

2. FORMS AND SCHEMES OF TRANSBORDER CRIME (ILLEGAL TRAFFICKING)

2.1. ILLEGAL TRAFFICKING IN GOODS

The lack of consumer goods production in a given country or the manufacturing of goods of poor quality and little commercial appeal is a major incentive for traffickers. It is also the main reason why in the past ten years large quantities of domestic appliances, electrical and electronic equipment have been illicitly imported to Bulgaria.

Illegal trafficking mainly involves goods that tend to undergo transformation, or are completely consumed, when used. Such are fuels and lubricants, alcoholic and non-alcoholic beverages, tobacco products, foodstuffs, raw materials for the production of goods, etc. In other words, once those goods are made available in the market and sold, they are difficult to identify, and since they subsequently disappear they cannot be tracked down should it be established that they were imported illegally. Machines and equipment tend to be smuggled less often because they carry specific technical characteristics and markings that can later be checked - identification numbers, unique technical solutions, specific materials of which they are made. These characteristics are harder, though not impossible, to alter. Illegal trafficking in machines and equipment is particularly profitable since machines are usually very expensive and cost millions of dollars. This type of smuggling in turn leads to the smuggling of the necessary supplies and spare parts.

In Bulgaria, as in other countries, a characteristic feature of illegal imports is that they tend to vary with the seasons of the year. Thus, for instance, in the months before the summer and during the summer season there is smuggling of sportswear and summer apparel, non-alcoholic and low alcohol content beverages, fruit and vegetables, perfumes and cosmetics. In the fall and winter there is a rise in the illegal import of domestic appliances, gifts and children's toys, which are particularly in demand before the Christmas holidays. Illegal trafficking is clearly related to the increased or reduced consumption of goods in the country in a given season.

Illegal trafficking in goods also involves the import of various types of goods that are subsequently used for criminal purposes. The illegal import of special types of paper and inks is related to the printing of counterfeit currency, false excise strip stamps, counterfeit documents of companies, organizations, and state institutions. In such cases the declared commercial description and tariffs classification are deliberately changed in order to conceal the actual purpose of the merchandise imported.

Very common is the illegal import of low-quality products and merchandise after the expiration date. Such goods are subject to a number of limitations and bans. When imported illegally, the identification and labeling of the merchandise are usually changed, the dates of manufacture and expiry are forged, the packaging and the documentation accompanying the merchandise are changed. This largely applies to foods and cosmetics, as well as merchandise whose technical characteristics, chemical composition, and physical structure do not conform to

national standards. In the European countries it is consumer organizations that monitor the market for low-quality and harmful products - for instance, shampoo that causes hair to fall out or lotion that causes allergic reactions.

In their wish to make fast profit, unscrupulous foodstuff wholesalers would buy old stock abroad at a discount and import products after the expiry date or foods that have already gone bad. The documents accompanying the shipments are altered or falsified, or the certificates of origin and quality are forged. There have been instances of imported bunt infected wheat, Australian beef with hormones, etc. If such products are not imported illegally, their poor quality may be established, they may be seized and destroyed, or their sale or import may be banned.

The illegal trafficking in counterfeit merchandise is flourishing: anything likely to bring in a good profit is subject to forgery. The incidents of thefts of trademarks and of exposed counterfeiting of brand names are increasing. As a rule the products with false brand names are considerably cheaper than the originals. Sometimes, however, they are sold at even higher prices. Subject to counterfeiting are not only luxury products, but goods for mass consumption, as well. The losses incurred do not only concern this country but likewise the owners of the genuine brands and the manufacturers. Particularly dangerous is the counterfeiting and distribution of products such as patent drugs, vehicle components, alcoholic beverages, and others.

The most commonly counterfeited and illegally copied products in this country are of Turkish, Polish, Chinese, and Arabic origin. The counterfeit products are usually manufactured by companies that do not respect the proper technological and other standards, and the quality of the merchandise is considerably lower than that of the originals. It is worth noting that in the past 3-4 years trademark owners have begun monitoring the market more closely for illegal copies on sale. New laws were adopted in this country and there has been a tendency towards stricter control in that respect. If the illegally copied products have been legitimately imported it is possible to prosecute the importers and distributors or to trace the itinerary of the merchandise back to the manufacturer. That is why importers resort to illegal trafficking and it becomes impossible to trace the goods and to establish their manufacturer and distributors.

Several types of fraud schemes can be identified in the sphere of the illegal trafficking in goods:

Fraud related to the reported quantity (Fraud by smuggling)

With this type of fraud smaller quantities of goods are declared resulting in the payment of lower import taxes and duties. The way it works is simple and effective. If, for instance, a truck is carrying 1,000 boxes of merchandise but only 800 are declared at customs, no customs duties and fees are paid on the remaining 200 boxes. Unless a physical inspection of the cargo is carried out before clearing the vehicle from customs, the merchandise is unloaded inside the country and becomes very difficult to track down.

Another form of illegal import is to declare only the number of parcels (boxes) in a truck without specifying the content and quantity of the merchandise contained in each parcel. The mechanism is the following: declaring only one unit where two or more units of merchandise are imported. The merchandise is formally cleared and the due import taxes and fees are paid. This is also a way of justifying the underreported taxable value of the merchandise and of importing

double or triple the quantity declared all while making the import appear legitimate. Considerable quantities of merchandise have thus been imported to Bulgaria for which no import taxes and other fees have in fact been paid.

Fraud involving inaccurate description of the merchandise

This is a widespread form of illegal trafficking in which the information provided is inaccurate or misleading as to the physical description of the goods, which in turn allows improper classification and unlawful gain. The fraud consists in deliberately citing a tariff number different from the actual one and taking advantage of the difference in rates. It is enough to deliberately classify the merchandise incorrectly or to inaccurately determine the tariff position in order to defraud customs or circumvent existing bans. The "error" may be related to the different import tax rate. The rate may be the same for two tariff positions and tariff numbers but the "mistaken" tariff position allows evading a ban on the import or export of certain goods; declaring and importing goods at a reduced or zero rate; importing or exporting at lower value; exceeding the limits under a certain quota, as well as avoiding other forms of control - hygienic, sanitary, veterinary, standardization.

The deliberate citing of an incorrect tariff number is often accompanied by wrong, inaccurate or incomplete physical description of the merchandise in the declaration. The incorrect description creates preconditions for unlawful gain by taking advantage of lower import tax rates, as well as for successful evasion of certain limitations or import and export bans.

Efficient forms of control of such fraud are the physical examination and subsequent control. The former establishes whether the merchandise actually found in the respective vehicle or container corresponds to what had been declared and to the tariff number and commercial description given in the declaration. The same check is carried out under subsequent control, which takes place at the wholesaler's storage facility. Naturally, subsequent control ought to be carried out before the merchandise is introduced in the retail network. It can also establish discrepancies in the sales documentation. (For instance, a wholesaler who had imported chicken liver in fact never sold and never recorded any liver sales but had instead been selling chicken legs.) Another efficient form of control is taking samples of the merchandise for analysis and comparing the results with the data from the declaration.

Fraud related to the value reported (valuation fraud)

With this type of fraud the violations concern the declared value of the merchandise imported, exported, or transited through the country and consist in under- or overstating the value of the goods.

By declaring a value lower than the price actually paid or payable it is possible to fully or partially avoid payment of, or provision of guarantees on, the import taxes and other fees due.

This type of fraud necessitates a certain tampering or forgery of the documents presented at customs and concerning the taxable value. Those are the invoices and trade contracts, especially the part concerning the size and form of payment for the merchandise, as well as other documents showing costs that have to be taken into account in order to correctly determine the taxable value.

There is a violation whenever the importer deliberately omits to include and

declare all taxable elements or fails to report them correctly. The importer may deliberately omit to declare costs incurred for insurance or for the transportation of the goods to an entry border checkpoint, as well as over- or underreport those costs. He may also deliberately omit to declare commissions and fees paid to intermediaries involved in the sale, as well as packaging costs, royalties and licensing fees, costs of processing and lading operations abroad. Another option available to traffickers is not to declare part of a subsequent resale, under which proceeds will accrue to the seller of the merchandise abroad, as well as other indirect payments that should be included when determining the taxable value of the merchandise.

With fraud involving **underreporting of the value** there is also the practice of interchanging the goods listed on the invoice wherein the total invoiced amount remains the same, but the price of the goods subject to higher import tax rates is understated, while the price of the goods with lower or zero rates is overstated.

The importer may also divide the payment of the delivery into several installments and only declare the advance payment or the final installment as taxable amounts.

Another form of fraud is to present a false invoice at customs. The value indicated in the false invoice does not correspond to the real one. Double invoicing makes it possible to declare a lower taxable value and conceal the actual price of the merchandise. The false invoice may be fabricated by the seller, supplier, importer, agent, broker, or other persons. Particularly dangerous are the cases when the broker or the person representing the company to the customs authorities prepares a false invoice and underreports the taxable value in the declaration on behalf of the company in order to appropriate the funds that have been provided for the payment of the import taxes and fees due.

A common practice with false invoices, and more specifically those with understated value, is to take advantage of the different currency exchange rates and declare the price in a currency likely to create the impression of high value in absolute terms.

The underreported value can also be used for the purpose of providing less security (bank guarantees, cash deposits) in the case of transit of goods from a customs office of departure to a receiving customs office, since the amount of collateral required depends on the sum of import tax and other fees due.

The **overstating of the value** creates conditions for unlawful VAT recovery and for obtaining higher compensations. Overstating the value in import and export of goods is one of the most efficient money laundering methods. Through the false invoices the unlawful funds (dirty money) are effectively integrated back into the economy. Overstating the invoice value in the case of import serves to justify the sums deposited later in a local bank, and in the case of export, the amounts received from abroad.

One efficient method of counteracting value-related fraud is post clearance control checking the accuracy and truthfulness of the data contained in the customs declaration. The customs administration has the power to exercise such control, to check the documentation concerning the import and export of the merchandise, to request further information from the persons involved in the international transaction or from any other persons or companies concerned. It should be noted that the control is selective and subsequent checks are only carried out when customs authorities have sufficient grounds to question the accuracy of the value declared or have sufficient information about violations committed in con-

nection with the taxable value. Such checks concerning the value of the merchandise, including those carried out under international cooperation arrangements, have established drastic cases of underreporting of the value in order to avoid payment of customs duties and other fees due.

Fraud related to the origin of the merchandise (origin-preference fraud)

In fraud schemes related to the preferential origin of goods the rules and requirements concerning the origin of goods laid down in bilateral or multilateral agreements are knowingly infringed. This form of fraud is also resorted to in order to pay lower customs duties and taxes, to circumvent certain bans and restrictions or existing trade sanctions and embargoes. Importers deliberately fail to disclose the true origin of the merchandise in order to unlawfully take advantage of favorable import status granting reduced or zero rates.

The way of determining that the merchandise originates from a given country, has been fully manufactured in that country, or has undergone substantial, and economically motivated, transformation in that country, is by presenting documents certifying the origin of the goods. Those are the documents that are typically counterfeited or substituted in order to defraud customs. One such document is the certificate of origin. In the cases when such a certificate is not required, the origin is determined through a written declaration by the exporter, carrier, or other person on the invoice, contract, or shipping document. It is no secret that a large part of these declarations are not authentic and are actually written on the territory of the country, even in places in immediate proximity to the customs offices.

In cases of fraud the certificate of origin may not be authentic or may not be issued by the proper authorities and either genuine or counterfeit forms are used with forged signatures and stamps. There are also practices of using duplicate certificate numbers, providing tampered duplicates at a later stage, or presenting certificates that in fact do not concern the merchandise declared at customs even though they have been issued by the competent authorities in the respective country of origin. Concealing the origin of the goods can be done successfully in third countries as well, by substituting the documentation or through the so-called "mixture" of goods in the invoices. The packaging, marking, and labeling of the merchandise may also be altered.

The certificates of origin can also be counterfeited with respect to their validity, by changing the date of issue of the certificate (of a certificate that has expired) in order to have it accepted by the customs authorities. Typically, the substitution or counterfeiting of the documents certifying the origin of the merchandise takes place during transportation, in the neutral zones of border checkpoints, or inside the country.

An efficient form of checking the authenticity of origin-certifying documents is post clearance control, through which it is possible to establish whether the documents are legitimate and whether the importer is entitled to the respective tariff preferences. Under such checks Bulgarian customs authorities make an inquiry with the beneficiary country and request confirmation of the authenticity of the origin certifying documents. In the case of serious doubts as to the authenticity of the documents and the accuracy of the information concerning the origin of the merchandise, customs authorities should more often resort to the possibility to postpone the granting of preferential status and require security on the payable customs duties until completion of the inquiry. Such subsequent inquiries

have established numerous instances of fraud and unlawful preferential treatment of importers.

Fraud related to the transiting of goods (transit fraud)

Such schemes are aimed at diverting the goods from customs control and supervision so that they can remain in the country without payment of customs duties and fees. The documentation ascertaining the completion of the transit is counterfeited by false stamps and documents certifying that the merchandise has arrived from the customs office of departure to the receiving customs office in unaltered condition and the transit operation has been concluded.

Fraud involving import and export authorizations

This type of illegal trafficking makes use of counterfeited documents. The aim is to circumvent certain bans or restrictions, for instance related to veterinary or phytosanitary control, as well as limitations on the transfer of strategic commodities, arms, nuclear, chemical and biologically active substances, works of art, objects of cultural value and archaeological artifacts, etc.

Fraud involving falsely declared quality and quantity

The aim is to circumvent existing preventive measures or bans. Such fraud schemes involve discrepancies in the description of the merchandise, the packaging, weight and measures, etc.

Fraud related to the intended use and end consumer

In this case the goods are not used for the initially declared purpose and the end consumer is changed in order to benefit from preferential - reduced or zero - rates or to circumvent existing bans.

Fraud related to tax and duty refunds

In this case the merchandise allegedly intended for export never leaves the country (fictitious export) or else the merchandise is exported at a deliberately overstated value.

Fraud involving "ghost" companies

In this type of fraud goods are imported and exported on behalf of non-existent companies and organizations. Such companies may or may not be registered in Court. If they are registered, then the names and addresses used are inaccurate or untrue. The detection of those using such companies is very difficult. Ghost companies are also used for the purpose of customs duty and tax evasion or non-payment, especially under drug trafficking and money laundering schemes.

Outright smuggling

Such are the cases when the respective vehicle is let through the border checkpoint without any record in customs documentation (unregistered transfer of

goods), i.e., this is outright smuggling without customs clearance of the merchandise carried.

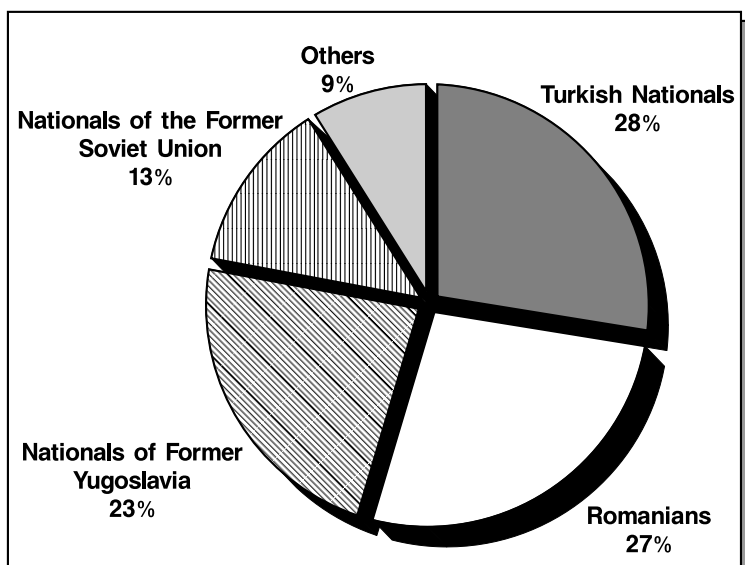
2.2. MASS TRAFFICKING ("THE SUITCASE TRADE")

Mass trafficking is a specific form of the illegal trafficking in goods. It is exemplified by the so-called "suitcase trade". The significance of the latter is often underestimated. It should be noted, however, that the volume of the suitcase trade constitutes a considerable part of the illegal export and import of goods to and from Bulgaria.

The phenomenon is unduly underestimated. Since 1989 there has been one single systematic survey conducted on these issues, moreover in the context of transit migration. This is the analysis of the International Organization for Migration of 1993 (Transit Migration in Bulgaria, IOM, 1994).

It is possible to estimate the scope of the phenomenon, its implications, and "networks" it creates, on the basis of indirect indicators and expert estimates.

CHART 1.4. "Suitcase traders"



According to data of 1993, the so-called "suitcase traders" constitute 14 % of the transit migrants. They probably number about 100,000 people - largely citizens of CIS or neighboring states, on average passing through the country 5 times a year. More specifically, about 40% are nationals of CIS States (mainly Russia) or former Yugoslavia. This "business" is typically conducted by Romanians, Georgians, etc., as well as by Polish, Hungarian and Czech nationals. Suitcase traders from Nigeria and other African countries use Sofia (and the flights of Balkan Airlines) and the capitals of other Balkan states as interim stops on their way to and from Russia. They typically do not spend more than one night in Bulgaria (in 46% of the cases) and most travel by bus (60 %). In contrast to other transit migrants, they are very well informed - apparently from existing informal networks - about conditions in Bulgaria. This is also the youngest group of transit visitors: 86.7 % are aged under 35, 53.4 % are single, and two thirds are male.

One of the indicators that can be used for this purpose is the number of "exits" from the country. Such information is supplied by the National Statistical Institute (NSI). In 1996 and 1997 more than 3 million exits were registered per year. The predominant trips were of Bulgarian citizens to neighboring countries: to the former Yugoslavia - about one third of all departures; Turkey - 17%; Romania - 15%, etc. In nine out of ten cases "tourism" was the reason cited for the trip. This information suggests the potential scope of suitcase trade.

Suitcase traders repeatedly cross the state borders in both directions, often several times in a single day. Upon each crossing they transfer merchandise for which no customs duties and other fees are paid. Additional profit is earned from the price differences of the smuggled goods on both sides of the border. **Suitcase trade is typically of organized nature** and is mainly carried out across the borders with Serbia, Macedonia, and Turkey. The goods most typically exported and imported are gasoline, household consumer goods, foodstuffs and beverages, fruits and vegetables, etc. It may also involve goods subject to import and export bans.

Expert evaluations indicate that the volume of "suitcase" trade with Turkey varies, with its value booming to USD 800-900 m annually in the early 90s. The import of Turkish goods through this method exceeds 20 times the Bulgarian "suitcase"

exports (the Bulgarian goods exported in this way are primarily meat and meat products, cigarettes, alcohol, etc.). The bazaar in Dimitrovgrad functions as the main marketplace for the smuggled goods.

The turnover of the "suitcase" trade with Macedonia and Yugoslavia is smaller, the total annual figures hardly exceeding DEM 100 m. In general, the goods of Bulgarian origin prevail in these regions, in other words the exports are larger (their volume even doubled during the embargo years). (Data provided by National Statistical Institute.)

In 1998, the National Assembly ratified a free trade agreement between Bulgaria and Turkey, which shrank the suitcase trade between the two countries. The phenomenon has not been completely eliminated since the agreement enables Bulgaria to protect over 3,500 goods the tariffs for which were not abolished on January 1, 1999 but will be gradually removed until 2002 (oil products, paper, textiles, clothing, shoes, refrigerators, ferrous metals, etc.). These products form roughly 35 per cent of the Bulgarian exports to Turkey. The protection list of Turkish products is far shorter: it contains 350 goods only, i.e. 10 per cent of the Turkish exports to Bulgaria.

This practice will hardly discontinue soon since the Turkish Government has recently embarked on a series of measures aimed at reviving the suitcase trade. According to Turkish statistical data, its total volume in 1996 was USD 8.8 bn., while the turnover dropped to USD 5.8 bn. in 1997. The year 1998 saw a further slump of 20 per cent. At the same time the official Turkish information shows that nearly 50% of the Turkish customs revenues derive from suitcase trade.

At the same time, as of December 31, 1997, only 34,212 Bulgarian citizens stated they lived abroad. The most numerous group was in Germany - about 9,000; the former Soviet Union - 3,500; France - 2,900; Austria - 2,700; Czech Republic - 2,300, etc. Assuming that one third of more than 2.3 million tourist trips abroad in 1996 and 3 million private trips in 1997 ("tourism"/"visits") were used for suitcase trade purposes, this makes an average of 1 million trips a year. Assuming further that each "suitcase trader" makes 5 trips a year on average - this means 200,000 people. Notwithstanding that these are but rough estimates, there is reason to claim that between one fourth and one third of 900,000 people engaged in the private sector are in fact involved with the so-called suitcase trade. This makes it the largest sector of the Bulgarian economy in terms of the number of people engaged. The negative connotation of the conclusion that "minor", i.e. small-scale, smuggling currently constitutes the biggest sector of the Bulgarian economy need not be demoralizing. A proper definition would be helpful in addressing the problem.

In macroeconomic terms a number of small and medium-sized enterprises in this country depend on suitcase trade. Analysts even refer to "suitcase SMEs". Their activity largely remains outside the official economy. Up to now measures to counteract suitcase trade have tended to be of a mildly dissuasive, rather than coercive nature (such violations are subject to fines).

Suitcase trade is a multi-faceted international problem. Many foreign nationals are engaged in this "business" on the territory of Bulgaria. In this sense, suitcase trade can be considered in the context of transit migration. It is indeed a form of transit migration.

Since beginning of the 1990s some 5 million persons have been crossing the country in transit each year. In 1993, for example, Turkish and Romanian nationals were the most numerous - more than half of all transit passengers. The Turkish

nationals who crossed Bulgaria in transit numbered 1,372,578; Romanians - 1,366,971; nationals from the former Yugoslav republics - 1,153,143; nationals of the former Soviet Union - 661,021, etc. Most of them were either gastarbeiters in the West or suitcase traders. The transit immigrants initially intend to remain in the country for a short period of time while seeking opportunities to move on to Western Europe. According to the IOM study, such were the intentions of at least half of these people. One should not disregard the fact that nearly 13 % of the transit migrants plan to remain in Bulgaria for 1 year. In fact, no less than 500,000 people would consider an extended stay in this country. This raises the question of their financial support. About 40 % expect to live on their savings, 20 % would support themselves by getting a job, 18 % rely on fellow countrymen already residing in Bulgaria, etc. According to various rough estimates, the number of foreign nationals residing illegally in Bulgaria varies between 30-50,000 (IOM, 1994), which constitutes 3 % of those employed in this country. They find opportunities in the shadow economy. The Bulgarian administration responded to the potential threat of immigrant pressure in the labor market by adopting a Program for Counteracting 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).

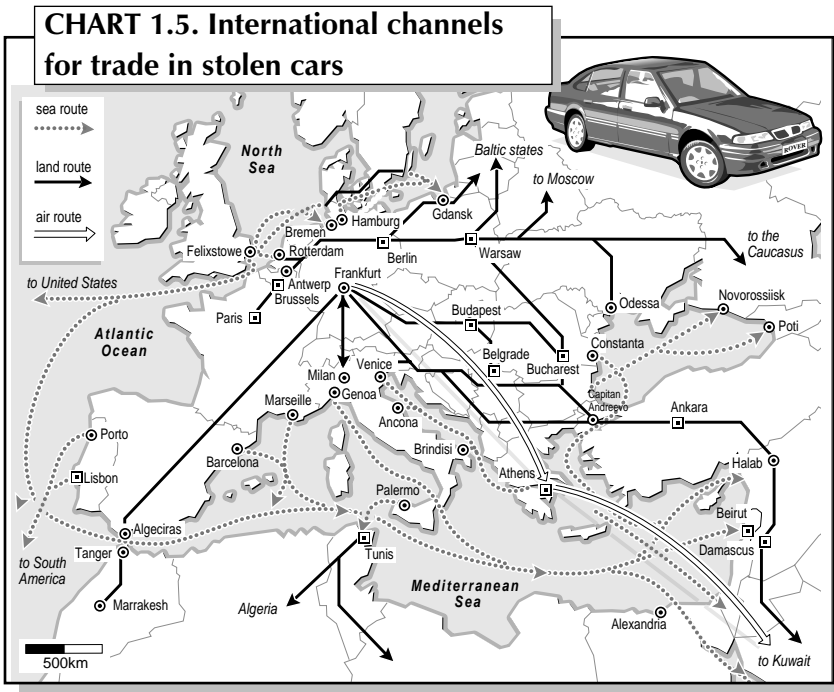
Suitcase traders - both foreign nationals in transit and Bulgarian citizens - serve a great part of the newly emerging sector of small and medium-sized enterprises in Bulgaria and other Central and East-European countries. In this sense, SMEs greatly depend on the scope of transit migration and the "suitcase trade". What is more, they entail an increase in transit and seasonal migration, which has a clearly positive effect of "detering" permanent emigration.

As indicated by information from the Agency for Small and Medium-Sized Enterprises, in 1997 micro-enterprises in the sphere of retail trade with up to 10 employees constituted more than half of all SMEs operating in this country. At least half of these are maintained by suitcase traders. Part of them are owned by Chinese, Syrian, Armenian and other foreign nationals residing in Bulgaria on a temporary or permanent basis.

In line with the established classifications of the industrial economy, SMEs in Bulgaria may be classified either in terms of their dependence on transit migration and the suitcase trade, or their relations with large enterprises. By rough estimates, "suitcase SMEs" number about 50,000. These enterprises accept the prices imposed by big companies, but remain independent outside their networks. Paradoxical as it may seem, in their contacts with large businesses (whether state-owned or privatized), SMEs could be defined as either "tolerated" or "dominant", i.e. they set the prices at the entry and exit points of the big state-owned 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 other type of enterprises set the pattern of the spontaneous privatization (privatization through decapitalization).

Illegal trafficking in motor vehicles

Even though it is not a form of suitcase trade, the illegal import of cars is part of mass trafficking and was particularly widespread in the early and mid-1990s. With this type of trafficking, forged documents are presented to the customs authorities. The trafficking and fraud are carried out by individuals with the involvement of companies. Both new and used cars are being imported. Typical violations include payment of lower customs duties for new and used cars through incorrect



calculation or deliberate change of data about the vehicle, as well as the import and export of stolen cars with forged documents. Trafficking is associated with a number of fraud schemes - insurance fraud, changes in the documentation concerning the initial and subsequent police registrations, undervalued amount on the invoice and non-inclusion of transport costs, unlawful use of duty-free import status granted to people with disabilities and immigrants. Documents certifying disability are counterfeited, the actual capacity and power of the engine are concealed in order to avoid payment of excise duty, etc.

The traffic in stolen cars is exceptionally lucrative. The profit from the sale of a single luxury vehicle may reach up to tens of thousands of levs. Car thefts and smuggling are in the hands of internationally

organized gangs, many along ethnic lines. Stolen car traffickers typically strive at any cost to obtain from the state authorities in the country of destination such documents that would impart legitimacy to the import. The goal is to legitimize the alterations done on the car - changed vehicle identification numbers, new color, changed dates of the initial and subsequent police and other registrations.

One of the major channels for the export of stolen cars from Europe to Africa and Asia runs through Bulgaria. Some towns in this country have been turned into stolen car depots. In the ports the cars are loaded onto ships and transferred to Asia and Africa where their traces are lost. Some of the stolen cars remain in Bulgaria and are sold at prices lower than their actual value.

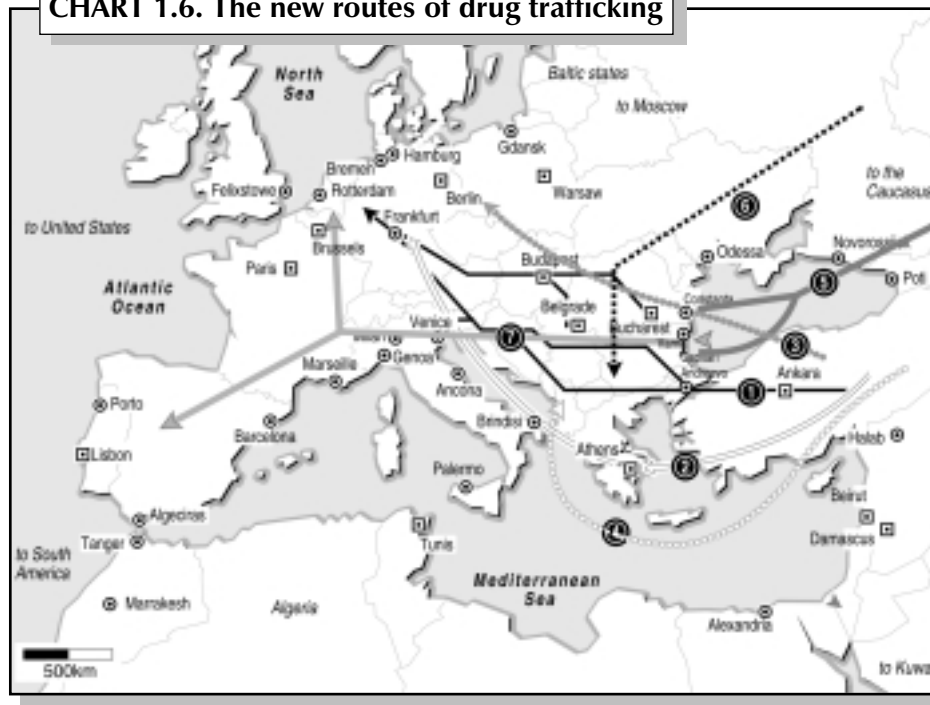
Illegally trafficked cars are typically taken to garages where they are repainted and the identification numbers on the engine and chassis are changed. There is some information that stolen cars are being disassembled and imported in the form of spare parts. Changed vehicle identification numbers, false licenses, and identification stickers are all used in car trafficking.

2.3. TRAFFICKING IN DRUGS, PEOPLE, AND OBJECTS OF HISTORICAL VALUE

Drug trafficking through Bulgaria

With the rise in trade and the free movement of people there is also increased risk of greater quantities of heroin and other drugs passing through Bulgaria. The "Balkan route" is one of the major circuits for the transfer of heroin from South-Western Asia, through Turkey and the Balkan countries, to Western Europe. Heroin is transferred in all kinds of ways and in quantities ranging from small parcels for personal use to huge commercial shipments. Cars, trucks, and buses are the vehicles most typically used to transport the drugs. Great quantities of drugs are still transported in refrigerator trucks and trucks carrying perishable goods. There are indications that persons of Italian, Colombian, Albanian, and

CHART 1.6. The new routes of drug trafficking



- 1. 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
- 5. From the former Soviet republics in Asia to the ports of Bulgaria and Romania via 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

Bulgarian nationality are developing nontraditional channels for the transit of cocaine produced by the Latin American cartels.

Since Albania continues to be the drug center of the Balkans, the traffic in heroin, cocaine, and hashish is carried out with the active involvement of persons connected with the Albanian mafia. However, it also involves Bulgarians, Turks, and persons of other nationalities.

Indirect indication of the scope of drug trafficking is found in the number of shipments intercepted by the competent authorities. In the first half of 2000, for instance, more than one ton of drugs were seized along the

Bulgarian borders and 60 offenders, mainly male, were detained. The amount of heroin was over 800 kg, while the quantity of hashish and marijuana was more than 200 kg. The drugs seized include 20 kg of amphetamines, over 6,000 ecstasy and captagon pills, over 3,000 liters of acetic anhydrite and phenyl acetic acid. The drugs were mainly detected at the Kapitan Andreevo checkpoint, as well as the checkpoints in Malko Turnovo, Kalotina, Zlatarevo, Gyueshevo, Sofia Airport, Vidin, and Rousse.

The seizure of isolated shipments, the detection of the transport channels and the persons involved in them, as well as the analysis of the information collected will assist customs and police authorities in exposing and preventing part of the drug traffic through the country. Hardly anyone expects, however, that in the near future the narcotic drug highway coming from Asia and crossing Bulgaria will be completely cut off.

The evolution of the domestic drug market is also of interest. There has been a tendency, as observed throughout the world, for the drugs to overtake the peripheral regions of the country. According to expert estimates and surveys conducted, 50-70,000 people smoke ganja. Since the mid-1990s the number of cannabis fields discovered has been doubling each year (Table 1.3). The largest cannabis fields were found in the regions of Blagoevgrad, Petrich, Varna,

TABLE 1.2. Quantities of drugs and precursors seized in 1999 [15]

Drugs	Detected cases	Quantity detected
Heroin	14	261,6 k _g
Cocaine	5	13,1 k _g
Marihuana	3	0,019 k _g
Opium	1	0,016 k _g
Morphine	1	0,030 k _g
Ecstasy	2	992 pills
Ephedrine	2	21 760 pills
Acetic anhidrite	2	2213 litres
TOTAL	30	

Pazardzhik, Plovdiv and Kyustendil. There are already channels for the export of cannabis mostly to Greece and Cyprus. Due to more intense police activity in Southwest Bulgaria, the cultivation of marijuana is gradually shifting towards Northern Bulgaria. Last year vast cannabis cultivation fields were discovered in the regions of Vratza and Rousse.

Around 10,000 Bulgarians are heroin-dependent, and 40-50,000 people use pharmaceutical drugs having a similar effect (e.g. Diazepam).

TABLE 1.3. Uncovered cannabis fields in Bulgaria [16]

Year	Cultivation area
1994	9 decares
1995	120 decares
1997	200 decares
1998	501 decares

Due to the low purchasing power of the potential clients, 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 % of the heroin ingredients are not genuine. The expensive drugs, such as cocaine, sold at the price of DEM 120 per gram, are most popular among the members of the underground groups, who are characterized by a high rate of addiction.

The number of drug users has been continually increasing. While in 1972 they only numbered 190, by some estimates, the number of regular drug users currently exceeds 50,000. The chief reason for this negative tendency is the lack of social immunity: the state tends to treat drugs as a medical, rather than a social and economic, problem.

Illegal trafficking in people

Illegal trafficking in people has been growing and includes the transfer of illegal immigrants, women to be engaged in prostitution, labor force to work under inhuman conditions, trafficking in children, illegal adoptions at exorbitant prices. The illegal flows are under the control of organized crime. Trafficking in people involves officials from passport control services who accept forged identification documents. Special means of counterfeiting documents are used such as: casts of seals of regional and national police services, which are used for the authentication of international passports (dry and ink seals), documents for permanent residence in the country, international passports (blank forms) without photographs and names, stamps of tourist agencies and hotels in different cities, company seals, forged visas. The persons involved in trafficking in people often have double citizenship (e.g. Bulgarian and Turkish) and use different names. Involved in the traffic are companies providing visa services and tourist agencies. Traffickers use networks of trusted hotel owners and people renting private lodgings.

The clandestine leading of people across the border is done by traffickers that are often repeat offenders who continue to engage in this type of activity. The crossing of the border by land is typically done in groups led by a guide who is familiar with the area to be traversed. He is connected to a center of operations in one of the large cities where the grouping of the potential migrants is carried

out. Candidate migrants usually have a meeting point - a railway station, restaurant, or private house. Then they are met close to the border, boarded on a means of transportation and finally placed in the charge of the guides. The channels for the trafficking in people are controlled by organized crime and the organizers inside the country as a rule get a share of the proceeds.

The trafficking in people is very often done in secret compartments of buses and trucks. Typically the "shipments" are accompanied by the organizers of the channel or other trusted individuals by car. They escort the "shipment" to the border checkpoint and wait until the vehicle crosses the border. The clandestine migrants are often accompanied by their children, have little baggage and carry no money or identification papers with them. Young women who have been kidnapped and forced to engage in prostitution also cross the border illegally.

Besides drug trafficking, the trafficking in people is the other major area of activity of the criminal elements. The clandestine leading of people across the borders of the Balkan states is a lucrative and thriving business. In addition to local citizens wishing to live and work in Western Europe and USA, illegal migrants also include foreign nationals, typically of Asian or African origin, or coming from the countries neighboring to Bulgaria. Part of the traffic is connected to prostitution in the West. According to the data of the UN International Organization for Migration based in Vienna, approximately 10,000 white female "slaves" are illegally led out of Eastern Europe each year.

By various estimates, between 20 - 40,000 people tried to cross the border illegally during the past decade. Adding those intercepted along the external border, the total figure doubles. The information from the Border Police indicates that 22,733 border offenders were caught in 1999 alone, which was 4,500 more as compared to the previous year. Romanians proved most active in that respect in 1999 (2,933 offenders), followed by citizens of Turkish, Moldavian, and other origin (Table 1.4).

TABLE 1.4. Most frequent border offenders in 1999 by nationality [17]

Romanians	2933
Turks	2561
Moldavians	912
Afghans	305
Macedonians	270
Yugoslavians	248
Ukrainians	226
Chinese	192
Albanians	173

Since November 10, 1989, there have emerged several major channels for trafficking in people from and via Bulgaria:

- 1. Migrant traffic.** During the period 1989-1992, over 300,000 ethnic Bulgarian Turks emigrated to Turkey [18]. After the restrictions imposed by the Turkish government, the illicit trafficking in people to Turkey continued to grow for a number of reasons: (i) the existence of separated families, including children who had been left in Bulgaria, and (ii) economic reasons - seeking a means of subsistence.

According to expert estimates, some USD 30-50 million circulate in the illicit emigration market, which comprises the issuing of false and authentic visas.

2. **Criminal traffic.** This largely concerns people involved in pick pocketing and theft during the high tourist season, for the most part in Greece. This traffic also includes the illegal transfer of pregnant women to Greece so that they can give birth abroad and sell the newborns under conditions agreed in advance, with the selling price ranging between DEM 10-15,000. One of the most profitable forms of traffic is that of women and young girls sold for prostitution. The smuggling of goods from neighboring countries is also connected with the criminal traffic in people.
3. **Trafficking Bulgarian nationals to work in neighboring states.** Women make up the bulk of the traffic, while men are illegally hired mostly as seasonal workers. By some estimates the number of Bulgarian nationals illegally residing in these countries ranges between 50-89,000 people.
4. **International trafficking in "third world" emigrants.** In these cases Bulgaria is used as an interim stop while Istanbul is the base. The illicit passage from the Middle East to Western Europe via Turkey and Bulgaria costs up to DEM 15,000, with migrants paying separately for each stage of the journey. The illegal network also comprises interim stops in Bulgaria in order to obtain documents for the illegal transfer abroad. One such clandestine camp for migrants of Kurd origin was exposed near the city of Assenovgrad. The Bulgarian participants in such traffic only act as intermediaries.

TRANSBORDER PROSTITUTION

Given that there are 90 brothels operating in Sofia alone, the number of prostituting women and girls in the country as a whole is roughly estimated at about 12-15,000. The monthly profit from this business approximates DEM 50 m.

Some of the prostitutes are transferred to Turkey, Greece, Macedonia, Poland and the Czech Republic, mostly through companies for the recruitment of escorts and of women wishing to work abroad. There are about three hundred such companies in this country, but none of them has been granted a license to recruit escorts or dancers. A survey made by the Animus Association Foundation revealed that 94 % of the ads offering work abroad actually sought attractive single women aged up to 25 years of age. "White female slaves" are 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.

Unofficial data suggest that at present there are some 10,000 Bulgarian women prostitutes abroad. [19]

Trafficking in objects of historical value

Objects that are part of the country's cultural and historical heritage are commonly sold off at trifling prices abroad. Unique works of art and objects of cultural value are illicitly taken out of the country. One of the reasons for this is the lack of clear-cut regulations and another one is the shrinking legitimate domestic market in objects of cultural and historical value. The true market for these objects is found in the West and illegal trafficking is resorted to for transfer.

By rough estimates, some 3,500 people are actively engaged in treasure hunting in this country and their number continues to increase. They lavishly invest in human and technical resources and tend to engage in systematic excavations, con-

stantly expanding the scope of their activity. Furthermore, in the course of the search and as a result of failure to observe basic archaeological requirements, priceless findings are being destroyed.

There is a comprehensive system covering the entire process from the finding of a particular artifact to its sale abroad. In Bulgaria, there are specialized criminal groups dealing in antiquities. They buy antique objects and export them through illicit channels to Western Europe, Japan, and USA. Invaluable icons, paintings, and church artifacts are taken out of the country. By rough estimates, the objects recuperated from illegal export attempts constitute 10-15% of those actually taken out. This means that at least 300,000 cultural artifacts have left the country in the past decade.