



CENTER FOR  
THE STUDY OF  
DEMOCRACY



**GLOBAL  
INITIATIVE**  
AGAINST TRANSNATIONAL  
ORGANIZED CRIME

# FUEL TO THE FIRE

IMPACT OF THE UKRAINE WAR  
ON FUEL SMUGGLING IN  
SOUTH EASTERN EUROPE

Saša Đorđević

AUGUST 2023



## ACKNOWLEDGEMENTS

This research report is an output of the Global Initiative Against Transnational Organized Crime (GI-TOC)'s Observatory of Illicit Economies in South Eastern Europe in collaboration with the Center for the Study of Democracy.

The report is based on qualitative data and analysis collected through 24 interviews with individuals from law enforcement, the petroleum industry, media, energy market expert community, civil society, water security and international organizations. I would like to thank our interview partners for their valuable insights and contributions.

Thanks also to colleagues who helped with data collection and preparing interviews for this report: Aida Malaj and Fatjona Mejdini in Albania, Anesa Agović in Bosnia and Herzegovina, Atanas Rusev and Tihomir Bezlov in Bulgaria, Dardan Koçani in Kosovo, Almedina Dodić in Montenegro, Aleksandar Srbinovski and Trpe Stojanovski in North Macedonia, and Slobodan Čopić in Serbia. Special thanks to Atanas Rusev, Fatjona Mejdini, Slobodan Čopić and Tihomir Bezlov for their helpful comments in preparing the report. I am also grateful for the valuable suggestions received from other GI-TOC staff members.

This report was produced with the financial support of the UK's Conflict, Stability and Security Fund. Its contents are the sole responsibility of the GI-TOC and do not necessarily reflect the views of the United Kingdom.

## ABOUT THE AUTHOR

Saša Đorđević is a field coordinator at the GI-TOC, researching organized crime and supporting civil society in Serbia and Montenegro. He is currently a PhD candidate at the Faculty of Criminal Justice and Security in Slovenia.



© 2023 Global Initiative Against Transnational Organized Crime.  
All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from the Global Initiative.

Cover photograph: Loading of an oil tanker at the Black Sea port of Novorossiysk. © *Igor Grochev/Shutterstock*

Cover design: Elné Potgieter

Design and layout: Ink Design Publishing Solutions, Cape Town

Please direct inquiries to:

The Global Initiative Against Transnational Organized Crime  
Avenue de France 23  
Geneva, CH-1202  
Switzerland  
[www.globalinitiative.net](http://www.globalinitiative.net)

# CONTENTS

- Executive summary ..... 2**
  - Methodology ..... 4
- Shadows of the past ..... 5**
  - Diesel Boys and the freedom of smuggling ..... 5
  - The lessons of history ..... 6
- Darkness of the present ..... 11**
  - Old habits die hard ..... 12
  - Trafficking routes and critical hotspots ..... 13
  - Criminal actors involved in fuel smuggling ..... 23
- Conclusion ..... 24**
- Notes ..... 26



## EXECUTIVE SUMMARY

**F**uel smuggling is the illegal transport, sale or purchase of petroleum products such as crude oil, petrol, diesel and other refined petroleum products. It has been a persistent illicit trade in the Balkans for over three decades. In 2022, police and customs of the seven Balkan countries seized more than 3 000 tonnes of illegal fuel, with a retail value of €4.3 million – almost four times more than the value of fuel seized in all of 2021.<sup>1</sup> Fuels are goods subject to high excise and customs duties that smugglers try to avoid paying. Alternatively, smugglers seek to profit by evading embargoes on oil imports and exports. From this perspective, the Balkan countries' public funds lost at least €1.2 million in 2022 as a result of fuel smuggling.<sup>2</sup>

However, relying solely on seizure data to evaluate the illicit fuel market may lead to misleading conclusions because of law enforcement's inherent challenge in substantiating the unlawful provenance of fuel.<sup>3</sup> This discrepancy becomes more apparent when considering the estimated scale of the issue. In Bulgaria alone, for example, the projected value of illegal fuel in 2019 reached approximately €0.5 billion, resulting in significant budget losses of €250 million.<sup>4</sup>

In the wake of the Russian invasion of Ukraine and the Libyan electoral crisis, both of which involved major oil-producing countries,<sup>5</sup> the UN extended measures to combat illicit petroleum exports from Libya in July 2022.<sup>6</sup> The EU also imposed bans on Russian oil in December 2022 and again in February 2023, as part of its response to the war in Ukraine.<sup>7</sup> At the same time, the Balkans became the focus for licit and illicit fuel manoeuvres.

Bulgaria and Croatia received a temporary exemption from the EU embargo in December 2022, enabling these countries to import Russian crude oil.<sup>8</sup> Romania's Oil Terminal reportedly intermediates the transfer of Russian fuels to Ukraine.<sup>9</sup> In September 2022, Albanian police arrested four Libyan nationals over the smuggling of diesel;<sup>10</sup> in February 2023, they blocked a Liberian-flagged ship carrying 22 500 tonnes of suspected Russian oil.<sup>11</sup> And in March 2023, on the Danube River, at the Serbian–Romanian border, customs seized 12 650 litres of illicit oil while checking an Austrian-registered ship with a seven-member Ukrainian crew.<sup>12</sup> As crises start, evading the legal trade in oil begins.



**Bulgaria has begun work on a gas pipeline to neighbouring Serbia to reduce dependence on Russian flows.**

© Oliver Bunic/Bloomberg via Getty Images

Embargos against Russia and Libya drew attention to illicit fuel flows in the 1990s, relating to sanctions affecting the Federal Republic of Yugoslavia, consisting of Serbia and Montenegro.<sup>13</sup> When the UN embargo was in force between 1992 and 1995, Bulgaria, Romania and Albania were major sources of illicit oil to the former Yugoslavia. After NATO began bombing the former Yugoslavia in 1999, a consequence of the new crisis in Kosovo, the US and EU again banned the export of oil to the country. However, after being filled with oil in Ukrainian ports, barges were able to cross the Black Sea, making their way through Bulgaria and Romania to the Danube River in Serbia. The ruling power in Serbia used black funds in Cyprus bank accounts that had been held from the time of earlier sanctions to pay for oil.<sup>14</sup>

Parallels drawn between the conflicts in the former Yugoslavia and those currently playing out in Ukraine and Libya provide valuable insights here, but caution must be exercised so as to avoid perceived similarities where none exist. Despite the shared need for oil to sustain both the economy and military efforts, resulting in price surges, it is important to recognize the different dynamics at play given the specific contexts. The former Yugoslavia and Ukraine served as final destinations, while Russia and Libya operate as exit points. Furthermore, smuggling in the former Yugoslavia and in Ukraine was and is demand-driven, whereas the Russian and Libyan contexts are supply-driven.<sup>15</sup> Nonetheless, leveraging the lessons learned from familiar conflict backgrounds, such as the former Yugoslavia, can aid in identifying strategies to prevent the repetition of past mistakes in new conflicts.

This report analyzes the mechanisms of fuel smuggling during times of crisis and instability in the Balkans, considering both internal and external factors that contribute to the overall landscape. It identifies lessons learned from fuel smuggling in the early 1990s and then moves to explain the evolution of this activity with reference to trafficking methods, actors and routes through to 2022. The report also identifies countries in the Balkans at particular risk from fuel smuggling, as well as hotspots that allow illicit trade, particularly on rivers and seas. The report, furthermore, assesses the typical profile of criminal actors active in fuel smuggling. The research is limited to cross-border fuel smuggling operations rather than illegal distribution within a specific country.

## **Methodology**

The data collection process for this analysis included desk research – a review of existing media accounts, the literature and specific reports on fuel smuggling. It also involved collecting data from police and customs authorities in the region about petroleum product seizures between 2019 and 2022. This data includes the type, amount and geographic location of seized fuel. Trade authorities were also questioned about the import and export of petroleum products during the same period.

In the latter phase of data collection, the research team conducted 24 semi-structured interviews based on a questionnaire with key stakeholders (members of law enforcement, the petroleum industry, the media, the energy market expert community, civil society, water security authorities and international organizations) in Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Montenegro, North Macedonia and Serbia. A field visit to critical smuggling points on the Danube River in Serbia was also carried out.



## SHADOWS OF THE PAST

In November 1994, four young men wearing tracksuits, jackets and hats gathered on a cold street in Belgrade, Serbia. Their cars carried plastic containers filled with pale yellow liquid – fuel mixed with unknown substances, smuggled from Romania, Bulgaria and Albania. Amid rampant inflation, the young men engaged in illicit trade, discussing transactions in Deutsche marks (DM) rather than their devalued national currency. On nearby corners, older women sold illegal cigarettes. Meanwhile, the police were notably scarce. This is a typical portrayal of Serbia during the economic crisis of the early 1990s that followed the breakdown of the Socialist Federal Republic of Yugoslavia.<sup>16</sup> Fuel smuggling during this time was not limited to Serbia, however, but rather a region-wide problem. This section delves into fuel smuggling in the Balkans during the 1990s and highlights some of the lessons learned from analyzing this illicit activity.

### Diesel Boys and the freedom of smuggling

Instability and crises typically generate new illicit markets and are characterized by the emergence of criminal actors. The illegal fuel trade was permitted without legal consequences given the economic circumstances and turbulent socio-political environment of the early 1990s in the Balkans. This situation was exacerbated by armed conflict in the region, however.<sup>17</sup> The freedom to smuggle was guaranteed by informality and endorsed by governments and political players. A youth subculture – known as Dizelaši ('Diesel Boys') – also emerged.<sup>18</sup> This term is a slang expression that surfaced during the economic turmoil of the period, with the establishment of gang traders who quickly became extremely wealthy.<sup>19</sup> Although their name derives from the brand Diesel, known for its denim clothing, some Dizelaši were also involved in the smuggling of diesel fuel.

It is important to note that the fuel crises in the Balkans, especially in the former Yugoslavia, started in the 1980s, before the wars. This framed fuel smuggling, which has persisted to varying degrees since then. In one respect, the crisis began when the foreign exchange of Serbian dinars with other countries collapsed; financial institutions were unable to meet their turnover in US dollars.<sup>20</sup> As a result, the Yugoslav population suffered fuel limitations of 40 litres per car per month, with car usage restricted to every other day.<sup>21</sup> In other words, fuel smuggling started in the 1980s and then flourished during the wars of the 1990s.<sup>22</sup>





Media reporting in Serbia has connected Marko Milošević (seen here), the son of former president of Serbia and Yugoslavia Slobodan Milošević, to the illicit fuel trade. © Robin Utrecht/AFP via Getty Images

From 1992 to 1995, with the former Yugoslavia under UN embargo, fuel smugglers earned up to US\$725 daily by maintaining illicit flows from Romania to Serbia operating on the Danube River.<sup>23</sup> Fuel trafficking from Albania to Serbia reached nearly 1 million litres a day.<sup>24</sup> Macedonian companies also smuggled fuel from Greece to Serbia.<sup>25</sup> In all, thousands of local people were involved in the illicit fuel business. During this period, Balkan criminals started to cooperate internationally.

During the 1990s, fuel smuggling heavily relied on corruption and the protection provided by politically influential individuals.<sup>26</sup> Notably, in 1998, there were accusations that the government of former Romanian President Ion Iliescu had been involved in smuggling fuel to Serbia through an underground pipeline in 1992 and 1993.<sup>27</sup> Paramilitary units also engaged in fuel smuggling, and their success depended on the support and safeguarding they received from political connections.<sup>28</sup> In 1999, *The New York Times* referred to these fuel smugglers with government ties as the 'Milosevic generation',<sup>29</sup> making a reference to Slobodan Milošević, who served as the president of Serbia and Yugoslavia from 1991 to 2000. Serbian media reporting has connected his son, Marko Milošević, with the illicit trade in fuel, among other things.<sup>30</sup> Payments for oil derivatives were handled using suitcases filled with cash, ensuring a secretive and hard-to-trace operation that made it difficult to prove any political involvement. Access to the illicit fuel business was restricted to those with political links, operating within a tightly knit circle of actors.<sup>31</sup>

## The lessons of history

### Transnational organized crime: Framing the new criminal elite

The illicit trade in oil and other petroleum products during the 1990s in the Balkans was planned, coordinated and executed by individuals, organized groups and networks operating across the national borders of Serbia and Montenegro, and neighbouring countries, including North Macedonia, Romania, Bulgaria and Albania. Criminals were primarily motivated by financial gain. They thrived on cross-border networking and collaboration, forming alliances, partnerships and connections with other criminal organizations and legitimate businesses to expand their operations, evade law enforcement and maximize their reach.



An expert on fuel trade from the petroleum industry in Serbia, consulted for this report, explained that material interest brought criminals from neighbouring countries together, creating a strong bond between them, which had not been there previously. According to him, 'When their [smugglers'] interest in profit persisted over national tensions, all obstacles for illicit trade were easily overcome – and even disappeared – since this was bad for business.'<sup>32</sup> At the start of this illicit trade, in the early 1990s, fuel smuggling attracted little attention as the actors were merely local fishermen from Romania and Serbia. Over time, however, the number of smugglers and the amount of trafficked fuel increased, ranging from hundreds to several thousands of litres per day.<sup>33</sup>

In the 1990s, fuel smuggling deals were primarily, if not entirely, based on oral agreements between criminal partners.<sup>34</sup> Cash was most frequently used for payments, to avoid smugglers' transactions being traced through banks.<sup>35</sup> However, the exception here was the millions of dollars laundered through bank accounts and companies based in Cyprus.<sup>36</sup> Subsequently, the Central Bank of Cyprus has said that it would not have been possible for the authorities to know this was taking place at the time.<sup>37</sup> Secrecy, nevertheless, was a hallmark of smugglers' transactions, and they used various corrupt methods in the pursuit of their illegal business.<sup>38</sup>

The result was illicit market diversification. Newly established criminals adapted and extended their activities to exploit new opportunities and minimize risks. They were flexible and shifted focus between different illicit markets, adapting to changes in demand, law enforcement efforts and economic conditions. As a senior retired police officer from North Macedonia clarified in an interview for this report, fuel smuggling framed a new criminal elite – the tycoons who privatized state-owned companies, maintaining close relationships with political parties and entrepreneurs. These elites used illicit capital, facilities and networks already gained and established in their local areas to start new businesses, with not all of these being necessarily illegal.<sup>39</sup>

## The case of Serbia's 'Oil Mafia'

The 'Oil Mafia' was a criminal organization operating in Serbia that was engaged in fuel smuggling between 2000 and 2007. Led by Miša Stojanović, the owner of Protekta company, the group consisted of at least 16 members from various sectors. The tax police first filed complaints against Stojanović in 2003, but the investigation into the case indicated he managed to avoid prosecution with assistance from Slavko Pavlović, an official from the tax administration.<sup>40</sup>

During the investigation, it came to light that Pavlović had provided Stojanović with insider information and advice on evading taxes. The organization smuggled low-octane oil derivatives from Greece, using falsified documents and bribing customs officers. The fuel was then transported to Zemun, in Belgrade, for processing and distribution to the private gas company Knez Petrol. The entire scheme involved fraudulent reports, payments and money laundering through various companies, allowing Stojanović to accumulate significant profits through tax evasion.<sup>41</sup>

In October 2016, following a nine-year trial, a Belgrade court collectively sentenced more than 10 members of the Serbian 'Oil Mafia' to a total of over 30 years in prison.<sup>42</sup> Some of these individuals had been involved in fuel smuggling during the 1990s and had continued their activities independently of Stojanović. Notably, the owner of one of the accused companies was also allegedly involved in exporting large quantities of illicit oil and derivatives from Serbia to Kosovo in 2008, worth €22.4 million. By 2010, the company's illicit turnover had increased to €31.7 million.<sup>43</sup> ■

## Illicit fuel flows enabled by corruption and political protection

Corruption was an enabler and push factor facilitating and perpetuating the illegal fuel trade in the Balkans throughout the 1990s. It permeated government institutions, companies, state security, police and customs. Fuel produced, for example, in the only refinery in North Macedonia was escorted to Serbia under police protection.<sup>44</sup> And in Albania, between 1992 and 1995, the political party in power created and managed a trading company that allegedly allowed fuel to be smuggled to Montenegro.<sup>45</sup> The private sector then exploited these circumstances further, which led to fuel smuggling seemingly taking place without punishment.<sup>46</sup> Profits were enormous: a 210-litre barrel of oil could be bought for DM160–DM190 in Albania and sold for DM300–DM340 in Montenegro, depending on the quality.<sup>47</sup>

During the sanctions era (1992–1995), fuel smuggling into the former Yugoslavia occurred through three illicit flows facilitated by corruption and political protection. The first involved Montenegrin criminals operating across Skadar Lake, transporting barrels of oil from Albania to Montenegro, with fuel being distributed to Serbia, Bosnia and Herzegovina, and Croatia. The second flow relied on partnerships between state security, criminal organizations and corrupt officials issuing licences for oil imports. The third flow involved Serbian political elites exchanging Serbian grain for oil in Russia, with transportation taking place using ships on the Danube River and across the Black Sea.<sup>48</sup>



**FIGURE 1** Fuel smuggling flows in the Balkans in the 1990s.

SOURCE: Center for the Study of Democracy

## The role of the private sector in fuel smuggling

A retired state security officer, interviewed for this report, explained that finding oil and petroleum products in Serbia and Montenegro under sanctions was a priority for the authorities. One of the largest companies dealing with export and import globally, with thousands of employees and good connections with state security, became vital as an intermediary in these transactions. At the same time, there was still room for several private firms to be involved. However, obtaining fuel quickly exceeded the Yugoslavian Central Bank's legal and payment thresholds. Namely, the company concerned imported oil from abroad for cash and sold it to the largest distributor in Serbia and Montenegro at higher prices. These earnings were not recorded but were shared by tycoons close to the then-ruling parties. The fuel payments were initially made through a company in the UK, and then quickly transferred to Cyprus, where banks kept the money until the start of the Kosovo War in 1999.

Another example concerns Bulgaria, which emerged during this period as a significant hub for smuggled oil destined for the former Yugoslavia. Despite the embargo in place between 1992 and 1995, Bulgarian State Railways established a well-organized network of tanker wagons that were used to transport large quantities of petroleum derivatives to Serbia. The fuel in question, intended for fictitious companies in Bosnia and Herzegovina, and North Macedonia, ended up in Serbia. Approximately 700 tanker wagons – equating to roughly 35 000 tonnes of petroleum derivatives – passed through a single border railway station between June 1993 and February 1994. According to a Bulgarian corruption reporting project, the Multigroup companies, including IPN Trade and Royals, orchestrated these illicit deliveries. Active and former state security officials from both countries played crucial roles in ensuring the smooth transit of such contraband shipments.<sup>49</sup> ■

## Porous borders and faster smuggling of fuel

Porous and yet-to-be-established borders in the Balkans in the early 1990s facilitated and significantly encouraged the trafficking of fuel and other highly sought-after goods.<sup>50</sup> Border controls were insufficient, resulting from confused lines of authority and lack of accountability between the army, police and customs. The army, for instance, physically protected the border while police were responsible for inspecting people and goods at crossing points. The institutions of the army, police and customs were uncoordinated.<sup>51</sup> War-winning, instead of fighting crime, was the priority.<sup>52</sup> 'Even if someone was caught committing a crime, it was difficult to sanction them,' clarified a retired border police officer from Serbia. The illicit trade at this time reveals the shortcomings of border control standards and the inability to secure state lines.<sup>53</sup>

Accessible routes and numerous unofficial or unmonitored entry points, such as in remote areas, mountainous regions or on waterways, were created. Smugglers exploited these routes to transport fuel. They used a variety of small boats, hidden trails and off-road vehicles to avoid detection by the authorities. The route via Skadar Lake was one of the most infamous in the 1990s, with fuel transported in makeshift boats and rafts overloaded with barrels, and even through underwater pipelines. At the railway station near Skadar Lake, empty tanker cars were pushed through a tunnel across



the officially closed border between Albania and Montenegro. After a couple of hours, the smugglers would return with fuel.<sup>54</sup> A similar scenario played out at Silver Lake, between Serbia and Romania.<sup>55</sup> Such illegal trades were often instrumental in financing armed groups, as well as in perpetuating other types of criminal activity.<sup>56</sup>

## Revenue loss and environmental pollution

Fuel smuggling represents a tripartite menace to the economy and environment – despite appearing, to some, as one of the only ways to survive in times of crisis. From the immediate consequences arising from the methods employed by illicit fuel traffickers to the far-reaching devastation that unfolds over time, pernicious outcomes are that parts of governments with integrity grapple with substantial revenue losses while others, less accountable, become incredibly wealthy. The resulting environmental degradation is alarming, with market dynamics significantly distorted.

Serbia has not even recovered a fraction of the lost revenue that 'disappeared' to Cyprus during the sanctions period. Despite the existence of media reporting, an investigation has yet to be initiated. Instead, those involved in the nation's largest theft have been allowed to launder their illegal gains with impunity, further contributing to their burgeoning fortunes. Unofficial estimates suggest that the total sum illicitly laundered and leaving the country between 1992 and 1995 ranges from US\$5 billion to US\$11 billion.<sup>57</sup>

Finally, smuggled fuel is often adulterated or of low quality, and may be mixed with hazardous substances or diluted to increase profits. When this contaminated fuel is used, it can lead to increased emission of pollutants, contributing to air pollution and otherwise deteriorating environmental quality. This, in turn, can affect public health. Smuggling operations frequently involve the illegal tapping of pipelines, and the unauthorized storage and transport of fuel. These activities create a significant risk of fuel spills, leakages and accidents, leading to ecological damage and contamination of water bodies, soil and wildlife habitats. The long-term consequences of such incidents can be severe. However, research on the environmental impacts of fuel smuggling in the Balkans in the 1990s has not been conducted.



A familiar means of cargo transport, barges are used for fuel smuggling along the Danube River. *Photo: GI-TOC*



## DARKNESS OF THE PRESENT

**A**lthough the wars in the former Yugoslavia ended in 1999, fuel smuggling continued to occur in the region on a smaller scale. During the period between 2000 and 2005, smugglers installed a 5-kilometre pipeline to illegally transfer fuel in the security zone between Kosovo and Montenegro. The zone was created in 1999 to prevent new hostilities between the different parties in the area, but instead became renowned as a smugglers' haven.<sup>58</sup> In Kosovo, in September 2010, five local people were arrested for fuel smuggling schemes involving NATO-led staff from Ukraine.<sup>59</sup> In March 2011, Albanian police arrested 11 officials connected to fuel smuggling.<sup>60</sup> And in the same year, in Serbia, customs seized over 60 tonnes of fuel and dismantled two larger organized criminal groups.<sup>61</sup>

Different fuel prices across the Balkan countries have contributed to an increase in fuel smuggling since 2010. In 2016, fuel in North Macedonia and Bosnia and Herzegovina was cheaper by up to 40% per litre than in Serbia. This encouraged people from Serbia to tank fuel in neighbouring countries and then sell it illegally at home. This illicit activity resulted in considerable reductions in trade at petrol stations in the border areas of the region – and lower revenues for the country's budget.<sup>62</sup>

Fuel smuggling also became an illicit business with transnational crime ties beyond the Balkan region. For example, the five-member crew of a Maltese tanker ship, including two Bulgarian nationals, was arrested in Libya for the alleged smuggling of oil products.<sup>63</sup> Similarly, criminals from Albania and Montenegro have been found to be involved in fuel smuggling from Libya to Malta through an Albanian company.<sup>64</sup> And in July 2018, Serbian police apprehended Ukrainian and Serbian citizens smuggling 575 tonnes of diesel from Croatia to Serbia.<sup>65</sup>

## Smuggling and inter-ethnic cooperation

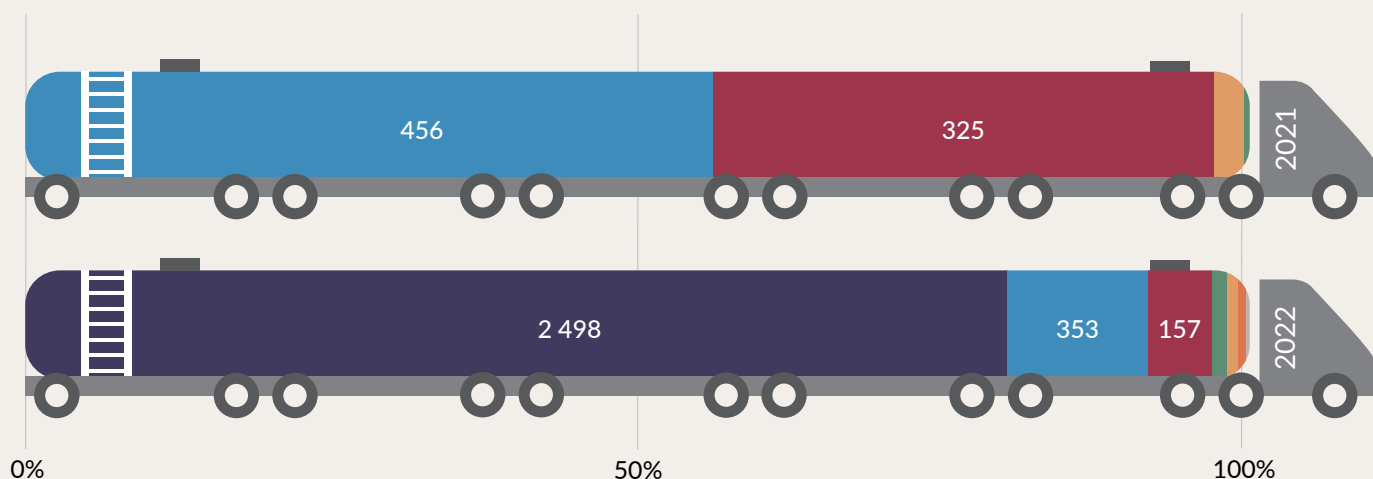
In 2011, investigators in Kosovo claimed that Serbs and Albanians in the north of the country were working together to smuggle oil worth US\$100 million a year. At the time, the total volume of legal trade between Serbia and Kosovo was around €400 million.<sup>66</sup> In other words, the fuel business was both lucrative and important for the country's economy. Two people, in particular, were notorious in all of this: Serb Zvonko Veselinović and Albanian Mentor Beqiri, supposed heads of the smuggling network concerned.<sup>67</sup> Beqiri was arrested in 2006, 2007, 2009 and 2012 as a result of his involvement in the illicit oil trade.<sup>68</sup> The US imposed sanctions against Veselinović in May 2021 in response to his dealings in illegal goods, money, drugs and weapons.<sup>69</sup> ■

## Old habits die hard

Like the conflict in the former Yugoslavia, today's crises have a significant bearing on the smuggling of petroleum products in the Balkans. In February 2022, the war in Ukraine started. Meanwhile, Libya has faced an uncertain electoral trajectory due to volatile political, economic and security circumstances. Conflict in both countries has affected the wider embargo of oil derivatives from Russia and Libya.<sup>70</sup> Disputes have resulted in the emergence of illegal exports as both Russia and the conflicting parties in Libya actively seek means to generate revenue and fund their war aims.<sup>71</sup> In turn, the associated increased demand for fuel is contributing to the further development of illegal markets for oil derivatives, as well as providing opportunities for new speculative trading.

Although the regional fuel supply is relatively stable in the Balkans, the war in Ukraine has led to an increase in fuel prices on the legal market. In response, governments in the region froze fuel prices. Yet fuel smuggling is still taking place. In May 2022, for example, Serbian police arrested a ship captain from Ukraine on the shore of the Danube River, seizing 12 tonnes of oil derivatives.<sup>72</sup> And in September 2022, Albanian police in Durres arrested four Libyan nationals attempting to smuggle 2 275 tonnes of diesel.<sup>73</sup> Overall, in 2022, police and customs authorities of the seven Balkan countries seized more than 3 000 tonnes of illegal fuel, almost four times more than in 2021 (see Figure 2). Nevertheless, when considering the overall legal fuel consumption across the Balkans, the quantities of seized fuels remain relatively insignificant. For instance, in Serbia alone, the amount of seized fuels in 2021 accounted for a mere fraction of the legal annual consumption of 2.6 million tonnes.<sup>74</sup>





Country	2021	2022
Albania	0	2 498
Bosnia and Herzegovina	0	1.6
Bulgaria	456	353
Kosovo	14.3	7.1
Montenegro	0	3.1
North Macedonia	2.4	18.8
Serbia	325	157

**FIGURE 2** The minimum estimated amount of seized fuel, in tonnes, in the seven Balkan countries in 2021 and 2022.

SOURCE: Data received from police and customs authorities in the seven countries.<sup>75</sup>

## Trafficking routes and critical hotspots

### Danube flows

In June 2018, a ship that had been loaded with fuel at the Ukrainian port of Reni on the Danube River headed to Serbia. After crossing the border between Serbia and Romania near Prahovo, the expected route would take it northwards towards the town of Veliko Gradiste for the first border and customs control point in Serbia.<sup>76</sup> However, the ship deviated from this route, thus bypassing inspections. With a distance of approximately 200 kilometres between Prahovo and Veliko Gradiste, this created an opportunity for a potential smuggling operation to take place. A Serbian-flagged ship sailed to meet the Ukrainian ship on the Danube River between Prahovo and Veliko Gradiste. Smugglers then transferred oil from the one ship to the other before both vessels returned to their place of origin.<sup>77</sup> This illicit fuel cost less than €0.5 per litre and was to be sold without taxes, while the price for the same fuel in Serbia was over €1 per litre. Profits are high given these transactions as the illicit flows concerned are usually measured in tonnes.<sup>78</sup>

This is just one example of the kinds of smuggling flows that take place along the Danube, the second largest river in Europe. Extending over 2 850 kilometres and connecting several countries in Central and South Eastern Europe, the Danube lends itself to both licit and illicit fuel trade. In 2021, 1.7 million tonnes of petroleum products were transported along the Danube River between Hungary, Slovakia, Croatia and Serbia.<sup>79</sup> In addition, 26.1% of cargo loaded in the Austrian port of Vienna in 2021 comprised petroleum products;<sup>80</sup> this figure was 18.5% in Moldova,<sup>81</sup> 13.4% in Serbia<sup>82</sup> and 6% in Romania.<sup>83</sup> In 2022, the Danube Commission, the body in charge of maintaining and improving navigation on the river, concluded that the transportation of petroleum products on the Danube was relatively stable, meaning that a consistent stream of fuel shipments were taking place along the river.<sup>84</sup>

However, illegal flows are the counterpart to legal flows, with Bulgaria and Serbia being the two Balkan countries most affected by fuel smuggling on the Danube River. In 2021 and 2022, customs in Ruse, a Bulgarian city on the banks of the Danube, was responsible for the largest number of fuel seizures in the country, compared to customs offices in other cities. Customs at Ruse undertook 35 fuel seizures in 2021 and 39 in 2022, confiscating more than 74 tonnes of illicit petroleum products during that period.<sup>85</sup> At approximately the same time, Serbia's three biggest fuel seizures since 2018 occurred on ships that had sailed along the Danube River. In July 2018, Serbian police seized 575 tonnes of oil; in August 2019, 200 tonnes of diesel; and in November 2021, 50 tonnes of petroleum products.<sup>86</sup>

Connectivity, transport mobility and the configuration of the riverbanks enable fuel smuggling on the Danube River. Connected to an extensive network of canals, tributaries and other rivers, the Danube allows for further navigation across the 19 countries that share the Danube River Basin. With the Rhine-Main-Danube waterway axis of 3 505 kilometres, the Danube River connects the port of Rotterdam in the North Sea with the port of Sulina in the Black Sea.<sup>87</sup> The Danube River is also crossed by 133 bridges,<sup>88</sup> enabling connectivity to a massive road infrastructure network. And with many ferry crossings connecting to suitable access roads, the Danube's catchment area provides smugglers with a further means to pursue their illicit activities.<sup>89</sup>

A river safety expert from Serbia with decades of working experience, interviewed during research for this report, revealed how fuel smuggling on the Danube River in Serbia has been carried out continuously for over 30 years. 'Maybe it was more frequent in the 1990s, but it's still done today,' he remarked.<sup>90</sup> Usually, smuggling is arranged in advance, in bulk and outside of Serbia – meaning that the amount of fuel to be smuggled, meeting place, method of dispensing the fuel and the communication between the smugglers and crew are all predetermined. Approximately 1–50 tonnes of fuel are smuggled per trip, with the actual amount depending mainly on the size of the vessel used.

Serbia is a transit country as well as a destination country for illegal fuel. This is primarily due to higher prices for fuel in Serbia than in other countries in the region. Fuel usually ends up with agricultural manufacturers in Vojvodina in the Macva area and at petrol stations near the country's borders. Smuggled fuel usually originates from Moldova and Ukraine. It is transported via Romania and Hungary. However, illegal traffic from Serbian sources has also been recorded. This is expected considering that Serbia covers a fifth of its fuel needs from its own production, which is not an insignificant amount.<sup>91</sup> In most cases, Ukrainian, Romanian and Bulgarian ships are used for the smuggling of fuel, with Austrian and Hungarian ships also having been noted as used in this illicit trade. The ships travel from Romania, Ukraine, Croatia and Germany.<sup>92</sup>



**FIGURE 3** Fuel smuggling hotspots along the Danube in Serbia.

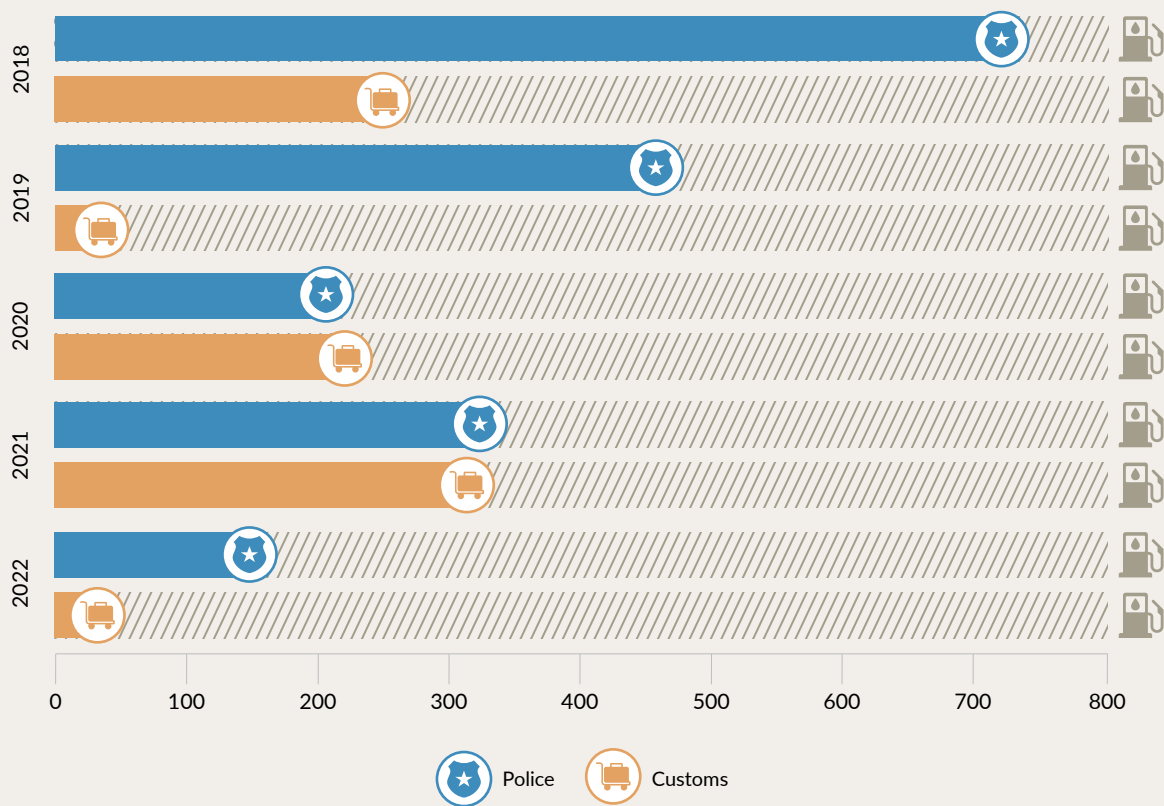
Areas noted for fuel smuggling are located along the Danube River on Serbia's border with Romania and Croatia. These are places where it is convenient for ships to cross – in other words, where the river is narrowest and calmest in its course. Other notable smuggling areas are located not that far from settlements, and near border crossings where there are relatively good connecting roads, including access roads to the border or river channels. Smuggling on the Danube River in Serbia is also favoured as ships are only controlled in Novi Sad, after the border controls in Vukovar in Croatia and Veliko Gradiste, when entering Serbia from Bulgaria and Romania. In total, there are almost 40 locations that are at risk regarding fuel smuggling along the 588 kilometres of the Danube River as it passes through Serbia (see Figure 3).<sup>93</sup>

Between 2018 and 2022, Serbian police seized 1 861 tonnes of petroleum products in 410 cases of fuel smuggling (see Figure 4). In the biggest fuel seizure – 575 tonnes of oil – in Serbia during this period, police identified two Ukrainian and two Serbian citizens suspected of smuggling oil near Bogojevo on board a ship from Croatia to Serbia.<sup>94</sup> Customs officials in Serbia believe that the COVID-19 pandemic and the war in Ukraine have affected increased fuel smuggling on rivers, because fuel is lacking, prices are rising and Ukrainian crews are on ships with smuggled oil.<sup>95</sup> An environment with an unstable fuel market, when demand is usually higher, creates opportunities for smugglers to use the advantage that the ship's propellant is exempt from excise and thus fosters fuel smuggling and fraud.<sup>96</sup>



Police officers in Ruse, Bulgaria, consulted for this report, preferred to discuss small-scale rather than large-scale fuel smuggling cases, although they agreed that significant quantities of fuel are also transported on the Danube River.<sup>97</sup> Typical smuggling methods recounted by the police involve sailors selling small amounts of diesel to fishermen, who either use it themselves or resell it locally. Fuel bought for €0.80 is later sold for €1.10–€1.40 per litre.<sup>98</sup> Furthermore, according to customs officers in Ruse, considerable oil exports from Bulgaria to Ukraine have also created opportunities for the diversification of fuel smuggling, with tank truck drivers typically involved in this illicit trade.

Over 90% of truck drivers sell on between 100 and 300 litres of the fuel they are carrying per trip.<sup>99</sup> This illegal trade occurs in parking lots near the border point of Ruse. Prices are similar to those referred to in the case of fishermen, above. The actors involved in this trade still need to be discovered, but given the huge number of trucks passing through the Ruse border point, the amounts of diverted fuel are estimated to be substantial.<sup>100</sup> Truck drivers ordinarily know how much fuel they have left in their vehicles having filled up their fuel tanks at duty-free petrol stations in Turkey. Then, prior to leaving Bulgaria, they sell their surplus untaxed fuel to trusted contacts in the country.<sup>101</sup> Consequently, customs are consistently seizing this fuel in the warehouses and yards of companies involved in this illicit trade. For example, in July 2022, police confiscated 94 containers, filled with a combined total 1 800 litres of petroleum products, in a warehouse in Ruse. In another instance, 28 containers with a combined total of 600 litres of fuel were seized in a forested area near the Danube riverbank.<sup>102</sup>



**FIGURE 4** Oil and other petroleum products seized by the Serbian police and customs, 2018–2022.

SOURCE: Interior Ministry and Customs Administration of Serbia

## Fuel smuggling methods on the Danube

Based on interviews and media analysis conducted for this report, the primary method of fuel smuggling on the Danube River involves transferring oil from foreign ships to barges and other vessels. The process typically entails a foreign ship carrying fuel slowing down at a predetermined location on the river, where a smuggler-operated barge approaches the ship. Fuel is then illegally transferred from the ship to the barge, with the entire operation lasting approximately an hour. Once the fuel is discharged, the ship resumes its journey while smaller boats transport the smuggled fuel to a pre-arranged location on the Danube riverbank. Awaiting tank trucks then transport the fuel to its final destination. The smuggled fuel is subsequently sold at small petrol stations in the border areas, and to farmers. A less common method of smuggling involves oil theft accompanied by intimidation, with these incidents displaying elements of piracy.

Another prevalent method is the smuggling of 'surplus' fuel, which involves concealing fuel in a ship's tanks – using structural cavities and purpose-built holding areas – without disclosing this fuel in customs declarations or ship logs. Sophisticated technology may also be employed to manipulate the recorded quantity of fuel during inspections. Typically, ships entering or leaving a country carry significant amounts of fuel, with this fuel needing to be documented. The detection of surplus fuel occurs through the meticulous comparison of all documentation. Marked fuel is generally of domestic origin, while unmarked fuel is foreign. However, this method of identifying fuel is not entirely reliable as markers can be illegally obtained.<sup>403</sup> River authorities can also accurately calculate a ship's fuel consumption for navigation by referring to the ship's logs, enabling them to detect any surpluses.

Simulating actions with a ship along waterways to generate extra fuel for illegal sale is another method observed. For instance, scenarios may be staged, such as pretending a ship is stranded or breaching travel deadlines during a voyage. Manipulation also involves falsifying manoeuvres in the ship's logbook, such as claiming that the ship had to navigate through shallow areas, and then using these fabricated manoeuvres as a pretext for fuel loss. Deliberate disabling of a ship's electronic tracking system has also been noted in some instances, making a ship difficult to locate within territorial waters, with only quantities of fuel not exceeding the transport consumption allowed by a contract sold illegally. This method is more feasible when larger convoys of ships are involved, as the greater number of ships makes it easier to mask driving manoeuvres.

Another method of smuggling employed on the Danube River involves imported oil derivatives of low octane value, which are exempted from customs and excise duties. These products are often enriched with additives to mimic regular motor vehicle fuels and are then sold on the illegal market. Alternatively, documentation may be falsified to indicate the importation of higher-quality fuel, even when the actual quality is poor. The documentation might state that the fuel is unmarked and intended for foreign markets but the fuel is in fact later sold illegally on a domestic market. Additionally, a method known as 'ant smuggling' (or incremental smuggling) is practised when fuel prices are significantly lower in neighbouring countries. In this method, smugglers will cross a border multiple times a day, purchasing fuel abroad and selling it upon their return. Vehicles and vessels are also modified with hidden compartments so as to transport larger quantities of fuel in a single trip. ■

## Mediterranean flows warm up

In September 2022, Albanian police at the port of Durres intercepted a tanker, the *Queen Majeda*, travelling from the port of Benghazi in Libya with a stop in the port of Romano, Albania. Authorities arrested the ship's captain together with the 10-member crew. Most of those apprehended were Libyan, with nine of the detainees being nationals from the war-torn country, while one was of Syrian descent. Their cargo hold contained 2 275 tonnes of diesel smuggled from Libya.<sup>104</sup> An Albanian company was reportedly responsible for importing the fuel.<sup>105</sup> This seizure occurred several days after Albanian authorities confiscated 56 tonnes of illicit petroleum from another vessel – the *Leon* – also at the port of Durres.<sup>106</sup>

In Libya, a nation left fractured and depleted after the fall of Muammar al-Qaddafi in October 2011,<sup>107</sup> powerful international criminal networks with ties to Europe thrive on the illicit trade in fuel smuggling.<sup>108</sup> Petrol and diesel, the coveted commodities at the heart of Libya's illicit trade, significantly contribute to the thriving smuggling industry in the country. With most smuggled fuel being imported rather than locally produced, enterprising smugglers capitalize on opportunities to exploit the substantial difference between subsidized and lucrative black-market prices.<sup>109</sup> These activities allow them to reap substantial profits while perpetuating the cycle of fuel smuggling in the region.<sup>110</sup> Nonetheless, Albania was not of concern to Libyan smugglers until 2020.

In August 2020, the US imposed sanctions on three individuals and a Malta-based company related to their alleged participation in smuggling networks and their role in contributing to instability in Libya.<sup>111</sup> It was suspected that criminals from Albania and Montenegro played a part in fuel and drug smuggling operations associated with these sanctioned entities.<sup>112</sup> According to the US Department of the Treasury, Libyan smugglers collaborated with a network of contacts in North Africa and Southern Europe to illicitly transport fuel and drugs from Libya to Malta.<sup>113</sup> Whether specific ports in the Balkans were used for smuggling purposes, however, remains unknown.

Between August 2020 and March 2022, no data suggested the involvement of Balkan groups in fuel smuggling operations conducted by Libyan criminals, nor were there any reported cases of fuel smuggling at the port of Durres.<sup>114</sup> However, the confiscation of 80 tonnes of oil at the port in March 2022 led to a number of consequential discoveries of oil.<sup>115</sup> Furthermore, in response to the March 2022 seizure and subsequent events, the police in Durres have intensified maritime border surveillance and increased collaborative efforts to counteract fuel smuggling and associated illicit activities at sea. The focal point of this fuel smuggling primarily concerns ships, especially fishing boats, suspected of receiving illegal goods from Libyan tankers. It is supposed that foreign nationals are engaged in these operations.<sup>116</sup>

Developments unfolded further following the fuel seizure from the *Queen Majeda* in September 2022. Three months later, an Albanian court classified the case as a criminal smuggling act involving an organized group, with this violating the UN embargo through the use of forged documents.<sup>117</sup> Then, in January 2023, the Vlora police intercepted a Libyan vessel supplying 50 000 litres of oil to a fishing boat in Durres while it was in open waters. The authorities seized the ship and initiated an investigation at the port of Durres.<sup>118</sup>

Another incident highlights the increasing activity of the Mediterranean fuel smuggling route, again with the port of Durres emerging as a prominent hotspot. In February 2023, Albanian authorities intercepted a Liberian-registered ship in Durres. It is believed that the ship was involved in the transportation of Russian oil, loaded in Novorossiysk, through the waters off Kalamata, Greece.<sup>119</sup>



The port of Novorossiysk, a pivotal oil export hub in southern Russia, appears to serve not only as a crucial exit point for legitimate trade but also as a gateway for illicit transactions involving Russian oil. © Leonid Eremeychuk/500 px via Getty Images

This area seems intended to serve as a hub for ship-to-ship transfers of Russian petroleum following the imposition of sanctions on Russia throughout 2022 and in 2023.<sup>120</sup> The operation in Durres resulted in the apprehension of the entire 22-member crew and the confiscation of a substantial quantity of oil – 22 500 tonnes, with a value of more than €40 million.<sup>121</sup>

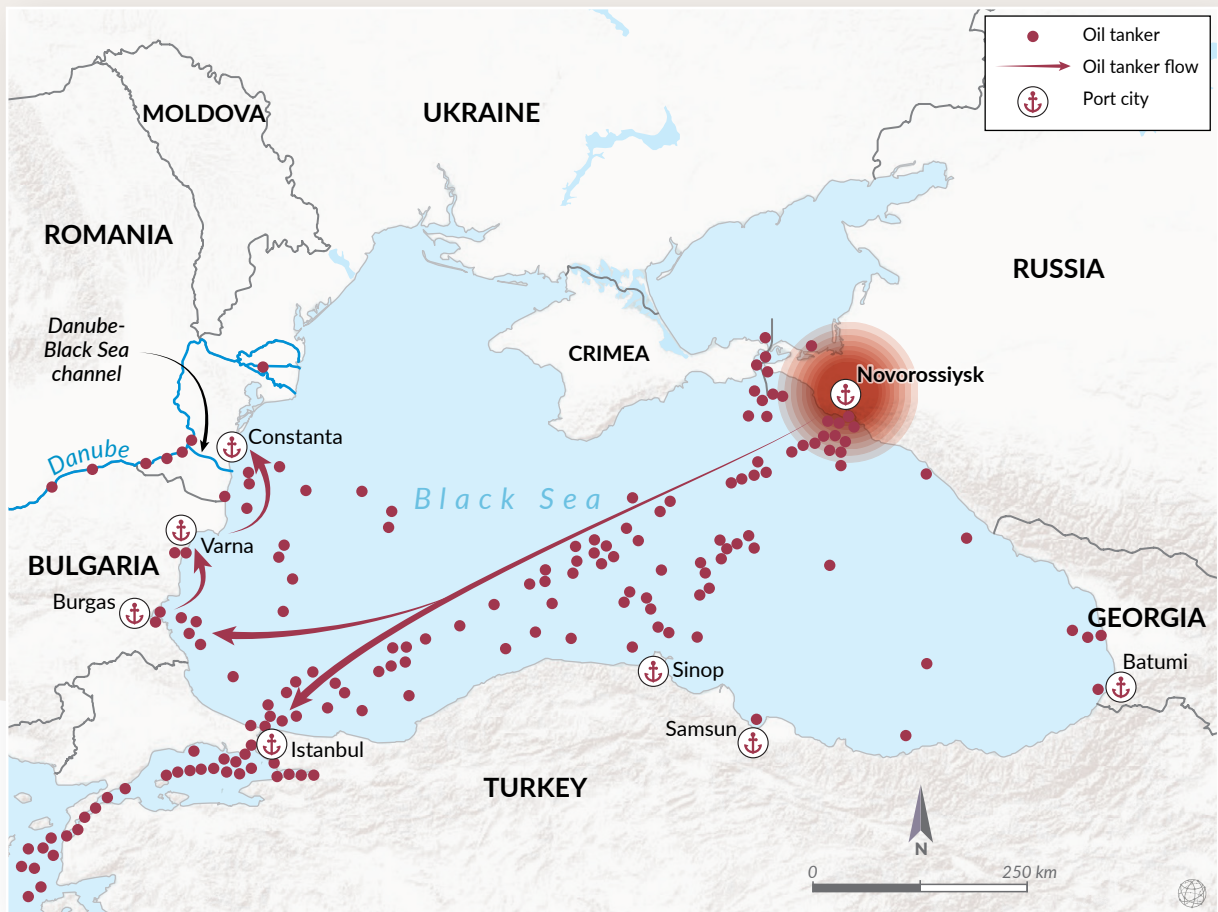
## The Black Sea opportunity

In December 2022, a Bulgarian engineer in the largest oil refining enterprise on the Balkan peninsula, wearing a helmet with a Lukoil badge, was waiting for a new tanker from Novorossiysk in southern Russia. Despite the EU ban on Russian crude oil to Europe, 20 500 tonnes of Russian fuel arrives daily in Burgas – 1 300 tonnes above the refinery's capacity.<sup>122</sup> But the engineer was not concerned; the refinery can operate up to 10% above its capacity.<sup>123</sup> But it will not be able to do so forever. The EU has determined that importing Russian crude oil into Bulgaria must come to an end in 2024.<sup>124</sup>

In December 2022, Bulgaria replaced Turkey as the world's third-largest buyer of Russian crude oil after China and India.<sup>125</sup> The port of Burgas was the only one in Europe where Russian crude oil could still be onboarded following the EU's exemption of Bulgaria from the ban on Russian imports. Russian crude oil deliveries to Bulgaria increased by 30% in mid-2022, remaining stable until December 2022,<sup>126</sup> when they started to fall.<sup>127</sup> In May 2023, Bulgaria was the sixth-largest buyer of Russian crude oil globally.<sup>128</sup>

All of the Russian crude oil transported to Bulgaria ends up at the Neftohim refinery in the Black Sea port of Burgas. The refinery is connected to Lukoil, Russia's second-largest oil manufacturer. In 2022, Lukoil processed more than 7 million tonnes of crude oil at the Neftohim refinery – nearly twice as much as in 2021, when around 4.2 million tonnes were handled.<sup>129</sup> Bulgaria is heavily dependent on the operations at the Neftohim refinery – and on Lukoil. At the same time, the media has reported that, from January to November 2022, Bulgaria exported €700 million worth of Russian fuel to Ukraine.<sup>130</sup> Lukoil has denied that oil was sent to Ukraine directly, claiming it deals with over 500 intermediaries.<sup>131</sup>





**FIGURE 5** The plots capture a stream of oil tankers leaving the Russian port of Novorossiysk on the Black Sea, 26 April 2023.

SOURCE: Marine Traffic

In January 2023, along with the EU exemption, the Bulgarian parliament adopted a law that banned the export of Lukoil-processed crude oil, except to Ukraine.<sup>132</sup> This means that Lukoil is limited to selling fuel derived from Russian oil exclusively within Bulgaria and Ukraine. Should Lukoil intend to export fuel beyond Ukraine, the oil used must not originate from Russia. As an alternative, Lukoil allegedly imports oil from Kazakhstan using a pipeline route that traverses Russia. This arrangement, nevertheless, presents various challenges. First, it is technically unfeasible to ascertain the origin of oil used for fuel production at Lukoil in Bulgaria. Sophisticated chemical analysis purportedly capable of determining the oil's source is reportedly only available in a laboratory in Western Europe. Second, the question remains as to whether the oil received from Kazakhstan, for example, is mixed with Russian oil, further complicating the situation.<sup>133</sup> This opens the possibility of re-exporting Russian oil to the EU through intermediaries and increases the risk of illicit financial flows.

At the same time, Bulgarian authorities are not eager to find new oil supply alternatives. Almost a year after the war started in Ukraine, Bulgaria and Greece have signed an interim agreement to renew the project of building the Burgas–Alexandroupoli oil pipeline.<sup>134</sup>

So far, the fuel exported from Bulgaria to Ukraine has been licit. Bulgarian distributors sell to legitimate Ukrainian companies that logistically organize fuel loading and unloading. There are some allegations, however, that Ukrainian intermediaries do not allow tank trucks driven by foreign drivers into or through

Ukraine. 'When a tank truck with Bulgarian registration plates enters the country, Ukrainians provide one of their drivers and take the truck, unload the fuel, and return the vehicle to the Bulgarian driver to then take the truck back to Bulgaria.'<sup>135</sup> Ultimately, numerous registered companies own tank trucks, with most involved in fuel transportation to Ukraine. Even heavily amortized and worn-out vehicles are put into service again, as the markups on fuel are very lucrative.<sup>136</sup>

The Bulgarian petroleum industry expert interviewed for this report recounted that the war in Ukraine has notably changed fuel distribution in the region. This echoes the situation in the early 1990s when Yugoslavia's embargo was imposed. 'However, the big difference is that all exports are now legal,' according to the expert.<sup>137</sup> In the 1990s, Bulgaria was not allowed to legally export fuel to Serbia and Montenegro. As this is now the case with Russia, most distributors actively buy fuel from Lukoil and ship it to Ukraine. They are in an excellent position to buy at competitive prices and make large profits from the export.<sup>138</sup> However, this does not guarantee that illicit flows will not emerge in 2025, when the EU exemption for Bulgaria expires.

The Lukoil refinery exports at least half of its production to the Western Balkans, Georgia, Armenia and Moldova. Supposedly, all export of Russian-source refined petrol products to other countries will stop in 2024 because of sanctions. This, of course, is not in Lukoil's interests, with the company reportedly ready to sell its assets in Moldova and Romania.<sup>139</sup> Given such a context, the primary concern of Bulgarian traders is that Lukoil might decide to close its refinery operations in the country. This could lead to a sharp increase in prices and negatively impact sales. From another perspective, export ban controls will also be challenging for the authorities as a result of limited resources.<sup>140</sup>

Thus far, there are no identified cases of Bulgarian companies using the growing export trade to evade taxes and excise duties in relation to the Bulgarian budget. 'It is not worth the risk since you can harmlessly make enough money from the legal trade,' according to a petrol industry expert from Bulgaria.<sup>141</sup>



Bulgaria's sole oil refinery, Russian-owned Lukoil Neftochim Burgas on the Black Sea coast. Bulgaria cannot afford to back a ban on Russian oil and gas imports as part of sanctions against Russia over its invasion of Ukraine. © Nikolay Doychinov/AFP via Getty Images

Bulgarian customs has added that there have been no significant seizures of diverted untaxed fuel from the enormous quantities exported to Ukraine. The explanation here being that customs noted the high risk of such violations and has been regularly monitoring the routes concerned. Furthermore, they have reported no cases relating to fuel fraud.<sup>142</sup>

A significant concern of customs, however, is to control whether the petrol products of Neftohim, produced from Russian crude oil, remain only for the domestic market or are exported to Ukraine. Apparently, customs presently have no good solution for how to enforce this. A Bulgarian customs intelligence officer, interviewed during research for this report, explained that it is currently assumed that the 'exporter will declare that the exported fuel is not produced from Russian oil. However, there is no way to prove by laboratory analysis that the exported fuel is made from Russian or another source of oil.'<sup>143</sup>

Indeed, the risks are high. If fuel traders want to infringe, there is no sufficient way to control them. For example, a trader who buys fuels for the Bulgarian market made from Russian crude oil may declare that they export these fuels to other countries by simply substituting the declaration with one that states the fuel is made from non-Russian oil.<sup>144</sup> On the positive side, the profitable export from Ukraine has practically suppressed the black market in Bulgaria. According to the petrol industry expert: 'Even the riskiest players now have left these practices aside and are engaged with export to Ukraine.'<sup>145</sup>

Given this context, investigative journalists have identified suspicious oil movements that are likely to be part of trade with Russia. This practice involves ship-to-ship transfers of Russian crude oil to vessels that are at least 15 years old, surpassing the typical charter duration of most conventional oil companies' vessels. Moreover, these transactions occur without customary financing arrangements, introducing a distinctive aspect to the process.<sup>146</sup> They also involve deceptive shipping practices, such as using potential ID and location tampering, enabling vessels to obscure their locations.<sup>147</sup> Similar methods have been identified on the Danube River, as explained in the previous section. The Black Sea could, thus, provide new opportunities for fuel smuggling.

## The role of intermediaries and new potential routes

In October 2022, Romania stopped importing Russian crude oil, as the government officially announced that it had found alternative resources.<sup>148</sup> However, at the same time, it appears that fuel for Ukraine is leaving Novorossiysk and is being shipped to Constanta on the Black Sea and Giurgiulesti on the Danube River in Moldova. Financially, everything allegedly goes through an intermediary, Swiss-registered Euronova Energies, which partners with Russian Gazprom Neft and Romania's Oil Terminal.<sup>149</sup>

If the war in Ukraine persists, the Danube River has the potential to become one of the main flows for illicit fuels in the region. From Novorossiysk to Burgas and Constanta ports, fuel can be transported to the nearest ports on the Danube River. From Burgas to Ruse, where Bulgarian authorities seized the most illicit fuel in 2021 and 2022, is a distance of 240 kilometres. Another possible route, between Constanta and Giurgiulesti, is 250 kilometres. But there are closer ports on the Danube-Black Sea route, including Basarabi, Medgidia and Ovidiu in Romania, and Luminita in Moldova. However, roads in the region have poor connectivity and insufficient infrastructure to support heavy volumes of traffic. ■

## Criminal actors involved in fuel smuggling

Criminal actors involved in fuel smuggling in the Balkans can be classified as one of four types, following the categories provided by the Global Organized Crime Index 2021: mafia-style groups, criminal networks, state-embedded actors and foreign actors.<sup>150</sup>

The predominant criminal players involved in recent fuel smuggling in the Balkans are a mix of criminal networks and foreign actors. These consist of interconnected individuals who engage in illicit activities without having specific territorial control. These organized criminal networks operate across borders and exploit various routes and channels for their illegal activities, especially within the Danube and Mediterranean flows. Their operations often involve transportation and distribution of and illicit trade in fuel. In most cases, law enforcement in the Balkans has apprehended the shippers – not the buyers and sellers – of smuggled fuel.

In instances of large-scale fuel seizures in the Balkans, criminal networks comprise a mix of both domestic and foreign individuals. In the case of the biggest fuel seizure in Serbia so far, involving 575 tonnes of illicit fuel confiscated in 2018, the indictment revealed the involvement of individuals from Serbia and Ukraine. These actors were engaged in the illegal transportation of oil across the customs line on the Danube River, deliberately evading customs controls.<sup>151</sup> Fuel smuggling on the Danube often involves citizens from Serbia and crews from Ukraine, Romania and Bulgaria. A similar type of criminal actor was observed in Albania during two fuel seizures at the port of Durres in September 2022 and March 2023.<sup>152</sup>

Foreign criminal actors dominate large-scale fuel smuggling operations. In the seizure in Albania in September 2022, which involved over 2 200 tonnes of illicit fuel, the main actors were individuals from Libya, who already had a reputation for engaging in smuggling activities in the Sahel region and the Mediterranean. These individuals belong to armed groups and cross-border criminal networks.<sup>153</sup> It is worth noting that, although the fuel importers were Albanian companies, the extent of involvement of Albanian nationals remains unclear. In the second seizure, in March 2023, the crew members were Russian citizens. In this instance, 22 500 tonnes of fuel were confiscated.<sup>154</sup> Bulgarian nationals were also involved in fuel smuggling schemes from Libya in 2015.<sup>155</sup>

The participation of state-embedded actors in the illicit fuel market can be traced back to 2007, with the involvement of the notorious Oil Mafia from Serbia. This criminal group imported oil derivatives from Greece using forged documentation. Subsequently, the illegally obtained fuel was sold through private petrol stations and on the Serbian black market. An investigation into this trade, which started in 2007 and concluded with a final verdict in 2016, revealed that a central tax administration deputy director held a high position in the criminal organization.<sup>156</sup> This high-ranking official, who had a history of involvement in fuel smuggling during the 1990s,<sup>157</sup> played a pivotal role in helping the group's leader to evade substantial tax payments. The group comprised individuals from the market inspection sector and from private companies involved in fuel distribution in Serbia.<sup>158</sup>

Mafia-style groups are distinguished by their distinctive names, clear leadership structure, territorial control and identifiable members. There are a limited number of examples of such groups involved in fuel smuggling following the cessation of the conflicts in the Balkan region in 1999. Most were active between 2000 and 2010 and primarily engaged in fuel theft. These groups, which operated mainly in the Vojvodina region of Serbia, may not have had specific names in this instance, but they did exhibit well-defined leadership and a recognizable membership base.<sup>159</sup> Oil theft predominantly occurred along pipelines throughout Vojvodina, particularly surrounding the cities of Pancevo, Kikinda and Zrenjanin.





## CONCLUSION

**F**uel smuggling has persisted as an illicit trade in the Balkans for the past three decades, with its peak during the 1990s. This period was marked by conflicts, economic crises, embargoes, weak governance, corruption, porous borders and fragmented authority, all contributing to the thriving illicit trade. During this time, fuel smuggling served as a means for new tycoons and local entrepreneurs to engage in both legal and illegal trade. State security, police and customs agencies were plagued by corruption, allowing the illicit fuel business to flourish. The unregulated, porous and contested Balkan borders provided opportunities and incentives for fuel trafficking. The prevalence of fuel smuggling resulted in significant revenue losses for governments, while the trade's environmental impact was often overlooked or ignored.

Fuel smuggling in the Balkans has endured beyond the conflicts in the former Yugoslavia, although it has diminished in scale compared to the 1990s because of market stabilization. In the initial years of the 2000s, the post-conflict reconstruction process inadvertently facilitated the continuation of smuggling practices. Since 2010, variations in fuel prices among Balkan countries have driven the illicit trade. Moreover, new crises since 2022, such as those in Ukraine and Libya, have revived old smuggling routes and created opportunities for new ones to emerge. With almost 40 known smuggling points in Serbia alone, the Danube River remains a significant hotspot for fuel smuggling. Furthermore, the Mediterranean route, particularly through the port of Durrës, in Albania, has gained prominence since 2020 as a critical location for illicit activities. The ongoing war in Ukraine poses a potential risk for Russian crude oil smuggling through the Black Sea. Albania, Bulgaria and Serbia are the three Balkan countries most affected by illicit fuel smuggling in the region.

Before the advent of the war in Ukraine, three distinct groups of buyers for Russian crude oil existed, two of which have consequences for the Balkans.<sup>160</sup> The first of these consisted of refineries linked to the Friendship – or Druzhba – pipeline, holding long-term contracts with Russian suppliers. The emergence of illicit fuel activities becomes more of a possibility if the proposed pipeline agreement between Serbia and Hungary, aimed at supplying Serbia with cheaper Russian crude oil, comes to fruition.<sup>161</sup> And there is a potential for flows of Russian crude oil to be covertly redirected from Serbia to other countries in the Balkans, thereby concealing their origin and route. The fact that Russian company Gazprom Neft already owns shares in major oil and gas companies in Serbia is to Russia's advantage.<sup>162</sup>

The second group of buyers for Russian crude oil consists of refineries that own Rosneft and Lukoil, operating from Romania to the Netherlands. Their Russian owners directly supplied these refineries

through European-registered trading arms, such as Litasco and Energopole. Lukoil also owns refineries in Bulgaria and Romania. Considering the EU's intention to strengthen the enforcement of sanctions in the future, it is imperative to consider the potential implications of fuel smuggling, especially since numerous reports have shed light on the strategies employed by Russia to circumvent oil sanctions, using what are commonly referred to as 'shadow fleets'.<sup>163</sup>

Beginning in 2025, it is likely that Bulgaria will be prohibited from importing crude oil from Russia, and the EU expects Western Balkan countries to adhere strictly to these sanctions. This development could redirect the illicit fuel trade toward the Balkans, with Bulgaria, Romania, Albania and Serbia emerging as potential hubs. The Burgas, Constanta and Durres ports could serve as entry points for illicit smuggling operations in the Balkans, connecting with existing smuggling routes along the Danube River. Serbia is the only country in the region that has not introduced sanctions against Russia, possibly making it an attractive destination for financial transactions concerning smuggling operations. The port of Durres might also continue to serve fuel smuggling activities from Libya.

Although the scale of fuel smuggling has decreased since the 1990s due to market stabilization, the illicit trade continues to occur. The Danube River and the Mediterranean route through Durres port remain significant areas for fuel smuggling. The conflict in Ukraine poses a potential risk for Russian crude oil smuggling through the Black Sea. Additionally, the proposed pipeline agreement between Serbia and Hungary could create opportunities for concealing the origin and route of Russian crude oil. As of 2025, Bulgaria is expected to be prohibited from importing crude oil from Russia, which may redirect illicit fuel trade toward the Balkans. Vigilance and strong sanctions enforcement are essential to address the negative impacts of fuel smuggling on the region's economy and environment.



The port of Durres in Albania has, since 2022, become an exit point for illicitly smuggled fuel from Libya and Russia. © Walter Bibikow via Getty Images



## NOTES

- 1 The scope of this report encompasses Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Montenegro, North Macedonia and Serbia. Unless explicitly stated otherwise, any data presented in this report pertain exclusively to these seven countries, collectively referred to as the Balkan region.
- 2 The Balkan countries, on average, derive approximately 30% of the total price of 1 litre of fuel from excise, tax and customs duties. This calculation was determined by taking 30% of the average fuel price in the Balkans for May 2022 and multiplying it by the total volume of seized fuel.
- 3 Interview with Atanas Rusev from the Center for the Study of Democracy, Bulgaria, 29 May 2023.
- 4 Atanas Rusev et al, Bulgarian Organised Crime Threat Assessment 2020, Center for the Study of Democracy, 11 October 2020, <https://csd.bg/publications/publication/bulgarian-organised-crime-threat-assessment-2020>.
- 5 According to the US Energy Information Administration, in 2021, Russia was the second-largest oil producer in the world, while Libya was 16th.
- 6 United Nations, Security council extends measures against illicit petroleum exports from Libya, Panel of Experts' mandate, unanimously adopting Resolution 2644 (2022), 13 July 2022, <https://press.un.org/en/2022/sc14969.doc.htm>.
- 7 European Council, EU sanctions against Russia explained, 14 April 2023, <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-russia-over-ukraine/sanctions-against-russia-explained>.
- 8 Genka Shikerova and Tony Wesolowsky, Russia gets its oil into the EU through Bulgaria. Perhaps not for long, Radio Free Europe/Radio Liberty (RFE/RL), 19 January 2023, <https://www.rferl.org/a/russia-bulgaria-oil-lukoil-eu-sanctions-pressure-ukraine/32231148.html>.
- 9 Tudor Ioniță, *Moldova, în pragul unei crize petroliere! Portul Giurgiulești dă prioritate livrării carburanților Gazprom Neft în Ucraina*, Deschide, 28 May 2022, <https://deschide.md/ro/stiri/economic/107491/Moldova-%C3%AEn-pragul-unei-crize-petroliere!-Portul-Giurgiule%C8%99ti-d%C4%83-prioritate-livr%C4%83rii-carburan%C8%9Bilor-Gazprom-Neft-%C3%AEn-Ucraina.htm>.
- 10 Abdulkader Assad, Libyans arrested in Albania over smuggling diesel, *The Libya Observer*, 19 September 2022, <https://libyaobserver.ly/news/libyans-arrested-albania-over-smuggling-diesel>.
- 11 Over 20,000 tons of Russian diesel busted in Durres Port, *Albanian Daily News*, 20 February 2023, <https://albaniandailynews.com/news/over-20-000-tons-of-russian-diesel-busted-in-durres-port>.
- 12 *Sprečeno krijumčarenje preko 12.650 litara nafte*, *Politika*, 27 March 2023, <https://www.politika.rs/sr/clanak/544983/Spreveno-krijumcarenje-preko-12-650-litara-nafte>.
- 13 Following the dissolution of the Socialist Federal Republic of Yugoslavia in 1991, resulting from the outbreak of wars, two former republics, Serbia and Montenegro, formed a consolidated entity known as the Federal Republic of Yugoslavia in 1992. Subsequently, in 2003, it underwent an official renaming to become the State Union of Serbia and Montenegro.
- 14 Raymond Bonner, Oil flowing to Yugoslavia despite NATO's exertions, *The New York Times*, 25 May 1999, <https://archive.nytimes.com/www.nytimes.com/library/world/europe/052599kosovo-oil.html>.
- 15 Interview with Atanas Rusev from the Center for the Study of Democracy, Bulgaria, 29 May 2023.
- 16 See *Devedesete-prodaja goriva na ulici-Beograd 28.11.1994*, *Rudar 7*, YouTube, <https://youtu.be/8TXGcpqeAaA>.
- 17 Jakub Hejsek, The impact of economic sanctions on civilians: Case of the Federal Republic of Yugoslavia, *The Science for Population Protection*, 2 (2012), <http://www.population-protection.eu/prilohy/casopis/eng/11/54.pdf>.
- 18 Aleks Eror, Dizelaš: The 'Serbian gopnik' style that defined the 90s is making a comeback, *New East Digital Archive*, 6 September 2017, <https://www.new-east-archive.org/articles/show/8931/dizelasi-serbian-gopnik-style-90s-comeback>.
- 19 Eric D Gordy, Turbaši and Rokeri as windows into Serbia's social divide, *Culture et Politique*, 4, 1 (2000).
- 20 Interview with a retired senior police officer from North Macedonia, 19 January 2023.



- 21 Renata Rašović, *Pravilo par – nepar: Ograničenje vožnje za štednju goriva*, Večernji list, 15 May 2019, <https://www.vecernji.hr/vecernji60/pravilo-par-nepar-ogranicenje-voznje-za-stednju-goriva-1319363>.
- 22 Marko Hajdinjak, Smuggling in Southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans, Center for the Study of Democracy, 2002, [http://pdc.ceu.hu/archive/00001572/01/Smuggling\\_in\\_SE\\_EU.pdf](http://pdc.ceu.hu/archive/00001572/01/Smuggling_in_SE_EU.pdf).
- 23 Jovana Gec, Fuel smuggling makes Danube neighbours rich, AP News, 1 August 1995, <https://apnews.com/article/d64192bf61d1b60d9a94de56d130d0e5>.
- 24 Raymond Bonner, Embargoed fuel sent to Serbs via Albania, *The New York Times*, 2 April 1995, <https://www.nytimes.com/1995/04/02/world/embargoed-fuel-sent-to-serbs-via-albania.html>.
- 25 Interview with a retired senior police officer from North Macedonia, 19 January 2023. See also Teddie Weyr, Getting around the sanctions: A way of life in Yugoslavia with AM-Yugoslavia Rdp, Bjt, AP News, 31 August 1992, <https://web.archive.org/web/20230126232914/https://apnews.com/article/47b87efc7040d535dfddc55b38c62f8d>.
- 26 Anti-corruption in Southeast Europe: First steps and policies content, SELDI.net, 26 November 2013, <https://seldi.net/publications/reports/anti-corruption-in-southeast-europe-first-steps-and-policies-content>.
- 27 Ron Synovitz, Romania: Previous government charged with smuggling oil to Serbia, RFE/RL, 9 March 1998, <https://www.rferl.org/a/1088160.html>.
- 28 Srdjan Staletovic, Arkan's smuggling empire, Institute for War and Peace Reporting, 25 January 2000, <https://iwpr.net/global-voices/arkans-smuggling-empire>.
- 29 Blaine Harden, The Milosevic generation, *The New York Times Magazine*, 29 April 1999, <https://www.nytimes.com/1999/08/29/magazine/the-milosevic-generation.html>.
- 30 Dušan Telesković and Danijela Vukosavljević, *Opasni naslednici*, *Politika*, 7 November 2006, <https://www.politika.rs/sr/clanak/17575/Opasni-naslednici>; Miloš Vasić, *Politička ekonomija cigareta: Markova posla i prijatelji*, *Vreme*, 2 March 2006, <https://www.vreme.com/vreme/markova-posla-i-prijatelji>.
- 31 Milorad Milošević, *Šverc goriva 90-ih: Desetak ljudi misteriozno nestalo*, *Vijesti*, 9 June 2012, <https://www.vijesti.me/vijesti/ekonomija/315848/sverc-goriva-90-ih-desetak-ljudi-misteriozno-nestalo>.
- 32 Interview with a petrol industry expert from Serbia, 10 March 2023.
- 33 Ibid.
- 34 Siniša Dostić, *Bezbednost granica kao deo savremenog Sistema suprostavljanja organizovanom kriminalu*, PhD dissertation, Faculty of Security Studies University of Belgrade, 2012, pp 138–144, <https://nardus.mpn.gov.rs/bitstream/id/19165/Disertacija.pdf>.
- 35 Ibid.
- 36 John Christensen, The story of a tax haven: Cyprus, Tax Justice Network, 26 October 2017, <https://taxjustice.net/2017/10/26/21561>.
- 37 Cyprus calls for probe into charges of UN sanctions-busting, *Ekathimerini*, 30 July 2002, <https://www.ekathimerini.com/economy/7516/cyprus-calls-for-probe-into-charges-of-un-sanctions-busting>.
- 38 Siniša Dostić, *Bezbednost granica kao deo savremenog Sistema suprostavljanja organizovanom kriminalu*, PhD dissertation, Faculty of Security Studies University of Belgrade, 2012, pp 138–144, <https://nardus.mpn.gov.rs/bitstream/id/19165/Disertacija.pdf>.
- 39 Interview with a retired senior police officer from North Macedonia, 19 January 2023.
- 40 *Kako je funkcionisala naftna mafija*, B92, 31 May 2007, [https://www.b92.net/info/vesti/index.php?yyyy=2007&mm=05&dd=31&nav\\_category=120&nav\\_id=249317](https://www.b92.net/info/vesti/index.php?yyyy=2007&mm=05&dd=31&nav_category=120&nav_id=249317).
- 41 *Naftna mafija došla na red*, *Politika*, 1 December 2007, <https://www.politika.rs/sr/clanak/8310/Naftna-mafija-dosla-na-red>; *Kako je funkcionisala naftna mafija*, B92, 31 May 2007, [https://www.b92.net/info/vesti/index.php?yyyy=2007&mm=05&dd=31&nav\\_category=120&nav\\_id=249317](https://www.b92.net/info/vesti/index.php?yyyy=2007&mm=05&dd=31&nav_category=120&nav_id=249317).
- 42 Higher Court in Belgrade, Пресуда у поступку који се води против окривљеног Мише Стојановића и других, предмет 'Миша Протекта – Нафтна мафија', 21 July 2015, <https://bg.vi.sud.rs/vest/1087/presuda-u-postupku-koji-se-vodi-protiv-okrivljenog-mise-stojanovica-i-drugih-predmet-misa-protakta-naftna-mafija-.php>.
- 43 *Potvrđena presuda 'naftnoj mafiji', čiji je član i vlasnik Knez petrola*, *Insajder*, 26 October 2016, <https://insajder.net/arhiva/tema/potvrđena-presuda-naftnoj-mafiji-ciji-je-clan-i-vlasnik-knez-petrola>.
- 44 Interview with a retired senior police officer from North Macedonia, 19 January 2023.
- 45 Interview with an investigative journalist from Albania, 19 January 2023.
- 46 Ibid.
- 47 Marko Hajdinjak, Smuggling in Southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans, Centre for the Study of Democracy, 2002, p 15, [http://pdc.ceu.hu/archive/00001572/01/Smuggling\\_in\\_SE\\_EU.pdf](http://pdc.ceu.hu/archive/00001572/01/Smuggling_in_SE_EU.pdf).
- 48 Marko Hajdinjak, Smuggling in Southeast Europe: The Yugoslav wars and the development of regional criminal networks in the Balkans, Centre for the Study of Democracy, 2002, pp 14–15, [http://pdc.ceu.hu/archive/00001572/01/Smuggling\\_in\\_SE\\_EU.pdf](http://pdc.ceu.hu/archive/00001572/01/Smuggling_in_SE_EU.pdf); Teddie Weyr, Getting around the sanctions: A way of life in Yugoslavia with AM-Yugoslavia Rdp, Bjt, AP News, 31 August 1992, <https://web.archive.org/web/20230126232914/https://apnews.com/article/47b87efc7040d535dfddc55b38c62f8d>; Evridika Saskova, Balkan border issues tackled, Institute for War and Peace Reporting, 6 September 2005, <https://iwpr.net/global-voices/balkan-border-issues-tackled>.



- 49 Libertarium Civil Association, Югоембаргото и контрабандната търговия, <https://web.archive.org/web/20170802053436/https://corruptionbg.com/Jugoembargoto-i-kontrabandnata-turgoviq>.
- 50 Evridika Saskova, Balkan border issues tackled, Institute for War and Peace Reporting, 6 September 2005 <https://iwpr.net/global-voices/balkan-border-issues-tackled>.
- 51 Slobodan Čopić, *Upravljanje rizikom na granicama Republike Srbije*, PhD dissertation, Law Faculty of John Nesbit University, Belgrade, 2016.
- 52 Interview with a retired police officer from Serbia, 22 February 2023.
- 53 Interview with a petrol industry expert from Serbia, 10 March 2023.
- 54 Smuggling of gasoline from Albania to Montenegro a matter of survival, *Deseret News*, 29 October 1994, <https://www.deseret.com/1994/10/29/19139287/smuggling-of-gasoline-from-albania-to-montenegro-a-matter-of-survival>.
- 55 Interview with a police officer from Serbia, 26 February 2023; interview with a port authority officer from Serbia, 26 February 2023.
- 56 Srdjan Staletovic, Arkan's smuggling empire, Institute for War and Peace Reporting, 25 January 2000, <https://iwpr.net/global-voices/arkans-smuggling-empire>.
- 57 *Državna pljačka, transcript treće epizode*, Insajder, 12 March 2017, <https://insajder.net/emisije/serijali/drzavnapljačka/transkript-trece-epizode-y8j89vx0>.
- 58 Kosovo: Fuel smugglers flourishing, Institute for War and Peace Reporting, 6 September 2005, <https://iwpr.net/global-voices/kosovo-fuel-smugglers-flourishing>.
- 59 Augustin Palokaj, Kfor soldiers involved in fuel smuggling in Kosovo, *EUobserver*, 23 September 2010, <https://euobserver.com/news/30876>.
- 60 11 arrested in oil smuggling scheme in Albania, European Research Centre for Anti-Corruption and State-Building, 11 March 2011, <https://www.againstcorruption.eu/articles/11-arrested-in-oil-smuggling-scheme-in-albania>.
- 61 Boris Vuković, *Hiljade tona nafte se švercuje Dunavom*, *Blic*, 17 May 2012, <https://www.blic.rs/vesti/hronika/hiljade-tona-nafte-se-svercuje-dunavom/cnrzlkh>.
- 62 *Gorivo toliko skuplje da se isplati šverc iz Makedonije i BiH*, *Bizlife*, 20 February 2016, <https://bizlife.rs/84088-gorivo-toliko-skuplje-da-se-isplati-sverc-iz-makedonije-i-bih>.
- 63 Libya arrests two Bulgarians for smuggling of oil products, *Customs Today*, 24 January 2015, <https://customstoday.media/libya-arrests-two-bulgarians-for-smuggling-of-oil-products>.
- 64 Alice Taylor, Albanian gangs involved in Libyan drug and fuel smuggling scandal, *Exit News*, 10 August 2018, <https://exit.al/en/albanian-gangs-involved-in-libyan-drug-and-fuel-smuggling-scandal>.
- 65 *Ukrajinc uhapšen zbog šverca goriva: U rečnom tankeru pokušao da iz Hrvatske u Srbiju ilegalno prebaci 575 tona nafte*, *Ekspres*, 24 July 2018, <https://www.ekspres.net/hronika/ukrajinc-uhapsen-zbog-sverca-goriva-u-recnom-tankeru-pokusao-da-iz-hrvatske-u-srbiju-ilegalno-prebaci-575-tona-nafte>.
- 66 *Veselinović i Bećiri – Braća po nafti*, RFE/RL, 25 October 2011, [https://www.slobodnaevropa.org/a/veselinovic\\_i\\_beciri\\_braca\\_po\\_nafti/24370019.html](https://www.slobodnaevropa.org/a/veselinovic_i_beciri_braca_po_nafti/24370019.html).
- 67 Doreen Carvajal, In Kosovo, smuggling fosters unusual ethnic cooperation, *The New York Times*, 24 October 2011, <https://www.nytimes.com/2011/10/24/world/europe/in-balkans-smuggling-forges-a-rare-unity.html>.
- 68 *Kush është biznesmeni që po e sfidon vendimin e Albulena Haxhiut?*, *Korrekt Press*, 30 May 2021, <https://www.korrektpress.net/kush-eshte-biznesmeni-qe-po-e-sfidon-vendimin-e-albulena-haxhiut>.
- 69 US Department of the Treasury, Treasury targets corruption networks linked to transnational organized crime, 8 December 2021, <https://home.treasury.gov/news/press-releases/jy0519>.
- 70 See Zeke Miller, Mike Balsamo and Josh Boak, US strikes harder at Putin, banning all Russian oil imports, *AP News*, 9 March 2022, <https://apnews.com/article/russia-ukraine-war-us-russia-oil-ban-120c0152cf310a5b593f6ae7a2857e62>; Julian Lee, Russia loses 90% of its key European oil market before sanctions, *Bloomberg*, 21 November 2022, <https://www.bloomberg.com/news/articles/2022-11-21/russia-loses-90-of-its-key-european-market-before-sanctions>; United Nations Security Council, *S/RES/2644 (2022)*, <https://www.un.org/securitycouncil/content/sres2644-2022>.
- 71 Interview with Atanas Rusev from the Center for the Study of Democracy, Bulgaria, 29 May 2023.
- 72 *MUP: Uhapšeni Ukrajinc i četiri državljana Srbije zbog šverca nafte na Dunavu*, *Novi magazin*, 30 May 2022, <https://novimagazin.rs/vesti/273828-mup-uhapseni-ukrajinc-i-cetiri-drzavljanina-srbije-zbog-sverca-nafte-na-dunavu>.
- 73 The court decided: Oil smuggled by a group of people who violated the United Nations embargo, but justice has held accountable only the transporters, *Investigative Network Albania*, 15 December 2022, <https://ina.media/?p=6732&lang=en>.
- 74 National Petroleum Committee of Serbia, *Podaci o veličini tržišta motornih goriva Srbije i trendovima*, <https://www.wpcserbia.rs/podaci-o-velicini-trzista-motornih-goriva-srbije-i-trendovima>.
- 75 Some police and customs authorities did not provide responses to freedom of information requests, which is why the data provided represents a minimum amount. It is possible that the institutions that did not respond also seized fuel during 2021 and 2022.
- 76 *Gorivo se i dalje švercuje: U 2018. zaplenjeno 250 tona nafte*, *Večernje novosti*, 31 March 2019, <https://www.novosti.rs/vesti/naslovna/hronika/aktuelno.291.html:786177-GORIVO-SE-I-DALJE-SVERCUJE-U-2018-zaplenjeno-250-tona-nafte>.
- 77 *Policija u Smederevu zaplenila šest čamaca-tankera*, *RTS*, 19 July 2018, <https://www.rts.rs/lat/vesti/hronika/3205610/policija-zaplenila-sest-camaca-tankera.html>.

- 78 Aleksandar Bojović, *Srbija gubi 100 miliona evra godišnje zbog šverca na Dunavu*, *Politika*, 13 June 2018, <https://www.politika.rs/sr/clanak/405494/Srbija-gubi-100-miliona-evra-godisnje-zbog-sverca-na-Dunavu>.
- 79 Danube Commission, Market observation for Danube navigation: Results in 2021, Budapest, 2022, [https://www.danubecommission.org/uploads/doc/2022/Market\\_observation/web\\_en\\_market\\_2021.pdf](https://www.danubecommission.org/uploads/doc/2022/Market_observation/web_en_market_2021.pdf).
- 80 Ibid., p 29.
- 81 Ibid., p 36.
- 82 Ibid., p 32.
- 83 Ibid., p 34.
- 84 Ibid., p 38.
- 85 Data received from the Bulgarian National Customs Agency, 22 February 2023.
- 86 Data received from the Interior Ministry of Serbia, 18 April 2023.
- 87 Data received from the Bulgarian National Customs Agency, 22 February 2023.
- 88 List of Danube bridges, Viadonau, 22 June 2022, [https://www.viadonau.org/fileadmin/content/viadonau/05Wirtschaft/Dokumente/2022/20220622\\_Danube\\_bridges.pdf](https://www.viadonau.org/fileadmin/content/viadonau/05Wirtschaft/Dokumente/2022/20220622_Danube_bridges.pdf).
- 89 Šerif Bajrami, *Model upotrebe rečne flotile u operaciji pomoći civilnim organima vlasti u slučaju poplava*, PhD dissertation, Military Academy of the University of Defence, Belgrade, 2022, pp 55–58, [https://nardus.mpn.gov.rs/bitstream/handle/123456789/190004/bitstream\\_142676.pdf?sequence=1](https://nardus.mpn.gov.rs/bitstream/handle/123456789/190004/bitstream_142676.pdf?sequence=1).
- 90 Interview with river security expert from Serbia, 8 March 2023.
- 91 Some of the fuel produced in Serbia, for example, is stolen from the refinery. Thieves then smuggle this stolen fuel and sell it illegally on the black market in Serbia. *Koliko i odakle Srbija uvozi naftu*, 2021, RFE/RL, <https://www.slobodnaevropa.org/a/koliko-i-odakle-srbija-uvozi-naftu-infografika/32081003.html>.
- 92 Siniša Dostić and Dragan Tančić, *Bezbednost državne granice*, Institute for Serbian Culture Pristina – Leposavić, 2022, pp 113–114.
- 93 Slobodan Čopić, *Upravljanje rizikom na granicama Republike Srbije*, PhD dissertation, Law Faculty of John Nesbit University, Belgrade, 2016, pp 222–223; interview with river security expert from Serbia, 8 March 2023; interview with a retired police officer from Serbia, 22 February 2023; interview with a police officer from Serbia, 26 February 2023; interview with a port authority officer from Serbia, 26 February 2023; Aleksandar Bojović, *Srbija gubi 100 miliona evra godišnje zbog šverca na Dunavu*, *Politika*, 13 June 2018, <https://www.politika.rs/sr/clanak/405494/Srbija-gubi-100-miliona-evra-godisnje-zbog-sverca-na-Dunavu>.
- 94 *Ukrajinc uhapšen zbog šverca goriva: U rečnom tankeru pokušao da iz Hrvatske u Srbiju ilegalno prebaci 575 tona nafte*, *Ekspres*, 24 July 2018, <https://www.ekspres.net/hronika/ukrajinc-uhapsen-zbog-sverca-goriva-u-recnom-tankeru-pokusao-da-iz-hrvatske-u-srbiju-ilegalno-prebaci-575-tona-nafte>.
- 95 *Kondić: Rat u svetu doprineo je povećanju krijumčarenja naftnih derivata*, *Insajder*, 15 July 2022, <https://insajder.net teme/kondic-rat-u-svetu-doprineo-je-povecanju-krijumcarenja-naftnih-derivata>.
- 96 Ibid.
- 97 Interview with a border police officer from Bulgaria, 21 February 2023.
- 98 Ibid.
- 99 Ibid.
- 100 Interview with a border police officer from Bulgaria, 21 February 2023; Росица Николова, Заловиха шофьор на ТИР и посредник за незаконна търговия с нафта, *Труд*, 4 November 2019, <https://trud.bg/заловиха-шофьор-на-тир-и-посредник-за-н; Спипаха шофьор на ТИР да точи гориво>, *Novini*, 19 June 2012, <https://novini.bg/bylgariya/kriminalno/71429>.
- 101 Interview with customs intelligence and investigation officer from Bulgaria, 23 February 2022.
- 102 Interview with border police officer from Bulgaria, 21 February 2023.
- 103 Marking involves adding to fuel derivatives a marker, a compound that remains stable, colourless and odourless when mixed with fuel products. The purpose of marking is to determine whether the substance meets the chemical characteristics of the specific fuel. The underlying assumption is that fuel that successfully passes the marking process is legal and of good quality.
- 104 Data received from the Albanian Customs Administration, 6 February 2023; Eastern Libya oil tanker captured attempting to smuggle diesel into Albania, *Libya Security Monitor*, 12 September 2022, <https://libyasecuritymonitor.com/eastern-libya-oil-tanker-captured-attempting-to-smuggle-diesel-into-albania>.
- 105 *Kontrabanda me naftën, oligarku shqiptar thyen embargo e OKB*, *Gazeta Telegraf*, 16 December 2022, <https://telegraf.al/sociale/kontrabanda-me-naften-oligarku-shqiptar-thyen-embargo-e-okb>.
- 106 Data received from the Albanian Customs Administration, 6 February 2023.
- 107 Center for Preventive Action, Civil conflict in Libya, *Global Conflict Tracker*, 25 April 2023, <https://www.cfr.org/global-conflict-tracker/conflict/civil-war-libya>.
- 108 Agathe Duparc, Montse Ferrer and Antoine Harari, *Libyan fuel smuggling: A Swiss trader sailing through troubled waters*, *A Public Eye and TRIAL International Report*, March 2020, [https://trialinternational.org/wp-content/uploads/2020/02/Publication\\_DirtyOil-DIRTO\\_20200302\\_EN.pdf](https://trialinternational.org/wp-content/uploads/2020/02/Publication_DirtyOil-DIRTO_20200302_EN.pdf).
- 109 United Nations Office on Drugs and Crime (UNODC), *Fuel trafficking in the Sahel: Transnational Organized Crime Threat Assessment – Sahel*, 2022, [https://www.unodc.org/documents/data-and-analysis/tocta\\_sahel/TOCTA\\_Sahel\\_fuel\\_2023.pdf](https://www.unodc.org/documents/data-and-analysis/tocta_sahel/TOCTA_Sahel_fuel_2023.pdf).
- 110 Global Initiative Against Transnational Organized Crime (GI-TOC), *Global Organized Crime Index: Libya*, 2021, [https://ocindex.net/assets/downloads/english/ocindex\\_profile\\_libya.pdf](https://ocindex.net/assets/downloads/english/ocindex_profile_libya.pdf).
- 111 US imposes Libya-related sanctions on individuals, company, *Reuters*, 6 August 2020, <https://www.reuters.com/article/uk-usa-libya-sanctions-idUKKCN25227B>.
- 112 Alice Taylor, *Albanian gangs involved in Libyan drug and fuel smuggling scandal*, *Exit News*, 10 August 2020, <https://exit.al/en/albanian-gangs-involved-in-libyan-drug-and-fuel-smuggling-scandal>.

- 113 Treasury Sanctions Criminal Network Threatening the Stability and Security of Libya, US Department of the Treasury, 6 August 2020, <https://home.treasury.gov/news/press-releases/sm1083>.
- 114 Data received from the Albanian State Police, 3 February 2023.
- 115 *Bllokohet nga policia peshkarexha me 80.000 litra naftë, shpallen në kërkim administratori, kapiteni dhe mekaniku*, Top Channel, 23 July 2022, <https://top-channel.tv/2022/07/23/bllokohet-nga-policia-peshkarexha-me-80-000-litra-nafte-shpallen-ne-kerkim-administratori-kapiteni-dhe-mekaniku4453>.
- 116 Data received from the Albanian State Police, 3 February 2023.
- 117 *Kontrabanda me naftën, oligarku shqiptar thyen embargo e OKB*, *Gazeta Telegraf*, 16 December 2022, <https://telegraf.al/sociale/kontrabanda-me-naften-oligarku-shqiptar-thyen-embargo-e-okb>.
- 118 *Kontrabanda e naftës, kapet anija libiane që furnizoi peshkarexhën në ujëra neutrale*, Euronews Albania, 13 January 2023, <https://euronews.al/kontrabanda-e-naftes-kapet-anija-libiane-qe-furnizoi-peshkarexhen-ne-ujera-neutrale>.
- 119 Exposed fake news of authoritative publication: 'Russian tanker that departed from Azerbaijan detained in Albania', Report News Agency, 27 February 2023, <https://report.az/en/foreign-politics/exposed-fake-news-of-authoritative-publication-russian-tanker-that-departed-from-azerbaijan-detained-in-albania>.
- 120 Albania arrests product tanker on charges of smuggling Russian fuel, *The Maritime Executive*, 23 February 2023, <https://maritime-executive.com/article/albania-arrests-product-tanker-on-charges-of-smuggling-russian-fuel>.
- 121 Albania seizes 22 500 tonnes of oil suspected of coming from Russia, Reuters, 22 February 2023, <https://www.reuters.com/article/albania-russia-oil-idAFL8N3523N3>.
- 122 Genka Shikeroва and Tony Wesolowsky, Russia gets its oil into the EU through Bulgaria. Perhaps not for long, RFE/RL, 19 January 2023, <https://www.rferl.org/a/russia-bulgaria-oil-lukoil-eu-sanctions-pressure-ukraine/32231148.html>.
- 123 Ibid.
- 124 Veselin Toshkov, Bulgaria to let Russian oil refinery export despite EU ban, AP News, 22 November 2022, <https://apnews.com/article/europe-business-global-trade-bulgaria-european-union-1afba989f84ef3af2725bf37658e1e7f>.
- 125 The Jamestown Foundation, How Bulgaria became the world's third-largest buyer of Russian oil, *Oil Price*, 5 February 2023, <https://oilprice.com/Energy/Crude-Oil/How-Bulgaria-Became-The-Worlds-Third-Largest-Buyer-Of-Russian-Oil.html>; Генка Шикерова, Как България се оказа на трето място в света по внос на руски петрол, RFE/RL, 10 January 2023, <https://www.svobodnaevropa.bg/a/32212367.html>.
- 126 Генка Шикерова, Вносът на руски петрол расте въпреки европейските санкции, RFE/RL, 13 July 2022, <https://www.svobodnaevropa.bg/a/31936210.html>.
- 127 Robert Perkins, Recording changes to Russian oil exports and EU oil imports since the war in Ukraine, S&P Global, 4 May 2023, <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/oil/072122-interactive-global-flow-tracker-recording-changes-russian-oil-exports>.
- 128 Ibid.
- 129 Genka Shikeroва and Tony Wesolowsky, Russia gets its oil into the EU through Bulgaria. Perhaps not for long, RFE/RL, 19 January 2023, <https://www.rferl.org/a/russia-bulgaria-oil-lukoil-eu-sanctions-pressure-ukraine/32231148.html>.
- 130 Antonia Kotseva and Krassen Nikolov, Investigation: Ukraine buys huge amounts of Russian fuels from Bulgaria, Euractiv, 18 January 2023, <https://www.euractiv.com/section/global-europe/news/investigation-ukraine-buys-huge-amounts-of-russian-fuels-from-bulgaria>.
- 131 Лукойл: Компания не поставяля дизтопливо из Болгарии на Украину, *EurAsia Daily*, 18 January 2023, <https://eadaily.com/ru/news/2023/01/18/lukoil-kompaniya-ne-postavlyala-diztoplivo-iz-bolgarii-na-ukrainu>.
- 132 Парламентът одобри забраната за износ на нефтопродукти от 'Лукойл', *Днес*, 13 January 2023, <https://dnes.dir.bg/politika/parlamentat-odobri-zabranata-za-iznos-na-neftoprodukti-ot-lukoil>.
- 133 Interview with Tihomir Bezlov from the Center for the Study of Democracy, Bulgaria, 29 May 2023.
- 134 Явор Николов, Нов старт в обратна посока за нефтопровода между Бургас и Александрополис, *Money*, 5 January 2023, <https://money.bg/economics/nov-start-v-obratna-posoka-za-neftoprovoda-mezhdu-burgas-i-aleksandrupolis.html>.
- 135 Interview with a petrol industry expert from Bulgaria, 2 February 2023.
- 136 Ibid.
- 137 Ibid.
- 138 Ibid.
- 139 Madalin Necsutu, Russia's Lukoil mulls selling assets in Romania, Moldova, *Balkan Insight*, 5 January 2023, <https://balkaninsight.com/2023/01/05/russias-lukoil-mulls-selling-assets-in-romania-moldova>.
- 140 Interview with petrol industry expert from Bulgaria, 2 February 2023.
- 141 Ibid.
- 142 Interview with a customs intelligence and investigation officer from Bulgaria, 23 February 2022; interview with a customs investigations officer from Bulgaria, 8 February 2023; interview with a revenue investigation specialist from Bulgaria, 8 February 2023.
- 143 Interview with a customs intelligence and investigation officer from Bulgaria, 23 February 2022.

- 144 Interview with a customs investigations officer from Bulgaria, 8 February 2023.
- 145 Interview with a petrol industry expert from Bulgaria, 2 February 2023.
- 146 Michelle Wiese Bockmann and Cichen Shen, Anonymous Chinese shipowner spends \$376m on tankers for Russian STS hub, *Lloyd's List*, 9 August 2022, [https://lloydslist.maritimeintelligence.informa.com/LL1141873/Anonymous-Chinese-shipowner-spends-\\$376m-on-tankers-for-Russian-STS-hub](https://lloydslist.maritimeintelligence.informa.com/LL1141873/Anonymous-Chinese-shipowner-spends-$376m-on-tankers-for-Russian-STS-hub); Alaric Nightingale, Julian Lee and Sharon Cho, How an aging armada and mystery traders keep Russian oil afloat, *Bloomberg*, 12 May 2023, <https://www.bloomberg.com/graphics/2023-russian-oil-flows-after-sanctions>.
- 147 High sea Russian oil transfers are far from the only smuggling method, *Windward*, 25 August 2022, <https://windward.ai/blog/high-sea-russian-oil-transfers-are-far-from-the-only-smuggling-method>.
- 148 Romania became independent from Russian oil; the embargo will not affect us, *Energynomics*, 6 December 2022, <https://www.energynomics.ro/en/romania-became-independent-from-russian-oil-the-embargo-will-not-affect-us>.
- 149 Andrei Chirileasa, Romania's Oil Terminal reportedly intermediates transfer of Russian fuels to Ukraine, *Romania Insider*, 30 May 2022, <https://www.romania-insider.com/romania-oil-terminal-russian-fuels-ukraine>.
- 150 GI-TOC, Global Organized Crime Index: Methodology, 2021, [https://ocindex.net/assets/downloads/ocindex\\_methodology.pdf](https://ocindex.net/assets/downloads/ocindex_methodology.pdf).
- 151 *Ponovo odložen početak suđenja za šverc više od 550 tona dizela na Dunavu*, 021, 15 September 2021, <https://www.021.rs/story/Novi-Sad/Hronika/284858/Ponovo-odlozen-pocetak-sudjenja-za-sverc-vise-od-550-tona-dizela-na-Dunavu.html>.
- 152 Albania arrests product tanker on charges of smuggling Russian fuel, *The Maritime Executive*, 23 February 2023, <https://maritime-executive.com/article/albania-arrests-product-tanker-on-charges-of-smuggling-russian-fuel>; Libya arrests two Bulgarians for smuggling of oil products, *Customs Today*, 24 January 2015, <https://customstoday.media/libya-arrests-two-bulgarians-for-smuggling-of-oil-products>.
- 153 UNODC, Fuel trafficking in the Sahel: Transnational Organized Crime Threat Assessment – Sahel, 2022, p 17, [https://www.unodc.org/documents/data-and-analysis/tocta\\_sahel/TOCTA\\_Sahel\\_fuel\\_2023.pdf](https://www.unodc.org/documents/data-and-analysis/tocta_sahel/TOCTA_Sahel_fuel_2023.pdf).
- 154 Albania arrests product tanker on charges of smuggling Russian fuel, *The Maritime Executive*, 23 February 2023, <https://maritime-executive.com/article/albania-arrests-product-tanker-on-charges-of-smuggling-russian-fuel>.
- 155 Libya arrests two Bulgarians for smuggling of oil products, *Customs Today*, 24 January 2015, <https://customstoday.media/libya-arrests-two-bulgarians-for-smuggling-of-oil-products>.
- 156 Higher Court in Belgrade, Пресуда у поступку који се води против окривљеног Мише Стојановића и других, предмет 'Миша Протекта – Нафтна мафија', 21 July 2015, <https://bg.vi.sud.rs/vest/1087/presuda-u-postupku-koji-se-vodi-protiv-okrivljenog-mise-stojanovica-i-drugih-predmet-misa-protakta-naftna-mafija-.php>.
- 157 Tamara Markovic Subota, *Državni funkcioner savetnik naftne mafije*, *Blic*, 30 May 2007, <https://www.blic.rs/vesti/tema-dana/drzavni-funkcioner-savetnik-naftne-mafije/1cpxyjp>.
- 158 Market inspections are usually carried out by the ministries responsible for trade and deal with the control of the circulation, trade and monitoring of oil derivatives and biofuels, among other responsibilities.
- 159 Andela Milivojević, *Sve 'naftne mafije' u Srbiji*, *CINS*, 5 February 2010, <https://www.cins.rs/sve-naftne-mafije-u-srbiji>.
- 160 The third group comprises a small number of refineries that are open to purchasing Russian crude oil on the open market, but it poses no immediate risks to the Balkans. Sergey Vakulenko, Double win: How Russian oil companies defied sanctions and paid less tax, *Carnegie Endowment for International Peace*, 15 February 2023, <https://carnegieendowment.org/politika/89052>.
- 161 Hungary and Serbia to build pipeline to transport Russian oil, *Al Jazeera*, 10 October 2022, <https://www.aljazeera.com/news/2022/10/10/hungary-and-serbia-to-build-pipeline-to-transport-russian-oil>.
- 162 Miloš Katić et al, Gas and oil in Croatia and Serbia in the shadow of Russian aggression against Ukraine, *Gong*, May 2023, [https://gong.hr/wp-content/uploads/2023/05/analiza\\_WORK\\_ENG.pdf](https://gong.hr/wp-content/uploads/2023/05/analiza_WORK_ENG.pdf).
- 163 Asad Zulfqar, What we know about the shadow fleet handling Putin's oil, *The Washington Post*, 24 February 2023, [https://www.washingtonpost.com/business/energy/what-we-know-about-the-shadow-fleet-handling-putins-oil/2023/02/24/55a3b14e-b445-11ed-94a0-512954d75716\\_story.html](https://www.washingtonpost.com/business/energy/what-we-know-about-the-shadow-fleet-handling-putins-oil/2023/02/24/55a3b14e-b445-11ed-94a0-512954d75716_story.html); *Windward*, Illuminating Russia's shadow fleet, 2023, <https://windward.ai/knowledge-base/illuminating-russias-shadow-fleet>.





# GLOBAL INITIATIVE

AGAINST TRANSNATIONAL  
ORGANIZED CRIME

## ABOUT THE GLOBAL INITIATIVE

The Global Initiative Against Transnational Organized Crime is a global network with over 600 Network Experts around the world. The Global Initiative provides a platform to promote greater debate and innovative approaches as the building blocks to an inclusive global strategy against organized crime.

[www.globalinitiative.net](http://www.globalinitiative.net)

Supported by

