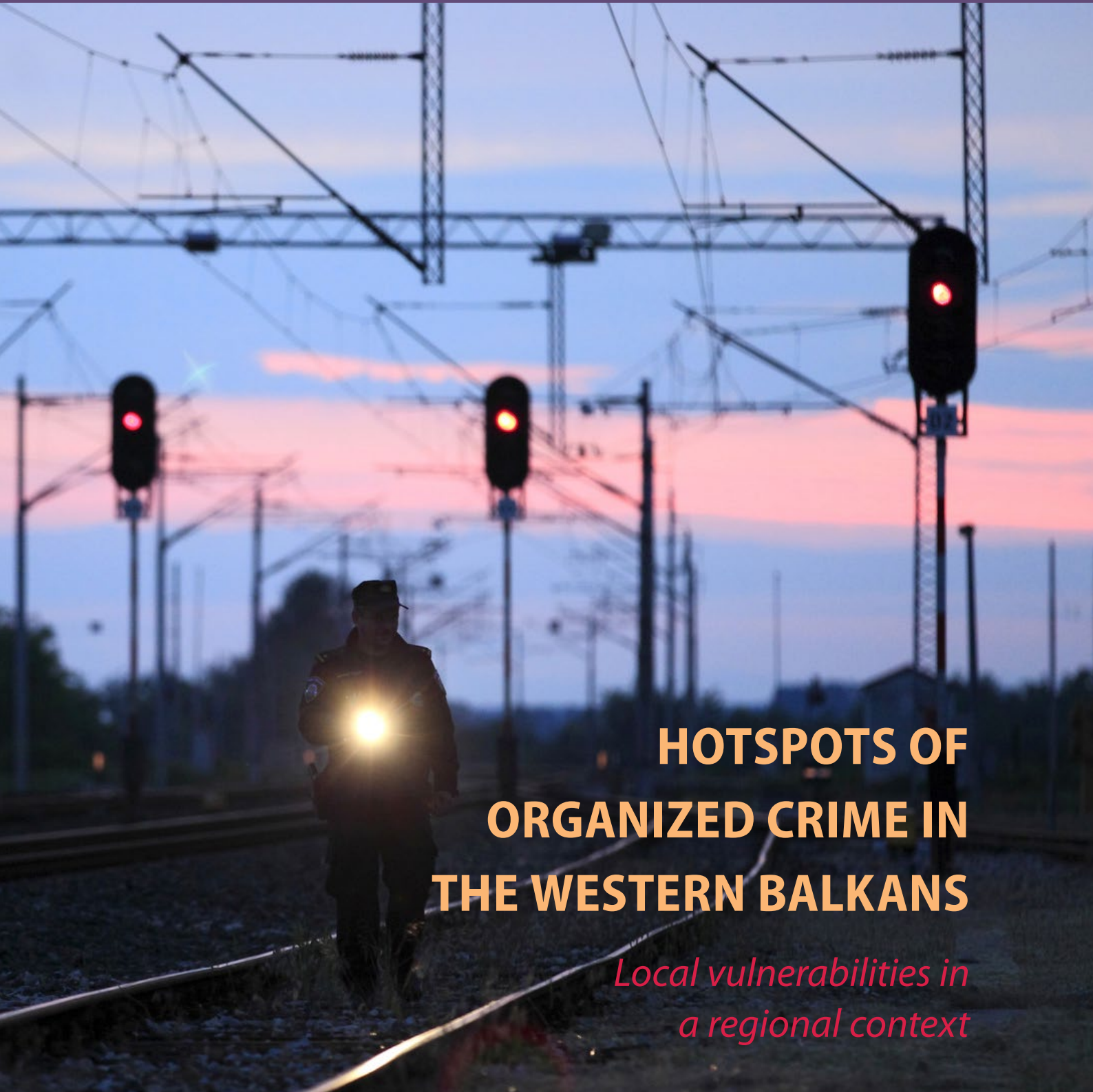


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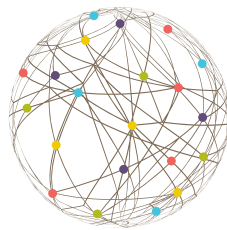
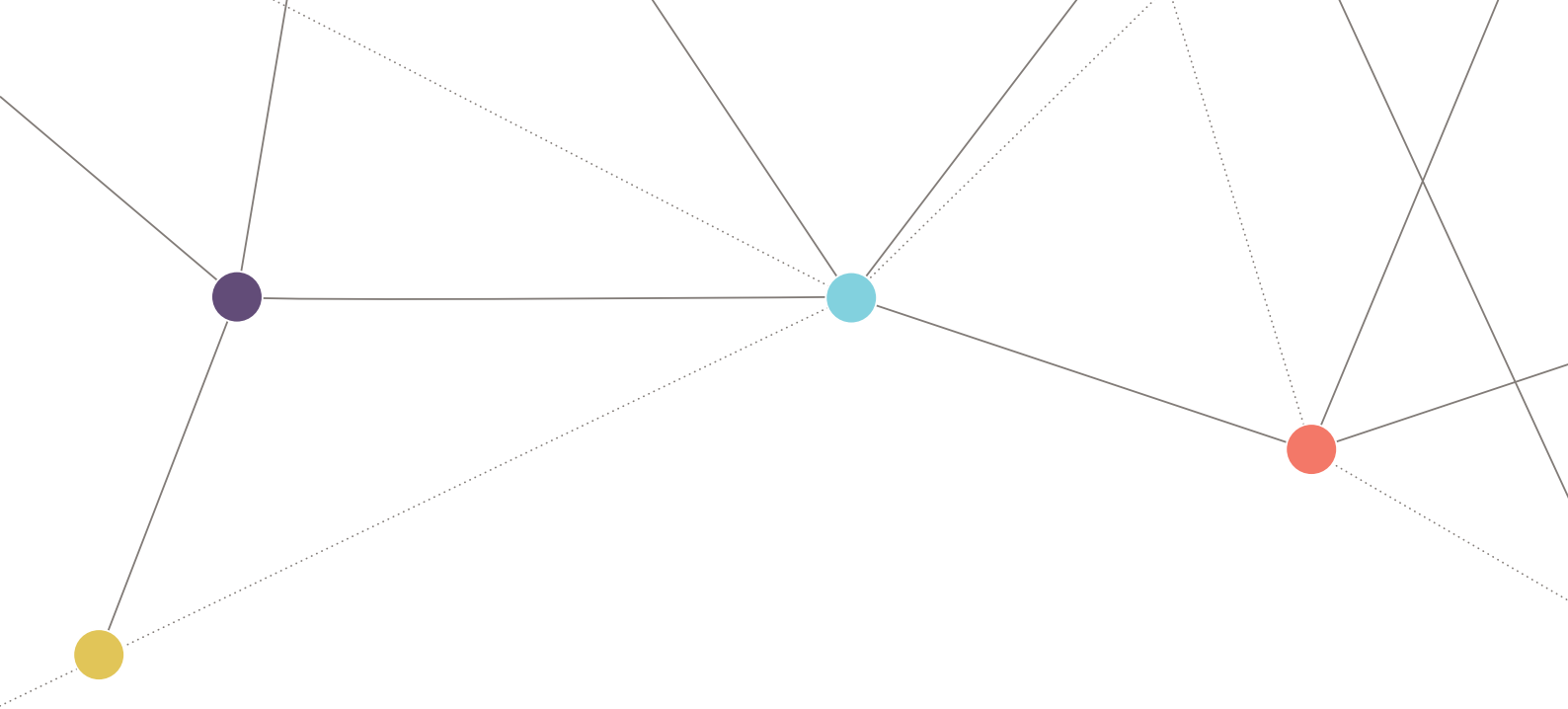


# HOTSPOTS OF ORGANIZED CRIME IN THE WESTERN BALKANS

*Local vulnerabilities in  
a regional context*



May 2019



# HOTSPOTS OF ORGANIZED CRIME IN THE WESTERN BALKANS

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Local vulnerabilities in a regional context

May 2019



Cover photo: A Croatian border police officer inspects the railway near the Croatia-Serbia border (Reuters/Antonio Bronic).

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# Acknowledgements

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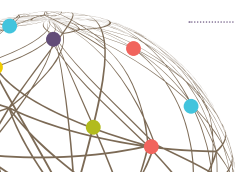
This report is an output of the Global Initiative Against Transnational Organized Crime's (GI) Civil Society Observatory to Counter Organized Crime in South Eastern Europe.

The Observatory is a platform that connects and empowers civil-society actors in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia. The Observatory aims to enable civil society to identify, analyze and map criminal trends, and their impact on illicit flows, governance, development, inter-ethnic relations, security and the rule of law, and supports them in their monitoring of national dynamics and wider regional and international organized-crime trends. The Observatory was launched as an outcome of the 2018 Western Balkans Summit in London, a part of the Berlin Process.

This report is based on data, information and analyses collected and shared by civil-society actors across the Western Balkans, including, in particular, a group of 20 local journalists and experts. We thank them for their valuable contributions, and frank and constructive engagement throughout the process.

The inputs of the local network were coordinated by Fatjona Mejdini, and analyzed and synthesized by GI Senior Fellow Walter Kemp, with the support of Kristina Amerhauser and Johanna Borstner. The findings and conclusions draw upon the inputs of Ugljesa Zvekic, Fabian Zhilla, Odd Malme and Mark Shaw.

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# Introduction

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Since the end of 2018, protestors in Albania, Montenegro and Serbia have been taking to the streets to express their frustration and anger at corruption and organized crime. Journalists in the region are being targeted for exposing high-level graft, like Olivera Lakić, who, in May 2018, was shot in the leg after revealing the complicity of senior Montenegrin officials in cigarette smuggling. People with alleged links to crime have been arrested and questioned in connection with the murder of Kosovo Serb politician Oliver Ivanović. Mafia-style hits are becoming increasingly common in the region, due in large part to a long-running feud between powerful groups in the underworld of Montenegro and Serbia. Police have been shot in Sarajevo trying to apprehend car thieves. In other cases, police and border guards have been sentenced for corruption, bribery, and even robbery and conspiracy to commit crimes. These and other incidents, which are described later in this report, are the tentacles of an ugly and dangerous octopus that lives just below the surface.

Rather than focusing on illicit markets, flows of commodities or particular criminal groups, this report looks at *places* of interest: hotspots of organized crime in the Western Balkans. It looks at the characteristics of these hotspots, then provides a granular analysis of particular border crossings, intersections or regions of vulnerability. What makes these places particularly vulnerable? Why are they attractive to criminals? After discussing these questions, the report connects the dots between these locations to identify possible links and patterns that tell us more about the geography of crime in the region.

To contextualize these organized-crime hotspots, the report provides an overview of the current situation in the Western Balkans, as well as some general information on the main illicit flows. It then looks at hotspots close to border or (internal) boundary crossings.

The other main section of the report focuses on major intersections of organized crime in the Western Balkans – mostly bigger cities (particularly capitals), coastal towns and places where major highways intersect. Maps are provided to show the hotspots as well as key traffic arteries. Amid these assessments, the report takes a deeper dive into vulnerable locations, such as Sarajevo, three ports along the Montenegrin coast, northern Kosovo as well as the triangular region where North Macedonia meets south Serbia and Kosovo.

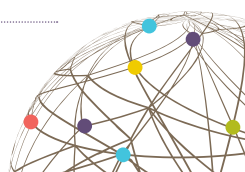
One key observation of this report, which is important to highlight upfront, is that illicit flows through ports, cities and border crossings in the Western Balkans are enabled by a political economy of crime that is deeply entrenched in most countries of the region. The report therefore takes a look at the ecosystem of crime that creates an environment in which illicit activity can flourish. It concludes with a prognosis of potential future hotspots of crime.

## Methodology: The geography and political economy of crime

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This report is a product of the GI's Civil Society Observatory to Counter Organized Crime in South Eastern Europe – a network designed to identify patterns of organized crime in the region to raise awareness, reduce vulnerability and stimulate remedial action. It is a report by civil society that focuses on the impact of uncivil society, and the factors that enable it. In the spirit of the Berlin Process (an intergovernmental process that started in 2014 to enhance cooperation in the Western Balkans), this report (and the Observatory) should be seen as a contribution of civil society from the affected countries to improving regional cooperation to tackle organized crime.

The report focuses on the six European Union (EU) accession candidates from the Western Balkans region, sometimes referred to as the 'WB6', namely Albania, Bosnia and Herzegovina, Kosovo,<sup>1</sup> Montenegro, North Macedonia and Serbia.



This study contributes to the GI's efforts to map organized crime, globally (as in its *World Atlas of Illicit Flows*<sup>2</sup>), regionally and locally. The methodology used to compile this report combines granular local assessments with a broader regional perspective. While most of the information in this report is not new, we believe that the approach is. It takes a ground-level and local perspective while looking at the regional context. It also identifies and describes an eco-system of crime that builds on GI's body of work that examines the links between political, business and criminal elites in the Balkans.<sup>3</sup>

This report is based on information gathered by a network of 20 experts with local knowledge of the hotspots analyzed here. They conducted around 350 interviews with police, prosecutors, judges, local politicians, public officials in different levels of administration, journalists, locals living in the hotspots, as well as representatives of civil society. Most of the information was gathered in the fourth quarter of 2018, but also draws on earlier data collection and work by the GI on the Western Balkans.

The report was enriched using published sources, including court records, data on seizures from police and customs offices, government papers, official statistics, media reports, reports from NGOs, and reports from outside actors, including academia and think tanks. This information was analyzed and compiled to look at broader trends. The draft report was discussed and reviewed in March 2019 by a network of around 20 investigative reporters, civil-society actors and regional experts from all six Western Balkans countries, whose input was used for further revision.

Mapping out the locations in relation to major transport routes, regions of economic vulnerability, the location of particular ethnic communities, and national borders and internal boundary lines (for example in Bosnia and Herzegovina, and Kosovo) helped to explain why certain locations are hotspots of organized crime.

In preparing this report, the GI requested official information from the respective national law-enforcement agencies and interior ministries. It is worth noting that most officials were not very forthcoming with data.

The list of hotspots mentioned is by no means exhaustive, but it is certainly illustrative of trends and activities in the region.

It is also important to state what this report is not. It is not a threat assessment, nor does it present evidence. It is an analysis of local vulnerabilities in a regional context. It is, by its nature, impressionistic: more qualitative than quantitative, not least because of a dearth of official information. But it nevertheless paints a picture, and provides an opportunity for local voices to give a better understanding of what they witness.

The report highlights where illicit activity is taking place, and why. We hope it can help to reduce vulnerabilities and improve responses for preventing and dealing with the scourge of organized crime that currently impedes regional progress; particularly the aspiration of the WB6 to EU accession.

## Overall context: The Western Balkans isn't 'done'

In the past few years, there has been a sense of wishful thinking that 'the Western Balkans was done'. The WB6 would become more stable, resolve internal issues, enhance regional cooperation, attract foreign investment and move closer to the EU and the North Atlantic Treaty Organization (NATO).

But the Balkans isn't done. The refugee crisis of 2015 put the 'Balkan route' back at the centre of public attention. War in the Middle East has seen weapons leave the region – and foreign fighters return. EU-facilitated talks for normalizing relations between Belgrade and Prishtinë have broken down.

In Bosnia and Herzegovina, the situation is fragile as the country remains deeply divided along ethnic lines. The political situation in Albania has deteriorated, with the opposition Democratic Party refusing to take its seats in





Parliament in protest over alleged corruption and the influence of organized crime on the 2017 elections. Weeks of protests in Belgrade have called for greater media freedom and election reform.

Thousands of protestors have taken to the streets in Montenegro to demand the resignation of President Milo Đukanović and the long-ruling Democratic Party of Socialists – also over allegations of corruption and links to organized crime.

One of the few bright spots is Skopje. Following a failed attempt by the opposition to storm Parliament, a new government was able to take power, introduce reforms and resolve a dispute of more than 25 years with neighbouring Greece about the name of the county. This opens the way for North Macedonia to join NATO and the EU.

The prospect of EU enlargement – one of the greatest pull factors for regional reform – was diminished in 2018, when EU members like France and the Netherlands called for further reforms before opening membership negotiations with North Macedonia and Albania.

While the EU remains by far the biggest investor in the region, new players like China and some Gulf states (particularly Saudi Arabia and the United Arab Emirates) are economically active, while Russia exercises influence at a low political cost.<sup>4</sup>

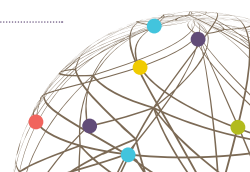
Russia, together with Turkey, also provides a model, a self-confident prototype of authoritarian rule within seemingly democratic structures – attractive for aspiring autocrats in the Western Balkans. Turkey and Russia also explicitly play on cultural similarities and other soft tools to counter the more demanding relations of EU member countries.<sup>5</sup>

“As a result of democratic and economic decline, and little faith in the future, many young people are voting with their feet and leaving the region.”

Turkey is a key economic partner of the Western Balkans, particularly in trade, banking and foreign direct investment.<sup>6</sup> In the past decade, China has become one of the biggest investors in Serbia, with Chinese companies buying up a copper mine, a steelmaker and a thermal power plant, and building high-speed rail lines, roads and ports. Montenegro has taken out a loan of €1.3 billion from the Export-Import Bank of China (Exim) to pay a Chinese construction company close to a billion dollars for a highway to Serbia.<sup>7</sup>

To counteract political influence from Russia and Turkey, and to stem the flow of large groups of people on the move, Western powers have supported leaders who promise stability and aspire to a Euro-Atlantic perspective. Montenegro, for example, was rewarded with NATO accession in June 2017. The United States and the EU have also tended to down-play or ignore the bad behaviour of some political actors, while trying to maintain influence. This has led to the creation of so-called ‘stabilocracies’: weak democracies headed by autocratically minded leaders, who govern through informal, patronage networks and claim to provide pro-Western stability in the region.<sup>8</sup>

These ‘stabilocracies’ are empowered by the trend in some countries in Central Europe (and elsewhere) towards illiberal democracy and populism. This is causing a shrinking space for civil society, increasing restrictions on freedom of the media and fuelling a toxic political discourse. In 2019, most countries in the region slipped down the Freedom House Index,<sup>9</sup> (except North Macedonia, which improved, and Albania, which remained the same). Similarly, in the 2018 Transparency International rankings most countries deteriorated, except Bosnia and Herzegovina, which remained the same, and North Macedonia, which improved.<sup>10</sup> As a result of democratic and economic decline, and little faith in the future, many young people are voting with their feet and leaving the region. It is worth noting that in most of the towns and cities mentioned in this report, populations have been dropping significantly in the last 15 years.





While the overall economic situation in the WB6 is improving, the region has certain economic vulnerabilities. Unemployment is falling, but at an average of 20.9%<sup>11</sup> in 2018 across the six nations, it is still more than three times higher than the EU average<sup>12</sup> and many people are trapped in long-term unemployment.

Youth unemployment also remains high.<sup>13</sup> Figures from 2018 range from 31.7% in Montenegro to 57.7% in Kosovo.<sup>14</sup> Emigration levels are elevated (particularly among young people), as are remittances. Many businesses in the region are small and cash-based, and there is an active informal economy.<sup>15</sup> Foreign direct investment is relatively low due to political instability, the flight of human capital, and challenges in the legal and regulatory environment. Meanwhile, corruption is perceived as relatively high.

In short, as a report by the Balkans in Europe Policy Advisory Group put it: ‘... the WB6 represent a transitional region with no clear goal or end-point in sight, a zone “in-between” – in between democracy and authoritarianism, market and state-controlled economy, capitalist wilderness and socialist legacy.’<sup>16</sup> Opaque internal political and economic interests combined with external power politics are creating a highly dynamic and volatile situation.

What is particularly relevant for this report is that these countries also find themselves in between sources of supply and demand for drugs and weapons, and along a major route for the smuggling of migrants. The more vulnerable the region becomes, the more attractive it is as a trafficking route. This report identifies local hotspots of illicit activity and places them in a regional context.

## Balkan routes

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The location of the Western Balkans makes it particularly attractive for trafficking drugs, weapons and people. It is right next door to the EU. The region is situated between the world’s biggest producer of opium, namely Afghanistan, and the biggest market for heroin, namely Western Europe. It is becoming an increasingly important entry point for cocaine, as well as a place for laundering the proceeds of crime.

The Western Balkans is also along one of the main routes for people moving illegally from the Middle East and North Africa to the EU, either as smuggled migrants or victims of human trafficking. And it is a key hub for weapons trafficking.<sup>17</sup>

It should be kept in mind with all of these types of crime that the Western Balkans is not operating in a vacuum. Most of the demand for the products either produced or transiting the region is coming from *outside* the region – particularly from EU member countries. This suggests that the solution also requires cooperation with external actors.

The so-called Balkan Route is best known for **heroin** trafficking from Afghanistan via Turkey and the WB6 into the EU. Heroin from Turkey passes through Bulgaria or Greece, before it enters North Macedonia and Serbia. It then heads north along the so-called Central European Route to Hungary, Slovakia, Austria and Switzerland. Heroin is also trafficked to Italy via North Macedonia and Kosovo, then through Albania and Montenegro. From Serbia and Montenegro, the drug also ends up in Bosnia and Herzegovina to further continue the route to Croatia and neighbouring Slovenia.<sup>18</sup> In 2015, the total gross profit made by opiate traffickers in south-east Europe was estimated to be \$1.7 billion per annum.<sup>19</sup> Heroin is not only trafficked through the Balkans, it is also processed here.

Albania and Montenegro are important entry points for **cocaine** coming to Europe from Latin America. Shipments arrive mainly by container to the ports of Durrës and Bar. The consignments are later distributed through Kosovo, Serbia and Bosnia and smuggled towards Central Europe. There is also evidence of cocaine processing in the region. What is perhaps more significant is that criminal groups from the Balkans are active in the distribution of cocaine in Western Europe, particularly Austria, Greece, Italy, Belgium, the Netherlands, Spain, Sweden and the United Kingdom. Most of the bosses of these groups live in the Western Balkans and launder their money there – because they can.



Map 1: Regional illicit flows



While the Balkans is a transit region for all kinds of drugs, it is also a major supplier of **cannabis**. Albania has been the region's top producer of cannabis. Organized criminal groups not only smuggle the product into neighbouring EU countries, but also distribute it throughout the region. That said, there appears to have been a major decrease in cannabis cultivation since mid-2017, and a significant increase in drug seizures.<sup>20</sup>

Across the Western Balkans, but particularly in Albania, cannabis is the most frequently consumed, easiest to find and most affordable drug. The main destination for Albanian cannabis is Italy, especially via go-fast boats. In the past, small planes have also been used. According to Italian authorities, in 2017 a record 90 tonnes of cannabis was seized coming from Albania. Other important destinations for Albanian cannabis are Greece and Turkey, often via North Macedonia. Smugglers use large roads, official crossings as well as the mountainous border areas to traffic the product both towards the south and east.

“Most of the demand for the products either produced or transiting the region is coming from *outside* the region – particularly from EU member countries.”

The Ionian Sea is used to smuggle cannabis to Greece and further on to Turkey. Large amounts of cannabis are smuggled to neighbouring Montenegro and Kosovo through official border points and illegal or parallel crossings. From there, the cannabis continues its route to Bosnia and Serbia, and later towards Croatia and Slovenia. From Serbia it travels towards Hungary, Slovakia and Austria.

When smuggled into Kosovo, the cannabis often continues to North Macedonia and Bulgaria; or towards Serbia and Bulgaria. Recently, the amount of cannabis cultivation in Albania has dropped significantly, although it still takes place on a smaller scale and in a more hidden manner. The country has been pressured to curb the problem as part of its effort to join the EU. It is worth noting that cannabis (going east) is sometimes used to pay for heroin (going west).

**Synthetic drugs** are a growing business in the Balkans. Drugs like ecstasy, amphetamines, and methamphetamines are trafficked through the region, mostly from the Netherlands, via Croatia and Hungary to Bosnia and Serbia; or Kosovo, to North Macedonia, to Bulgaria, Greece and Turkey. Synthetic drugs are also increasingly being produced in the Balkans, particularly in Bosnia and Serbia (which is also the biggest market for synthetic drugs in the region).

**Cigarette smuggling** is a major form of organized crime in the Balkans. The main hub is Montenegro, where legitimate and 'fake' brand cigarettes are produced and then smuggled through the port of Bar into various EU countries, the Middle East and Africa. Montenegrin cigarettes are also smuggled within the region. Cigarettes are also illicitly produced in Bosnia and Herzegovina, Kosovo and Serbia. They are then smuggled to Montenegro, from where they continue together with the Montenegrin cigarettes towards the EU and beyond. Recently, Kosovo has emerged as a new regional hub for cigarette distribution.<sup>21</sup> Loads are smuggled there from Serbia, North Macedonia and Bulgaria, and then transported onwards through the porous border to Montenegro.

The Balkans is a source for **firearms** smuggling. The legacy of the Balkan wars of the 1990s, civil unrest in Albania in 1997 and instability in North Macedonia in 2001 has left the region awash with millions of weapons. Some of these weapons are smuggled into the EU, often for use by other criminal groups, such as biker gangs in Nordic countries or Italian mafia groups. Weapons from the Balkans have also been used by Islamic terrorists.<sup>22</sup> Arms trafficked from the Western Balkans usually follow the same routes as drugs. Organized criminal groups from Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia smuggle the weapons first into central European states like Croatia, Hungary, Slovakia and Austria. From there, they are then distributed towards countries like France, Belgium,



the Netherlands, Denmark, Sweden and Norway. Guns originating in Albania have been smuggled in speedboats to Italy, where the Sicilian Mafia was reported to be the main customer. From Italy, the weapons were also trafficked to other Western European countries. Weapons and explosives from the Balkans continue to be used in the region. Private security companies often possess firearms, and are in many cases connected to criminal organizations.

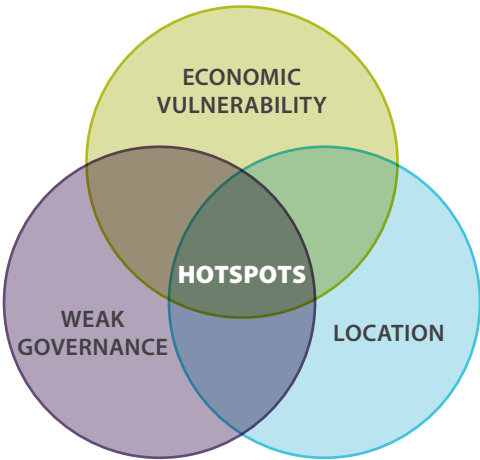
## Profiles of organized-crime hotspots

This report is rather unusual as it looks at places that are associated with organized crime, rather than people or markets. The objective is to focus on the factors that make these locations vulnerable or attractive to organized crime; assess the internal dynamics and players; plot the locations on a map and connect the dots between them to get a clearer overview of the geography of crime in the region.

The locations were initially selected based on local knowledge of members of the regional network of the GI Civil Society Observatory to Counter Organized Crime in South Eastern Europe. Information was gathered and analyzed through on-site visits, interviews and requests for information. After analyzing the information, some initial assumptions were confirmed while others proved to be unfounded due to changes in the market or local conditions.

Information from one location sometimes led to information about other hotspots – some of which had not been initially considered. As this is the first time – to our knowledge – that such an approach has been taken, the GI would welcome further suggestions on other hotspots, and will continue to focus on different locations as part of the Observatory to counter organized crime in south-east Europe.

**Figure 1:** What makes a hotspot?



In analyzing the hotspots, certain characteristics emerged, the first and most obvious being location (see Figure 1). Because the Balkans is a *transit* region for illicit activity, most of the organized-crime hotspots are places where, simply put, things can go in or out – in other words, ports, airports, border crossings or border regions more broadly. Furthermore, there are hotspots along major highways that are transit routes (north-south and east-west), as well as where major roads intersect. In some cases, the hotspots are in remote areas: along poorly monitored borders, or – in the case of some drug labs – in isolated rural areas. Some of the locations have also suffered from a recent history of conflict.

The second factor is economic vulnerability. Many of the hotspots are in areas that were already economically depressed during communist times, or that have suffered in the generation since. This kind of vulnerability manifests



in social issues such as high unemployment (particularly long-term and youth unemployment), a youth bulge, emigration, mental health problems (including high rates of depression and suicide) as well as falling populations.

The third factor, which is linked to the first two, is weak governance. Some of the locations profiled in this report are fiefdoms of local politicians with close links to the ruling party and/or criminal groups. Others are in areas of contested jurisdiction, which limits the control of the central government. Those in relatively remote areas are often underdeveloped, neglected by the central government and reliant on informal economies for survival. Places where these three factors overlap have a higher probability of being hotspots for organized crime.

It is worth noting that citizens from these hotspots often form part of a large diaspora community in EU member countries and the United States. Many people leave these hotspots due to conflict, underdevelopment, bad governance and increased opportunities for mobility abroad. While the diaspora can be a helpful source of remittances, it can also enhance links to organized crime abroad. In addition to considering the individual hotspots, one needs to look at the region within a geographical and historic context. The end of Communism and the break-up of Yugoslavia brought about dramatic changes in the political and economic architecture of the region. The war in Yugoslavia in the 1990s, sanctions, as well as privatization and transition processes, all created new opportunities for criminal groups. Furthermore, the creation of seven new states out of what used to be Yugoslavia led to a plethora of new borders and boundaries, inter and intra-state tensions, and administrative structures that could be exploited. Vestiges of this legacy can be seen in the hotspots, and have shaped the overall ecosystem of crime described later in this report.

## Border nodes: Corridors for poly-criminality

*In researching this report, a number of border crossings were identified as hotspots of illicit activity. What matters most is the location of these nodes, rather than the flow of a particular commodity. Most of the groups operating in these regions are poly-criminals controlling a corridor through which a wide range of people and goods (weapons, drugs, cigarettes, cars and consumer goods) are smuggled. While this list is not exhaustive, it is indicative of some of the main border areas used for smuggling, and illustrative of the types of transnational crime that is being carried out – see Map 2. Below, the nodes are listed starting from the most northerly.*

**Subotica** (population around 140 000 in 2017<sup>23</sup>) is located in northern Serbia, close to the Hungarian border, along the international E75 highway that is the main north-south thoroughfare from Greece to Slovakia. This is a popular trafficking route for the smuggling of drugs and cigarettes (as evidenced by considerable seizures of cannabis, as well as cigarettes, most of which have North Macedonia excise stamps). Subotica has been a popular crossing point for migrants. But with the construction of a wall on the Hungarian side of the border in 2015, migrants have been pooling up on the Serbian side in holding centres and makeshift shelters. This creates both a humanitarian challenge and a market for smuggling migrants, human trafficking and other criminal activity.

The town of **Vršac** (population 50 000<sup>24</sup>) is located in the southern part of the province of Vojvodina in northern Serbia, near the border with Romania. The nearby border crossing of Vatin/Stamora Moravița is allegedly a hub for cigarette trafficking and repackaging. According to a police source familiar with the crossing: 'No matter if you want them [the cigarettes] out from the country or into the country, you need to stop in Vršac and re-pack the goods.'<sup>25</sup> Heroin has also been seized near Vršac. This hotspot – along the highway between Belgrade and Timisoara – has also allegedly become a crossing point for smuggling migrants.

The region east of **Tuzla** (Bosnia and Herzegovina), around **Bijeljina** and **Zvornik**, is often cited as a smuggling route for migrants, cattle, wood, drugs, cars as well as counterfeit textiles and money. It is also known as a hub for cigarette smuggling. The **Rača/Granični** crossing point between Bosnia and Herzegovina and Serbia (where



there is a high volume of vehicle traffic) is considered particularly significant for illicit activity. In 2018, 200 boxes of ecstasy were intercepted at this crossing. The local customs and border police are notoriously corrupt, and have been implicated in smuggling and accepting bribes.

The **Trebinje** region of eastern Herzegovina (which is part of Republika Srpska) includes a 70-kilometre stretch of border with Croatia (to the west) and a 130-kilometre border with Montenegro. This makes it an ideal location for the transit of drugs coming from Montenegro (including cannabis originating in Albania and cocaine from the Montenegrin ports) to Bosnia as well as to Croatia, and from there to other parts of the EU. There are said to be strong ties between groups operating in the Trebinje region and Dubrovnik (which is just 32 kilometres away). There are also reports of heroin being smuggled into the region via Montenegro and Serbia.<sup>26</sup> Trebinje is also a hub for cigarette smuggling from Montenegro. The cigarettes are moving north as well as feeding the domestic black market (where the price of commercially sold cigarettes is rising). Since 2015, Trebinje has also been used as a route by migrant smugglers.

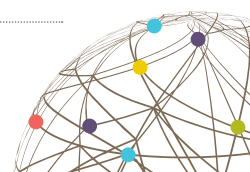
Two towns in the region – **Trebinje** (population 30 000<sup>27</sup>) and **Bileća** (see below) – are often cited as trafficking hotspots. There are also believed to be criminal groups operating in the smaller towns of Gacko and Nevesinje. The region is sparsely populated and economically depressed. The terrain is mountainous and difficult to patrol. Official border crossings are reported to be easily circumvented either by bribes or using unofficial routes: there are said to be many illegal crossings around Trebinje.<sup>28</sup> Over the past decade, a number of arrests have been made of individuals from the region who have been caught trafficking cannabis, cocaine and heroin. Interestingly, there is a high rate of recidivism among those arrested. A number of police from the region have also been arrested for trafficking.

**Bileća** is a town of around 10 000 people,<sup>29</sup> located close to the border with Montenegro and the border crossing between **Deleusa and Vračnovići**. Cigarette smuggling (particularly to neighbouring Croatia) is reported to be very common in the area, and there are well-established networks. The trade is said to be facilitated by corrupt police and border officials. Court cases examined by the GI led to the conclusion that ‘the risk of being identified or arrested for smuggling is low because most of the police are involved in smuggling operations themselves.’ Recently, the area has also become a popular crossing point for the smuggling of migrants.

**Rožaje** is a small town in north-eastern Montenegro (population around 23 000<sup>30</sup>) close to the border with Kosovo and Serbia. Most inhabitants are (Muslim) Bosniaks. The town has witnessed significant emigration. Rožaje is located on the roads to Peja and Novi Pazar, and is considered to be a hotspot for drug trafficking. In October 2014, the head of the Rožaje group, Safet Kalić, was arrested in Austria. He was charged with laundering €7.7 million, which was allegedly acquired from drug trafficking. Several of his properties were seized. The Kalić family has since been acquitted and compensated in Montenegro, but not in Germany where he faced a separate trial.

Northeast of Rožaje, on the road to Novi Pazar, the border crossing at **Špiljani/Dračenovac** is known as a hotspot for trafficking cigarettes, drugs and medication, as well as migrants. Counterfeit money and fake ID cards have also been confiscated there. Smuggling also takes place in the greenbelt along the border between Montenegro and Kosovo. An eyewitness in the village of Balotice, five kilometres east of Rožaje, reported regular sightings of smugglers moving drugs and weapons from Kosovo to Montenegro to the GI. He described seeing convoys of more than one hundred horses.<sup>31</sup> The unhindered trade is made easier by the rugged terrain and complicit officials on both sides of the border.

The area around the border crossing of **Kulla/Kula**, between Kosovo and Montenegro, and around the village of **Čakor** is said to be a hotspot for the smuggling of cigarettes and drugs.<sup>32</sup> The region includes rugged mountains, which are hard to access and patrol by cars. Donkeys and horses are said to be used by traffickers using unofficial crossing points. In April 2018, Kosovo police seized 1.3 million cigarettes in a village close to the border. The load was packed on seven (unaccompanied) horses. Border management in this region has been complicated by slow progress on a border demarcation agreement between the two countries.





Map 2: Border nodes





**Idomeni/Gevgelija** is a major crossing point between Greece and North Macedonia along the main E75 highway connecting Greece, Skopje and further north – all the way to Hungary and Slovakia. This crossing became notorious in 2015 during the refugee and migrant crisis because of clashes between police and large groups of people on the move, mostly from the Middle East. It is also a transit point for drug trafficking: particularly heroin coming into the region; and cannabis (from Albania) being smuggled out to Greece and Turkey. In May 2018, 130 kilograms of cannabis were seized at this border crossing. In December that year, 515 kilograms were intercepted.

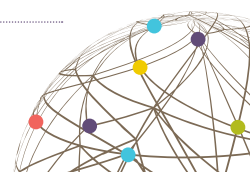
The **Jažince/Gilboçicë** border crossing near Tetovo, in North Macedonia, is considered a hotspot for the trafficking of various goods. Officials working at the border crossing are alleged to be under the control of local party officials. This is consistent with a well-established practice whereby control of border crossings is tacitly given to a political ally in return for support for the governing party. A former police officer explains: 'After midnight, around 3 am, police and customs officers often receive orders by their bosses to shut down all cameras and to close their eyes for around half an hour. For this, of course, they get an appropriate reward. The truck which passes in this time belongs to a criminal group who divide the profit with the high officials of the Albanian ruling party.'<sup>33</sup> Not far from the official border crossing is an illegal route that is used by criminal groups who traffic goods by trucks, tractors and horses.

**Shkodër**, in the north-east of Albania, is a hotspot for organized crime because of its status as a hub for cannabis trafficking, as well as proximity to neighbouring Montenegro. With a population of around 200 000<sup>34</sup> in the prefecture in January 2019, Shkodër is the fourth largest city in Albania. Shkodër was a well-known hub for smuggling during the Balkan Wars of the 1990s. Today, criminal groups in the city are involved in human trafficking, loan sharking and extortion, and the smuggling of drugs and migrants. There are at least four powerful clans active in the city, mostly formed around kinship ties.<sup>35</sup> These mafia-style families are believed to have strong links to other criminal groups in the country, as well as in Kosovo and Montenegro.<sup>36</sup> They are also believed to be connected to diaspora groups in Western Europe, as well as political actors or parties. In late 2018, five people were assassinated and two abducted in Shkodër, setting off the latest cycle of violence.

The port of **Durrës** (a prefecture with around 290 000 inhabitants, as of January 2019<sup>37</sup>) is one of the biggest in Albania and a hotspot for various forms of trafficking. It is a major point of entry for container shipping from Latin America. Many ferry companies also use the port, with popular routes to Italy. Drugs are smuggled in buses, cars and trucks, while major consignments are hidden in containers. In a recent example, a truck driver was arrested on 28 March 2019 with two kilograms of pure heroin taped to his body.<sup>38</sup> Sources tell the GI that unprocessed leather is being used as a cover for the import of illicit narcotics, with one of the reasons being that the strong smell of the leather is said to mask the drugs effectively. In February 2018, Albanian police seized a load of 613 kilograms of cocaine coming from Colombia in a container full of bananas. Increased use of scanning equipment (including as part of a UNODC-supported Port Control Unit) has the potential to enhance law enforcement at the port, but as an interview with a local customs official revealed, higher authorities sometimes 'discourage' employees from checking certain vehicles.<sup>39</sup>

**Vlorë**, in southern Albania (population of the prefecture is around 190 000 in January 2019<sup>40</sup>), is the country's second largest port. Its proximity to Italy makes it a popular departure point for go-fast boats involved in smuggling, particularly of cannabis which, until recently, was grown in large amounts in the region. There is a long tradition of criminals from Vlorë moving to Italy and Spain, where they continue to be involved in illicit activities. Recently the city has been rocked by a number of killings (including of notorious crime group leader, Edision Harizaj in November 2018), which seem to stem from turf battles over control of markets outside Albania, as well as revenge killings between criminal groups. It is alleged that criminal activity in Vlorë and its vicinity enjoys a degree of collusion between criminals and police and protection from certain politicians.<sup>41</sup>

**Saranda** is a beautiful town on the Albanian coast, close to the Greek border and the island of Corfu. This popular tourist destination, not far from the ancient city of Butrint, has an active port. In recent years, the population of Saranda



has almost doubled (to over 55 000<sup>42</sup>). There has been a major construction boom and the port has been expanded. The Saranda region is said to be a hub for trafficking. Traffickers use mules to carry drugs (mostly cannabis) across the border into Greece. Sources tell the GI that local police and border officials know the identities of the main traffickers, but that they are told by their superiors to let them pass.<sup>43</sup> Traffickers are also believed to be smuggling drugs – mostly heroin and cocaine – across the border at Qafe Bote/Sagiada, where there is a lack of scanner equipment. It is speculated that most of these drugs are headed for the Greek port of Igoumenitsa and onwards to southern Italy. In January 2019, one of the major kingpins in the region, Klement Balili, surrendered to police. Balili had been on the run for three years after being accused of transporting 700 kilograms of cannabis into Greece.<sup>44</sup>

## The war for Montenegro's ports: Bar, Budva and Kotor

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### A tale of two clans

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A bloody feud has been raging since 2014 over control of the lucrative cocaine trade (among others) through Montenegro's Adriatic ports. A tit-for-tat cycle of violence between the Škaljari and Kavač clans – named after villages in the Kotor municipality – has involved assassinations and the use of explosives, bombs and snipers. It has escalated to involve a number of criminal groups from Serbia and Montenegro, which are aligning to one side or the other. The fallout has led to a trail of destruction along the beautiful Montenegrin coast, dozens of deaths in Montenegro and Serbia (most of them unsolved), as well as a spill-over of violence abroad – as witnessed by the shooting incident in Vienna in December 2018.

The Montenegrin coast has a number of attributes that make it a hotspot for trafficking, including its location; good infrastructure; political cover and a ready pool of young men with few viable alternatives.<sup>45</sup>

More than a decade ago, most of the drug trafficking in the region was controlled by a unified Kotor clan, which had links to cocaine suppliers in South America as well as the Italian Mafia. Drugs were believed to have been shipped from Argentina, Uruguay and Colombia (sometimes via Brazil) to the ports of Valencia, Gioia Tauro in the Italian Calabria (which is controlled by the Ndrangheta), ports in the Netherlands and Greece as well as the Montenegrin port of Bar. From there the drugs were taken over by other members of the Kotor clan and shipped around Europe. The Kotor clan was known for being efficient and reliable.

But then the clan faced a leadership crisis. Dragan Dudić ('Fric') – a 'businessman' and criminal with close links to politicians, businessman Rodoljub Radulović and Darko Šarić (the 'cocaine king' of the Balkans) – was shot dead while sitting at a café in Kotor in May 2010. In 2014, Darko Šarić turned himself in after being on the run since 2010. His brother, Dusko, was also arrested by Montenegrin authorities in 2010 on drug smuggling charges.

In 2018, Darko Šarić was convicted to 15 years in prison for smuggling five-and-a-half tonnes of cocaine from South America to Europe in 2008 and 2009.<sup>46</sup> He also faces charges of laundering around €22 million of drug money. Researchers estimate that Šarić invested €2-3 billion in the Western Balkans as part of his money laundering activities, including through a bank owned by the brother of the Montenegrin president.<sup>47</sup>

In this leadership vacuum, in-fighting started when one member of the group, Goran Radoman, was blamed for the disappearance of more than 200 kilograms of cocaine in Valencia. In 2014, this led to in-fighting and the division of the once-powerful Kotor group into two clans – namely the Kavač and Škaljari. And, as described above, it set off a bloody feud that continues to this day.



The intensity of the feud can be explained in part by the amounts of money at stake. It is estimated that a kilogram of cocaine can fetch €75 000–80 000 in Western Europe, of which the Montenegrin groups get just over half. The rest is spent on the original purchase (around €2 000 per kilograms), trans-shipment and cross-border transport (€18 000–20 000) as well as storage and distribution (around €13 000). Assuming that the average organized group in the region moves between 500 and 1 000 kilograms of cocaine per year, the potential profits are significant. Some of this money is believed to have been laundered into real estate, hotels, casinos and restaurants in Serbia, Kotor, Bar and Budva and through Montenegrin and foreign banks.

The clan war has stained the image of historical and beautiful tourist attractions in towns like Kotor and Budva. The fortified city of Kotor (population 22 000<sup>48</sup>) is a UNESCO-protected site with one of the biggest and oldest naval schools in the region, while Budva (population 20 000<sup>49</sup>) is a popular resort known for its beaches, nightlife and festivals. In the past few years, these towns have witnessed shootings and bombings in broad daylight.

On 20 February 2015, Radoman was murdered in an ambush in the New Belgrade district of the Serbian capital. The killer, who is still unknown, fired at least 25 bullets from a Kalashnikov. A few hours prior to the incident (in the middle of the day), the car of Radoman's best friend, Milan Vujotić, was attacked with a bomb. This set off a series of violent tit-for-tat incidents in Kotor, Budva and Podgorica. The clans tend to recruit mostly family and friends, and therefore the desire for revenge runs deep.

On 27 October 2015, Goran Đuričković, a member of the Škaljari clan, was shot by a sniper from the walls of the old town in Budva. It is alleged that the shooter was Srđan Popović from Bosnia and Herzegovina. He was arrested in Graz, Austria in August 2017. A member of the Škaljari clan was killed by a sniper in September 2016 while in prison. Dozens of similar examples could be cited.

The criminals constantly seemed to be one step ahead of the police. One theory is that Kotor is being monitored by surveillance cameras which were installed by the criminal groups, rather than the police. Indeed, the cameras were allegedly used in part to monitor the police.<sup>50</sup> In addition, a senior commander of the Kotor police – who was arrested in September 2016 – was believed to be passing information to the Kavač gang.

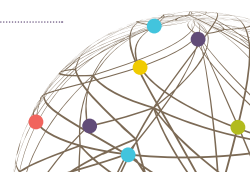
The violence spilled over from Montenegro to Serbia. A turning point seems to have been the murder of the leader of the Belgrade Partizan football fan club and convicted drug dealer, Aleksandr Stanković (also known as 'Sale Mutavi') in October 2016. His killing is believed to be linked to a dispute over an unpaid shipment of cocaine.

After this incident, the Serbian Minister of Police Nebojša Stefanović declared war on the local mafia – although some have noted that the reaction has been selectively directed at certain groups and not others.<sup>51</sup> The majority of the 52 murders that have occurred in Belgrade since 2012 are thought to be connected to the war between the Škaljari and Kavač clans, although the situation is complicated by the links between these clans and more established groups like Luka Bojović's gang and the Mutavi clan. Even after the arrest of Škaljari clan leader Jovica Vukotić in Turkey in September 2018 and the leader of the Kavač clan Slobodan Kaščelan in December 2018 in Prague, the violence continues – as witnessed by the shooting of Vladimir Roganović in Vienna in December 2018 (see the section on Balkan crime abroad).

## Open Bar

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The situation in the port of Bar (population 42 000<sup>52</sup>), further down the Montenegrin coast, seems less violent – although there have been five mafia style murders in the past three years. This is perhaps because the Bar cartel is considered efficient, disciplined and well connected. Drug trafficking through Bar seems to benefit from contacts between Serb and Montenegrin criminals in the Caribbean and Latin America, with few intermediaries. For example, in 2014 police confiscated 250 kilograms of cocaine hidden in a container of bananas from Ecuador (destined for Albania). No one has been arrested. In June 2018, 38 kilograms of cocaine from Ecuador were seized in Bar.<sup>53</sup> It is



worth noting that around 50 containers of bananas arrive in Bar every week, which are later distributed to Kosovo, Serbia and Bosnia and Herzegovina.<sup>54</sup> It is thought that the groups operating via Bar are criminals from Montenegro working with associates from Serbia and Croatia, and that these groups operate at an international level.

Bar is also a well-known hotspot for cigarette smuggling. Cigarettes from abroad are said to come through Bar for re-export, while cigarettes made in Montenegro are shipped from Bar. In 2018, more than 43 million cigarettes were confiscated entering the port of Bar. The volume of counterfeit cigarettes, or 'cheap whites' (allegedly produced in factories in Podgorica and Mojkovac) leaving Bar is less clear. But someone familiar with the workings of the port told the GI that the export of cigarettes is so significant (and connected to people of influence), that apparently some warehouses at the port are kept only for smuggled cigarettes, and private companies are in charge of loading and unloading the containers.<sup>55</sup>

This level of activity could only be possible with the collusion of port and customs officials and the police. In August 2018, 10 customs officials from the port of Bar were arrested for smuggling cigarettes. There are also suspicions about some of the offshore firms operating in the free economic zone in the port of Bar. The biggest groups involved in cigarette smuggling from Bar are allegedly the 'Mojkovac' and 'Grand' clans that are said to be closely connected to senior figures in government and the security services.

Cigarettes loaded at Bar are destined mainly for Libya, Egypt, Lebanon and Cyprus. According to an investigation by the European Anti-Fraud Office, vessels often arrive at their destination empty, with the cigarettes most likely diverted into the EU contraband market. The cigarettes were either illegally unloaded on EU territory or transferred onto other vessels on the high seas, unknown to the customs or coastguard services, and then smuggled back into the EU. Overall, since the beginning of 2015, eight vessels and their relevant cargo of cigarettes – loaded in the port of Bar – have been seized for smuggling in Greece and Spain. The cigarettes loaded onto six of these vessels were destined for Libya, one for Cyprus and one for Lebanon. In total, almost 350 million cigarettes were seized on these vessels, corresponding to nearly €70 million in customs, excise and VAT duties.<sup>56</sup> But this is just the tip of the iceberg.

It is alleged that 600 containers of cigarettes are smuggled out of the port of Bar every year. Each such container is said to be worth half a million euro. That would equate to revenue of around €300 million per year, plus several millions more from the sale on the black market in Montenegro and to other parts of Europe via land routes.

The Montenegrin coast seems to be attractive for other forms of crime as well. It is alleged that the Malaysian poker star and online betting magnate Paul (Wei Seng) Phua is using investments that he and his associates control in Montenegro to launder money.<sup>57</sup> Phua has been named as a member of Hong Kong organized-crime group, the Triads.

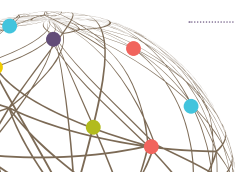
## Grand theft auto: Sarajevo

Friday, 26 October 2018. Two police officers are shot in Sarajevo while trying to apprehend a suspect caught stealing a car. One officer was killed instantly, the other died several hours later from his injuries.

While these murders shocked the city, this type of incident was nothing new. On 22 May 2018, two police officers were injured when they were shot at by car thieves in Sarajevo's Novi Grad district.

From 2014 to 2017, there were between 15 and 20 cases of car thieves shooting at police, trying to run them over or damaging police cars while escaping. This makes car thieves the most dangerous criminals in the city.

In 2017, at least one car was stolen in Sarajevo every day. The thieves are increasingly brazen, and even stole vehicles belonging to the local Sarajevo police, the State Investigation and Protection Agency and the Ministry of Defence.



Revenue from car theft over the past 15 years was estimated at €50 million, making it one of the most lucrative forms of crime in the country.<sup>58</sup>

Many of the perpetrators are said to be from Republika Srpska, particularly from the towns of Pale (roughly 20 minutes away from Sarajevo), Zvornik, Mokro and Sokolac. They usually work in teams of three, wear black masks and are armed. The average profile is of young men between the age of 25 and 27. They are mentored by bosses who had started in the business 10 to 15 years before and who have now diversified into a range of other – often licit – activities. Indeed, car theft seems to be a lucrative entry point for a life of crime. Some of the most notorious criminal groups in the region – like the Zemun clan – seem to have started their criminal careers as car thieves.

The same groups are also allegedly involved in drug smuggling, extortion (including in car theft cases) and money laundering.<sup>59</sup> Indeed, while the focus of this profile is on car theft, there are also other types of organized criminal activity in Sarajevo. The situation seems to have improved to some extent, however, since the arrests of two kingpins (and rivals) Zijad Turković and Naser Kelmendi in 2013.<sup>60</sup>

Cars stolen in Sarajevo are usually taken outside the city limits. In some cases, the stolen cars are used to carry out other crimes and then destroyed. In other cases, the owners are contacted to buy back their cars. Sometimes the cars are sold abroad, or disassembled with the parts then sold on the black market. It is perhaps no coincidence that there is a high concentration of car repair shops along the border region of Bosnia and Herzegovina – many of which are operating illegally. It also appears that many of the profits from vehicle theft and extortion are laundered through businesses that relate to cars; such as auto repair shops, car washes, taxi companies and rental agencies.

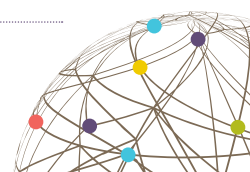
In Bosnia, car theft seems to offer low risks and high rewards. Very few perpetrators are caught. This can be attributed in part to a complicated administration system, resulting from various levels of government. Not only is the country divided, but Sarajevo – with a population of around 275 000,<sup>61</sup> mostly Bosniaks – is part of the Federation of Bosnia and Herzegovina, while Eastern Sarajevo<sup>62</sup> – with a Serb-dominated population of around 60 000 people – is part of Republika Srpska.

While criminals move seamlessly across inter-entity boundaries between Republika Srpska and the Federation of Bosnia and Herzegovina, the criminal justice system is handicapped by slow exchanges of information, different jurisdictions and insufficient joint operations and investigations due to the complex administrative system of the country. For example, each of the 10 cantons, as well as each of the three administrative units of the country (the Federation of Bosnia and Herzegovina, Republika Srpska and Brčko) have their own police force. A lack of cooperation between these police forces is systemic.

Some police in Sarajevo, for example, expressed frustration to the authors of this report that their counterparts in East Sarajevo, or other parts of Republika Srpska, were not doing enough to track down the car thieves – even when suspects seemed to have few qualms about driving around in flashy vehicles.<sup>63</sup>

Even those car thieves who are prosecuted are seldom convicted, and those who go to jail tend to recommit crimes once they get out. Indeed, the fact that the same names keep popping up as suspects in car thefts (and other crimes) suggests a high degree of recidivism.

But there are signs that the situation might be changing. In early November 2018, Bosnian authorities launched a major operation called Volan ('Wheel') against auto thieves, and some 27 people were charged. It is expected that the investigation may last years. There have also been some major drug busts in Sarajevo recently. In October 2018, a consignment of 900 kilograms of cannabis was seized. But there also seem to be more drugs around. Police told the GI that there is a growing market for cocaine and synthetic drugs in the Bosnian capital, yet prices are not going up. This suggests there is significant competition.<sup>64</sup>



## Major intersections and capitals

*For organized crime, as in real estate, location is everything. In addition to border areas, major intersections are often hubs for criminal activity. This includes large (often capital) cities, places where highways intersect, or other nodes along trafficking routes (see Map 3). The locations listed start with the most northerly.*

**Novi Sad** (with a population of around 322 000<sup>65</sup>) is the second largest city in Serbia, and the capital of the autonomous province of Vojvodina. It is situated at a crossroads of major international traffic routes that connect it to Central and Western Europe, Romania and Bulgaria to the east, and Belgrade to the south. It also has a major port on the Danube river. Furthermore, Novi Sad also has a free customs zone, which permits manufacturing and service activities without payment of customs duties and taxes.

These attributes make Novi Sad attractive for smuggling – particularly drugs and stolen cars moving south to north, but also small arms and migrants. It is said that Darko Šarić (originally from Pljevlja) ran his international cocaine operations from Novi Sad.<sup>66</sup> Since 2012, there have been eight mafia-related murders in the city, as well as several other attempted murders and violent crime-related activities (many of them involving Montenegrins). Very few of these cases have been solved. The murders seem mostly to be a settling of scores between different criminal groups that are trying to control the city's drug market – particularly since the death in June 2013 of controversial Montenegrin businessman and president of the Vojvodina football club,<sup>67</sup> Ratko Butorović (also known as Bata Kan Kan) who was considered to be the main boss.

A senior police official referred to these killings as a process of 'natural selection', but some representatives of civil society who spoke with the GI expressed concern about the increasingly brazen attacks and the lack of action from the state.<sup>68</sup> The profits of crime are being laundered in the city, which appears to be driving a construction boom and rapidly rising property prices. Major players are also increasingly buying agricultural land in Vojvodina.

**Banja Luka** is the second largest city of Bosnia and Herzegovina and the main city of Republika Srpska. It was previously a multi-ethnic community. Since the war in Bosnia, the majority of this historic city's approximately 185 000<sup>69</sup> inhabitants are now Serbs. The region is said to be a source for the trafficking of firearms and explosives (a legacy of the war), which are sold illegally in the EU (particularly to criminal groups in Sweden) and are also used in terrorist attacks in Western Europe.<sup>70</sup>

Drug trafficking is also prevalent in the region. This has been linked to the involvement of the local police. For example, in 2013, four police inspectors from the counter-narcotics department were arrested for drug trafficking. Sources tell the GI that in recent years, the amount of cocaine being circulated in Banja Luka nightclubs is increasing (as in Sarajevo), while prices are falling.<sup>71</sup> One theory is that traffickers involved in drug smuggling are being paid in kind. Profits from criminal activity are being laundered in the city to buy real estate, luxury cars or legal businesses that have a high cash turn-over (such as car rental agencies, cafés, bars, restaurants and nightclubs).

**Tuzla**, with a population of around 110 000<sup>72</sup>, is the third largest city of Bosnia and Herzegovina. It is considered the economic, cultural, educational, health and tourist centre of northeast Bosnia. The city is situated along known drug trafficking routes, including for heroin and cannabis. There are also reports of seizures of synthetic drugs. It is thought that synthetic drugs from the Netherlands are used as payment for drugs transiting the Tuzla region along the Balkan route towards the EU. As in other parts of Bosnia – like Banja Luka and Sarajevo – the GI was told of a rise of heroin and cocaine on the streets in recent years.<sup>73</sup>

There are also reports of textile and cigarette smuggling. Like Sarajevo, Tuzla has a relatively high rate of car theft (100 cars per year). This is explained in part by its proximity to Republika Srpska and the Brčko district: within a 20-kilometre radius, there are three different police forces operating in their sphere of jurisdiction. The lack of communication and cooperation among the different police forces makes it relatively easy to move stolen cars (for instance, to the Zvornik region of Republika Srpska). It is alleged that there are links between car thieves operating in the Sarajevo and Tuzla regions (like the Sokolac group), as well as with networks in Serbia.<sup>74</sup>





Map 3: Major intersections





The Serbian capital of **Belgrade** (population 1.7 million<sup>75</sup>) has witnessed a recent increase in the activity of criminal groups. Since 2012, there have been 145 murders in Serbia and Montenegro, which have been characterized as ‘mafia liquidations’. Some 52 of these murders were committed in Belgrade.<sup>76</sup> Very few have been solved.<sup>77</sup> In July 2018, a lawyer famous for defending criminals was murdered in front of his house. There is also a long-running blood feud between the Bojović and Šaranović families. Organized crime in Belgrade also is often linked to football hooligans, politicians and so-called ‘controversial businessmen’.

The city of **Niš** (population around 260 000<sup>78</sup>) is located at the intersection of the main highways running from the northern part of North Macedonia to Belgrade (via either Kosovo or southern Serbia), as well as roads going west to east, all the way through Bulgaria to Turkey. It is also a major railway junction and has an airport. The city’s location makes it a major hub for illicit activity. Criminal activity in Niš appeared to have increased after 2010, when there was no police chief for three years. There are said to be six major criminal groups active in the city, mostly involved in smuggling drugs and cigarettes.<sup>79</sup> In 2017, eight cars were set on fire, three of which belonged to senior police officers. The car of the deputy mayor was also destroyed.

**Novi Pazar** (population 105 000<sup>80</sup>), located in the very south-west of Serbia, close to the border with Montenegro, is the historical centre of the region of Sandžak. The region has a high concentration of Muslims (82%), mostly Bosniaks. Sandžak is one of Serbia’s poorest regions and has one of the fastest-growing populations. The average age is 31 years old, and almost half the population (45%) is younger than 29.<sup>81</sup> This makes Sandžak one of the youngest regions in Europe. Those who are able to leave, do so. In the past three years, nearly 10% of the population is believed to have emigrated to Germany. The region suffers from 26% unemployment.<sup>82</sup> And even those who work are not well off: the average net salary in Novi Pazar is €305,<sup>83</sup> which is 50% below the national average.<sup>84</sup>

The local economy is said to depend a great deal on money from remittances or crime. Novi Pazar is located along roads going north from Montenegro and northern Kosovo. As a result, it is a major intersection for both the trafficking and repackaging of heroin from Turkey and Bulgaria via Kosovo; and cannabis from Albania and Kosovo to Belgrade and north to the EU. It is also alleged that some cocaine coming from South America via the Adriatic (through ports in Albania and Montenegro) transits through the region. The area is also known as a hub for smuggling fuel and cigarettes. With all the drugs flowing through the city, one observer called Novi Pazar ‘little Colombia’.

One of the main smugglers controlling the route was Naser Kelmendi – one of the most notorious criminals in the region. Kelmendi was born in Kosovo, but held citizenship of both Bosnia and Montenegro, and worked with a network of contacts across the Balkans. He was arrested in 2017 and sentenced to six years in prison. Another notorious trafficker from the city is Hikmet Hajrović, who was arrested in 2011.

Although Hajrović and most members of his group were Bosniaks, their clients were mostly ethnic Serbs. ‘Criminal groups have no national and religious disputes when it comes to their work in this area,’ said a source from the region. Indeed, according to one observer, the criminal groups in Novi Pazar are a crucial link between Belgrade and Prishtinë. ‘Even with political tensions growing between Serbia and Kosovo, collaboration between criminals who do smuggling was never in jeopardy. On the contrary, business is better and better.’<sup>85</sup>

**Nikšić** is an industrial town in north-western Montenegro. It is the second largest city in the country with a population of around 72 000.<sup>86</sup> Nikšić is the hometown of the Montenegrin president, as well as controversial businessman Branislav Mićunović. It is located on the road from Podgorica to Trebinje (Bosnia), and from Serbia to the Adriatic coast (particularly Dubrovnik and the Montenegrin ports of Kotor and Budva). This makes it a key hub for the smuggling of drugs and cigarettes. Nikšić is historically known to be a smuggling hotspot. During the war in Bosnia, when tobacco, fuel, weapons, medicine and other goods were in short supply, these items were smuggled to Bosnia with the complicity of state officials from Serbia and Montenegro.

In recent years, the city has been locked in a blood feud between two families linked to criminal activity, namely Ranko Radulović and the Vilotijević family. Radulović was arrested in 2018 for, among other things, drawing up a



hitlist that included the Vilotijević brothers, Dusko Roganovic (mentioned in the story of the Vienna killing) as well as a special prosecutor. There are also believed to be links between Nikšić and criminal clans on the Montenegrin coast. Nikšić is further said to be the centre of operations for the Kvartaški ('Quartz') clan which, according to the media, has been active for decades in smuggling cocaine and cannabis. Some of its affiliates apparently operate abroad, especially in Spain. Some of the criminal profits of these groups are allegedly laundered back into businesses in Nikšić, including gambling, betting and construction firms, as well as real estate on the Adriatic coast (particularly in Budva).

**Prishtinë**, the capital of Kosovo (population of around 200 000<sup>87</sup>), is considered an active criminal environment. The major criminal groups in the city tend to centre around networks of veterans of the Kosovo Liberation Army (KLA). The main activities of the organized groups active in Prishtinë include drug trafficking. For example, in December 2018, Enis and Selim Qerka were arrested on suspicion of smuggling 113 kg of heroin at the border crossing between Kosovo and North Macedonia.<sup>88</sup> In another recent case, the son of former president Ibrahim Rugova was arrested for falsifying Italian Schengen visas. There are also accusations that some groups are involved in forging documents in order to benefit illegally from state land.<sup>89</sup> Furthermore, some groups near the capital are notorious for loan sharking. Recently Prishtinë, and other parts of Kosovo, have been hit by a wave of bank robberies.

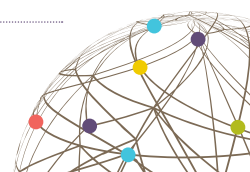
The town of **Peja** in western Kosovo (population around 96 000<sup>90</sup>) is at the intersection of a number of key trafficking routes. It is in a mountainous region close to the Montenegrin border, on the road to the capital Prishtinë and not far from northern Albania, Mitrovica and Novi Pazar. The region suffers from high unemployment. In the past, there was a high number of unresolved murders in Peja, believed to stem from a feud between two wings of the former KLA. The conflicts were both criminal (over control of trafficking routes in the region) and political, since some of the former commanders are now senior politicians. The area is said to be under the patronage of key political figures. While the number of murders has decreased, the level of crime in this hotspot is said to be high, particularly the trafficking of drugs, cigarettes as well as some weapons. The route to the Kulla/ Kula crossing and the area around Čakor (see border nodes section) are particularly popular with traffickers.

**Ferizaj** is the third largest city in Kosovo, with a population of approximately 108 000.<sup>91</sup> It is located in the south-east of the country, close to the border with North Macedonia, along the highway that goes from Prishtinë to Skopje. It is considered a hotspot for drug trafficking, particularly cannabis and heroin, including to a diaspora in Switzerland. In May 2017, police confiscated over 800 kilograms of cannabis from Albania in a village close to Ferizaj. Criminal groups operating in the town are also said to be involved in human trafficking (for prostitution), loan sharking as well extortion over land deals.

The Montenegrin capital, **Podgorica** (population of around 185 000<sup>92</sup>), is home to a number of major criminal groups. One led by Vaso Ulić is engaged in the trafficking of heroin, cocaine, methamphetamine and cannabis – particularly to Australia. Another group centred around the Lambulić brothers (Vjekoslav and Jugoslav) are said to be involved in illegal gambling, money laundering and drug trafficking. Yet another key group is known as the Zagorički clan (named after a suburb of the capital). Other groups are alleged to be involved in drug smuggling to Croatia, as well as smuggling expensive stolen cars to and from Podgorica and Albania.<sup>93</sup>

There are said to be links between groups operating in Podgorica with those in Nikšić, Rožaje and Bar (see above). It is worth noting that Darko Šarić – from Pljevlja (Montenegro) – had a good network of contacts in Podgorica. In the past few years, the Kotor gang war between the Kavač and Škaljari clans has spilled over into the Montenegrin capital, and some of their money has apparently been laundered there. It is alleged that some of the groups operating in Podgorica have connections to the security services as well as influential businessmen and politicians. An emerging form of crime in Podgorica is money laundering through (sometimes) unlicensed Internet betting.

**Skopje**, the capital of the Republic of North Macedonia, (population of approximately half a million<sup>94</sup>) is located along transport and trafficking routes going east-west and north-south. Although the city's population is predominantly ethnic Macedonian, the city's main crime groups are said to be ethnic Albanians. The most prevalent organized-crime



activities include drug trafficking, car theft, migrant smuggling as well legal businesses that provide transportation for trafficking, as well as opportunities to launder money. The three main criminal groups operating in the region (from the villages of Aračinovo, Kondovo and Grčec) appear to enjoy political protection.<sup>95</sup>

**Veles**, in central North Macedonia, is a major intersection for drug trafficking in the Balkans. It is located along the major north-south corridor (from Greece to Skopje and Prishtinë), as well as the highway leading east to Bulgaria: in other words where pan-European corridor 8c and corridor 10 intersect. This town of 54 000<sup>96</sup> people is seen as a trading hub for exchanging heroin for cannabis between criminal groups from Bulgaria, North Macedonia, Albania and Greece. Interestingly, the official number of drug seizures is very low, as is the official crime rate. This suggests a degree of collusion or benign neglect by the police and politicians. The wider Vardar region is one of the most sparsely populated parts of North Macedonia. Veles used to be a major industrial city, with a smelter, porcelain factory and textiles industry, but in the post-communist period it became economically depressed. The unemployment rate is over one third above the national average,<sup>97</sup> and there are high rates of suicide and depression. These conditions help to explain why, in the 1990s, Veles became the birthplace of the so-called Frankfurt mafia group – one of the biggest drug smuggling rings in Germany, which was also active in the heroin trade in Vienna. At its height, several hundred young people from Veles (often using Bulgarian passports) were believed to have sold drugs on the streets of Austria and Germany as part of the group. Some profits from this illicit activity were apparently laundered into the town's discos, coffee bars, restaurants, tourism, hotels and betting shops. The Frankfurt group was eventually disrupted through a series of joint operations between the Austrian, German and North Macedonian police.<sup>98</sup>

**Štip** is a town of around 48 000 people,<sup>99</sup> located in eastern North Macedonia along a transport corridor that runs from Veles to Kočani and into Bulgaria. Like Veles, the region is economically depressed, which has led to high rates of unemployment,<sup>100</sup> depression, suicide and out-migration. Štip is situated along a corridor of poly-criminal activity, mostly controlled by ethnic Macedonians. Illicit activity is said to include drug trafficking, cigarette smuggling as well as racketeering and extortion involving private security companies that are in the 'protection business'.

**Kočani** (population 37 000<sup>101</sup>) is a town in eastern North Macedonia close to the Bulgarian border. Like Veles and Štip, Kočani suffers from out-migration (particularly to Italy and Germany) and unemployment, but benefits from being situated along a major heroin trafficking route. Kočani is also said to be a hotspot for smuggling cigarettes and cannabis. Groups from Kočani are believed to enjoy close ties with some Bulgarian criminal groups. It is alleged that several years ago, criminal groups operated here with such free rein that crime bosses set up a 'security agency', which established a 'security fee' for all shops in the city at €30-50 a month. Those who refused to pay had their cars set on fire or shops demolished.<sup>102</sup> This threat was diminished with a major operation (called Detonator) by the North Macedonian police in April 2012.

The areas around **Kurbin** and **Lezhë** are hotspots of organized crime in Albania (the whole prefecture has around 125 000 inhabitants<sup>103</sup>). The area of Kurbin (which covers 235 km<sup>2</sup>) is situated along the highway between Tiranë and Lezhë, and one of the local towns, Fushë Kuqe, borders the Adriatic. This makes it an ideal location from which to traffic drugs to Italy. Kurbin is an economically depressed region. Some criminal groups from the region – which are usually made up of people from the same family – are involved in drug trafficking, while others are notorious for robbery, burglary and money laundering (particularly into real estate). There is also said to be cannabis cultivation in the region.

In 2014, a drug laboratory was discovered in Fushë Kuqe. During the operation, police confiscated 7 kilograms of cocaine, 18 kilograms of heroin and 100 kilograms of cannabis, as well as firearms. The group involved is apparently still active, and has links to criminal groups in Kosovo. One of the most notorious towns in the Kurbin region is **Laç**. Criminals from this town have developed the stereotype of being ruthless and violent, and are apparently distrusted by other groups in the Albanian underworld.

The Lezhë area (further north) also borders the Adriatic, and includes the port of Shëngjin. Criminal groups from Lezhë have been active in human trafficking, drug trafficking and gun running. Some have been active abroad,

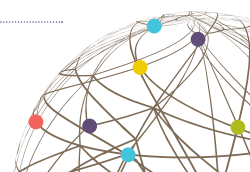


particularly in Italy and the Netherlands. They are also said to launder their money into the region, particularly in real estate, tourism, bars, restaurants and gas stations. The area is infamous for major crime families with close links to politicians. Indeed, several members of Parliament from the region are said to be involved in organized crime, and one has recently been dismissed from Parliament as a result. In March 2018, the mayor of Lezhë and 11 officials were arrested for their alleged part in selling coastal land in a scheme to receive large amounts of money.

**Tiranë** is one of the most dynamic capitals in the Balkans. Its population (around 895 000 in 2018<sup>104</sup>) has quadrupled in 20 years, and its population is young (average age 27).<sup>105</sup> In the past, the capital was home to some of Albania's most dangerous criminal groups. That threat has subsided to some extent, although several major criminal groups remain active in the city. They mostly operate as a back-office for operations abroad, mainly in the Netherlands, Belgium, Spain, Switzerland, Germany, Italy, Kosovo and the United Kingdom, also with links to Turkey and Latin America. The main activities of these groups are drug smuggling, blackmail, unlicensed gambling, money laundering, racketeering and paid killings. Tiranë is also considered a hotspot for where criminal groups from around the country meet, either with each other or with senior officials in government or the security services. Relations are not always collegial. In recent years, the city has witnessed a number of shootings, bomb threats and explosions linked to criminal groups. Recently, there have been a number of high-profile armed robberies targeting cash transfers from Tiranë airport to Vienna.<sup>106</sup>

**Elbasan** in central Albania (population of the prefecture is around 274 000 in 2018<sup>107</sup>) is located at the intersection of the north-south and east-west trafficking routes (from the ports of Durrës and Vlorë to Ohrid). Criminal groups in Elbasan have been involved in the cannabis trade, in heroin, and more recently, in cocaine. In 2015, a drug lab was discovered in a village in the Elbasan municipality that was used for processing cocaine.<sup>108</sup> Police seized 115 kilograms of cocaine, €359 000, as well as weapons, and arrested 11 people including – two Colombians. The city is said to be home to two of the most powerful criminal groups in Albania, both of which are engaged in cocaine trafficking through Western Europe to the United Kingdom.

**Fier**, in southern Albania (population 294 000 of the prefecture in 2019<sup>109</sup>), is located at the intersection of the main highway linking central Albania to the south. Criminal groups from the area are said to be well connected to networks abroad (particular in Western Europe and Latin America), as well as politicians in Albania. For example, Arjan Shanaj from Fier, who was arrested in Greece in the spring of 2017, was caught with cocaine allegedly from a Colombian clan. Some of the groups are also characterized by strong family and community ties. A source with local knowledge explained: 'The fact that they are rather violent, sophisticated and closely linked with politics, has made the organizations operating in Fier rather untouchable.'<sup>110</sup> The main illicit activities of criminal groups here include drug trafficking and processing (the city is said to house heroin laboratories), blackmail (including with compromising footage of politicians with prostitutes or taking drugs) and money laundering (particularly in gas stations, casinos, bars, restaurants and hotels) in Fier and on the coast. The profile and economic prospects of Fier stand to benefit from the construction of the Trans-Adriatic Pipeline (from Turkey to Italy). The pipeline (for natural gas) as well as compressor station and a metering station will be built close to Fier and should be ready for the initial stage of operation in 2020.<sup>111</sup> Major infrastructure development is also planned.



# A triangle of crises: Southern Serbia, Kosovo and North Macedonia

The triangular region of North Macedonia, Kosovo and Serbia – which is mostly inhabited by ethnic Albanians – suffers from economic underdevelopment, instability, porous borders and weak governance, making it vulnerable to organized crime.

The main cities in the region are Kumanovo and Tetovo, populations estimated around 109 000<sup>112</sup> and 92 000,<sup>113</sup> respectively (see Map 4.) Kumanovo is located at the crossroads between the highway from Thessaloniki to Belgrade (or northeast to Kosovo) and from Skopje to Kyustendil (Bulgaria). It is also along the railway track that links Athens and Vienna. Roads from Tetovo (and Albanian villages north of Skopje) head north into Kosovo, via Ferizaj to Prishtinë.

The topography of the region is relatively mountainous, and border control – except at official crossings – is difficult.

Tetovo, Kumanovo and neighbouring Lipkovo (estimated population around 30 000<sup>114</sup>) have the highest unemployment rates in the country (58%)<sup>115</sup> and a very weak economy. Young people from the region try to emigrate (particularly since EU visa liberalization for North Macedonia in 2010), or are vulnerable to recruitment into criminal or armed groups. As a result, Lipkovo has earned the nickname ‘the region of crises’.

During the Yugoslav period, there were no hard borders between the ethnic Albanian communities living in northern North Macedonia, the Preševo valley in southern Serbia and southern Kosovo. Although the region now falls within three states, families are still used to crossing back and forth to visit relatives. These kinship ties and lax attitudes towards borders also enable smuggling.

The region was said to be a key area in the 1990s for the smuggling of commodities (particularly fuel) to Serbia and Montenegro, when they were under embargo. Today, the main commodities smuggled through the region are believed to be livestock, food, gold, cigarettes and drugs. The drug trade seems to comprise mostly of cannabis from Albania via Kosovo or North Macedonia, and then via the Preševo valley to Serbia, Bulgaria and Greece; heroin from Turkey via Bulgaria; and cocaine from Serbia.

Heroin is also thought to be processed and repackaged in the region. One of main destinations is said to be Switzerland. For example, in December 2017, 110 kilograms of heroin was seized on a bus departing from the Preševo valley to Switzerland. In October 2018, police raided a heroin lab in the mountainous Has region of Albania (close to Kukës), and found morphine and drug ingredients that had come from Turkey via North Macedonia and Kosovo.

Furthermore, there is evidence to suggest that synthetic drugs are being produced in the region. In December 2017, in a village close to Tetovo, an illegal lab was discovered, and 300 kilograms of amphetamine pills was impounded – the biggest quantity of synthetic drugs ever to be seized in south-east Europe. Milan Zarubica – named one of the ‘greatest makers of synthetic drugs’ in the region by Serbia’s Ministry of Internal Affairs – was arrested in Serbia after a joint operation with North Macedonian police.

The region is also a hotspot for human trafficking. Since 2014, the northern border of North Macedonia – particularly the villages of Vaksince and Lojane – has also been a notorious thoroughfare for the smuggling of migrants. Reports by migrants suggest that they were exploited by locals when they were looking for food and shelter. There are also allegations that North Macedonian passports were sold to migrants (although it is not clear who provided them).<sup>116</sup>

In the past 20 years, the region has been the site of several major clashes. In 1999, during the crisis in Kosovo, a large number of ethnic Albanians were displaced to northern North Macedonia. Inter-ethnic tensions increased in relation to calls for greater protection for minority rights by the Albanian community. A crisis also erupted on the Serbian side of the border when KLA veterans founded the Liberation Army of Preševo, Medveđa and Bujanovac (UÇPMB), which called for secession of these three Albanian-populated municipalities from Serbia and their annexation to Kosovo.



Map 4: Triangle of crises

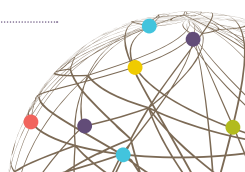


On-and-off fighting lasted for almost two years, particularly around the Bujanovac area. In 2001, violence flared up in North Macedonia between Albanian insurgents (calling themselves the National Liberation Army – NLA) and the North Macedonian police and army. The first clashes took place around Tetovo in March 2001. In May 2001 the NLA launched an offensive in villages north of Kumanovo, which was eventually pushed back by a major operation of the North Macedonian security forces. A political settlement was eventually reached through the Ohrid Agreement of August 2001.

In May 2015, violence again erupted in Kumanovo, this time when an armed group from Kosovo fought for two days with police – leaving behind many fatalities and a host of unanswered questions. Eight North Macedonian policemen and 14 armed men were killed, while 37 police officers were wounded. Thirty men (mostly from Kosovo) were arrested and charged with terrorism by the North Macedonian authorities. While some characterized the incident as a revival of inter-ethnic tensions, others pointed out that few of the attackers were from the region, that most had a criminal background, that no civilians had been killed and that the planning of the incident may (at least in an initial phase) have been known to the security services.<sup>117</sup>

As a result of these violent incidents, the Kumanovo region has had problems attracting investment, and is said to receive little support from the state.

Border control is weak in this region. Official border crossings are vulnerable because of some corrupt officials with links to political parties (see description of the Jažince/Gilloboçicë border crossing above). An observer of the situation on the ground told the GI that diligent border guards fear that they will be punished – even replaced – rather than rewarded for taking action. Cooperation between the border police of the three countries is also said to be poor.<sup>118</sup>





Where smugglers gauge the risk to be too high, they simply use informal crossings. For example, the GI was told that smuggling is common via illegal routes on the border between North Macedonia and Serbia, near the Tabanovce–Preševo border crossing, which is close to the village of Lojane.<sup>119</sup>

Today there are said to be a number of criminal groups (approximately eight main ones) operating in the Tetovo region. They are well-connected in the community, with many operating restaurants and bars and some with networks abroad. One group in particular seems to have a strong link to a well-connected group of ethnic Albanians from North Macedonia operating in Slovakia. One of the biggest drug lords in North Macedonia, Bajrush Sejdiu, comes from Kumanovo.

Two new border crossings are planned in the triangular region: one between North Macedonia and Kosovo (Belanovce–Stançiq) and another between North Macedonia and Serbia (Lojane–Miratovac). The opening of these border crossings has, however, been delayed. As one observer told the GI: 'It looks like turning these routes into normal border crossing points will add control and scrutiny to the area, and that people in power [who are] connected with those who freely smuggle it through the illegal border crossings might want to avoid this.'<sup>120</sup>

In such an environment, instability, underdevelopment and even crises will continue to be the norm.

## Hotspot profile: Northern Kosovo

On 16 January 2018, prominent Serb politician Oliver Ivanović is killed in a drive-by shooting outside his party headquarters in Mitrovica, northern Kosovo.<sup>121</sup> It was feared that Ivanović's assassination – on the very day that Belgrade and Prishtinë were set to resume talks on normalising relations – would further exacerbate inter-ethnic tensions. But Ivanović's death reveals more about the murky economy of northern Kosovo than tensions between the Serb and Kosovan Albanian communities.

The northern part of Kosovo encompasses a region of around 1 200 square kilometres in the northernmost tip of Kosovo (it includes the municipalities of North Mitrovica, Leposavić, Zvečan and Zubin Potok). The population is estimated to be around 80 000, some 70 000 of whom are ethnic (Kosovo) Serbs.<sup>122</sup> Relative to the rest of the country, it is sparsely populated. The biggest town in northern Kosovo is North Mitrovica which, since 2013, has operated as a separate municipality from South Mitrovica on the other side of the Ibar river. The majority of North Mitrovica's 30 000 inhabitants are Serbs.<sup>123</sup>

Northern Kosovo has been something of a grey zone since the end of the Kosovo War in 1999, as the Kosovar authorities and international community have had limited authority since then. In 2008, Kosovo declared independence from Serbia, a move which further polarized relations between Prishtinë and Belgrade and saw the EU dispatching its rule-of-law civilian mission (EULEX) to help with state-building efforts. After lengthy efforts by the UN and later the EU, the Brussels Agreement was signed in 2013, which was seen as a breakthrough in the strained dialogue process between the two former war adversaries.

Progress in implementing the Brussels Agreement has been slow, however, particularly the establishment of an Association/Community of Serb-majority Municipalities. Relations between Kosovo and Serbia remain strained, despite EU efforts to broker an agreement through facilitated dialogue.

It was initially assumed that the assassination of Oliver Ivanović was somehow connected to these political issues. Yet it has since begun to look like the result of a power struggle over control of a lucrative patronage network in the north of Kosovo.





## Lucrative grey zone

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While some still dispute the sovereignty of Kosovo, the status of northern Kosovo is even more contested. The central government of Kosovo has very little control over the north. Yet the institutions of the north themselves have limited power due to the slow pace of self-administration. This creates benefits as well as disadvantages.

It is estimated that the Serbian government annually transfers up to half a billion euros<sup>124</sup> of monetary assistance to its ethnic kin in northern Kosovo. That is roughly comparable to a fifth of the total budget of the Government of Kosovo. Furthermore, between 2005 and 2011, several local entrepreneurs have profited from the decision of the Government of Serbia to remove VAT on goods sold in northern Kosovo. This effectively made the region a duty-free zone, which meant that prices of petroleum, cars and consumer goods were cheaper than in the rest of Kosovo – or even in Serbia. Belgrade reversed the decision in September 2011 to crack down on abuse.

In addition to the funds transferred from Serbia, ever since the local elections of 2013 and in line with the provisions of the Brussels Agreement, four municipalities in the North also have access to funds from the Kosovo state budget earmarked for local self-government.

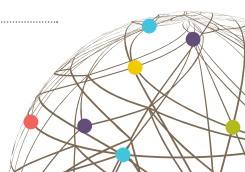
On top of financial assistance from Serbia and the Kosovo state budget, there is an additional Development Fund for the North. This is comprised of the customs paid on goods imported for consumption in northern Kosovo. These funds are intended for the purposes of developing the region, yet there is little data on how the money is being spent. Furthermore, international donors, particularly the EU, have provided tens of millions of euros through development assistance into northern Kosovo. It is worth recalling that the region is inhabited by fewer than 80 000 people.

“Smuggling is so rampant that it is considered a regular economic activity, while mysterious bomb blasts are the ‘new normal’.”

Since there is very little industry in this region (and mostly only small businesses), whoever controls the money in this assistance-based economy holds considerable power. Businesses depend on links to political patrons for survival. Indeed, for most people in the north, it is more profitable to gain access to public funds than to do business. This situation incentivizes corruption through clientelism and creates a political economy of dependency. Furthermore, the rule of law is weak (particularly concerning the political justice system), and accountability regarding how public funds are spent is limited. These factors create a permissive environment for crime and corruption.

The symptoms are all too clear. Smuggling is so rampant that it is considered a regular economic activity, while mysterious bomb blasts are the ‘new normal’. Based on a freedom of information request that the GI submitted to the Kosovo Police Regional Directorate North for the period from its inception in 2013 to the end of 2017, it is evident that an alarming number of cases of violent crime took place in northern Kosovo. Over the four-year period, a total of 14 personal vehicles were set on fire and explosive devices were thrown at private houses or local business on 23 occasions. Members of the Kosovo Security Force from the Serbian community were also targeted. The information provided by the police indicate that out of 40 registered cases of violent criminal acts in this period, in only five cases did the investigation lead to the arrest of perpetrators.<sup>125</sup> This is only a portion of the criminal activity that takes place in this small community, since many inhabitants refuse to report incidents to the police.

The grey-zone status of northern Kosovo has apparently made it a safe haven for criminals from other parts of the Western Balkans.<sup>126</sup> It also enables illicit activity to flourish. A road running through north Kosovo connects Serbia



(particularly Novi Pazar) in the north to Prishtinë and the rest of Kosovo in the south. Kosovo police and customs, as well as EULEX staff, are present at the Kosovar side of the crossing points (like Jarinje and Brnjak), while Serbian police are present on the other side. There are also said to be a number of 'alternative crossings' (usually dirt roads), which are used for illegal passage to and from Kosovo, as well as for smuggling.

Fuel has been the most frequently smuggled commodity (from north to south). It is followed by building materials, medicine, cars, cigarettes, food, drinks and other goods. It is estimated that the weekly financial losses to the Kosovo budget amount to around €750 000: made up of €400 000 in fuel duties, followed by €200 000 in construction materials and €150 000 for all other goods. Many of these goods do not stay in the Serb-dominated north, but are moved further south into parts of Kosovo where ethnic Albanians are the majority. This shows that, at least for smuggling networks, ethnicity, and geographic and administrative boundaries are not an impediment to cooperation among criminals.

“This shows that, at least for smuggling networks, ethnicity, and geographic and administrative boundaries are not an impediment to cooperation among criminals.”

Conversely, cooperation between law-enforcement agencies is limited because of disputes over jurisdiction, as well as distrust. This lack of cooperation makes it hard to measure the scope of the problem, while lowering the risks for criminal groups.

In addition to smuggled excise goods, weapons and drugs (cannabis from Albania and heroin along the Balkan route), humans are also trafficked (mostly from the south) through northern Kosovo. Since 2015, the route has also allegedly been used to smuggle migrants.

## Who runs northern Kosovo?

With so much money flooding into northern Kosovo and so many low-risk opportunities for illicit activity, there are clear benefits for those who control the region. So, who are they?

Based on interviews and sources reviewed, northern Kosovo appears to be a local fiefdom of a few individuals whose names few dare to mention, but everyone recognizes.<sup>127</sup> As in other parts of the Balkans, there seem to be close links between business, political and criminal elites. Names that keep being cited in this context are Zvonko Veselinović and Milan Radojičić.

Veselinović and Radojičić are long-time business partners, close acquaintances and, according to official reports and investigative media stories, partners in crime. Back in 2011, when the so-called barricade crisis started in northern Kosovo – after the international community and Kosovo institutions deployed their staff on the crossing points with Serbia – Veselinović and Radojičić were seen as the leaders of resistance and protectors of the interests of Serbs in Kosovo. While playing the nationalist card, it seems that what they were really concerned about was how tighter customs regulation would harm criminal and business interests. This claim was corroborated by statements from local Kosovo police officers, Western diplomats and customs authorities, who all claimed that Veselinović was the kingpin of the criminal network that is now being threatened by customs controls, and that he was the central organizer responsible for putting up and maintaining dozens of barricades.<sup>128</sup>



It appears that Veselinović has moved his activities away from northern Kosovo and engaged in a number of lucrative infrastructure projects in Serbia – including highway construction. There are even allegations that the same trucks that he used to block the bridges in Mitrovica helped to build Kosovo’s so-called Patriotic Highway. This is not the first time the controversial Kosovo-Serb businessman has had close links with Kosovo-Albanian counterparts: in the past, he was suspected of smuggling fuel.<sup>129</sup> As one commentator put it: ‘There’s no surprise that famous Serbian nationalists and “defenders” of Kosovo do their work on building the Prishtinë-Tiranë highway while raising barricades. In both cases they make money that, as a rule, is always behind the so-called patriotism.’<sup>130</sup> Earlier this year, a court in Pirot, south Serbia, sentenced Veselinović to two years in prison for alleged abuse of office during the construction of Corridor 10, and alleged embezzlement of around €200 000.

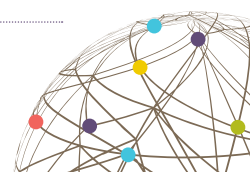
A close associate of Veselinović is Milan Radojičić, who, until recently, was a relatively low-profile figure known as the owner of a restaurant in North Mitrovica. This changed with the murder of Oliver Ivanović. Before his death, in an interview for Balkan Investigative Reporters Network (BIRN), Ivanović described Radojičić as ‘North Kosovo[s] dark ruler’ and a ‘key figure in an intimidating system of power in northern Kosovo.’<sup>131</sup> Ivanović further claimed that the power in northern Kosovo did not belong to elected officials and local institutions, and that Radojičić represents an informal centre of power and decision-making over the region.

In June 2018, when public interest in the case was at its peak, Radojičić became the Vice President of Srpska Lista (Serb List), which can be considered as a Kosovo sister party of the ruling Serbian Progressive Party. Srpska Lista rules over the four North Kosovo municipalities and is a coalition partner of the Kosovo government. Despite ethnic tensions, Radojičić was said – at least until recently – to enjoy close ties with political elites in both Serbia and Kosovo. And yet he effectively manipulates Kosovo’s contested status. When the pressure started to build on him, as a Kosovo Serb he refused to accept the legitimacy of the Kosovo police and turn himself over. Yet he also refused to accept the jurisdiction of Serbian courts or answer difficult questions, on the grounds that he holds no office in Serbia. Radojičić has been living in Serbia since the end of 2018.

“Citizens are especially concerned about the increase in violence over the past years, especially since 2013, the overall sense of helplessness and the impunity of those who commit crime.”

The assassination of Oliver Ivanović remains a traumatic incident for Kosovo Serbs, especially since there has been no progress in the investigation. This is evident in many personal testimonies, but also reflected in a recent public opinion poll, conducted by local civil society organization, Aktiv, in all four Serbian municipalities. The number of citizens who believe that crime is the biggest problem in northern Kosovo doubled in 2018 when compared to 2016, and many respondents specifically said that they felt less secure because of Ivanović’s murder.<sup>132</sup> Citizens are especially concerned about the increase in violence over the past years, especially since 2013, the overall sense of helplessness and the impunity of those who commit crime.<sup>133</sup>

This incident illustrates that despite all the nationalistic rhetoric at the bargaining table, Serbs and Kosovar Albanians continue to do deals under the table. Both groups benefit from a degree of instability in northern Kosovo, as it allows them to operate in a grey zone while being able to play the nationalist card.



# Markets for violence

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In many of these hotspots, and in other parts of the Balkans, there is a market for violence – for either withholding it, or applying it. The providers are groups of young men who are willing to use force, as well as groups of people who can be mobilized in support of political entities. As explained below, examples include criminal groups, hitmen, members of private security companies, thugs, political protestors, paramilitaries and football hooligans.

## Criminal groups

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The main actors in the market for violence in the Balkans are organized criminal groups. These groups are usually named after a particular place or family. Most are comprised of members of extended families, and/or people from a particular community. While many members of a group may share the same ethnicity, this is seldom a reason not to cooperate with groups of other ethnicities. Most criminal groups operate around a particular hotspot, although some larger and more organized groups – like the Darko Šarić group or the group of Naser Kelmendi – have been active in Bosnia and Herzegovina, and Kosovo. Most of the groups analyzed in this study are poly-criminal – in other words, engaged in several different types of organized crime. Some groups have links or operations abroad, either connected to a diaspora or criminal groups of another nationality.

## Hitmen

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The Balkans has a reputation for being a source of hitmen. Because of the legacy of war and the economic vulnerability of certain regions, there is a pool of young men – particularly from Bosnia, Croatia and Serbia – with access to weapons and explosives. Young men from the region have carried out professional assassinations, both within the region and in Central Europe. For example, hitmen have been used by both sides in the Kotor clan war. It is worth noting that a number of hitmen seem to come from Banja Luka as well as the border region between Bosnia and Herzegovina and Serbia. The towns of Burrel and Fushë-Krujë, in Albania, are often cited as a source of hitmen operating in that country. The town has a history of violence, for example during the economic crisis of 1997, and also as a result of blood feuds and revenge killings. In interviews with the GI, several sources said that young men from Burrel are conditioned to act violently.

## Private security companies

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When preparing this report, several examples came to light of private security companies that run extortion rackets. They follow the classic business model of providing protection against a threat that, in many cases, they themselves constitute: poachers and gamekeepers under the same roof. One example, among many, is a security company in Tuzla that provides the muscle for a local criminal group – racketeering the same night clubs that they are paid to protect. The company has now moved up to protect a major retail chain store. A rival criminal group has its own private security company. These small legal armies are seldom bothered by the police since they have many former or acting police officers among their ranks.

## Thugs

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Because of high youth unemployment and grim prospects for the future, many poor regions of the Western Balkans are fertile ground for recruiting foot soldiers for criminal groups. Young men caught up with such groups get hooked on the money, adrenaline and sometimes drugs. Some become football hooligans (discussed below). Others, ironically, in an effort to escape violence in their communities, get sucked into criminal activity abroad.



In Albania, certain towns seem particularly vulnerable to bringing up young men who become susceptible to crime – either at home or abroad. For these youths, a reputation for violence is an asset on the streets of, for example, Belgium, the Netherlands, or the UK. As one observer of the Hellbanianz gang in the UK put it: ‘They have a swagger comparable to that of Irish criminals during and after the Troubles.’<sup>134</sup> A lack of prospects at home, links to a diaspora abroad and the opportunity of the 2015 migration crisis have generated a major out-migration from towns like Laç and Kukës in Albania. Many young men get drawn into crime as a way of paying off the debts accrued by being smuggled into the EU, or out of a sense of solidarity with those who helped them leave Albania. Some are attracted by the gangster lifestyle. Such young men, usually from disadvantaged backgrounds, are a vital component for controlling the retail trade of drugs, stealing cars, collecting debts or acting as enforcers. Some – if they survive – may move up the ranks. But most will probably know little about those who are really pulling the strings above them.

“Many young men get drawn into crime as a way of paying off the debts accrued by being smuggled into the EU, or out of a sense of solidarity with those who helped them leave.”

Thugs are also used to create facts on the ground, circumvent the law and enable lucrative opportunities. A shocking example is the demolition of private houses and businesses in Belgrade’s Savamala district on election night, 24 April 2016. According to witnesses, men armed with baseball bats and wearing masks arrived in unmarked cars, locked eyewitnesses in a hangar after confiscating their mobile phones and ID cards, and then destroyed the buildings with bulldozers.<sup>135</sup> This opened the way for construction of the controversial UAE-financed Belgrade Waterfront development project to start (a pet project of the Serbian government).<sup>136</sup> There has been little follow-up by the police or justice system.

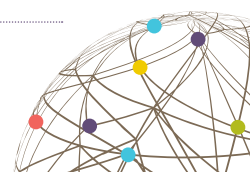
Disturbingly, thugs are being used throughout the region to intimidate or attack journalists – some of whom were covering cases mentioned in this report. In some instances, the perpetrators are state officials. For example, in 2018, the Bosnian journalists’ association, BH Novinari, registered 41 attacks against journalists, including five death threats, seven physical attacks and eight direct threats by politicians. Between January and mid-August 2018, the Independent Journalists’ Association of Serbia (NUNS) registered 50 incidents of violence, threats or intimidation against journalists, including four physical attacks and 18 cases of journalists being intimidated by state officials.<sup>137</sup>

## Political protestors

In the Balkans, political protest is sometimes organized by political parties. One form of mobilization (which seldom results in violence) is to get public employees who are loyal, or at least on the payroll, of the government to attend rallies and participate in protests. Such protests are often organized and coordinated through social media and mobile phone applications. As one official told the GI: ‘We receive an SMS about the time and place where we need to show up. Transport is usually organized for us. Almost everyone has to go since we are afraid of losing our jobs.’<sup>138</sup> In other cases, particularly around the time of elections, thugs are paid to intimidate or beat up protestors, and to bully or ‘organize’ voters. Some have even been used to storm Parliament, as witnessed in Skopje in April 2017.<sup>139</sup>

## Football hooligans

When analyzing organized crime in the Balkans, the role of football hooligans cannot be overlooked. In some of the hotspots identified in this report (particularly in Serbia), members of fan clubs are alleged to be involved in drug



dealing. For example, members of the fan club of Novi Sad Vojvodina, known as Firma ('the company') are said to recruit minors to deal drugs since they cannot be sent to jail.

In December 2017, one of the leaders of a Budva crime group was said to have paid Croatian citizens (and gave them encrypted phones) to attack the leaders of the Partizan Belgrade football fan club during a match with Red Star Belgrade. The aim was to win over control of the strong group of Partizan hooligans involved in drug distribution and extortion in Belgrade. This incident also seems to have been part of a feud between one of the leaders of FK Partizan group, Aleksandar Stankovic, and a senior member from the Budva group about an unpaid debt related to drugs. It has been argued that in some cases football hooligans serve the interests of some politicians (for example in providing security, breaking up protests and doing some dirty work), and have links to senior police, who protect the hooligans if they get in trouble.<sup>140</sup> In the past few years, members of both the FK Partizan and rival Red Star Belgrade fan groups have been killed in mafia-style shootings. This appears to have more to do with crime than football.<sup>141</sup>

## Paramilitaries

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The most extreme market for violence is among paramilitaries. There have long been links between criminal and armed groups in the Balkans. During the Balkan Wars in the 1990s, a number of prominent underworld figures helped to defend Sarajevo, while paramilitaries like the KLA and the Serb Volunteer Guard (also known as 'Arkan's Tigers') contained – to varying degrees – criminal elements and engaged in criminal activities. According to Srećko Latal, a political analyst in Bosnia and Herzegovina, 'some of these top criminals kept close links to the ruling politicians and in the resulting relationships it sometimes became difficult to differentiate who was controlling whom'.<sup>142</sup>

As noted in the section on the triangular 'region of crises', there have been links between criminal and armed groups in North Macedonia and Kosovo, most recently in the violent incident in Kumanovo in May 2015. In recent years, there have been reports of a paramilitary group in Bosnia called 'Srbska Čast' (Serbian Honour), composed mostly of Serbian war veterans and individuals from the underworld with a criminal record (like the group's former leader in Bosnia and Herzegovina Igor Bilbija, who has been described as a 'career criminal').<sup>143</sup> The Bosnian branch of the group is said to have become part of the 'Narodni Sindikat', which is led by notorious criminal Saša Milaković. Such groups – as well as others, like the Veterans of Republika Srpska and the Night Wolves motorcycle club – are said to be employed by the Republika Srpska (RS) authorities as protestors, counter-demonstrators or as security forces supplementary to the RS police.<sup>144</sup>

## An ecosystem of crime

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The hotspots identified in this report must be seen within the wider context of an ecosystem of crime that permeates the Western Balkans. Many interlocutors interviewed for this report described a 'culture of crime' in their country.

At the very top, this all too often includes cosy relationships between the political, business and criminal elites.<sup>145</sup> Unlike in some states where criminal groups act like parasites living off the host of the state, in many countries of the Western Balkans, the relationship between state structures and criminal groups is more like a joint venture. Even the European Commission, which usually uses diplomatic language, has recently said that the countries of the Western Balkans 'show clear elements of state capture, including links with organized crime and corruption at all levels of government and administration, as well as a strong entanglement of public and private interests'.<sup>146</sup>

High-level crime and corruption are largely invisible, but lately there have been glimpses of it. The long-ruling Democratic Party of Socialists has recently been rocked by a scandal after a video (from 2016) was made public



that shows a Montenegrin businessman, Duško Knežević, passing an envelope containing large amounts of cash to a government official to help fund the election campaign.<sup>147</sup> This has reawakened criticism of corruption in President Đukanović's inner circle.<sup>148</sup> There are reports of links between the mafia and at least one minister in the Serbian government.<sup>149</sup>

In Albania, the opposition (Democratic Party – DP) has boycotted Parliament due to criticism of corruption and links between the ruling party and criminal groups. Similar accusations were previously levelled against the DP when it was in power. In North Macedonia, one representative of civil society noted that 'the goal of state structures controlled by political parties is not to combat organized crime, but to take control over it'. In his last interview before being murdered, Oliver Ivanović described the links between shadowy figures and the local government in northern Kosovo, saying: 'The centre of power is not within the municipality building – because the municipality building belongs to this other, informal centre of power.'<sup>150</sup> This situation is not unique to the northern part of Kosovo: there have long been criticisms and allegations against former KLA commanders involved in organized crime who have moved up into politics.<sup>151</sup> But there have been almost no convictions.

“Unlike in some states where criminal groups act like parasites living off the host of the state, in many countries of the Western Balkans, the relationship between state structures and criminal groups is more like a joint venture.”

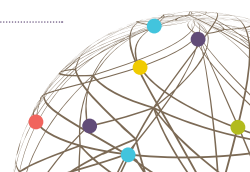
The symbiotic relationship between political elites and criminal groups provides the following picture. Political elites provide an umbrella of protection for criminal groups (which may involve their family and friends) and their activities, while the criminal groups help the political elites to enrich themselves, as well as gain and keep power. Once power is achieved, it creates the possibility to enhance patronage and gives legitimacy to cover other activities.

Since politics enables access to the disbursement of wealth, competition to gain power is great.

Power in the Balkans is based on political clientelism, namely giving material goods or benefits in return for political support. This is a two-way street. Criminal groups provide money and muscle in election campaigns (for example by buying votes or encouraging local constituencies to vote for a particular individual or party), and in return, once elected, the individual or party provides political protection for criminal activities, as well as jobs and favours for their constituents. In a perverse way, this manages to maintain a social contract – as long as you are linked to the ruling party. This means that informal networks play a key role: for example, through family and friends, ethnic kinship and/or people from a particular region/community, war veterans and criminals.

In societies where the public sector is one of the biggest employers, holding the public purse enables considerable influence. The head of the ruling party de facto becomes the head of a patron state. Public money can be used to hire family and friends, buy loyalty and reward certain regions or political allies. Public tendering processes can be manipulated, official documents can be issued for illegal practices (like issuing permits or end-user certificates), and public institutions can be kept weak in order to reduce oversight and increase personal enrichment. Key positions in the civil service (including border guards and police) can be given to loyal followers, or as a concession to win over certain minority parties or groups.

Furthermore, the security services can be used to further the interests of those in power. This is far less prevalent than during the 1990s, but some cases still persist. For example, the former North Macedonian intelligence chief, Sašo Mijalkov, has been accused of masterminding the illegal wiretapping of thousands of people, including ministers, judges, journalists and opposition members by the national security service – a scandal that plunged North Macedonia into a protracted political crisis in 2015.<sup>152</sup> In March 2019, Mijalkov was also sentenced, along with





the head of the Democratic Party of Albanians, for influencing members of the Electoral Commission.<sup>153</sup> In the past, clear links were established between the security services and criminal groups in Serbia.<sup>154</sup>

Political clientelism also spreads to the world of business. In the ecosystem of crime, political elites use their unchecked power to enrich themselves, their families and friends. White-collar crime and corruption are hard to track, but manifest in tendering processes, insider deals, decisions about zoning as well as money laundering. Politicians provide opportunities and protection for friends (or family), who in turn give them a cut of the deal. Controversial businessmen can also buy protection and influence by providing support for the ruling elite, for example through campaign financing.

There are also examples of individuals involved in organized crime who lend their support to political elites, and/or who develop close relations with their business partners. In such an environment, the lines between licit and illicit activities become blurry, which is an attractive and lucrative climate for entrepreneurs with friends in high places who are euphemistically described as 'controversial businessmen'.<sup>155</sup>

A political elite with a strong grasp on the levers of power and good connections to criminal groups and business associates can be very hard to move.<sup>156</sup> In such a system, those at the top tend to bend or break the law with impunity, while those at the bottom think that this system is so entrenched that it cannot be changed. Once you control such a system, you don't want to give it up. Not only do you have much to lose, but if the enabling factors are structural and systemic, you know that once you are in opposition you are out of the game. With little history or culture of a 'loyal opposition', insufficient checks and balances, and a weak idea of 'the common constitutional good',<sup>157</sup> politics in the Balkans becomes an all-or-nothing power struggle. This was evident in the bitter and protracted power struggle between the Social Democratic Union of Macedonia (SDSM) and the Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity (VMRO-DPMNE) in North Macedonia in 2017. It is also playing out in the current clash in Albania between the Democratic Party and the government. Generally speaking, those who are in power take advantage of the system, while those who are out want to bring down the government and have little faith in Parliament – until it is their turn at the trough.

This situation is not unique to the Balkans. However, there are other factors that weaken governance in the region. The unresolved status of Kosovo and the weak rule of law in its northern municipalities create a legal grey area that enables a criminal grey zone. Talk of 'border corrections' keeps open the possibility of changes, which means there is little investment in border management. Some countries refuse to recognise Kosovo as a sovereign and independent state, which creates barriers to mutual legal assistance and law-enforcement cooperation. Until recently, the lack of a resolution to the name of North Macedonia was hindering the normalization of relations with Greece.

The complex arrangement of power-sharing in Bosnia and Herzegovina has created a gridlock, and enabled opportunities for abuse at various levels of government. According to a local civil society representative who spoke with the GI, 'none of the local criminal groups [in Tuzla] are as dangerous or as organized as the politicians who are systematically draining money'.<sup>158</sup> This is done by rigging public procurement processes, influencing employment processes, and controlling the police, the prosecution and judiciary.

In recent years, a number of cases have been brought against senior public officials in Bosnia and Herzegovina. For example, one official was arrested for issuing fake invoices for activities that were never carried out. In another case, a former minister was arrested for issuing government grants to individuals in the Tuzla region, but in turn illegally demanding that the grant recipients give back 50% to the minister. Several cases are pending against former North Macedonian prime minister Nikola Gruevski for electoral fraud, misuse of office, corruption and illegal party financing including through money laundering.<sup>159</sup> In the meantime, Gruevski has been granted political asylum in Hungary.

In Albania, there have been allegations of vote buying – particularly with the proceeds of the cannabis trade.<sup>160</sup> Furthermore, some individuals with criminal backgrounds have been appointed as members of Parliament. It is therefore perhaps not surprising that two former MPs have recently been arrested for forging the property ownership



papers of thousands of square metres of lucrative public land. And an Albanian interior minister was obliged to step down in 2018 because of alleged links to a criminal group. These moves come as the government is under greater scrutiny to implement the Law on the Guarantee of Integrity of Persons that are Elected, Appointed or in Public Offices that was adopted, under international pressure, in 2015.

In an ecosystem of crime, institutions protect those in power, not necessarily the rule of law. Indeed, too often in such an environment the criminal justice system is used against those who try to disrupt the status quo.

Hotspots of crime develop where the rule of law is weak. Banja Luka is a good example. Recently, the city has been in the news because of the death of 21-year-old David Dragičević. After disappearing in the early hours of 18 March 2018, his badly bruised body was found six days later on 24 March in the shallow waters of the Crkvena river, not far from the centre of town. Inconsistencies in police statements on the cause of death led to a public outcry and a social movement dubbed 'Justice for David'.<sup>161</sup>

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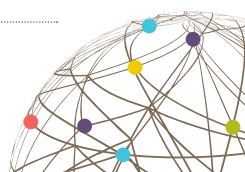
This is not the first time that Banja Luka police have come under scrutiny: it has been alleged that some local police are involved in the city's drug trade. In 2013, four police inspectors from the counter-narcotics department were arrested for illicit drug trafficking. In 2015, five members of a Republika Srpska special police unit ambushed an armoured vehicle transporting money from Banja Luka to Zagreb, and stole around €300 000. According to reports, the assailants had machine guns and a portable anti-tank rocket launcher.

Three members of the group confessed and testified against other members (including an accomplice in the security company), and four members of the group were convicted twice in the Banja Luka District Court. Despite the confessions and convictions, both judgements were overturned by the Supreme Court of Republika Srpska. A third trial was launched in November 2018.

Banja Luka is not unique. In compiling this report, network members of the GI Civil Society Observatory to Counter Organized Crime in South Eastern Europe cited numerous cases of customs or border guards turning a blind eye; so-called 'happy hours' at border crossings (when drivers know that for a small deposit they can pass through unchecked); racketeering by police and collusion between police and criminal groups. For example, officials from the Trebinje police department (close to the border between Bosnia and Montenegro) have been convicted for being part of an organized criminal group. In Serbia, public records show that at least 14 customs officers and 11 border police officers were arrested in 2017 and 2018 and charged for taking bribes. In 2016, the leader of the counter-narcotics unit of the Bosnian police – Bojan Cvijan – received a 20-year sentence for murder, robbery and conspiracy to commit crimes.<sup>162</sup> The list goes on, with only limited criminal liability for the police.<sup>163</sup>

Even more troubling were reports of politically affiliated members of intelligence and security forces servicing criminal groups with support and information in order to protect them. In some cases, senior border, customs and police officials are appointed by a political party, creating a protection pyramid where the law-enforcement officials do what their political masters tell them, and in return create conditions for the trafficking that enriches the corrupt politicians. This phenomenon was reported in a number of hotspots in North Macedonia, but is not unique to that country.

Time and again, the authors of this report were told of examples of police taking bribes or being involved in other corrupt practices. In the Tuzla region, for example, there have been recent indictments of a police commander revealing confidential information to criminal groups and forging official documents; a former chief inspector taking



bribes not to conduct legal searches and inspections; and even a former interior minister taking bribes in order to let the statute of limitations run out on certain criminal complaints.<sup>164</sup> Indeed, two interior ministers in Bosnia and Herzegovina are now convicted criminals, and another is suspected.

While some public officials are stealing money, many public institutions are lacking it. Evaluation reports have pointed to a lack of infrastructure and equipment at border crossings (like video surveillance), insufficient container security at ports, and understaffed and low-paid border and police services. Anti-corruption agencies are either often under-resourced or undermined.

Even capable police and border services with ample goodwill cannot stop criminals. Sometimes, as in Kosovo or in Bosnia and Herzegovina, there are problems of jurisdiction. A crime committed in one part of the country (like in northern Kosovo or Republika Srpska) is not followed up by the authorities in another. This is not helped by intra- or inter-state political tensions or lack of trust. For example, there is no extradition agreement between Kosovo and Serbia, and there is little police cooperation between Kosovo and Serbia, particularly following Serbia's efforts to hinder Kosovo from joining INTERPOL.

While there are decent legal frameworks in most countries of the region, prosecution is probably the weakest link in the criminal justice chain in the Balkans. As analysts Florian Bieber and Marko Kmezić have pointed out: 'Balkan courts are only independent and autonomous in law, while, in practice, the courts' functions are restricted by political influence, inefficiency, nepotism, cronyism, and corruption.'<sup>165</sup>

The report looking into the rule of law in North Macedonia in 2017 observed 'the control and misuse of the judicial system by a small number of judges in powerful positions to serve and promote political interests.'<sup>166</sup> These judges 'bring pressure on their more junior colleagues through their control over the systems of appointment, evaluation, promotion, discipline, and dismissal which have been used to reward the compliant and punish those who do not conform.' In an observation that could equally apply to other countries in the region, it concluded that 'this has been described as a type of "state capture" but is perhaps more precisely characterised as the capture of the judiciary and prosecution by the executive power.'<sup>167</sup>

In the Western Balkans, very few cases of serious organized crime are brought to the courts, and when they are, very few result in a conviction. For example, one investigative journalist noted to the GI that for the over 74 recent attacks identified in northern Kosovo, nobody had been brought to trial. Nobody. The situation is little better in the rest of Kosovo, even after 10 years of the EU Rule of Law Mission in Kosovo (EULEX).

In many situations, the case is dismissed; the indicted high-level official or notorious criminal is acquitted; there are so many delays that time runs out or the sentence is reduced due to high-level political interference. In many cases, minor sentences are handed out for serious crimes resulting in high rates of recidivism. Indeed, when compiling this report and looking at past indictments, some of the same names kept popping up again and again.

Too often, criminals – if caught – are able to hang on to their ill-gotten gains. Financial investigations and seizure and confiscation of assets are insufficiently used in the Western Balkans – something the European Commission has called on the WB6 to change.<sup>168</sup> Furthermore, there seems to be a lack of expertise and/or willingness to tackle tax evasion, dubious procurement and privatization practices, unexplained wealth, money laundering and opaque party financing.

At the same time, the justice system works quickly against journalists who reveal corruption, or who speak out against the government. In fact, some of the region's critical media are subject to financial investigations and sued on a regular basis – frequently by high-ranking local and national public officials.

Police officers and prosecutors interviewed for this report – in several of the hotspots – said that they managed to solve ordinary murders, but when it comes to those with a political background, there are simply no results. Several frustrated interlocutors mentioned cases of a superior saying 'don't touch him, he's a big fish'. A former high-



ranking police official from Skopje explained: '[North] Macedonia has the capacity to fight organized crime and corruption ... but we always arrived at a point when a powerful politician would ask from us to stop the process of arresting or investigating.'<sup>169</sup> Indeed, it seems that the more serious the crime, the less likely the perpetrator is to be brought to justice. Lack of judicial independence and the politicization of the judiciary is seriously undermining the rule of law.

“In the Western Balkans, very few cases of serious organized crime are brought to the courts, and when they are, very few result in a conviction.”

In some cases, the kingpins are almost treated like Lord Voldemort from the *Harry Potter* series: masters of the dark arts whose names shall not be mentioned. Notorious criminals are euphemistically referred to as 'the businessman who manages to escape from justice every time'. European Commission progress reports are rather diplomatic in their language, but their point is clear: for almost all WB6 countries, high-profile, politically sensitive cases dealing with major graft, organized crime or abuse of power are especially vulnerable to interference, and further convictions are needed to demonstrate a credible track record.

It is perhaps not surprising that most cases of 'big fish' being brought to justice in the Balkans in recent years have been the result of foreign pressure.

In conclusion, this bottom-up analysis of hotspots needs to go hand in hand with a top-down look at the environment that enables them. Any sustainable solution will have to address both the high-level enabling factors and the local conditions of vulnerability.

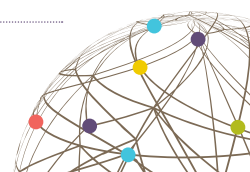
## Balkan crime abroad

Shots ring out in a narrow alleyway in the heart of Vienna. Two men lie bleeding on the pavement in front of one of the city's most popular restaurants, Figlmüller. Christmas shoppers flee in panic as a police helicopter hovers overhead. Witnesses see a man running from the scene. Some thought they heard him speak a Balkan language.

The background to this incident reveals several aspects of organized crime in the Western Balkans that are highlighted in this report, namely the spill-over of a gang war for the control of cocaine trafficking, a blood feud, the links between organized crime and football hooligans and increasingly brazen shootings and bombings.

On 21 December 2018, two young men, from Montenegro and Serbia, were confronted by a gunman outside of one of Vienna's most famous schnitzel restaurants. Vladimir Roganović (32) was instantly killed and 23-year-old Stefan Vilotijević was badly wounded in the incident. Although the police launched a search for the perpetrator, their investigation continues and at the time of writing, the shooter had not yet been found.

Roganović was from the town of Herceg Novi in Montenegro. He had recently been released from prison near Podgorica and left Montenegro just three days before the attack in Vienna. Previously he had been in a prison in Belgrade, but had requested to be moved to Montenegro for reasons of personal safety (explained below). Roganović was allegedly part of the Kavač clan from Kotor, which is fighting a bloody war with the rival Škaljari clan for control of cocaine trafficking through Montenegro's ports. Vladimir's cousin, Dusko, lost both legs in April 2017 after the car he was driving in Herceg Novi exploded in a bomb blast. An interesting detail is the fact that Dusko's



father-in-law is the head of the police department for public order in Nikšić. Dusko's father, Niko Roganović (66), was killed by two still-unknown assailants in a mafia-style shooting in July 2017 after surviving a car bomb attack just three months earlier.

There is another twist to the tale. The Roganović cousins had come to public attention in 2009 after the murder of Marko P Vesnić, one of the leaders of the 'Delije' Red Star Belgrade football fan club. (Vesnić was believed to be part of a criminal group involved in drug dealing.) According to the indictment, the Roganović cousins killed Vesnić and wounded another man – Ivan Marković – near the Omladinski park in Igalo (a town neighbouring Herceg Novi). The brothers were sentenced to 12 years in prison, although both were released after less than six years.

Stefan Vilotijević from Nikšić allegedly has close connections to the Kavač clan (like Roganović), and is part of a family notorious for loan sharking, cigarette and drug trafficking, who are in a long and bloody feud with the Radulović family (also from Nikšić), which is linked to the Škaljari clan.

The Kavač and Škaljari clans became embroiled in conflict over a large consignment of cocaine that went missing in Valencia in 2014, and since then, they have been fighting for market domination and perpetuating a bloody cycle of revenge.

According to a journalist from Montenegro, the Kavač and Škaljari clans have hired paid intermediaries from Bosnia and Herzegovina to carry out hits in the past. It is likely that a similar modus operandi was used for the attack in Vienna. Or was it revenge for the death of Marko Vesnić, of the Red Star fan club? It is not yet clear. But the incident illustrates the close linkages between organized crime, football hooliganism, the prevalence of hired killings (through assassinations and car bombings) as well as the spill-over of blood feuds and gang wars – even into Western Europe.

According to a journalist based in the Balkans, that the recent attack happened in Vienna – in broad daylight and in the town centre – is a clear indication that the mafia feels confident to play out its violent clan conflict outside of the Balkans, and does so with impunity.<sup>170</sup> Other examples include the threat posed by the Albanian mafia in the drugs trade in the UK; the 'Pink Panthers' gang of jewel thieves (who are mostly from the Balkans); Balkan groups involved in the smuggling of migrants into the EU; the impact of arms trafficking from the region as well as the active role of criminals from Serbia and Montenegro in drug trafficking in places as diverse as Latin America, Western Europe and South Africa.<sup>171</sup> This is perhaps a topic for a future report.

## Future hotspots of crime?

It is hard to predict where the future hotspots of organized crime will arise in the Western Balkans, but there are a few things to watch.

One is the major investment in infrastructure development. Major highways are being built from Bar (Montenegro) to Belgrade, and from the Albanian ports to Kosovo (called Autostrada Shqipëri-Kosovë, Autostrada Durrës-Kukës or 'the Patriotic Highway'). The Adriatic-Ionian highway is planned to go from the tip of Greece all the way up to the Croatian border with Slovenia. These projects could have a major positive impact on the region, enhancing connectivity and trade, as well as attracting more tourism. But these roads could also have an impact on trafficking routes, increasing the efficiency of either the traffickers or the police. At the same time, these projects in themselves create opportunities for criminal activity – through construction tenders and high-level corruption.

Another thing to watch is the potential increase of low-budget airlines operating out of the region. Again, this is generally a good thing. But could this also create new opportunities for organized crime?

The situation in Bosnia and Herzegovina and the north of Kosovo should be watched closely – not only in terms of the political consequences, but also the role played by spoilers who profit from instability.



Perversely, political stability can also create new opportunities for crime. As relations between North Macedonia and Greece improve, new border crossings are anticipated. An example includes the Prespa region close to the borders of Albania and Greece. Could this create a new hotspot for crime? And what about the planned border crossing between North Macedonia and Serbia: will this create greater risks or opportunities for trafficking?

What will be the impact of the Balkan Silk Road and the major investments and loans that China is bringing to the region as part of its 'One Belt, One Road' initiative? Some plans include a major highway from the port of Piraeus through Skopje, and Belgrade to Budapest as well as investments in Albanian and Montenegrin ports.

“These projects could have a major positive impact on the region, enhancing connectivity and trade, as well as attracting more tourism. But these roads could also increase the efficiency of either the traffickers or the police.”

Some countries in the region are trying to attract foreign investment through the creation of free trade zones. But such zones are also open to abuse, as noted in the case of illicit tobacco products entering the EU from the free trade zone at the port of Bar. In September 2018, the Government of Montenegro confirmed that a new free-trade zone near Podgorica will be established in the same area where the DKP cigarette factory is located. In the past, the North Macedonian government has floated the idea of creating 'international financial zones', in effect tax havens. This could turn North Macedonia into an off-shore banking haven. The creation of such grey zones could be a magnet for illicit activity.

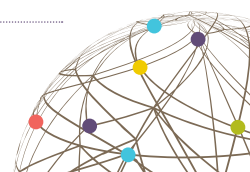
There are also indications that the region could be vulnerable to criminal groups using online betting and gaming to launder money, or that governmental control of the online gaming industry could be skewed to benefit certain groups.

Another potential hotspot could be in cyberspace. In 2018, three people from the Balkans (from Albania, Kosovo and Serbia) were indicted (along with 33 others from around the world) in connection with an international identity theft ring called Infracard, which sold stolen credit card information on the dark web. This is just the tip of the iceberg. In 2016, Veles, North Macedonia (one of the hotspots mentioned in this report) gained notoriety around the time of the American elections when a few young people producing fake news sites went viral. Could young, bored, computer-literate entrepreneurs from the WB6 become foot soldiers for more sinister online activities? And is the region vulnerable to becoming a 'digital blind spot for the EU' and a back door for cyberattacks and espionage into the EU? This is something to keep an eye on.

## Conclusion

This report has identified hotspots of organized crime in the Western Balkans. Not surprisingly, many of these nodes of illicit activity are along borders, zones of weak or contested governance, vulnerable economic regions, as well as ports and urban areas situated at major transport hubs. The report has also put these hotspots in the context of a broader ecosystem of crime characterized by clientelism, patronage, and in some cases state capture. As a result, while local development and/or law-enforcement interventions may reduce criminal activity in some of these hotspots, others will arise in their place if governance and integrity are not enhanced.

The region is a victim of its geography: it is a transit region for most of the illicit flows passing through it. Until the demand and supply for these goods and services are reduced, the Balkans will remain a crossroads for trafficking.





Indeed, improvements in infrastructure without improvements in law enforcement and border management (such as the more effective use of technology, trans-border cooperation and intelligence-led policing) will merely increase the efficiency of traffickers.

Efforts to build walls and close borders will not solve the problem in the long term; indeed, they will create greater incentives for criminal activity. As Moisés Naím has pointed out, 'The more the fortified and successful bright spots are at defending themselves, the more value there is in breaching their fortifications. The brighter the bright spot, the more attractive and lucrative it is for the networks operating from the black holes to find ways to deliver their products and services inside it.'<sup>172</sup>

Ignoring or down-playing the problem is also not a viable solution: it merely empowers corrupt elites, entrenches unfair practices, stimulates brain-drain, foments instability and scares off foreign investors. Propping up political strongmen who have links to organized crime as a strategy for maintaining stability undermines the EU accession process. It also discredits the values, credibility, image and *acquis* of the EU. And yet, the incumbents have little incentive to change. Indeed, they stand to lose more than win from abandoning clientelistic practices.<sup>173</sup>

Paradoxically, those politicians who play the nationalist card are often complicit in hollowing out sovereignty from the inside, or jeopardizing national interests for the sake of personal ones – often through covert deals with 'the enemy' – or foreign powers. As this report has shown, ethnicity is seldom a barrier to cooperation between different criminal groups. Some of the most successful kingpins and criminal groups have networks across the Balkans (and abroad), while some of the most self-destructive come from the same towns or groups.

There are signs that people in the Balkans are becoming fed up with the impact of organized crime on their communities and countries. Recent protests in a number of countries suggest growing frustration with patrimonial elites and their crooked ways. But the political economy of criminality is well entrenched. Some networks have developed over decades, and there are external actors with a vested interest in maintaining or even exploiting the status quo, or who will create new opportunities for illicit gains. Furthermore, unless there are more effective institutions and checks and balances to improve accountability, transparency and integrity, it will be hard to change the system.

What this report has tried to do is show the geography of crime in the region: to zoom in on places of interest, to understand their vulnerability, and to connect the dots in order to provide regional context.

This picture is not static. It is dynamic: changing in reaction to political and economic developments, shifts in markets and the rise and fall of actors. Hotspots will change.

The picture is also not very clear. There is a dearth of information: organized crime needs to be mapped more thoroughly at the local, national and regional level. That is why this report should not be considered a one-off. It is part of a work in progress. It is only one set of perspectives, but, hopefully, it can contribute to a greater understanding of the situation, and thereby reduce vulnerability and prompt remedial action. As organized crime in the Balkans evolves, the GI – through its regional Civil Society Observatory to Counter Organized Crime in South Eastern Europe – will continue to monitor and shine a light on the situation – in local hotspots and across the region.



## Notes

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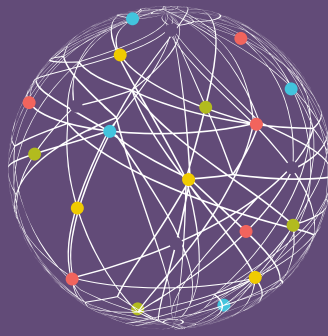
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