has become a condition for, and a mandatory component of the illicit transactions in the transition period.

## 1.2. DEVELOPMENT OF “SMUGGLING CHANNELS” IN BULGARIA

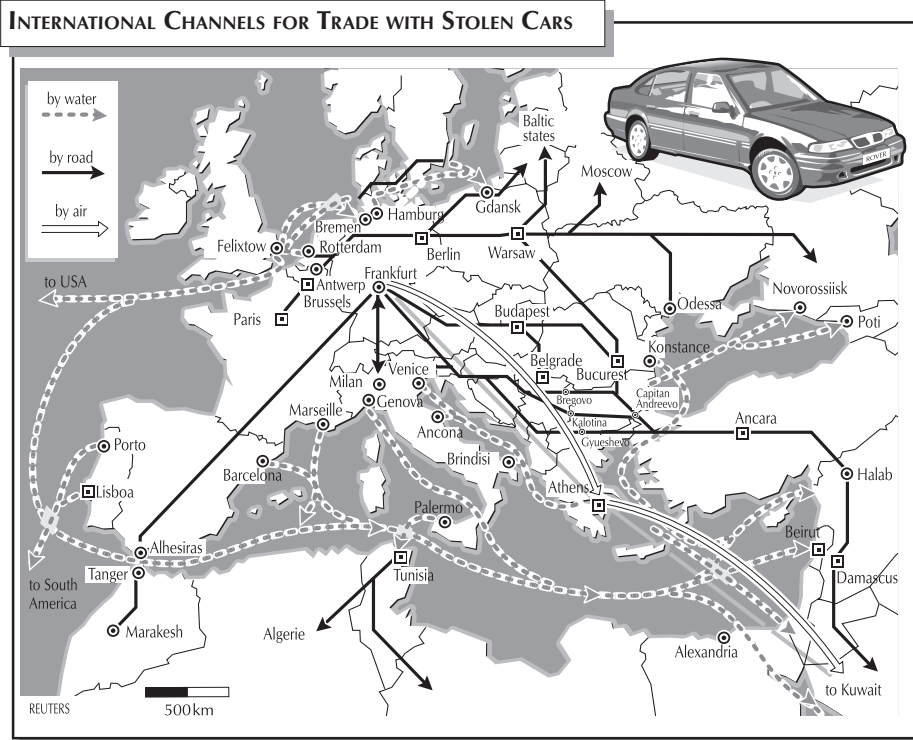
Having described the above overall picture, we should acknowledge that Bulgaria is not an exception to it. The development of smuggling channels in the country is an essential evidence in this respect, as these channels have survived the political changes and their functioning has been adapted to the novel social and economic realities.

The smuggling channels had been called into being by the communist state, in particular by the State Security, in order to serve transborder criminality, the latter representing a higher degree of organization. Regretfully, the proofs for those criminal activities are virtually non-existing. What has remained are the stories told by anonymous participants in these channels and some circumstantial evidence. The latter category comprises of *inter alia*, the accusations addressed by Western states concerning the trafficking in weaponry, narcotic drugs, medicines and excise goods.

It is well known that at the end of the 70's a special Directorate called *Hidden Transit* had been set up within the State monopolistic entity dealing with arms export. Its main task was to smuggle arms into third countries. The operational management was entrusted to a group of officers from the Second General Directorate of the then State Security. Besides arms and narcotic drugs, the channels were used for illegal trafficking in people, mainly persons persecuted in their own countries for Communist or terrorist activities. They were even used for trafficking in objects of historical value.

The traffic during that period involved nationals or emigrants of Palestinian, Syrian, Kurdish, Turkish, Iranian and Albanian descent. Most of them had contacts with Islamic, extremist or Communist groups in their own countries and abroad, which enabled them to build up reliable channels crossing the borders of several states in both directions - to the Middle East and Asia, and to Western Europe. A number of companies had been incorporated in foreign countries in order to facilitate and regulate payments. Those companies were used to smuggle equipment and technologies stolen in the West, so one of their functions was to get round the restrictions of COCOM. Entire sectors of Bulgarian economy were thus developed on the basis of smuggled technologies.

During the period 1987-1989, specific persons were vested with control over some of those channels and with far-reaching rights to dispose with the companies under cover. Such persons easily became the natural successors to the companies in question and were free to divert funds to their private accounts. According to data provided by the Ministry of Interior (Mol), in the beginning of 1991, Bulgaria owned over 250 companies in Germany, Italy, France, Austria, the United Kingdom, India,



etc. Those were limited liability companies, joint-stock ventures and limited partnerships concentrating investments of nearly USD 160 m. The 1989 data show that the turnover of those companies amounted to over USD 1.1 bn. In addition, the exports from Bulgarian companies abroad accounted for more than USD 600 m. The destiny of all those companies today is anything but clear.

After the destruction of the totalitarian system and the subsequent staff changes accompanying the transformation of the State Security (during the period of 1990–1993), thousands of policemen left Mol or were laid off. They took with them all the files of agents, connections and

mechanisms which had been used to circumvent the legislation at the borders.

At the same time, the vacuum in exercising the controlling functions of the state and the economic recession, especially in 1989-1991, were extremely beneficial to the smuggling of items needed to match the domestic demand for a wide variety of goods. Prior November 10, 1989, the State Security was mainly involved in trafficking in goods to third countries or transiting narcotic drugs and prohibited goods, while afterwards the existing channels were already used to smuggle anything that could be sold in Bulgaria and only rarely as routes to export goods from the country. By evading the payment of customs duties, fees and excise a group of former policemen and Party leaders stroke oil and concentrated enormous wealth in their hands.

The early 90s saw the upheaval of legal and institutional disorder in the country. That situation was used by former officers from the Secret Services and representatives of

the high-ranking *nomenklatura* of the Bulgarian Communist Party not only to pilfer the state-owned enterprises and banks but also to exploit at ease the links and the possibilities offered by the smuggling channels. Large quantities of cigarettes, alcohol, sugar, fuel, spirits, etc. were imported in Bulgaria but the state did not receive any revenues from those imports. The inherited links of the former Bulgarian Secret Services with some terrorist organizations based in the Middle East, Turkey and Africa were restructured into private smuggling channels, which started functioning to the

**"ATIA" CASE**

In 1993, a smuggling channel for cigarettes worth millions of US dollars was detected at the *Atia* military base. The Greek ship *Vati*, which loaded 4500 master boxes from the port of Bourgas to Novorosiyski crossed the gulf and unloaded its cargo at the military base on five trucks, which re-entered Bulgaria and disappeared. This instance of smuggling alone caused a loss of nearly USD 1 million from unpaid customs and excise duties. Later it became clear that the channel had been in operation for two years and had been used to unload 10 tankers with fuel. The smuggling in question involved a former officer from the State Security, a Syrian national of Kurdish origin, an agent of the State Security until 1989, and the owner of a company registered in 1988 in Munich. The commander of the military base was also accused. The then Prime Minister Liuben Berov stated that the Greek ship had most probably entered the military base in return for "a few millions" paid to the right person. The file for this affair has not been submitted to court yet. That was a classical example of a privatized smuggling channel involving people from the public administration and the Ministry of Defence.

benefit of different groupings serving various political parties. Dozens of examples



could be invoked in this respect, one of them being the scandalous disclosure of the smuggling operations in the *Atia* military base near Burgas.

At the same time, an odd integration of the smuggling channels into what is known as the Bulgarian “hidden economy” took place. Former officers of the Secret Services also established the link between smugglers, semi-legal economic operators and straightforward criminal structures, whereas the goods smuggled were distributed through the so-called “shady groupings”. The corrupt acts resulting from that type of co-operation often went beyond their traditional route: *power-bribe-license-cover*. At times, that co-operation was taking the typical form of organized crime, with its inherent elements: *threat-blackmailing-murder*. Albeit the criminal acts in question had different characteristics, quite often their primary reason lay in the financial threads linking criminal structures with civil servants and created during the exploitation of the smuggling channels.

In the course of the same period, *i.e.* the first half of the 90s, organized crime also took shape. It was connected with an agglomeration of former officers of the State Security, the Communist Party and economic leaders belonging to the former *nomenklatura*, sportsmen (who became publicly known as “the wrestlers”) and persons with a criminal record. While the so-called “former celebrities” prospered on the basis of smuggling and drainage of state-owned enterprises at the points of entry and exit (the so-called “spider system”), the “wrestlers” and other semi-criminal groupings quickly raised funds from smuggling stolen vehicles, robberies, thefts and racketeering small and middle-sized businesses. In their endeavour to transfer the stolen cars across the borders, the “force groupings” formed by former sportsmen started building up parallel smuggling channels. These were often duplicated or involved the same customs and border police officers. In practice, these channels took over the channels, which were previously created by others.

That configuration of the smuggling business reached its peak with the embargo against Yugoslavia during the conflict in Bosnia and Herzegovina. The Government headed by former PM Lyuben Berov (1993-1995) failed to take the necessary measures to disrupt the illicit enrichment of a specific group of people. Again, the transgression of the oil embargo was carried out under the control of some officers from the Secret Services and by using the schemes of the former State Security.

It was an open secret at that time that tank trucks were being convoyed by police cars to the border, that trains were crossing incognito the customs check point at Dragoman and tankers were travelling to the Serbian port of Prahovo. According to data provided by the Council of Ministers (disclosed by then Vice Prime Minister Alexander Bozhkov at a meeting of the Cabinet on the May 13, 1999), during the first embargo against Yugoslavia over 400 major deals for various goods designed for Yugoslavia had been detected, with a resulting loss of USD 250 mln. in state revenues. In addition, dozens of instances of smuggling fuel caused hundreds of millions of US dollars in damages. Such large-scale smuggling would have certainly been impossible without the involvement of state structures and people working at top positions in the state hierarchy [5].

The unobstructed transfer of consignments through the territory of Bulgaria was ensured by former and then employed state officials and officers of the Secret Services. In order to carry out their deals, the force groupings (previously placed at a lower level in the structure of the shady economy) also started using the established mechanisms to violate the embargo. In the early 90s, the former officers inherited from the Party-State the smuggling channels, while the force groupings later “privatized” those channels as if they were bidding at an auction [6].

**"ALBANIAN DEAL"**

The so-called "Albanian deal" was carried out with the participation of two officers from the Ministry of Defence and one officer from MoI. It was conducted with the assistance of the Macedonian Secret Services and a colonel from Albania, and concerned 100 mortar guns and 10 000 mines. The investigation of the scandal made it clear that the arms had been transferred to the Serbian army in Bosnia. The details of the deal revealed the classical structure of a State smuggling channel involving the Secret Services of three states and used to derive personal benefit. The six trucks loaded with arms had crossed unimpeded the borders of Bulgaria, Macedonia and Serbia closely escorted by the corresponding police authorities. The State suffered millions of dollars in damages and yet no one has been sentenced for this affair.

Through the hundreds of deals violating the embargo against Yugoslavia Bulgarian organized crime developed unprecedented mechanisms of corruption, while taking over the heritage of the previous State-organized smuggling channels. Of course, all this inflicts enormous damage on Bulgarian economy.

Alongside the rivalry of organized crime groups to partake in the transportation of oil and nitrogen fertilisers to former Yugoslavia, the traditional arms channels were re-activated. Consignments with weapons from Russia, Ukraine and other former Soviet republics crossed Bulgaria in transit on their way to Bosnia. The much discussed "Albanian deal" is one proof of the fact that the Bulgarian Secret Services had not been indifferent to that process.

Besides traditional excise goods like cigarettes and alcohol, other highly liquid products like sugar

and spirit have also been oriented to the smuggling channels over the past years. In the mid-1998, MoI detected routes for importing sugar to several Bulgarian factories. The affair became popular as "Bartex", after the name of a company owned by "Multigroup", which was dealing in sugar. The channel had been in operation for more than five years at the port of Bourgas and caused an estimated damage of BGN 52 mln. [7].

The embargo arrangements proved that the international community, represented by the UN Security Council, could well, albeit unintentionally, contribute to the creation of conditions for smuggling. The Bulgarian production of CDs after 1989 is another specific example of the doubtful effect that the international measures to combat smuggling could have. The production capacities in the country at that point exceeded 90 million disks, which could not be marketed internally. On the other hand, Bulgarian CDs proved to be of an extremely good quality and that boosted the demand for them abroad. As a result, the smuggling of Bulgarian CDs turned into one of the most profitable items of illegal business in the 90s. Further on, as a result of a strong international pressure, Bulgaria was added to the famous List 301 and enacted the most restrictive copyright legislation in Europe. The production of CDs in the country was thus sharply reduced. The logical effect of that shrinkage was to boost demand and, hence, to open the door to other forms of illicit transactions. Over the past years, there have been signals, that, after having been CDs producer and exporter before, the country has now turned into a storage area for CDs produced in third countries and exported via Bulgaria. Actually, a vicious circle has been put in place: the measures to combat smuggling have generated smuggling [8].

Smuggling is not exhausted with organized criminal channels alone. Quite like in most countries in transition, in the 90s Bulgaria has become familiar with a phenomenon described as "suitcase trade". This represents a large-scale smuggling of consumer goods undertaken individually and practiced as a full-time job with the purpose to earn the living of those involved. In most cases such trafficking only partially qualifies as illicit. Nevertheless, "suitcase trade" is of interest to the present study given the link between smuggling and corruption. Moreover, as it normally does not match the criteria for the official economy, it forms part of the "grey economy", i.e. the zone of unregulated business and economic relations, which is so typical of the countries in transition. Finally, the "suitcase trade" in a way symbolizes Bulgaria's bilateral relations with countries like Turkey, Greece and the states in former Yugoslavia, as a certain portion of the commercial turnover among all these countries takes place via such channels (see below, 1.7.1, for more details).

### 1.3. FORMS AND SCHEMES OF SMUGGLING

A practice of smuggling which involves the state is always illicit and, due to the specific nature of the operations performed, it is transborder, *i.e.* the legislation of two or more countries is transgressed. Of course, the existence of controlling authorities, such as border police, customs authorities, road inspectors, etc. require that such operations be carried out secretly. Hence, the perpetrators do their best to conceal the illegal nature of their activities by using the legal forms of import and/or export. This finding holds true in the cases dealt with in the present study where the criminal acts are committed with the knowledge and/or the assistance of public officials.

Smuggling is committed by using different forms, methods and practices. The forms of *actus reus* in respect of the crime of smuggling are listed in Art. 242 of the Criminal Code. Some practices related to the crime of smuggling are also typical of the customs fraud covered by the Law on Customs. Analyzing the case law, we could identify the following instances of customs fraud as most frequent:

- Customs fraud entailing *inaccurate description of goods*. In this case false and misleading information is provided as to the physical description of the goods, which in turn paves the way to incorrect classification and the resulting financial benefits. Inaccurate descriptions help circumvent the existing prohibitions, restrictions or import quotas, obtain profits from lower tariff rates or taxes, draw back considerable amounts as tax compensations, evade fees, etc. This type of fraud is based on the fact that, in the customs tariff, different types of goods dutiable at different rates come under close tariff positions and the tariff number can be deliberately misprinted. The result is that a lower customs duty is paid but the error is hardly detectable. At the Kremikovtsi customs bureau, for example, an attempt was prevented to import poultry meat, which had been declared as guinea-fowl meat. The difference in the duties and fees payable was 40 per cent.
- Customs fraud based on the *value of goods*. In this case, the values to be declared are either decreased or increased. A value lower than the real or payable one makes it possible to pay lower customs dues or to avoid certain import-related restrictions. A higher value shown in false invoices and customs declarations enables the perpetrators to receive higher tax credits, evade some domestic fees, escape the anti-dumping duties and, last but no least, to launder money.
- Customs fraud relating to the *preferential origin of goods*. Here, the rules and requirements on the origin of goods laid down in bilateral or multilateral agreements and in effect for the country concerned are knowingly infringed. This form of fraud is resorted to in order to pay lower customs duties and taxes, to circumvent some prohibitions and restrictions or existing commercial sanctions or embargoes. The fraudulent behavior consists of a false declaration of the country, in which the good was produced and which is normally identified through tariff codes and numbers.
- Smuggling and frauds relating to the *transit in goods*. In this case, the acts undertaken aim at diverting the goods from any customs control so that they could be imported in the country without any payment of customs dues. The documentation needed to prove the export is manipulated through false stamps and replacement documents showing that the goods have arrived unaltered from the customs office of departure to the receiving customs office and the transit operation is finalized.

- Customs fraud related to *import or export licenses*. Here, the perpetrators use false licenses, original documents which are forged (through deletions, additional remarks, etc.). The purpose of this type of fraud is to by-pass prohibitions or restrictions relating e.g. to veterinary or phytosanitary control, or to strategic goods, arms, nuclear, chemical and biologically active substances, textiles, monuments and objects of archaeological or artistic value, etc.
- Customs fraud involving *incorrect declarations of quality and quantity*. These aim at overcoming the existing safeguard measures or prohibitions. The most frequent practice is to give inconsistent data about the description, weight or packaging, etc.
- Customs fraud related to the *intended use*. Here the goods are not used in the manner declared in advance or the end user is changed in order to benefit from lower or zero-rate customs duties or to overcome existing restrictions.
- The smuggling and fraud involving a false or inaccurate commercial description facilitate the import of poor quality goods and of *goods subject to prohibitions or restrictions for health reasons*, etc. The false and inaccurate commercial description of the goods may also entail indicating a false country of origin or wrong tariff numbers.
- Smuggling and fraud in relation to the *drawback of customs duties and taxes*. The goods declared for export do not leave the country (fictitious export) or, alternatively, the goods exported are deliberately declared as having a higher or lower value (manipulated values).
- Smuggling and fraud involving *ghost companies*. In this case goods are imported or exported in the name of practically non-existing companies and entities. The companies in question might or might not have been registered with the local authorities. If registered, they use inaccurate or assumed names and addresses. It is difficult to detect the persons resorting to such companies. The ghost companies could also be used to conceal or evade the payment of customs duties and taxes, most often when the underlying activities involve money laundering or drug trafficking.
- Fraud consisting of *unregistered transfer of goods*. Here the vehicle with the smuggled goods is allowed to pass the border check point but this is not filled in customs documents at all. This is pure smuggling, as the goods carried in this way are not processed by the customs authorities as required.

#### 1.4. CORRUPTION AND TRAFFICKING: AN ATTEMPTED PARALLEL CLASSIFICATION

All forms of trafficking taking place with the knowledge and assistance of public officials by definition involve commission of a crime – either a bribe or an office-related crime. In the event of large-scale smuggling, especially that of highly liquid goods, both the Law on Customs and the Criminal Code are infringed.

In respect to the specific forms of corruption, they could be grouped into several larger categories depending on the interaction between smugglers and civil servants:

- Corruption aimed at inciting the customs officers to carry out a given operation (including to draft documents) more rapidly, so that a particular businessperson or entity could finalize the deal as quickly as possible.
- Corruption aimed at concealing the offences against the customs legislation and domestic regulations.
- Involvement of border police and customs administration in the setting up and operation of transborder smuggling channels.



We could safely assume that there are lasting and repetitive schemes combining the interests of smugglers and corrupted officials. Moreover, the interaction between these interests is subject to a clear-cut logic.

**TABLE 1.1.** CORRUPTION AND TRAFFICKING: A PARALLEL CLASSIFICATION

Type of trafficking	Type of corruption
Small-scale smuggling („suitcase“ trade)	Bureaucratic corruption (involving individual officials)
Smuggling channels	Corruption network
State-organised trafficking	„Top-level“ corruption

There is a clear link between the level at which trafficking is organized and the corrupted officials.

When “suitcase” trade is at stake (normally on a large-scale basis), it normally involves one member of a family or, rarely, several members of the same family. These persons contact individual officers at the customs or other controlling authorities and the crime committed is usually a *bribe*. Irrespective of the role of the civil servant involved (passive or active bribery within the meaning of the Criminal Code), the smuggler pays - according to a certain “tariff” - the official who authorizes the illicit transfer of the goods. This could well be an “in-kind transaction”, *i.e.* the customs officer could obtain for himself an item of those carried by the “suitcase” trader.

When smuggling channels are used, the corruption transactions form a more complex chain where the bribe received is redistributed. The deal involves officials from different agencies, which ensure railway cisterns, transport corridors, or terminals to load and unload fuel. The situation is in a way a paradoxical one in that the respective civil servants are in a sense illegally hired by the owners of smuggling channels “privatized” by semi-criminal or criminal groupings. This gives birth to the opportunity to build up an enduring system of double loyalty of key officials: abiding loyalty towards the State and hidden, illicit loyalty towards the bribes offering group.

The third and the most dangerous form of interaction between smugglers and civil servants consists in the illicit transfer of goods to the benefit of the country’s political elite. A political “umbrella” duly shelters such carriage. In these instances the corrupt practices have such disturbing dimensions that it is justifiable to classify them as “top-level” corruption. Given the importance of such types of criminal alliance more attention must be devoted to the relation *corruption network - political elites*.

## 1.5. SMUGGLING AND POLITICAL ELITE

In the period under review (1989-2000) six regular and two provisional governments successively came in power in Bulgaria. In these years, data became available on smuggling channels for raw materials, cigarettes, alcohol, foodstuffs and other highly liquid goods. Thus, the channel for smuggling spirit through the port of Bourgas had been discovered as early as 1995, it had been reported on in the documents of an audit carried out at the customs but was in operation until the end of 1998. During that particular period, there were three regular and two caretaker governments in the country.

It could be ascertained that each change in power results in a loss of political support for a particular smuggling channel. Certain politicians use the existing illicit routes in order to control the country’s economic elite which is close to one party or another, while providing it with self-seeking advantages by eliminating the principles of free competition. The economic groupings, in turn, become the hostages of their

patronizing political party, since the parasitic manners of operation deprive them of any competitiveness in a normal market environment.

The old smuggling channels are exploited and new ones are created through the infiltration into the border administration of persons faithful to a given party, but largely lacking the necessary qualification. On the other hand, the players in such channels themselves offer bribes to the new lords in order to enjoy their protection and ensure the continuity of their underground business. By resorting to faithful people, the governing political elite not only uses but also controls the “competitive traffic” through already existing channels, to the benefit of one economic operator or another. As most governments before the parliamentary elections in April 1997 were dominated by the Bulgarian Socialist Party, there was no particular “flight” of customs officers during that period. After the UDF took over in 1997, 377 customs officers were fired on the ground “job redundancies”, and the directors of all 16 regional customs houses were replaced.

It is rather difficult to evaluate the extent to which those redundancies and new appointments have been prompted by a genuine need to remove compromised officers. At any rate, an attempt to cut off the existing smuggling channels controlled by the former State Security was made as early as 1997. The respective functions of the National Security Service (the successor to the Second Directorate of the State Security) were then transferred to the National Border Police Service. The organizational Law on the Ministry of Interior vested the Border Police with purely police functions and with the right to investigate acts of illicit trafficking. In terms of status, the new Border Police is subject to commands in the vertical line alone, with the capital being the center. This raises some doubts as to the real willingness to control the smuggling channels from “the highest possible place”. All other services of Mol at the regional level are also subordinate to the Regional Directorate of Interior, which ensures better co-ordination and mutual control of the different units.

The ten-year delay of a law on the financing of political parties by the National Assembly, the lack of transparency in the raising and expenditure of funds during the pre-election campaigns and the current maintenance of the party structures invite the suspicion that every government is affiliated with unregulated mechanisms to support the political entities. No one cherishes any illusions that the immense structures of big political parties like the Bulgarian Socialist Party and the Union of Democratic Forces are funded just through membership fees. The practice the entire customs administration to be penetrated by people faithful to those in power certainly exists because the most difficult thing to prove is that funds are withheld from illicit imports to the benefit of the party structures.

The overall pressure on the semicriminal groups over the past few years has pushed them aback. However, they have not completely disappeared from the stage. This type of semi-legal business structures have had and still have free financial resources combined with local structures used to carry out the corresponding activities. The situation of Bulgarian political elite is the opposite: it does not have free money and market structures, it has only power, controls the public administration and attempts to “realize” its political power in order to gain economic strength. Some politicians have become intermediaries between the semicriminal groups having gone underground and the public administration operating along the borders.

While in 1991-1993 the former Communist *nomenklatura* transformed its political power into economic power by setting up parallel companies and draining the State-owned companies, some politicians today receive a percentage share from the exploitation of the public administration. There has been no instance so far of a party in power to publicly accuse its own sympathisers of building up smuggling channels. By contrast, whenever a party falls from power, the newcomers immediately voice allegations and evidence of involvement in smuggling.

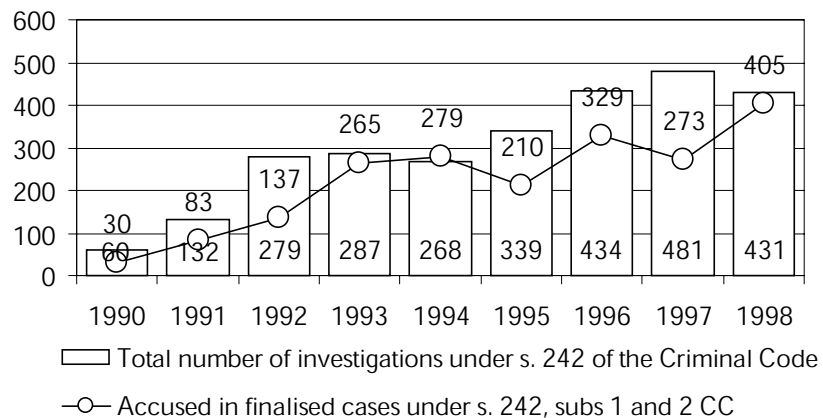
In Bulgaria, the following trend is observed: several months after a party falls from power its structures go bankrupt. The smuggling channels are just one of the tools used to fund some political parties.

## 1.6. THE CUSTOMS AND THEIR ROLE

The role of the customs in the context of this study could be analyzed from two perspectives. On the one hand, the activities and measures undertaken to cut off the practice of trafficking could be discussed. On the other hand, the customs could be seen as an institution, in which corrupt practices over the past decade have turned into a prerequisite for the illicit trafficking in goods. In other words, the customs are both an obstacle to transborder crime and – due to the illicit activities of some former customs officers or even groups of such officers – an important condition for the success of any illicit transaction.

The analysis of the crimes affecting the customs regulations in the country (including the smuggling of narcotic drugs) from 1990 to mid-1999, based on the total number of completed pre-trial investigations, reveals a unambiguous trend of increasing the numbers of this type of crimes and of their perpetrators (see Chart 1.1).

CHART 1.1. [9]



The disciplinary measures taken by the customs authorities *vis-à-vis* offending customs officers also hint to the dimensions of corruption. According to information from the General Customs Directorate, from October 1997 to October 1999 a total of 154 officers were fired for various offences (see Chart 1.2).

All these cases share the common feature of suspected participation in smuggling and causing damage to the State. One hundred and two customs officers were fired for serious violations of the customs legislation in force which had been committed and proven. The offences most frequently encountered were:

- acceptance and clearance of a single administrative document (SAD) showing a lower customs value of the goods;
- acceptance and clearance of customs declarations with tariff positions of the goods different to the real ones;
- acceptance and clearance of SADs excluding some of the goods described in the accompanying documents.

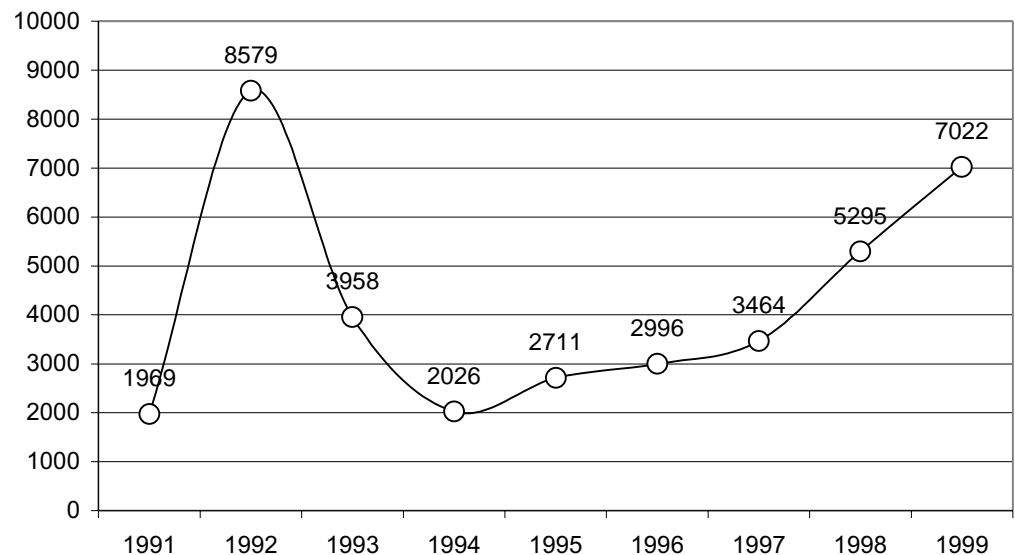
The above examples clearly show that the declarers usually endeavour to pay less customs duties and taxes. Hence, the conclusion that corruption exists. Unfortu-

nately, many initial signals remain unproven and the General Customs Directorate is then unable to intervene efficiently.

Fifty-two customs officers were removed from office on the ground of “lack of abilities to efficiently perform their work” in cases where the competent senior officials had assessed the professional performance of their subordinates and had found sufficient disciplinary grounds to fire them. The most frequent offences were those against the official duties but there were also instances of serious offences against the customs regulations committed after the expiration of the statutory limit to engage disciplinary liability.

The case-law in administrative liability cases fails to give an adequate picture of the situation with corruption practices within the customs authorities. One attempt to lift the curtain was made by Mr Emil Dimitrov, then auditor at the Ministry of Finance, who published a customs audit report. The document exhibited the findings of an audit launched on February 10, 1998 and covering the period January 1, 1996 - May 30, 1998. It also contained findings on the period 1990-1998.

**CHART 2.2.** ADMINISTRATIVE OFFENCES AGAINST THE CUSTOMS REGULATIONS [10]



According to Mr Dimitrov’s report, “the checks carried out at the customs authorities established that tremendous quantities of petroleum, methanol, fuel, TV sets and trade mark equipment, cigarettes and alcohol, spare parts, spirit, sugar, rice, other foodstuffs, medicinal products, construction materials, etc. had been imported by tankers. As a result of incorrect or incomplete documents accepted by the customs administration the revenues due had not been collected for 2, 3, 4 or even 5 years. Numerous instances of inefficient guarantees or lacking collateral or unknown addresses were established.”

The auditors revealed a number of deficiencies in the way customs control had been exercised:

- unfinalized TIR carnets;
- authorization of re-exportation after the deadline;
- unfinalized shipping lists or entire missing stubs;
- incorrectly calculated customs dues (up to 39 times lower than the actual figures);
- lacking physical control in the event of extension of the time limits for temporary import;



- huge amounts of uncollected dues to the customs authorities; some of them classified as bad debts;
- missing customs declarations or declarations not secured through appropriate collateral;
- failure to undertake prompt actions to ensure the forcible collection of customs dues;
- numerous unfinalized customs manifestos by natural or legal persons, which had imported cars and spare parts without having paid the customs dues. Some directors and deputy directors of customs offices had extended the statutory time limit of 30 days for re-exportation and allowed re-exportation to take place up to three years later;
- clearance of goods in transit by fixing the guarantee according to the type of vehicle rather than on the basis of the actual value;
- instances of extremely unrealistic prices for some of the goods cleared, etc.

The audit report stated that all the eleven audits at the regional customs houses in 1997 and 1998 resulted in audit reports establishing deficiencies. In addition, the report of the experts of the Council of Europe which monitored Bulgaria reproduced Mr Emil Dimitrov's conclusions that the "customs fraud based on the corruption of officials and the falsification of customs documents brought amounts as high as USD 560 million in 1997 and 700 million in 1998, and the most important personalities in the country benefited therefrom". [11]

Mr Dimitrov's audit report, however, was rejected by the leadership of the Ministry of Finance and the Minister ordered the Sofia branch of the State Financial Control to conduct a "super-audit" of the customs. The latter disproved some of Mr Dimitrov's claims. Mr Dimitrov, in turn, was right in claiming that according to the legislation in force his findings could only be rejected in court. Later Emil Dimitrov was subjected to strong pressures and resigned from the Ministry of Finance.

At the same time the Public Prosecution instituted a preliminary inquiry procedure in relation to the audit report. In December 1999, Sofia City Prosecution Office issued a writ refusing to institute pre-trial proceedings against former or current senior customs officials on the ground of "lack of evidence showing the commission of a crime". [12]

## 1.7. SOCIAL AND ECONOMIC EFFECTS OF TRANSBORDER CRIME

The combined forms of transborder crime coupled with corruption among the civil servants inflict serious damage on the State and its national economy, and affect adversely the interests of its nationals.

The first negative result of this set of factors consists in the decreasing revenues to the budget mirrored by an increasing budget deficit. In order to bridge the deficit the State tries to hoist the revenues, which not only adds to the tax burden but also hinders investment. Overall, this is a pressing threat to the economic reforms in the transition period.

The tolerance to crime and corruption also threatens the country's security and its development on the way to a market economy. The "dirty" money accumulated through smuggling are captured in a vicious circle and distort the country's economy by pushing it into a criminal or semi-criminal direction. Thus, the underground structures become more competitive and important than the honest entrepreneurs.

The ensuing investment climate deters the foreign investors who are confronted with unfair competition and a lack of market rules. This was the reason Bulgaria to

be abandoned by a number of world-known companies, which faced illicit imports of their own products on the Bulgarian market. The overall result in terms of investments was more than negative.

Smuggling exterminates the infant domestic industries through cheap imports, it impedes the creation of an SMEs-friendly environment and of a normal economic class in the country. Some expert estimates show that the unfair competition from illicit imports in the shoe industry would result in only 15 newly formed enterprises surviving out of a total of 800. According to that industry's branch association, the illicit imports of shoes cause an annual loss to the budget in excess of DEM 8 million.

Other examples are the imports of Wiener wursts, of sausages at the price of 35 cents per kilo, of paté at an average price of 60 cents per kilo, etc. The illicit import of such goods severely affects the domestic pig breeding and meat processing industry. There is a real struggle for survival there, as these two subsectors currently offer jobs to some 25,000 people and their total annual turnover exceeds DEM 1 billion. In other words, smuggling and customs fraud could hit hard the employment rates in the two subsectors and, accordingly, the budget revenues.

The situation with other smuggling goods and channels is similar. Thus the illicit import of bread yeast causes an approximate loss of DEM 8 million to the budget. The consumption of yeast in 1998 was 22,000 tons. The only Bulgarian producer, the plant in Russe, had an output of only 5,700 tons and the declared imports were 6,254 tons. The remaining 10,046 tons used in bread production were of unclear origin and most probably were imported illegally.

Last but not least, the existence of smuggling channels controlled by certain groups in power frustrates the consolidation of the democratic institutions, the proper regulation of the funding of political parties, the reform of the State structures, the rooting of modern standards of management, and the genesis of the civic society.

### **1.7.1. CONSUMER GOODS SMUGGLING AND HIDDEN ECONOMY**

The macroeconomic effect of consumer goods smuggling should not be underestimated, since the small and medium-sized businesses depend on the scale of these imports. The experts even speak of "suitcase-type SMEs". Their operations remain largely outside the frame of the official economy. So far the measures against them have had a reproachful, rather than repressive, nature (such offences entail administrative fines).

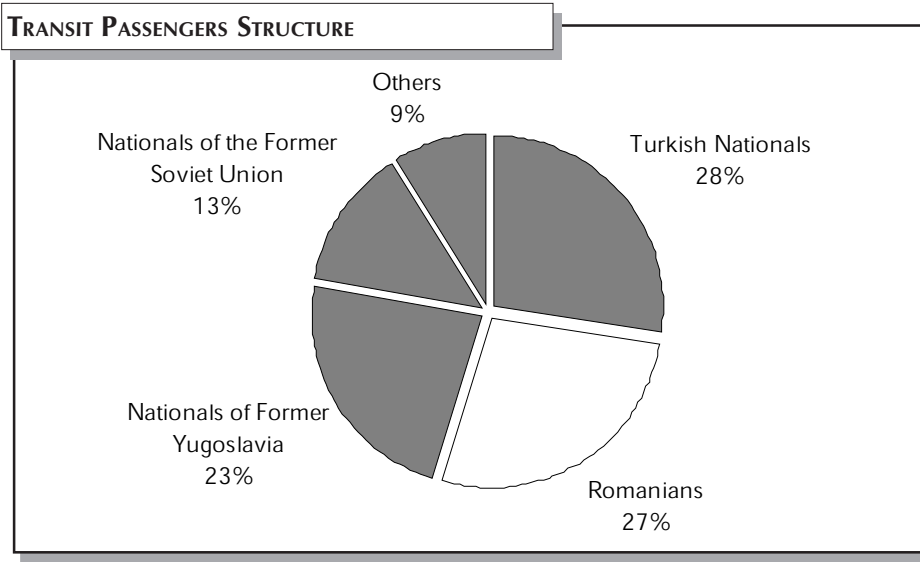
The phenomenon in question is unduly neglected. After 1989, just one systematic study was devoted to these issues, yet in the context of transit migration. The analysis was made by the International Organisation for Migration in 1993 (Transit Migration in Bulgaria, IOM, 1994).

In order to assess the dimensions of the phenomenon, its consequences and the "environment" and the "networks" it brings forth, indirect indicators and expert estimates should be used.

One of the possible indicators is the number of "trips abroad". The National Statistical Institute makes such information available. In 1996 and 1997, over 3 million trips abroad were registered annually. The prevailing number of those were visits by Bulgarian nationals to neighbouring countries: former Yugoslavia (1/3 of all trips), Turkey (17 per cent); Romania (15 per cent), etc. In 9/10 of the cases tourism was declared as the reason to travel. This information discloses the potential scale of "suitcase" trade [13]. At the same time, on December 31, 1997 only 34,212 Bulgarian nationals had declared that they were living abroad. Most of them were settled in Germany (around 9,000), the former Soviet Union (3,500), France (2,900),

Austria (2,700), the Czech Republic (2,300), etc. If we assume that 1/3 of those 2.3 million tourist trips in 1996 and of the 3 million private (“tourist” plus “guest”) trips abroad in 1997 were used for “suitcase” business, this gives an average annual rate of 1 million trips for that purpose. Further, if every “suitcase” trader travels 5 times per year on the average, that gives a figure of 200,000 people dealing with such business. Approximate as this estimate might be, it could be claimed that between 1/3 and 1/4 of all the 900,000 people employed in the private sector are involved exactly in “suitcase” trade, thus making it the largest sector of the Bulgarian economy in terms of number of employees. The negative conclusion - that the largest sector of Bulgarian economy currently results from “unimportant”, i.e. small-scale smuggling - should not be discouraging. An accurate definition could be of use in the search for appropriate solutions.

The “suitcase” trade is a multi-faceted international problem. Many foreign nationals deal with this “business” in the territory of Bulgaria. Hence, it could also be seen in the context of transit migration. It is indeed a category of transit migration.



As from the beginning of the 90s, some 5 million persons per year have crossed the country in transit. For example in 1993, the most numerous transit passengers were Turkish and Rumanian nationals (more than half of all transit passengers). More specifically, Bulgaria was crossed in transit by 1,372,578 Turkish nationals, 1,366,971 Romanians, 1,153,143 nationals of former Yugoslavia, 661,021 nationals of the former Soviet Union, etc. Most of them were “guest workers” in the West or “suitcase” traders. The transit immigrants initially remain

in the country for a short period of time seeking opportunities to continue to Western Europe. According to the study of IOM, these are the intentions of at least half of them. One should not disregard the fact that nearly 13 per cent of the transit migrants intend to remain in Bulgaria for 1 year. In other words, at least 500,000 people would consider a continuous stay. About 40 per cent of them rely on their savings, 20 per cent would work, 18 per cent rely on country fellowmen already residing in Bulgaria, etc. According to different estimates, which nonetheless remain approximate, the number of aliens illegally residing in Bulgaria varies between 30 and 50 thousand (IOM, 1994), which is 3 per cent of those employed in the country. These people find their niches in the hidden economy. Bulgarian administration reacted to the potential threat of immigration pressure on the labor market by adopting a *Programme to Combat Illegal Migration and the Illegal Residence of Foreign Nationals in the Republic of Bulgaria* (Decision of the Council of Ministers No. 57 of February 19, 1998).

The transit “suitcase” traders of foreign nationality and their Bulgarian “colleagues” serve a great number of infant small and medium-sized enterprises in Bulgaria and in other Central and Eastern European countries. Hence, SMEs largely depend on transit migration and on the “suitcase” trade. This implies an increase in the transit and season migration, which has the clearly positive effect of “detering” permanent migration.

**“SUITCASE” TRADERS**

According to the study of 1993, nearly 14 per cent of the transit immigrants are “suitcase” traders. The most likely figure amounts to 100 thousand persons who are mainly nationals of CIS States or of neighbouring countries and cross Bulgaria five times per year on the average. To be more precise, some 40 per cent of them are nationals of CIS States (mainly Russia) or former Yugoslavia. That “business” is practised by Romanians, Georgians, etc., but also by Polish, Hungarian and Czech nationals. “Suitcase” traders from Nigeria and other African countries use Sofia (and the flights of “Balkan”, accordingly) and the capitals of other Balkan States as transit points on their way to and from Russia. Fourty six per cent of them spend not more than a night in Bulgaria and most travel by bus (60 per cent). In contrast to other transit immigrants, they are very well informed - apparently from existing informal networks - about the conditions prevailing in Bulgaria. This is also the youngest group of transit visitors: 86.7 per cent are below the age of 35, 53.4 per cent are single, and two thirds are men.

The information made available by the Agency for Small and Medium-Sized Enterprises shows that in 1997, the micro-enterprises dealing with trade and having up to 10 employees were more than half of all operational SMEs. At least half of those were maintained by the so-called “suitcase traders”. Chinese, Syrian, Armenian and other nationals residing in Bulgaria on a temporary or permanent basis owned some of them.

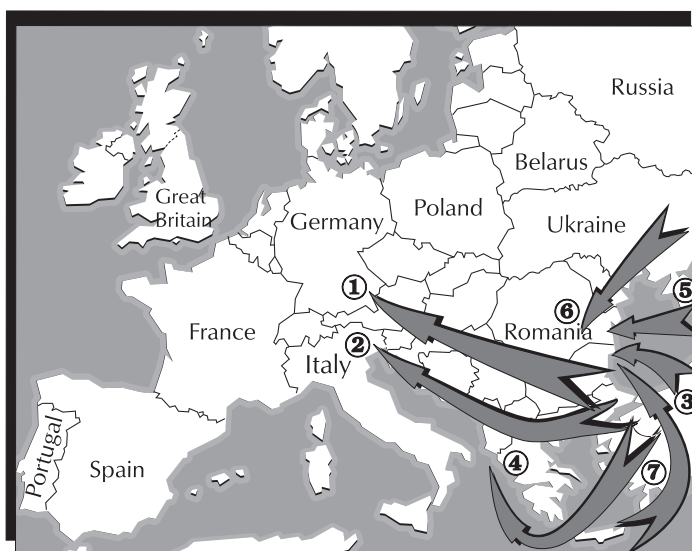
In line with the generally accepted classifications of industrial economy, SMEs in Bulgaria could

be classified either from the point of view of transit migration and “suitcase” trade, or depending on their relations with the large enterprises. The approximate estimates show that “suitcase” SMEs amount to 50 thousand entities. These enterprises “accept the price” but remain independent, *i.e.* they stay outside the large enterprises. Paradoxical as it might seem, in their contacts with large businesses (be they State-owned or privatized), the SMEs could be defined as “dominant”, *i.e.* they impose the prices at the entry and exit points of the big State-owned enterprises. They could also be seen as “tolerated” enterprises. Both categories of SMEs build up informal networks. In the case of the so-called “suitcase” enterprises this is not necessarily a negative feature. The second type of enterprises shape the pattern of the so-called “spontaneous” privatization (privatization through decapitalization).

**1.7.2. DRUG TRAFFICKING AND DRUG ADDICTION**

Drug trafficking tends to rise in an especially disturbing fashion. The successful drug trafficking business today is carried on along several branches of the traditional Balkan road and via some new corridors established after the disintegration of the Soviet Union and the socialist system:

**THE NEW ROUTES OF DRUG TRAFFICKING**



from Turkey via Bulgaria, Macedonia, Romania, Yugoslavia and Albania; (2) from Turkey to Yugoslavia and Albania via Greece; (3) from Turkey, with ships to Romania and further to Central and Eastern Europe; (4) from Turkey and Pakistan to Albania, by sea; (5) from the former Soviet republics in Asia to the ports of Bulgaria and Romania via the Black Sea; (6) to Western Europe via Russia, Ukraine, Moldova, Romania, Bulgaria; (7) from the cocaine-producing states in Latin America to Spain and the Netherlands via the ports of Bulgaria [14].



The wars in Bosnia and Kosovo, however, visibly modified the traditional drug roads. Some of the consignments previously shipped via Bulgaria, Macedonia, Yugoslavia and Albania were moved to the Eastern Route controlled by Russian traffickers. As a result, those involved in such criminal operations in Bulgaria have reoriented themselves to maintaining networks for the production and re-transportation of synthetic opiates.

Bulgaria is not considered to be a serious drug center by Western European standards. The Czech Republic and Poland bear the palm in Eastern Europe in this respect. The worsening economic situation in Bulgaria, however, forces Bulgarians to be more and more deeply involved in drug trafficking, yet at the lowest levels of drug traffickers - as cocaine swallows and heroin mules.

Two main drug routes cross Bulgaria: (1) via Bulgaria to Romania, Yugoslavia, Croatia, Slovenia, Greece and Macedonia, and (2) via Bulgaria, Macedonia and Albania. It is well known that 80 per cent of the heroin consumed in Europe passes through Bulgaria (see Table 1.2).

**TABLE 1.2.** QUANTITIES OF DRUGS AND PRECURSORS DETECTED IN 1999 [15]

Drug	Detected cases	Quantity detected
Heroin	14	261.666 kg
Cocaine	5	13.119 kg
Marihuana	3	0.019 kg
Opium	1	0.016 kg
Morphine	1	0.030 kg
Extasy	2	992 pills
Ephedrine	2	21,760 pills
Acetic anhydrite	2	2,213 litres
TOTAL	30	

The domestic market of drugs is quite interesting from a social and economic point of view. The trend observed all over the world - the gradual penetration of drugs in the peripheral areas - is perceived in this country as well. According to expert studies and to the polls made, between 50 and 70 thousand people smoke ganja and the fields with cannabis (the plant from which this drug is produced) double every year (see Table 1.3). The largest cannabis fields were discovered in the regions of Blagoevgrad, Petrich, Varna, Pazardzhik, Plovdiv and Kyustendil. There are already channels for the export of cannabis mostly to Greece and Cyprus. Due to the reinforced police operations in Southwest Bulgaria, marihuana is increasingly being grown in Northern Bulgaria. Last year vast areas with cannabis were discovered in the regions of Vratza and Russe.

Around 10,000 Bulgarians are heroin-dependent, whereas 40 to 50 thousand people resort to medicinal drugs having a similar effect (e.g. Diazepam).

Due to the low purchasing power of the drug addicted the estimated value of the Bulgarian drug market does not exceed DEM 200-300 m. For this reason the black market is virtually inundated with poor quality drugs. According to the National Drug Addiction Center, nearly 95 per cent of the heroin components are false. The expensive drugs, e.g. cocaine, sold at a price of DEM 120 per gram, are most widely spread among the semicriminal groups where almost all are addicted it.

**TABLE 1.3.** DISCOVERED FIELDS WITH CANNABIS IN BULGARIA [16]

Year	Areas discovered
1994	9 decares
1995	120 decares
1997	200 decares
1998	501 decares

The number of drug addicts is constantly on the rise. If in 1972 they were only 190 people, mainly persons with a difficult social situation and origin, the current number of regular drug addicts by some estimates exceeds 50,000 people. The main reason for this negative tendency is the lack of social immunity: the State regards drugs as a medical problem rather than as a social and economic one.

### 1.7.3. TRAFFICKING IN PERSONS AND ILLEGAL MIGRATION

The illicit trafficking in persons is another important area where the criminals concentrate their efforts. The illegal transfer of people across the borders of the Balkan States is a prosperous and expanding business. In addition to the transfer of Bulgarian nationals wishing to live and work in Western Europe and America, it also involves the bringing out of foreign nationals, most often nationals of Asian or African States or of Bulgaria's neighbouring countries. In some of those cases trafficking is connected to prostitution in Western Europe. According to the data of the UN International Organisation for Migration based in Vienna, nearly 10,000 white female slaves are illegally brought out of Eastern Europe every year.

As a result of Bulgaria's geographical location some channels for the illicit transfer of people through the borders also cross Bulgaria. Various estimates show that from the beginning of the democratic changes until 1999 between 20 and 40 thousand people tried to cross the borderline illegally. If the number of people stopped at the external border is added, the total figure doubles. The information from the Border Police shows that in 1999 alone, 22,733 border offenders were caught, that is 4,500 more in comparison to 1998. Three years ago, 11,338 such offenders had been caught. The Romanians were most active in that respect in 1999 (2,933 people), followed by Turkish, Moldavian, etc. nationals. (see Table 1.4).

**TABLE 1.4.** THE MOST ACTIVE BORDER OFFENDERS IN 1999 BY NATIONALITY [17]

Romanians	2,933
Turkish	2,561
Moldovans	912
Afghans	305
Macedonians	270
Yugoslavians	248
Ukrainians	226
Chinese	192
Albanians	173

Recently, it has become evident that the criminal groupings are more inclined to invest in the traffic in people than in the transportation of opiates.

After November 10, 1989, several main channels for trafficking in people from and via Bulgaria have been identified:

1. **Emigration traffic.** During the period 1989-1992, over 300,000 Bulgarian ethnic Turks emigrated to Turkey [18]. After the restrictions imposed by the Turkish State, the illicit trafficking in persons to Turkey continued to grow for a number of reasons, *inter alia*: (i) the existence of separated families, including children who had been left in Bulgaria, and (ii) economic reasons - trying to make a living.

According to expert estimates, an amount of USD 30-50 m circulates in the illicit emigration market, which also entails the issuance of false and genuine visas.

2. **Criminogenous traffic.** This involves mostly persons who move primarily to Greece in order to deal with pick pocketing and thefts during the tourist season.

This traffic includes also the illegal transfer of pregnant women to Greece so that they could give birth there and sell the newly born babies under conditions agreed in advance, with the selling price varying from DEM 10 to 15 thousand. One of the most profitable traffics is that of women and young girls sold for prostitution. The smuggling of goods from neighbouring countries is also connected with the criminogenous traffic in people.

3. **Trafficking Bulgarian nationals to work in neighbouring states.** Trafficking in women for this purpose is abundant, while men are illegally hired mostly as season workers. By some estimates the number of Bulgarian nationals illegally residing in these countries in order to work there varies between 50 and 89 thousand people.
4. **International trafficking in "third world" emigrants.** In these cases Bulgaria is used as an interim camp, with Istanbul being the base. The illicit route from the Middle East to Western Europe via Turkey and Bulgaria costs up to DEM 15 000, with each stage being paid separately. The illegal network also comprises interim camps in Bulgaria in view of obtaining documents for the illegal transfer abroad. Thus, an illegal camp for Kurds was dismantled near Assenovgrad. The Bulgarian actors intervene only as intermediaries in such channels.

#### 1.7.4. TRAFFICKING IN PERSONS AND PROSTITUTION

According to MoI data, until the beginning of 1989 there had been 3,149 prostitutes in Bulgaria. The prostituting women currently registered by the police are twice as many, plus almost 200 pimps. Given that there are 90 semi-legally operating brothels in Sofia alone, the expert assessments suggest a figure between 12 and 15 thousand prostituting women and girls in the whole country. The monthly profits from this business amount to nearly DEM 50 m.

Some prostitutes are brought out of the country and transferred to Turkey, Greece, Macedonia, Poland and the Czech Republic, mostly through companies for the recruitment of companions and job seekers abroad. Three hundred such companies are currently in existence but none of them is authorised to recruit companions or dancers. A survey made by the *Association Animus Fund* revealed that 94 per cent of the ads offering work abroad were actually addressed to attractive single women below the age of 25. "White flesh" is exported from Bulgaria via two main routes:

- 1) Southern channel: to Cyprus and Italy via Turkey and Greece, and
- 2) Western channel: to Western Europe via Romania.

The unofficial data suggest that at present some 10,000 Bulgarian women are prostitutes abroad.